



BZX Information Circular 12-023
BYX Information Circular 12-023

Date: February 15, 2012

Re: First Trust Funds

Pursuant to Rule 14.11(j)(2) of the Rules of BATS Exchange, Inc. and 14.1(c)(2) of the Rules of BATS Y-Exchange, Inc. (each referred to hereafter as “BATS” or the “Exchange”), this Information Circular is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Exchange as UTP Derivative Securities pursuant to Chapter XIV of the Exchange’s Rules.

<u>Securities (the “Funds”)</u>	<u>Symbol</u>
First Trust Australia AlphaDEX Fund	FAUS
First Trust Canada AlphaDEX Fund	FCAN
First Trust Germany AlphaDEX Fund	FGM
First Trust Hong Kong AlphaDEX Fund	FHK
First Trust United Kingdom AlphaDEX Fund	FKU
First Trust Switzerland AlphaDEX Fund	FSZ
First Trust Taiwan AlphaDEX Fund	FTW

Commencement of Trading on the Exchange: February 16, 2012

Issuer/Trust: First Trust Exchange-Traded AlphaDEX Fund II Trust

Issuer Website: www.ftportfolios.com

Primary Listing Exchange: NYSE Arca

Compliance and supervisory personnel should note that, among other things, this Information Circular discusses the need to deliver a prospectus to customers purchasing shares (“Shares”) issued by First Trust Exchange-Traded AlphaDEX Fund II (“Trust”). Please forward this Information Circular to other interested persons within your organization.

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 or examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange. The Issuer Website, the Prospectus and the Issuer Registration Statement are hereafter collectively referred to as the “Issuer Disclosure Materials.”

Background Information on the Fund

The First Trust Exchange-Traded AlphaDEX Fund II (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." First Trust Advisors L.P. ("First Trust" or the "Advisor") is the investment advisor for the Funds.

The First Trust Germany AlphaDEX Fund seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an equity index called the Defined Germany Index (the "Germany Index").

The Germany Index is in the "Defined Index Series," a family of custom enhanced indices developed, maintained and sponsored by Standard & Poor's Financial Services LLC ("S&P" or the "Index Provider"). The Germany Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Germany BMI Index (the "Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in Germany. The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the Base Index. As of January 25, 2012, the Germany Index was comprised of 40 securities.

The First Trust Canada AlphaDEX Fund seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an equity index called the Defined Canada Index (the "Canada Index").

The Canada Index is in the "Defined Index Series," a family of custom enhanced indices developed, maintained and sponsored by the Index Provider. The Canada Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Canada BMI Index (the "Canada Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX selection methodology. The Canada Base Index is a comprehensive, rules-based index designed to measure stock market performance in Canada. The companies for the Canada Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the Canada Base Index. As of January 25, 2012, the Canada Index was comprised of 40 securities.

The First Trust Australia AlphaDEX Fund seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an equity index called the Defined Australia Index (the "Australia Index").

The Australia Index is in the "Defined Index Series," a family of custom enhanced indices developed, maintained and sponsored by the Index Provider. The Australia Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Australia BMI Index (the "Australia Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX selection methodology. The Australia Base Index is a comprehensive, rules-based index designed to measure stock market performance in Australia. The companies for the Australia Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the Australia Base Index. As of January 25, 2012 the Australia Index was comprised of 40 securities.

The First Trust United Kingdom AlphaDEX Fund seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an equity index called the Defined United Kingdom Index (the "UK Index").

The UK Index is in the "Defined Index Series," a family of custom enhanced indices developed, maintained and sponsored by the Index Provider. The UK Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P United Kingdom BMI Index (the "UK Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX selection methodology. The UK Base Index is a comprehensive, rules-based index designed to measure stock market performance in the United Kingdom. The companies for the UK Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the UK Base Index. As of January 25, 2012, the UK Index was comprised of 75 securities.

The First Trust Taiwan AlphaDEX Fund seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an equity index called the Defined Taiwan Index (the "Taiwan Index").

The Taiwan Index is in the "Defined Index Series," a family of custom enhanced indices developed, maintained and sponsored by the Index Provider. The Taiwan Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Taiwan BMI Index (the Taiwan Base Index) that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX selection methodology. The Taiwan Base Index is a comprehensive, rules-based index designed to measure stock market performance in Taiwan. The companies for the Taiwan Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the Taiwan Base Index. As of January 25, 2012, the Index was comprised of 40 securities.

The First Trust Hong Kong AlphaDEX Fund seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an equity index called the Defined Hong Kong Index (the "HK Index").

The HK Index is in the "Defined Index Series," a family of custom enhanced indices developed, maintained and sponsored by the Index Provider. The HK Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Hong Kong BMI Index (the "HK Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX selection methodology. The HK Base Index is a comprehensive, rules-based index designed to measure stock market performance in Hong Kong. The companies for the HK Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the HK Base Index. As of January 25, 2012, the Index was comprised of 40 securities.

The First Trust Switzerland AlphaDEX Fund seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an equity index called the Defined Switzerland Index (the "Swiss Index").

The Swiss Index is in the "Defined Index Series," a family of custom enhanced indices developed, maintained and sponsored by the Index Provider. The Swiss Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Switzerland BMI Index (the "Swiss Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX selection methodology. The Swiss Base Index is a comprehensive, rules-based index designed to measure stock market performance in Switzerland. The companies for the Swiss Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the Swiss Base Index. As of January 25, 2012, the Index was comprised of 40 securities.

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.

Dividends from net investment income, if any, are declared and paid quarterly by each Fund. Each Fund distributes its net realized capital gains, if any, to shareholders 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.

Please see the Funds' prospectus for more information regarding the Funds and their investment objectives.

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 and foreign securities 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 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.

Dissemination of Data

The Consolidated Tape Association will disseminate real time trade and quote information for the Shares to Tape B.

Name	Listing Market	Trading Symbol	IOPV Symbol	NAV Symbol
First Trust Australia AlphaDEX Fund	NYSE Arca	FGM	FGM.IV	FGM.NV
First Trust Canada AlphaDEX Fund	NYSE Arca	FCAN	FCAN.IV	FCAN.NV
First Trust Germany AlphaDEX Fund	NYSE Arca	FAUS	FAUS.IV	FAUS.NV
First Trust Hong Kong AlphaDEX Fund	NYSE Arca	FKU	FKU.IV	FKU.NV
First Trust United Kingdom AlphaDEX Fund	NYSE Arca	FTW	FTW.IV	FTW.NV
First Trust Switzerland AlphaDEX Fund	NYSE Arca	FHK	FHK.IV	FHK.NV
First Trust Taiwan AlphaDEX Fund	NYSE Arca	FSZ	FSZ.IV	FSZ.NV

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 the Fund does not contain all of the information set forth in the Funds 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 1940 Act and in the future make available a written product description, BATS Rule 14.1(c)(3) require 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 Rules. The grounds for a halt include a halt because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, a halt for other regulatory reasons or due to other conditions or circumstances deemed to be detrimental to the maintenance of a free and orderly market.

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 Funds 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 Funds (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 Funds 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.

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 Funds 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 Funds to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Funds 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); 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 a Fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(l)(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.

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 Funds (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

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund Shares and secondary market transactions therein. (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

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.