



## Information Circular 10-029

**Date:** March 4, 2010

**Re:** ALPS ETF Trust

Pursuant to Rule 14.1(c)(2) of the Rules of BATS Exchange, Inc. ("BATS" or the "Exchange"), this Information Circular is being issued to advise you that the following security has been approved for trading on the Exchange as a UTP Derivative Security pursuant to Chapter XIV of the Exchange's Rules.

<u>Securities (the "Fund" or, collectively, the "Funds")</u>	<u>Symbol</u>
ALPS Thomson Reuters/Jefferies CRB Global Agriculture Equity Index Fund	CRBA
ALPS Thomson Reuters/Jefferies CRB Global Industrial Metals Equity Index Fund	CRBI

**Commencement of Trading:** March 5, 2010

**Issuer/Trust:** ALPS ETF Trust

**Issuer Website:** [www.alpsetfs.com](http://www.alpsetfs.com)

**Primary Listing Exchange:** NYSE Arca

**Primary Exchange Circular:** RB-09-147 and 148 (October 27, 2009)

**Registration Statement:** No. 811-22175

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in these new products pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Shares. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange. The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the "Issuer Disclosure Materials."

### **Background Information on the Fund**

The ALPS ETF Trust (the "Trust") is a management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust consists of several exchange-traded funds (each, a "Fund" and collectively, the "Funds"). This circular refers only to the Funds listed above. The shares of each of the Funds listed above are referred to herein as "Shares." ALPS Advisors, Inc. ("ALPS" or the "Adviser") is the investment adviser for the Funds. Arrow Investment Advisors, LLC ("Arrow" or the "Sub-Adviser") is the investment sub-adviser for the Funds.

CRBA seeks investment results that replicate as closely as possible, before fees and expenses, the price and index performance of the Thomson Reuters/Jefferies In-The-Ground CRB Global Agriculture Equity Index (the "Agriculture Index"). The Fund's investment objective is not fundamental and may be changed by the Board of Trustees without shareholder approval.

The Agriculture Index is a modified capitalization-weighted, float-adjusted, rules based index designed to track the overall performance of a global universe of listed companies engaged in the production and

distribution of agricultural commodities and agricultural commodity-related products and services in the following sectors: producers of seeds, traits (seed characteristics attained through genetic modification), chemicals and fertilizers, farm machinery, equipment and irrigation, agricultural products, and livestock and aquaculture.

Each Agriculture Index component derives more than 50% of its annual revenues from the production and distribution of agricultural commodities and/or agricultural commodity-related products and services and is selected from a global universe of approximately 200 companies based on the following criteria:

1. Neither the country of domicile nor listing imposes any restrictions on investment or currency conversion. For companies domiciled or listed in countries where such restrictions exist, ADRs or GDRs, which trade without such restrictions, may be eligible.
2. The security is listed on a regulated exchange that provides a "last closing price" (e.g., National Stock Market stocks must be "reported securities" under Rule 11Aa3-1 of the Securities Exchange Act of 1934, as amended criteria and standards apply to securities with foreign listings).
3. Each company must have a minimum market capitalization of \$750 million and a minimum free float (i.e., shares of a public company that are not held by corporate insiders that are freely tradable in the public market or markets on which a company's securities are listed) of \$600 million on the last business day of the month prior to the rebalancing month to be admitted to the Underlying Index and companies representing at least 95% of the total weight of the Underlying Index must have an average daily turnover for the previous ninety days of more than \$1 million. Companies are deleted from the Underlying Index if their market capitalization falls below \$400 million and/or their free float falls below \$300 million and/or their average daily turnover for the previous ninety days falls below \$800,000 on the last business day of the second month of each calendar quarter.

The Agriculture Index is based on a capitalization weighting methodology, adjusted for free float. Company weights may be further modified, if required, to ensure compliance with the diversification requirements of Subchapter M of the Internal Revenue Code and to account for other considerations set forth in the official rule book.

As of June 30, 2009, the Agriculture Index included 35 securities of companies with a market capitalization range of between approximately \$1.59 billion and \$40.58 billion. As of that date, approximately 46% of the weight of the Agriculture Index reflected companies domiciled in the United States.

CRBI seeks investment results that replicate as closely as possible, before fees and expenses, the price and yield performance of the Thomson Reuters/Jefferies In-The-Ground CRB Global Industrial Metals Equity Index (the "Metals Index"). The Fund's investment objective is not fundamental and may be changed by the Board of Trustees without shareholder approval.

The Metals Index is a modified capitalization-weighted, float-adjusted, rules-based index designed to track the overall performance of a global universe of listed companies engaged in the production and distribution of base and/or industrial metals and related products and services in the following sectors: aluminum, steel, uranium, and diversified metals and mining.

Each Metals Index component derives more than 50% of its annual revenues from the production and distribution of aluminum, steel, uranium, and diversified metals and mining and is selected from a global universe of approximately 450 companies based on the following criteria:

1. Neither the country of domicile nor listing imposes any restrictions on investment or currency conversion. For companies domiciled or listed in countries where such restrictions exist, ADRs or GDRs, which trade without such restrictions, may be eligible.

2. The security is listed on a regulated exchange that provides a "last closing price" (e.g., National Stock Market stocks must be "reported securities" under Rule 11Aa3-1 of the Securities Exchange Act of 1934, as amended (similar criteria and standards apply to securities with foreign listings)).

3. Each company must have a minimum market capitalization of \$750 million and a minimum free float (i.e., shares of a public company that are not held by corporate insiders that are freely tradable in the public market or markets on which a company's securities are listed) of \$600 million on the last business day of the month prior to the rebalancing month to be admitted to the Underlying Index and companies representing at least 95% of the total weight of the Underlying Index must have an average daily turnover for the previous ninety days of more than \$1 million. Companies are deleted from the Underlying Index if their market capitalization falls below \$400 million and/or their free float falls below \$300 million and/or their average daily turnover for the previous ninety days falls below \$800,000 on the last business day of the second month of each calendar quarter.

The Metals Index is based on a capitalization weighting methodology, adjusted for free float. Company weights may be further modified, if required, to ensure compliance with the diversification requirements of Subchapter M of the Internal Revenue Code and to account for other considerations set forth in the official rule book.

As of June 30, 2009, the Metals Index included 35 securities of companies with a market capitalization range of between approximately \$4.00 billion and \$141.52 billion. As of that date, approximately 7% of the weight of the Metals Index reflected companies domiciled in the United States.

Each Fund will normally invest at least 80% of its total assets in the securities that comprise the underlying index and depositary receipts based on the equity securities in the underlying index. The Fund has adopted a policy that requires each Fund to provide shareholders with at least 60 days notice prior to any material change in this policy. The Board of Trustees of the Trust may change either Fund's investment strategy and other policies without shareholder approval, except as otherwise indicated.

The Sub-Adviser seeks a correlation over time of 0.95 or better between each Fund's performance, before fees and expenses, and the performance of the underlying index. A figure of 1.00 would represent perfect correlation.

Each Fund generally will invest in all of the securities that comprise the underlying index in proportion to their weightings in the underlying index. However, under various circumstances, it may not be possible or practicable to purchase all of the securities in the underlying index in those weightings. In those circumstances, the Fund may purchase a sample of the securities in the underlying index in proportions expected by the Sub-Adviser to replicate generally the performance of the underlying index as a whole. There may also be instances in which the Sub-Adviser may choose to overweight another security in the underlying index, purchase (or sell) securities not in the underlying index which the Sub-Adviser believes are appropriate to substitute for one or more underlying index components or utilize various combinations of other available investment techniques, in seeking to replicate, before fees and expenses, the performance of the underlying index. In addition, from time to time securities are added to or removed from the underlying index.

The Fund may sell securities that are represented in the underlying index or purchase securities that are not yet represented in the underlying index in anticipation of their removal from or addition to the underlying index.

For more information regarding each Fund's investment strategy, please read the prospectus for the Funds.

As described more fully in the Trust's prospectus and Statement of Additional Information ("SAI"), the Funds issue and redeem Shares at net asset value ("NAV") only in large blocks of 50,000 Shares (each block of Shares called a "Creation Unit") or multiples thereof. As a practical matter, only broker-dealers or large institutional investors with creation and redemption agreements (called Authorized Participants) can purchase or redeem these Creation Units. Except when aggregated in Creation Units, the Shares may not be redeemed with the Funds.

Income dividends, if any, are distributed to shareholders quarterly. Net capital gains are distributed at least annually.

Shares are held in book-entry form, which means that no Share certificates are issued. The Depository Trust Company or its nominee is the record owner of all outstanding Shares of the Funds and is recognized as the owner of all Shares for all purposes.

The NAV per Share for each Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day after the close of trading (ordinarily 4:00 p.m., Eastern Time or "ET") of the New York Stock Exchange. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

The registration statement for the Funds describes the various fees and expenses for the Funds' Shares. For a more complete description of the Funds and the underlying indexes, visit the Issuer Website.

### **Principal Risks**

Interested persons are referred to the discussion in the prospectus for the Funds of the principal risks of an investment in the Funds. These include tracking error risk (factors causing a Fund's performance to not match the performance of its underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, foreign securities risk and securities lending risk.

### **Exchange Rules Applicable to Trading in the Shares**

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

### **Trading Hours**

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during Regular Trading Hours.

The Shares will trade on BATS between 8:00 a.m. and 5:00 p.m. ET. Please note that trading in the Shares 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 and After Hours Trading Sessions, (2) the indicative value may not be updated during the pre-opening session, (3) lower liquidity in the pre-opening session may impact pricing, (4) higher volatility in the pre-opening session may impact pricing, (5) wider spreads may occur in the pre-opening session, and (6) because the indicative value is not calculated or widely disseminated during the pre-opening session, an investor who is unable to calculate an implied value for the Shares in that session may be at a disadvantage to market professionals.

## **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 Fund. Prospectuses may be obtained through the Fund's 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 SEC. For further information about the Fund, please refer to its Registration Statement.

In the event that the Fund relies 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 Issuer of 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.

## **Suitability**

Trading in the securities on BATS will be subject to the provisions of Exchange Rule 3.7. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

## **Trading Halts**

BATS will halt trading in the Shares of a security 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 security 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 security if the primary market de-lists the security.

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

The Securities and Exchange Commission (the "SEC") has issued letters granting exemptive, interpretive and no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 for exchange-traded securities listed and traded on a registered national securities exchange that meet certain criteria.

**AS WHAT FOLLOWS IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN THE NO-ACTION LETTERS REFERENCED ABOVE, THE EXCHANGE ADVISES INTERESTED PARTIES TO CONSULT THE NO-ACTION LETTERS FOR MORE COMPLETE INFORMATION REGARDING THE MATTERS COVERED THEREIN AND THE APPLICABILITY OF THE RELIEF GRANTED IN RESPECT OF**

**TRADING IN SECURITIES. INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS.**

**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 the above-mentioned 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 the above-mentioned Fund (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and (ii) to 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 Fund’s 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.

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

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 for the Fund 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 redemption 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); and
- 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).

**Section 11(d)(1); Rule 11d1-2 (Customer Margin)**

The SEC has taken a no-action position under Section 11(d)(1) that will permit broker-dealers that do not create Shares but engage in both proprietary and customer transactions in such Shares exclusively in the secondary market to extend or maintain or arrange for the extension or maintenance of credit on the Shares, in connection with such secondary market transactions. For broker-dealers that engage in the creation of Shares, the SEC has also taken a no-action position under Rule 11d1-2 that will cover the extension or maintenance or the arrangement for the extension or maintenance of credit on the Shares that have been owned by the persons to whom credit is provided for more than 30 days.

### **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 the Fund (1) to 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 purchase; 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.

### **SEC Rule 15c1-5 and 15c1-6 (Disclosure of Control and interest in Distributions)**

The SEC has taken a no-action position under Rule 15c1-5 that will permit a broker-dealer to execute transactions in Shares without disclosing any control relationship with an issuer of a component security. In addition, the SEC has taken a no-action position under Rule 15c1-6 that will permit a broker dealer to execute transactions in the Shares without disclosing its participation or interest in a primary or secondary distribution of a component security.

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

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