



Information Circular 08-184

Date: December 22, 2008

Re: ProShares Trust II

The securities listed below will commence trading on BATS Exchange, Inc. (the “Exchange”) on an unlisted trading privileges (UTP) basis on December 23, 2008. Compliance and supervisory personnel should note that, among other things, this Information Circular discusses the need to deliver a prospectus to customers purchasing shares of the eight exchange-traded funds (“Funds”) listed below issued by the ProShares Trust II (the “Trust”). Please forward this Information Circular to other interested persons within your organization.

Exchange-Traded Fund	Symbol
ProShares Ultra DJ-AIG Commodity	UCD
ProShares UltraShort DJ-AIG Commodity	CMD
ProShares Ultra DJ-AIG Crude Oil	UCO
ProShares UltraShort DJ-AIG Crude Oil	SCO
ProShares Ultra Euro	ULE
ProShares UltraShort Euro	EUO
ProShares Ultra Yen	YCL
ProShares UltraShort Yen	YCS

Background Information on the Securities

As more fully explained in the Registration Statement (No. 333-146801) for the Trust, the Trust is organized into separate series. The Trust currently consists of 14 separate series will issue common units of beneficial interest (“Shares”), which represent units of fractional undivided beneficial interest in and ownership of only that Fund. Each Fund’s Shares are being offered separately.

Investment objectives of the “Ultra ProShares”

Each “Ultra” Fund will seek daily investment results (before fees and expenses) that correspond to twice (200%) the daily performance, whether positive or negative, of its corresponding benchmark. Expenses may include, among other things, costs related to the purchase, sale and storage of commodities or currencies and the cost of leverage, all of which may be embedded in financial instruments used by that Fund. If an “Ultra” Fund is successful in meeting its objective, its value on a given day (before fees and expenses) should gain approximately twice as much on a percentage basis as its corresponding benchmark when the benchmark rises on a given day. Conversely, its value on a given day (before fees and expenses) should lose approximately twice as much on a percentage basis as the corresponding benchmark when the benchmark declines on a given day. An Ultra Fund will acquire long exposure in any

one of or combinations of Financial Instruments, including Financial Instruments with respect to the applicable Ultra Fund's benchmark such that each Ultra Fund has approximately 200% exposure to the corresponding benchmark at the time of the NAV calculation.

Investment objectives of the “UltraShort ProShares”

Each “UltraShort” Fund will seek daily investment results (before fees and expenses) that correspond to twice (200%) the inverse (opposite) of the daily performance, whether positive or negative, of its corresponding benchmark. Expenses may include, among other things, expenses related to the purchase, sale and storage of commodities or currencies and the cost of leverage, all of which may be embedded in financial instruments used by that Fund. If an “UltraShort” Fund is successful in meeting its objective, its value on a given day (before fees and expenses) should gain approximately twice as much on a percentage basis as its corresponding benchmark when the benchmark falls on a given day. Conversely, its value on a given day (before fees and expenses) should lose approximately twice as much on a percentage basis as the corresponding benchmark when the benchmark rises on a given day. An UltraShort Fund will acquire short exposure in any one of or combinations of Financial Instruments, including Financial Instruments with respect to the applicable UltraShort Fund's benchmark such that each UltraShort Fund has approximately 200% exposure to the corresponding benchmark at the time of the NAV calculation.

ProShare Capital Management LLC will serve as the Trust's sponsor, commodity pool operator and commodity trading advisor. Brown Brothers Harriman & Co. will serve as the administrator, custodian and transfer agent of each Fund and its Shares. SEI Investments Distribution Co. will serve as distributor of the Shares.

As described more fully in the Trust's Prospectus and Statement of Additional Information (“SAI”), each Fund issues and redeems shares at their net asset value (“NAV”) only in large blocks of 50,000 Shares (each block of 50,000 Shares called a “Creation Unit”). Creation Units may be created or redeemed only by Authorized Participants. Except when aggregated in Creation Units, the Shares are not redeemable securities. Authorized Participants pay a fixed and variable transaction fee in connection with each order to create or redeem a Creation Unit. Authorized Participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors. The form of Authorized Participant Agreement and related Authorized Participant Handbook sets forth the procedures for the creation and redemption of Creation Units of Shares and for the delivery of cash required for such creations or redemptions.

The Depository Trust Company (“DTC”) serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The NAV will be calculated at the following times on each day that the New York Stock Exchange (“NYSE”) is open for business (a “Business Day”):

<u>Exchange-Traded Fund</u>	<u>NAV Calculation Time</u>
ProShares Ultra DJ-AIG Commodity	2:30 p.m. (Eastern Time)
ProShares UltraShort DJ-AIG Commodity	2:30 p.m. (Eastern Time)
ProShares Ultra DJ-AIG Crude Oil	2:30 p.m. (Eastern Time)
ProShares UltraShort DJ-AIG Crude Oil	2:30 p.m. (Eastern Time)
ProShares Ultra Euro	4:00 p.m. (Eastern Time)
ProShares UltraShort Euro	4:00 p.m. (Eastern Time)
ProShares Ultra Yen	4:00 p.m. (Eastern Time)
ProShares UltraShort Yen	4:00 p.m. (Eastern Time)

The NAV is available from the Trust and the Exchange and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

The Trusts registration statement describes the various fees and expenses for the Fund's shares. For a more complete description of the Funds and the Indexes, visit www.proshares.com.

Purchases and Redemptions in Creation Unit Size

Members are hereby informed that procedures for purchases and redemptions of Shares in Creation Units are described in the Trust's Prospectus and Statement of Additional Information and that Shares are not individually redeemable but are redeemable only in Creation Unit aggregations or multiples thereof. As described in the Prospectus, Creation Units are issued and redeemed for cash.

Principal Risks

Interested persons are referred to the Trust's Prospectus for a description of risks associated with an investment in the Shares. These risks include, but are not limited to, the risk that each Fund's investment strategy may subject such Fund to greater changes to the value of portfolio holdings and imperfect correlation to the relevant Underlying Index. Each Fund may also not correlate to the relevant underlying asset for a number of reasons including the incursion by the Fund of operating expenses and costs associated with the use of leveraged investment techniques. Over time, the cumulative percentage increase or decrease in the NAV of a Fund may diverge significantly from the cumulative percentage increase or decrease in the multiple return of the Underlying Index due to the compounding effect of losses and gains on the returns of a Fund. In addition, as noted in the Prospectus, the Shares trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Fund's holdings while the market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

Exchange Rules Applicable to Trading in the Shares

Trading in the Shares on BATS is subject to BATS equity trading rules.

Trading Hours

The values of the indexes underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on BATS between 8:00 a.m. and 4:00 p.m. ET. Please note that trading in the Securities during the Exchange's pre-opening session may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the pre-opening session, (2) the indicative value may not be updated during the pre-opening session, (3) lower liquidity in the pre-opening session may impact pricing, (5) higher volatility in the pre-opening session may impact pricing, (6) wider spreads may occur in the pre-opening session, and (7) because the indicative value is not calculated or widely disseminated during the pre-opening session, an investor who is unable calculate an implied value for the Securities in that session may be at a disadvantage to market professionals.

Suitability

Trading in the Shares on BATS will be subject to applicable suitability rules.

Trading Halts

BATS will halt trading in the Shares of a Fund in accordance with BATS Rule 14.1(c)(4). The grounds for a halt under BATS Rule 14.1(c)(4) include a halt by the primary market because the intraday indicative value of the Fund and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, BATS will stop trading the Shares of a Fund if the primary market de-lists the Fund.

Delivery of a Prospectus

BATS Members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Funds. Prospectuses may be obtained through the Funds' website. The prospectus for a Fund does not contain all of the information set forth in the Fund's registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). For further information about a Fund, please refer to its registration statement.

In the event that the Funds rely upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and in the future make available a written product description, BATS Rule 14.1(c)(3) requires that BATS Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust for the Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, BATS Members shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by a BATS member to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of [*the UTP Derivative Securities*] has been prepared by the [*open-ended management investment company name*] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [*the UTP Derivative Securities*]."

A BATS member carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to BATS member under this rule.

Upon request of a customer, BATS Members also shall provide a copy of the Prospectus.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the "Act") regarding trading in the above mentioned exchange-traded funds, which is also summarized below. The following is only a summary of the relief granted by the SEC. Accordingly, the Exchange advises interested Members to consult the letters issued by the SEC regarding trading in the Shares and/or similar products, which are available on the SEC's website. A description of the SEC's exemptive relief follows. In the event of any discrepancy between this summary and applicable letters issued by the SEC, the text of the SEC's letters will control.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of a fund to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of shares of a fund (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of fund shares and to (ii) tender

securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of fund shares to the fund for redemption does not constitute a bid for or purchase of any of the funds' securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of fund shares in Creation Unit Aggregations during the continuous offering of shares.

Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)

Broker-dealers who handle purchases or redemptions of fund shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the fund for purposes of purchasing Creation Unit Aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- (1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- (2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- (3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

SEC Rule 14e-5

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of a fund to (1) redeem fund shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase fund shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- (1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- (2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- (3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not "Authorized Participants" (and, therefore, do not create Creation Unit Aggregations) that engage in both proprietary and customer transactions in shares of a fund in the secondary market,

and for broker-dealer Authorized Participants that engage in creations of Creation Unit Aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Shares of the ETF to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.) The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat shares of a fund, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

This Information Circular is not a statutory prospectus. BATS Members should consult the prospectus for a Fund and the Fund's website for relevant information.

Please contact Eric Swanson, 212.378.8523, eswanson@batstrading.com, with any inquiries regarding this Information Circular.