



BZX Information Circular 15-114
BYX Information Circular 15-114

EDGA Information Circular 15-114
EDGX Information Circular 15-114

Date: September 16, 2015

Re: Direxion Shares ETF Trust

Pursuant to the Rules of BATS Exchange, Inc. (“BZX”), BATS Y-Exchange, Inc. (“BYX”), EDGA Exchange, Inc. (“EDGA”) and EDGX Exchange, Inc. (“EDGX”, each such exchange referred to hereafter as “BATS” or the “Exchange” and together with BZX, BYX and EDGA, 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 “Fund”)</u>	<u>Symbol</u>
Direxion Daily Cyber Security Bear 2X Shares	HAKD
Direxion Daily Cyber Security Bull 2X Shares	HAKK
Direxion Daily Pharmaceutical & Medical Bull 2X Shares	PILL
Direxion Daily Pharmaceutical & Medical Bear 2X Shares	PILS

Commencement of Trading on the Exchange: September 17, 2015

Issuer/Trust: Direxion Shares ETF Trust

Issuer/Trust Website: www.direxioninvestments.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 Direxion Shares ETF 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 Funds

Each Fund seeks investment results that correspond (before fees and expenses) to a daily compounded leveraged participation in the performance of its underlying index, as detailed below:

Fund Symbol	Leverage Ratio	Underlying (the "Index")	Index Symbol	Index Provider
HAKK	2X	ISE Cyber Security Index	HXR	International Securities Exchange, LLC
HAKD	- 2X			
PILL	2X	Dynamic Pharmaceutical Intellidex Index	DZR	NYSE Arca, Inc.
PILS	- 2X			

Each "Bull 2X Fund" (HAKK and PILL) creates long positions by investing at least 80% of its assets in the securities that comprise its underlying Index and/or financial instruments that provide leveraged and unleveraged exposure to its Index. These financial instruments include: swap agreements; futures contracts; equity caps, floors and collars; forward contracts; reverse repurchase agreements; exchange-traded funds ("ETFs"); and other financial instruments. On a day-to-day basis, each Bull 2X Fund invests the remainder of its assets in money market funds, depository accounts with institutions with high quality credit ratings or short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

Each "Bear 2X Fund" (HAKD and PILS) creates short positions by investing at least 80% of its assets in: swap agreements; futures contracts; equity caps, floors and collars; forward contracts; short positions; reverse repurchase agreements; ETFs; and other financial instruments that, in combination, provide inverse leveraged and unleveraged exposure to its underlying Index. On a day-to-day basis, each Bear 2X Fund invests the remainder of its assets in money market funds, depository accounts with institutions with high quality credit ratings or short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements. The Bear 2X Funds do not invest in equity securities.

ISE Cyber Security Index

The Index is comprised of domestic and foreign companies that are cyber security infrastructure providers (hardware/software developers) or that provide cyber security services, and for whom cyber security is a key driver of the company's business. International Securities Exchange, LLC (the "Index Provider") utilizes proprietary research and analysis, guided by a rules-based methodology, which includes reviewing a variety of publicly available information, such as financial statements and other reports provided by issuers to determine if a company is actively engaged in providing cyber security infrastructure such as hardware or software or cyber security services.

Companies are then screened by the Index Provider for investibility, which requires a company to be an operating company, to have a minimum market capitalization of \$100 million, to meet liquidity requirements, and not be listed on an exchange in a country that has certain restrictions on foreign capital investment. Exposure to a company is capped at 20% and the cumulative weighting of all companies with an individual weighting of 5% or greater do not in the aggregate account for more than 50% of the weighting of the Index. The Index's components are reviewed and rebalanced semi-annually; however, weightings may be adjusted in between rebalance dates if a company's Index weighting exceeds 20% of the Index.

As of August 18, 2015, the Index was comprised of 32 stocks. The Index has an average market capitalization of \$8.5 billion and a market capitalization range of \$97.7 million to \$143.7 billion as of August 18, 2015.

Dynamic Pharmaceutical Intellidex Index

The Index consists of common shares of U.S. pharmaceutical companies. These companies are principally engaged in research, development, manufacture, sale or distribution of pharmaceuticals and drugs of all types. The Index may include companies that facilitate the testing or regulatory approval of drugs. NYSE Arca, Inc., (the "Index Provider") begins with the 2,000 largest companies listed on U.S. exchanges, and then uses a proprietary model that ranks the stocks for capital appreciation potential. The Index Provider then divides these companies into "large" and "small" market capitalization groups. The Index Provider identifies a specified numbers of companies from each group for inclusion in the Index. The "large" market capitalization companies will represent 40% of the Index, and the "small" market capitalization companies will represent 60% of the Index when the Index is rebalanced.

As of August 18, 2015, the Index was comprised of 24 stocks. The companies included in the Index have an average market capitalization of \$69 billion and a market capitalization range of \$948.3 million to \$275.2 billion as of August 18, 2015.

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

As described more fully in the Trust's prospectus and Statement of Additional Information, each Fund will issue and redeem Shares on a continuous basis at their net asset value ("NAV"). Each Fund will issue or redeem shares that have been aggregated into blocks of 50,000 shares and or multiples thereof ("Creation Units") to authorized participants who have entered into agreements with the Funds' distributor. The Funds generally will issue or redeem Creation Units in return for a designated portfolio of securities (and an amount of cash) that the Funds specify each day.

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 and is recognized as the owner of all Shares for all purposes.

The NAV of each Fund is generally determined as of the close of trading (normally 4:00 p.m., Eastern Time) on each day the New York Stock Exchange is open for business. The NAV of the Fund is calculated 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 outstanding shares of the Fund, generally rounded to the nearest cent.

Principal Risks

Interested persons are referred to each Fund's Prospectus for a description of risks associated with an investment in the Fund. Some of these risks are outlined below. In addition, the market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares. As a result, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Fund's holdings.

Cyber Security Funds (HAKK and HAKD): Aggressive investment techniques risk; cash transactions risk; counterparty risk; currency risk; cyber security company risk; daily index correlation/tracking risk or daily inverse index correlation/tracking risk, as applicable; depository receipt risk; derivatives risk; early close/trading halt risk; effects of compounding and market volatility risk; equity securities risk; foreign securities risk; high portfolio turnover risk; intra-day investment risk; leverage risk; liquidity risk; market risk; micro-capitalization company risk; money market instrument risk; non-diversification risk; other investment companies risk; regulatory risk; shorting risk; small- and/or mid-capitalization company risk; technology and telecommunications sector risk; valuation time risk; and other special risks of ETFs.

Pharmaceutical & Medical Funds (PILL and PILS): Aggressive investment techniques risk, biotechnology industry risk, cash transaction risk, counterparty risk, daily index correlation/tracking risk or daily inverse index correlation/tracking risk, as applicable, derivatives risk, early close/trading halt risk, effects of compounding and market volatility risk, equity securities risk, healthcare sector risk, high portfolio turnover risk, intra-day investment risk, leverage risk, liquidity risk, market risk, money market instrument risk, non-diversification risk, other investment companies risk, pharmaceutical industry risk, regulatory risk, shorting risk, small- and/or mid-capitalization company risk, and other special risks of ETFs.

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 BZX and BYX between 8:00 a.m. and 5:00 p.m. ET. The Shares will trade on EDGA and EDGX between 8:00 a.m. and 8:00 p.m. ET. Please note that trading in the Shares during the Exchange's Pre-Opening and After Hours/Post-Closing Trading Sessions ("Extended Market Sessions") may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, (3) higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market 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.

<i>Name</i>	<i>Listing Market</i>	<i>Trading Symbol</i>	<i>IOPV Symbol</i>	<i>NAV Symbol</i>
Direxion Daily Cyber Security Bear 2X Shares	NYSE Arca	HAKD	HAKD.IV	HAKD.NV
Direxion Daily Cyber Security Bull 2X Shares	NYSE Arca	HAKK	HAKK.IV	HAKK.NV
Direxion Daily Pharmaceutical & Medical Bull 2X Shares	NYSE Arca	PILL	PILL.IV	PILL.NV
Direxion Daily Pharmaceutical & Medical Bear 2X Shares	NYSE Arca	PILS	PILS.IV	PILS.NV

Delivery of a Prospectus

Exchange 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, Exchange Rules require that Exchange 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, Exchange 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*].”

An Exchange 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 such Exchange member under this rule.

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

Suitability

Trading in the securities on the Exchange 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

The Exchange will halt trading in the Shares of a security in accordance with Exchange 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 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 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 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); 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 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

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. 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.