



**BZX Information Circular 11-136**  
**BYX Information Circular 11-136**

**Date:** December 6, 2011

**Re:** PowerShares DB US Inflation and Deflation ETNs

Pursuant to Rule 14.1(j)(2) of the Rules of BATS Exchange, Inc. and 14.1(c)(2) of the Rules of BATS Y-Exchange, Inc. (the "Exchange"), this Information Circular is being issued to advise you that the following securities have been approved for trading on the Exchange as UTP Derivative Securities pursuant to Chapter XIV of the Exchange's Rules.

<b><u>Security ("Notes")</u></b>	<b><u>Symbol</u></b>
PowerShares DB US Deflation ETNs	DEFL
PowerShares DB US Inflation ETNs	INFL

**Commencement of Trading on the Exchange:** December 7, 2011

**Issuer/Trust:** Deutsche Bank AG

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

**Primary Listing Exchange:** NYSE Arca

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product on the Exchange, as well as to provide certain characteristics and features of the Notes.

**Background Information on the Notes**

Deutsche Bank AG (the "Issuer") has issued Exchange Traded Notes ("ETNs" or "Notes") linked to the performance of indexes intended to capture movements, whether up or down, in US inflation expectations or deflation expectations, as applicable. The maturity date for each ETN is November 30, 2021. The ETNs were priced at \$50 each and do not guarantee any return of principal at maturity and do not pay any interest.

For each security, investors will receive a cash payment, if any, at maturity or upon repurchase by the Issuer, that will be based on gain or loss of \$0.10 per security for each 1 point increase or decrease, respectively, in the level of the applicable inflation index (as defined below), plus the income accrued from a notional investment of the value of the securities, as determined on each monthly rebalancing date, in 3-month United States Treasury bills on a rolling basis, as represented by the DB 3-Month T-Bill Index (the "TBill index"), less an investor fee. Each security offers investors the ability to gain exposure to United States inflation expectations or deflation expectations, as the case may be, as implied by the difference in yields between Treasury Inflation-Protected Securities ("TIPS") and U.S. Treasury bonds, each as measured in the manner described below.

The PowerShares DB US Inflation ETNs, or Inflation ETNs, are linked to the month-over-month returns, whether positive or negative, on the DBIQ Duration-Adjusted Inflation Index (the "long inflation index") and the month-over-month returns on the TBill index, less the investor fee. The PowerShares DB US

Deflation ETNs, or Deflation ETNs, are linked to the month-over-month returns, whether positive or negative, on the DBIQ Duration-Adjusted Deflation Index (the “short inflation index”, and together with the long inflation index, each, an “inflation index”, and collectively, the “inflation indices”) and the month-over-month returns on the TBill index, less the investor fee. We refer to the long inflation index, the short inflation index and the TBill index each as an “index” and together as the “indices.” The long inflation index seeks to isolate a long exposure to the market’s expectation of future inflation and is designed to produce, but is not guaranteed to deliver, a 1 point increase in the level of the long inflation index for every 0.01% increase in the market’s expectation of future inflation by measuring the duration-adjusted combined performance of a notional long position in a hypothetical portfolio of 5-year, 10-year and 30-year TIPS and corresponding notional short positions in futures contracts on U.S. Treasury bonds with approximately equivalent terms to maturity as such TIPS (“Treasury Bond Futures”). Similarly, the short inflation index seeks to isolate a short exposure to the market’s expectation of future inflation and is designed to produce, but is not guaranteed to deliver, a 1 point increase in the level of the short inflation index for every 0.01% decrease in the market’s expectation of future inflation by measuring the duration-adjusted combined performance of a notional short position in a hypothetical portfolio of 5-year, 10-year and 30-year TIPS and corresponding notional long positions in Treasury Bond Futures.

Each security offers investors exposure to the month-over-month performance of its respective inflation index and the month-over-month returns on the TBill index, measured from the first calendar day to the last calendar day of each month, less the investor fee. The inflation indices are intended to rise and fall based on changes in the market’s expectations about future rates of inflation, and are therefore distinct from the Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average, by expenditure category and commodity and service group (not seasonally adjusted) (the “CPI”), the commonly known consumer price index, which is used to track current inflation in the United States. Unlike TIPS, which are intended to provide inflation protection, the securities allow investors to take long or short exposure to changes in the market’s expectations about inflation and do not guarantee any return of principal at maturity. Investors should consider their investment horizon as well as potential trading costs when evaluating an investment in the securities and should regularly monitor their holdings of the securities to ensure that they remain consistent with their investment strategies.

Please see the prospectus for the Notes for more details regarding the calculations and details.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

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

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

### **Trading Hours**

The Notes will trade on BATS between 8:00 a.m. and 5:00 p.m. ET.

Please note that trading in the Notes during the Exchange’s Pre-Opening and After Hours Trading Sessions 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) lower liquidity in the Pre-Opening and After Hours Trading Sessions may impact pricing, (3) higher volatility in the Pre-Opening and After Hours Trading Sessions may impact pricing, (4) wider spreads may occur in the Pre-Opening and After Hours Trading Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Pre-Opening or After Hours Trading Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

### **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. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

### **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.

**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.**

Please contact Membership Services at 913.815.7002 with any inquiries regarding this Information Circular.