



EDGA Exchange, Inc. & EDGX Exchange, Inc.			
Regulatory Information Circular			
Circular Number:	2014-008	Contact:	Jeff Rosenstock
Date:	January 22, 2014	Telephone:	(201) 942-8295

Subject: Direxion Daily FTSE Europe Bull 3X Shares
Direxion Daily FTSE Europe Bear 3X Shares

Background Information on the Funds

As more fully explained in the Direxion Shares ETF Trust's ("Trust") Registration Statement (Nos. 333-150525 and 811-22201), the Funds are registered under the Investment Company Act of 1940 (the "1940 Act") as an open-end management investment company. Each of the Funds is an exchange-traded index fund ("ETF").

Rafferty Asset Management LLC serves as the Adviser to the Funds. Foreside Fund Services, LLC serves as the Distributor for the Funds. Bank of New York Mellon serves as the Funds' Transfer Agent, Custodian and Index Receipt Agent.

Ticker	Fund Name	CUSIP
EURL	Direxion Daily FTSE Europe Bull 3X Shares	25459Y280
EURZ	Direxion Daily FTSE Europe Bear 3X Shares	25459Y272

Direxion Daily FTSE Europe Bull 3X Shares

The Direxion Daily FTSE Europe Bull 3X Shares ("Fund") seeks daily leveraged investment results. The pursuit of daily leveraged goals means that the Fund is riskier than alternatives that do not use leverage because the Fund's objective is to magnify the performance of an index. The pursuit of daily leveraged investment goals means that the return of the Fund for a period longer than a full trading day may bear no resemblance to 300% of the return of its index for such longer period because the aggregate return of the Fund is the product of the series of daily leveraged returns for each trading day. The path of the benchmark during the longer period may be at least as important to the Fund's return for the longer period as the cumulative return of the benchmark for the relevant longer period, especially in periods of market volatility. Further, the return for investors that invest for periods less than a full trading day or for a period different than a trading day will not be the product of the return of the Fund's stated goal and the performance of the target index for the full trading day.

The Fund seeks daily investment results, before fees and expenses, of 300% of the performance of the FTSE Developed Europe Index. The Fund seeks daily leveraged investment

results and does not seek to achieve its stated investment objective over a period of time greater than one day. The Fund is different and much riskier than most exchange-traded funds. The Fund is designed to be utilized only by knowledgeable investors who understand the potential consequences of seeking daily leveraged investment results, understand the risks associated with the use of leverage and are willing to monitor their portfolios frequently. The Fund seeks daily leveraged investment results relative to the Index and is different and riskier than similarly benchmarked exchange-traded funds that do not use leverage. Therefore, the Fund is not intended to be used by, and is not appropriate for, investors who do not intend to actively monitor and manage their portfolios.

The Intraday Indicative Value for Shares of the Fund will be available from market data vendors under the symbol EURL.IV.

Principal Risks

Interested persons are referred to the Fund's Prospectus for a description of risks associated with an investment in the Fund. These risks include Adverse Market Conditions Risk; Adviser's Investment Strategy Risk; Counterparty Risk; Currency Exchange Risk; Daily Correlation Risk; Depositary Receipt Risk; Derivatives Risk; Early Close/Trading Halt Risk; and Effects of Compounding and Market Volatility Risk. In addition, as noted in the Fund's Prospectus, 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. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares. Consult the Fund's prospectus for additional risks of an investment in the Shares.

Direxion Daily FTSE Europe Bear 3X Shares

The Direxion Daily FTSE Europe Bear 3X Shares ("Fund") seeks daily leveraged investment results. The pursuit of daily leveraged goals means that the Fund is riskier than alternatives that do not use leverage because the Fund's objective is to magnify the performance of an index. The pursuit of daily leveraged investment goals means that the return of the Fund for a period longer than a full trading day may bear no resemblance to -300% of the return of its index for such longer period because the aggregate return of the Fund is the product of the series of daily leveraged returns for each trading day. The path of the benchmark during the longer period may be at least as important to the Fund's return for the longer period as the cumulative return of the benchmark for the relevant longer period, especially in periods of market volatility. Further, the return for investors that invest for periods less than a full trading day or for a period different than a trading day will not be the product of the return of the Fund's stated goal and the performance of the target index for the full trading day.

The Fund seeks daily investment results, before fees and expenses, of 300% of the inverse (or opposite) of the performance of the FTSE Developed Europe Index. The Fund seeks daily leveraged investment results and does not seek to achieve its stated investment objective over a period of time greater than one day. The Fund is different and much riskier than most exchange-traded funds.

The Fund is designed to be utilized only by knowledgeable investors who understand the potential consequences of seeking daily leveraged investment results, understand the risks associated with shorting and the use of leverage, and are willing to monitor their portfolios frequently. The Fund seeks daily leveraged investment results relative to the Index and is different and riskier than similarly benchmarked exchange-traded funds that do not use leverage. Therefore, the Fund is not intended to be used by, and is not appropriate for, investors who do not intend to actively monitor and manage their portfolios.

The Intraday Indicative Value for Shares of the Fund will be available from market data vendors under the symbol EURZ.IV

Principal Risks

Interested persons are referred to the Fund's Prospectus for a description of risks associated with an investment in the Fund. These risks include Adverse Market Conditions Risk; Adviser's Investment Strategy Risk; Cash Transaction Risk; Counterparty Risk; Currency Exchange Risk; Daily Correlation Risk; Derivatives Risk; Early Close/Trading Halt Risk; and Effects of Compounding and Market Volatility Risk. In addition, as noted in the Fund's Prospectus, 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. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares. Consult the Fund's prospectus for additional risks of an investment in the Shares.

The Fund will issue and redeem Shares only to Authorized Participants (typically, broker-dealers) in exchange for the deposit or delivery of a basket of assets (securities and/or cash) in large blocks, known as Creation Units, each of which is comprised of 50,000 Shares. Retail investors may only purchase and sell Fund Shares on a national securities exchange through a broker-dealer. Because the Shares trade at market prices rather than NAV, Shares may trade at a price greater than NAV (premium) or less than NAV (discount).

Individual Shares are not redeemable directly to a Fund because Fund Shares trade at market prices rather than net asset value NAV, Shares may trade at a price that is equal to NAV, greater than NAV (premium) or less than NAV (discount).

Each Fund pays out dividends from its net investment income, and distributes any net capital gains, if any, to its shareholders at least annually. Each Fund is authorized to declare and pay capital gain distributions in additional Shares thereof or in cash. The Funds have extremely high portfolio turnover, which may cause them to generate significant amounts of taxable income. The Funds will generally need to distribute net short-term capital gain to satisfy certain tax requirements. Because of the Funds' high portfolio turnover, they could need to make larger and/or more frequent distributions than traditional unleveraged ETFs.

The Depository Trust Company (“DTC”) serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The NAV per Share of each Fund will be determined as of the close of trading (normally, 4:00 p.m. Eastern Time (“ET”)) on each day that the New York Stock Exchange is open for business. NAV is calculated by dividing the value of the net assets of the Fund (i.e., the total value of its assets less all liabilities) by the total number of Shares of the Fund outstanding. NAV will be available from the Distributor and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

The Trust’s registration statement describes the various fees and expenses for the Funds’ Shares. For a more complete description of the Funds and the Indexes, visit www.direxionshares.com.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

Trading Hours

Trading in the Shares on the Exchanges is on a UTP basis and is subject to the Exchanges’ equity trading rules. The Shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the Shares during the Extended Market Sessions (Preopening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value (“IIV”). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

Trading Halts

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

Suitability

Trading in the Shares on the Exchanges will be subject to the provisions of Exchange Rules 3.7. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, Members must

possess sufficient information to satisfy the “know your customer” obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds Members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

Delivery of a Prospectus

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus. Prospectuses may be obtained through the Distributor or on the Fund’s website. The Prospectus does not contain all of the information set forth in the 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 the Trust’s Registration Statement.

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

The Commission has issued letters dated October 30, 2008 and December 15, 2008, (“No-Action Letters”) granting exemptive or no-action relief from certain rules under the Securities Exchange Act of 1934 applicable to the Funds. ETP Holders are referred to the full text of the letters, available at www.sec.gov for additional information.

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 No-Action Letters confirm that the Trust is excepted under paragraph (c)(4) of Rule 101 of Regulation M with respect to the Funds, thus permitting persons who may be deemed to be participating in a distribution of Shares of the Funds to bid for or purchase such Shares during their participation in such distribution.

The No-Action Letters also confirm the interpretation of Rule 101 of Regulation M that a redemption of Creation Unit size aggregations of Shares of the Funds and the receipt of Redemption Securities in exchange therefor by a participant in a distribution of Shares of the Funds would not constitute an "attempt to induce any person to bid for or purchase a covered security, during the applicable restricted period" within the meaning of Regulation M, and therefore would not violate Regulation M. The No-Action Letters confirm that the Trust is excepted under paragraph (d)(4) of Rule 102 of Regulation M with respect to the Funds, thus permitting the Funds to redeem Shares of the Funds during the continuous offering of such Shares.

SEC Rule 14e-5

The No Action Letters grant an exemption from Rule 14e-5 to permit any person acting as dealer-manager of a tender offer for an Equity Security to: (1) redeem Shares of the Funds in Creation Unit size aggregations to the Trust for a redemption basket that may include a security subject to the tender offer; and (2) purchase Shares of the Funds during such offer.

Rule 10b-17

Rule 10b-17, with certain exceptions, requires an issuer of a class of publicly traded securities to give notice of certain specified actions (for example, a dividend distribution, stock split, or rights offering) relating to such class of securities in accordance with Rule 10b-17(b). The No-Action Letters grant an exemption from the requirements of Rule 10b-17 to the Trust with respect to transactions in the Shares.

This Regulatory Information Circular is not a statutory prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.