



**BZX Information Circular 13-071**  
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**Date:** August 29, 2013

**Re:** iShares Dow Jones-UBS Roll Select Commodity Index Trust

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.

**Securities (the “Funds”)**

**Symbol**

iShares Dow Jones-UBS Roll Select Commodity Index Trust

CMDT

**Commencement of Trading on the Exchange:** August 30, 2013

**Issuer/Trust:** iShares Dow Jones-UBS Roll Select Commodity Index Trust

**Issuer Website:** [www.iShares.com](http://www.iShares.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 of the Fund (“Shares”) issued by the iShares Dow Jones-UBS Roll Select Commodity Index Trust (“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**

As more fully explained in the Registration Statement (No. 333-170844), the iShares Dow Jones-UBS Roll Select Commodity Index Trust (the “Fund” or “CMDT” or the “Trust”) is a Delaware statutory trust that issues units of beneficial interest, called “Shares,” representing fractional undivided beneficial interests in its net assets. The Trust’s assets will consist of long positions in exchange-traded index futures contracts of various expirations, called “Index Futures,” on the Dow Jones-UBS Roll Select Commodity Index, or the “DJ-UBS Roll Select CI,” together with “Collateral Assets” consisting of cash, U.S. Treasury securities or other short-term securities and similar securities that are eligible as margin deposits for those Index Future positions. It is the objective of the Trust that the performance of the Shares correspond generally, but not necessarily be identical, to the performance of the Dow Jones-UBS Roll Select Commodity Index Total Return, or the “Index,” which represents the return on a fully collateralized investment in the DJ-UBS Roll Select CI, before payment of the Trust’s expenses and liabilities. The Index is intended to reflect the

performance of a diversified group of commodities, while also seeking to minimize the effect of contango and maximize the effect of backwardation in connection with periodically switching or “rolling” into new futures contracts.

The Trust was formed as a Delaware statutory trust on December 7, 2011. It is governed by a First Amended and Restated Trust Agreement, dated as of July 29, 2013, among iShares® Delaware Trust Sponsor LLC, as “Sponsor,” BlackRock Institutional Trust Company, N.A., or “BTC,” as “Trustee,” and Wilmington Trust, National Association, as “Delaware Trustee.” The Trust intends continuously to offer units of beneficial interest in the Trust, or “Shares,” to the public but may suspend issuances of Shares at any time. The Sponsor will maintain a limited equity interest in the Trust in connection with its role as Tax Matters Partner of the Trust.

Each Share represents a unit of fractional undivided beneficial interest in the net assets of the Trust. The Trust’s assets will consist of long positions in exchange-traded index futures contracts of various expirations, called “Index Futures,” on the Dow Jones-UBS Roll Select Commodity Index, or the “DJ-UBS Roll Select CI,” together with “Collateral Assets” consisting of cash, U.S. Treasury securities or other short-term securities and similar securities that are eligible as margin deposits for those Index Future positions. It is the objective of the Trust that the performance of the Shares correspond generally, but not necessarily be identical, to the performance of the Dow Jones-UBS Roll Select Commodity Index Total Return, or the “Index,” which represents the return on a fully collateralized investment in the DJ-UBS Roll Select CI, before payment of the Trust’s expenses and liabilities.

The Index Futures initially held by the Trust are listed for trading by the Chicago Mercantile Exchange, Inc., or the “CME,” which is owned and operated by the CME Group, Inc., or the “CME Group.” These initial Index Futures will have serial month expirations for the four closest months. Subsequent Index Futures held by the Trust may have longer or shorter expirations, different terms, and may be listed on other futures exchanges, referred to as “Exchanges.” In order to collateralize its Index Future positions and to reflect the U.S. Treasury component of the Index, the Trust will also hold Collateral Assets, from which it will post margin to its clearing futures commission merchant, or its “Clearing FCM,” which will initially be UBS Securities LLC, or “UBS Securities,” in an amount equal to the margin required by the CME, and transfer to its Clearing FCM any additional amounts that may be separately required by the Clearing FCM. Any Collateral Assets not required to be posted as margin with the Clearing FCM will be held in the Trust’s accounts established at its “Trust Administrator,” which will initially be State Street Bank and Trust Company.

The Trust is a commodity pool as defined in the Commodity Exchange Act, as amended, or the “CEA,” and the regulations of the Commodity Futures Trading Commission, or the “CFTC.” The Trust is operated by the Sponsor, which is a commodity pool operator registered with the CFTC and is an indirect subsidiary of BlackRock, Inc. BlackRock Institutional Trust Company, N.A., an affiliate of the Sponsor, is the Trustee of the Trust. BlackRock Fund Advisors, or “BFA,” an indirect subsidiary of BlackRock, Inc., serves as the commodity trading advisor, or the “Advisor,” of the Trust and is registered with the CFTC. The Trust is not an investment company registered under the Investment Company Act of 1940, as amended, or the “Investment Company Act,” and is not required to register under the Investment Company Act.

The Trust expects to qualify as an “emerging growth company” subject to reduced public company reporting requirements under U.S. federal securities laws. The Trust has not elected to make use of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the Jumpstart Our Business Startups Act of 2012, as amended, or the “JOBS Act.” This election is irrevocable. However, under the JOBS Act, emerging growth companies like the Trust are subject to reduced public company reporting requirements, as more fully described in “Risk Factors—Risk Factors Relating to the Trust—The Trust expects to qualify as an emerging growth company subject to reduced public company reporting requirements.” The Trust expects to remain an “emerging growth company” until the earliest of (i) the last day of the fiscal year on which the fifth anniversary of its initial public offering of Shares occurs, (ii) the last day of the fiscal year on which the Trust has annual gross revenues of \$1 billion or more and (iii) the Trust becoming a “large accelerated filer” within the meaning of the

United States Securities Exchange Act of 1934, as amended, or the "Exchange Act." Other conditions that may trigger a loss of "emerging growth company" status, such as certain issuances of nonconvertible debt, are not expected to apply to the Trust due to the limited nature of its operations.

The Trust issues Shares only in one or more blocks of 50,000 Shares, called "Baskets," in exchange for Index Futures and cash (or, in the discretion of the Sponsor, other Collateral Assets) in the Basket Amount. The "Basket Amount" is the amount of Index Futures and cash (or, in the discretion of the Sponsor, other Collateral Assets), that an Authorized Participant must deliver in exchange for one Basket, or that an Authorized Participant is entitled to receive in exchange for each Basket surrendered for redemption. The Trust will redeem Shares only in Baskets in exchange for Index Futures and cash (or, in the discretion of the Sponsor, other Collateral Assets) in the Basket Amount. The Trust will not redeem individual Shares. The specific assets constituting the Basket Amount must have a value equal to the aggregate "NAV," or net asset value per Share, of the Shares constituting a Basket, and such assets are determined by the Sponsor on each Business Day in accordance with the terms of the Trust Agreement.

The value of the assets to be included in the Basket Amounts for creations and redemptions will be determined at the end of each Business Day based on the daily settlement value of the Index Futures and the value of the Collateral Assets, as calculated for purposes of determining NAV. The value of such assets must equal the NAV of the Shares constituting a Basket as determined for such Business Day, but any changes to NAV that may result from creation and redemption activity are not reflected in the NAV calculations for the Business Day on which they occur. Creation and redemption orders received prior to the order cut-off time (currently 2:40 p.m. New York time) will be deemed to have been received on such Business Day, while orders received after the order cut-off time will be deemed to have been received on the next Business Day. Subject to the approval of the Trustee, Baskets may be created for cash equal to the NAV of the Shares constituting a Basket as determined on the date the related creation order was received, plus the costs incurred by the Trust in establishing the corresponding Index Future positions and acquiring the related Collateral Assets. Creation orders for Baskets paid for solely in cash that are received after 10:00 a.m. New York time will be deemed received as of the following Business Day. In each case, subject to the Trustee's right to suspend or reject orders, creations and redemptions are deemed to occur on the Business Day on which they are received and are expected to settle the following Business Day by 11:00 a.m. New York time. Information relating to the Basket Amounts and the assets constituting such Basket Amount will be published by the Trustee on each Business Day after it has calculated the net asset value of the Trust for such Business Day at 4:00 p.m. New York time.

The amount of all fees and expenses which are anticipated to be incurred by a new investor during the first twelve months, estimated as of July 29, 2013, is 0.79% of the offering price of \$50.00 per Share (or expressed as a dollar amount, \$0.40 of the price of \$50.00 per Share), assuming issuance of just the Initial Shares. Based on certain interest rate, expense and other assumptions, the twelve-month breakeven point, estimated as of July 29, 2013, is 0.76% of the offering price of \$50.00 per Share (or expressed as a dollar amount, \$0.38 of the price of \$50.00 per Share), assuming issuance of just the Initial Shares.

The Sponsor of the Trust is iShares Delaware Trust Sponsor LLC. The sole member and manager of the Sponsor is BlackRock Asset Management International Inc., a Delaware corporation. The Sponsor's primary business function in connection with the Trust is to direct the actions of the Trustee in the management of the Trust and to act as commodity pool operator of the Trust.

The Sponsor has been registered under the CEA as a commodity pool operator and has been a member of the National Futures Association, or the "NFA," since June 2009. The Sponsor may also act, currently or in the future, as the sponsor for certain other investment vehicles.

The Sponsor arranged for the creation of the Trust, the registration of the Shares for their public offering and the listing of the Shares on NYSE Arca. The Sponsor has agreed under the Trust Agreement to pay the following administrative, operational and marketing expenses: (1) the fees of the Trustee, the Delaware Trustee, the Advisor and their respective agents, (2) NYSE Arca listing fees, (3) printing and mailing costs, (4) audit fees, (5) fees for registration of the Shares with the SEC, (6) tax reporting costs,

(7) license fees and (8) legal expenses relating to the Trust of up to \$100,000 annually. In recognition of its paying these expenses, the Sponsor is entitled to an allocation that accrues daily at an annualized rate of up to 0.75% of the “Adjusted Net Asset Value” of the Trust, or its net asset value as calculated before deducting fees and expenses based on the value of the Trust’s assets, and is payable by the Trust monthly in arrears. That allocation to the Sponsor is referred to in this prospectus as the “Sponsor’s Fee,” and is subject to adjustment from time to time, except that the Sponsor’s Fee may not be adjusted to above 0.75% of the Adjusted Net Asset Value absent an amendment to the Trust Agreement and thirty days’ prior notice to registered holders of the Shares. For a description of how the net asset value of the Trust is calculated, see “Business of the Trust—Valuation of Index Futures; Computation of the Trust’s Net Asset Value.”

The Sponsor will be responsible for oversight and overall management of the Trust but has delegated day-to-day administration of the Trust to the Trustee under the Trust Agreement. The Sponsor may remove the Trustee and appoint a successor Trustee, if the Trustee ceases to meet certain objective requirements or if, having received written notice of a material breach of its obligations under the Trust Agreement, the Trustee has not cured the breach within thirty days. The Sponsor may also replace the Trustee during the 90 days following any merger, consolidation or conversion in which the Trustee is not the surviving entity or, in its discretion, at any time following the first anniversary of the creation of the Trust.

The Advisor is BlackRock Fund Advisors, a California corporation. The Advisor is the commodity trading advisor for the Trust and has discretionary authority to make all determinations with respect to the Trust’s assets, subject to specified limitations. The Advisor will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the level of the Index or the DJ-UBS Roll Select CI or the value of the Collateral Assets. The Advisor has been registered as a commodity trading advisor under the CEA since April 5, 1993 and has been a member of the NFA since 1993. The Advisor may also act, currently or in the future, as the advisor for certain other investment vehicles.

The Advisor and the Trust may each terminate the Advisory Agreement at any time upon thirty days’ prior written notice. The Sponsor may terminate the Advisory Agreement in its discretion.

The Trustee is BlackRock Institutional Trust Company, N.A., a national banking association affiliated with the Sponsor. Subject to the Sponsor’s oversight, the Trustee is generally responsible for the day-to-day administration of the Trust. Day-to-day administration includes (1) processing orders for the creation and redemption of Baskets, (2) coordinating with the Sponsor with respect to the receipt and delivery of consideration transferred to, or by, the Trust in connection with each issuance and redemption of Baskets, and (3) calculating the net asset value of the Trust on each Business Day. The Trustee has delegated processing creation and redemption orders of Baskets to SEI Investments Distribution Co., or any other agent appointed from time to time by the Trustee, as “Processing Agent,” certain tax-related services to PricewaterhouseCoopers LLP, as “Tax Administrator,” and the remainder of the day-to-day responsibilities to the Trust Administrator. The Processing Agent, the Trust Administrator and the Tax Administrator are not affiliated with the Sponsor or the Trustee.

The investment objective of the Trust is to seek investment results that correspond generally, but are not necessarily identical, to the performance of the Index, which reflects the returns on a fully collateralized investment in the DJ-UBS Roll Select CI, before the payment of expenses and liabilities of the Trust. The Trust will hold long positions in Index Futures whose settlement value at expiration is based on the value of the DJ-UBS Roll Select CI at that time. The Trust will also earn interest on its Collateral Assets.

The DJ-UBS Roll Select CI incorporates the economic effect of “rolling” the contracts included in the applicable index. “Rolling” a futures contract means closing out a position in an expiring futures contract and establishing an equivalent position in a replacement futures contract on the same commodity. Markets for futures contracts can be in “backwardation,” which means that futures contracts with distant delivery months are priced lower than those with nearer delivery months, or can exhibit “contango,” which means that futures contracts with distant delivery months are priced higher than those with nearer delivery months. The DJ-UBS Roll Select CI employs a “rolling” methodology that seeks to minimize the

effect of contango and maximize the effect of backwardation by selecting replacement futures contracts that exhibit the most backwardation or least contango among those eligible futures contracts with delivery months of up to 273 calendar days until expiration.

The Index, in turn, reflects the return of the DJ-UBS Roll Select CI, together with the return on specified U.S. Treasury securities that are deemed to have been held to collateralize a hypothetical long position in the futures contracts comprising the DJ-UBS Roll Select CI.

The Index and the DJ-UBS Roll Select CI are calculated based on the same commodities, though not always the same futures contracts, that are included in the Dow Jones-UBS Commodity Index, or the "DJ-UBS CI," which is a liquidity- and production-weighted index of the prices of a diversified group of futures contracts on physical commodities. The DJ-UBS CI, the DJ-UBS Roll Select CI and the Index are administered, calculated and published by UBS Securities and DJI Opco, LLC, or "DJI Opco." UBS Securities and DJI Opco are also referred to in this prospectus as the "Index Co-Sponsors" of the DJ-UBS CI, the DJ-UBS Roll Select CI and the Index. Certain intellectual property rights relating to the DJ-UBS CI and related indices are owned by UBS AG and Dow Jones Trademark Holdings, LLC or "Dow Jones." UBS AG, Dow Jones and the Index Co-Sponsors are collectively referred to as the "Index Providers."

If the Index Co-Sponsors cease to maintain the Index, the DJ-UBS CI or the DJ-UBS Roll Select CI, the Trust may seek investment results that correspond generally, but are not necessarily identical, to the performance of a fully-collateralized investment in a successor index or any other index that, in the opinion of the Sponsor, is reasonably similar to the Index.

When establishing positions in Index Futures, the Trust will be required to deposit initial margin with a value of approximately 3% to 10% of the value of each Index Future position at the time it is established. These margin requirements are subject to change from time to time by the Exchange or the Clearing FCM. Margin requirements established by the Clearing FCM may exceed minimum levels established by the Exchange. On a daily basis, the Trust will be obligated to pay, or entitled to receive, variation margin in an amount equal to the change in the daily settlement level of its Index Future positions. If the daily settlement level causes the value of the Trust's Index Future positions to decrease, the Trust will be required to post variation margin with the Clearing FCM. Conversely, if the daily settlement level causes the value of the Trust's Index Future positions to increase, the Trust's account with the Clearing FCM will receive variation margin in an amount equal to the increase.

Whenever Index Futures of different types or expirations are available for investment, the Sponsor will determine, pursuant to the terms of the Trust Agreement, which Index Futures are to be transferred in connection with either the creation or redemption of Baskets. The Trust will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the level of the Index or the DJ-UBS Roll Select CI or the value of the Collateral Assets.

The profit or loss on the Trust's Index Future positions should correlate with increases and decreases in the value of the DJ-UBS Roll Select CI, although this correlation is not expected to be exact. The return on the Index Futures, together with interest on the Collateral Assets, is expected to result in a total return that corresponds generally, but is not identical, to the Index. Differences between the returns on the Shares and the performance of the Index may be based on, among other factors, differences between the return on the Collateral Assets and the U.S. Treasury rate used to calculate the U.S. Treasury return component of the Index, timing differences, differences between the portion of the Trust's assets invested in Index Futures versus the portion of the return of the Index contributed by the DJ-UBS Roll Select CI, differences between the settlement price of Index Futures and the closing level of the DJ-UBS Roll Select CI and the payment of expenses and liabilities by the Trust.

The Advisor acts as the commodity trading advisor for the Trust. The Advisor, on behalf of the Trust, is authorized to invest all of the Trust's assets in long positions in Index Futures and in Collateral Assets in order to satisfy applicable margin requirements on those Index Future positions. Any cash that the Trust accepts in connection with the creation of Shares will be used to purchase additional Index Futures, in an amount that the Advisor determines will enable the Trust to achieve investment results that correspond

with the Index before the payment of the Trust's expenses and liabilities. The Advisor will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the level of the Index or the DJ-UBS Roll Select CI or the value of the Collateral Assets.

The Shares are intended to constitute an alternative means for investors to achieve investment exposure to the performance of the Index. Although the Shares are not the exact equivalent of an investment in the underlying futures contracts and Treasury securities represented by the Index, the Shares are intended to provide investors with an alternative method of participating in the commodities market.

In addition, retail investors can gain exposure to the commodities underlying the DJ-UBS Roll Select CI by purchasing individual or small lots of Shares through traditional brokerage accounts, without being subject to the significantly higher minimum contract sizes required for directly establishing a position in the underlying commodities or futures contracts. The Shares will be eligible for margin accounts.

There may be conflicts of interest between the Shareholders and the Sponsor and its affiliates. These conflicts may arise, because the Sponsor is affiliated with the Trustee and the Advisor. Because of these affiliations, the Sponsor has an incentive not to remove the Trustee or the Advisor. Conflicts may also result from the Sponsor's substantial control over the business and activities of the Trust, such as the Sponsor's authority to determine whether to make distributions to Shareholders, its oversight over NAV calculations and its rights relating to amending the Trust Agreement or the dissolving the Trust. In addition, conflicts may arise in connection with trading activities relating to the Index Futures, index components or related instruments for the Sponsor's or its affiliates' proprietary accounts, customer accounts or other accounts under management, as well as in connection with research reports published by the Sponsor or its affiliates with respect to commodities markets. Additional conflicts of interest may exist between Shareholders, on the one hand, and the Clearing FCM and the Index Providers, on the other.

The NAV per Share for the 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.

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

### **Principal Risks**

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing the Fund's performance to not match the performance of the 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, income tax risk and commodity 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.

| <b>Name</b>   | <b>Listing Market</b> | <b>Trading Symbol</b> | <b>IOPV Symbol</b> | <b>NAV Symbol</b> |
|---|-----------------------|-----------------------|--------------------|-------------------|
| iShares Dow Jones-UBS Roll Select Commodity Index Trust | NYSE Arca             | CMDT                  | CMDT.IV            | CMDT.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.