



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject:**       **Direxion Daily BRIC Bull 3X Shares**  
                  **Direxion Daily BRIC Bear 3X Shares**  
                  **Direxion Daily India Bull 3X Shares**  
                  **Direxion Daily India Bear 3X Shares**  
                  **Direxion Daily Gold Miners Bear 3X Shares**  
                  **Direxion Daily Gold Miners Bull 3X Shares**  
                  **Direxion Daily Retail Bull 3X Shares**  
                  **Direxion Daily Retail Bear 3X Shares**  
                  **Direxion Daily Natural Gas Related Bull 3X Shares**  
                  **Direxion Daily Natural Gas Related Bear 3X Shares**

#### **Background Information on the Funds**

As more fully explained in the Registration Statement (No. 333-150525 and 811-22201) for Direxion Shares ETF Trust ("Trust"), the Trust is a registered open-end management investment company currently consisting of separate investment series (the "Funds"). The Funds are investment companies registered under the Investment Company Act of 1940 ("1940 Act"), and commonly referred to as "exchange-traded funds" ("ETFs"). This circular refers only to the Funds listed above. The shares of the Funds are referred to herein as "Shares. The Trust currently consists of multiple separately managed series.

Effective **December 1, 2011**, all Direxion Daily Bull and Bear 2X Shares will seek daily exposure of +300% or -300% of each Fund's respective benchmark. The Funds will no longer seek +200% or -200% daily exposure. Therefore, effective December 1, 2011, each of these Funds will be 3X Shares and will seek daily exposure of +300% or -300% of each Fund's respective benchmark. Members are referred to [2010-420](#), [2010-567](#) and [2010-615](#) for additional information relating to the Funds.

#### **Description of the Funds**

##### ***Direxion Daily BRIC Bull 3X Shares***

The Direxion Daily BRIC Bull 3X Shares will seek daily investment results, before fees and expenses, of 300% of the price performance of the BNY BRIC Select ADR Index.

##### ***Direxion Daily BRIC Bear 3X Shares***

The Direxion Daily BRIC Bull 3X Shares will seek daily investment results, before fees and

expenses, of 300% of the inverse (or opposite) of the price performance of the BNY BRIC Select ADR Index.

***Direxion Daily India Bull 3X Shares***

The Direxion Daily India Bull 3X Shares will seek daily investment results, before fees and expenses, of 300% of the price performance of the Indus India Index.

***Direxion Daily India Bear 3X Shares***

The Direxion Daily India Bear 3X Shares will seek daily investment results, before fees and expenses, of 300% of the inverse (or opposite) of the price performance of the Indus India Index.

***Direxion Daily Gold Miners Bull 3X Shares***

The Direxion Daily Gold Miners Bull 3X Shares will seek daily investment results, before fees and expenses, of 300% of the price performance of the NYSE Arca Gold Miners Index.

***Direxion Daily Gold Miners Bear 3X Shares***

The Direxion Daily Gold Miners Bear 3X Shares will seek daily investment results, before fees and expenses, of 300% of the inverse (or opposite) of the price performance of the NYSE Arca Gold Miners Index.

***Direxion Daily Retail Bull 3X Shares***

The Direxion Daily Retail Bull 3X Shares will seek daily investment results, before fees and expenses, of 300% of the price performance of the Russell 1000® Retail Index.

***Direxion Daily Retail Bear 3X Shares***

The Direxion Daily Retail Bear 3X Shares will seek daily investment results, before fees and expenses, of 300% of the inverse (or opposite) of the price performance of the Russell 1000® Retail Index.

***Direxion Daily Natural Gas Related Bull 3X Shares***

The Direxion Daily Natural Gas Related Bull 3X Shares will seek daily investment results, before fees and expenses, of 300% of the price performance of the ISE-Revere Natural Gas Index™.

***Direxion Daily Natural Gas Related Bear 3X Shares***

The Direxion Daily Natural Gas Related Bear 3X Shares will seek daily investment results, before fees and expenses, of 300% of the inverse (or opposite) of the price performance of the ISE-Revere Natural Gas Index.

Rafferty Asset Management LLC serves as the investment adviser to the Funds. Foreside Fund Services, LLC (the “Distributor”) is the distributor for the Funds. Bank of New York Mellon is the custodian, administrator, transfer agent and fund accounting agent for the Funds.

As described more fully in the Trust's Prospectus and Statement of Additional Information ("SAI"), each 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. Creation Units of the Bull Funds are issued and redeemed in cash and/or in-kind for securities included in the relevant underlying index. Creation Units of the Bear Funds are issued and redeemed for cash. 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 net asset value, Shares may trade at a price greater than net asset value (premium) or less than net asset value (discount).

Each Fund pays out dividends from its net investment income, and distributes any net capital gains, 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 will cause the Funds to generate significant amounts of taxable income. The Funds will generally need to distribute this income in order to satisfy certain tax requirements. Because of the Funds' high portfolio turnover, the Funds could make larger and/or more frequent distributions than a traditional unleveraged ETF.

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.

Each Fund's NAV is determined shortly after 4:00 p.m. Eastern Time ("ET") on each day that the Exchanges are open for business (a "Business Day"). The NAV is available from the Trust and the Exchanges 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](http://www.direxionshares.com).

### **Purchases and Redemptions in Creation Unit Size**

Members are hereby informed that procedures for purchases and redemptions of shares in Creation Units are described in the Trust's Prospectus and SAI and that shares are not individually redeemable but are redeemable only in Creation Unit aggregations or multiples thereof. As described in the Prospectus, Creation Units of the Funds are purchased and redeemed for cash.

### **Principal Risks**

Interested persons are referred to the Trust's Prospectus for a description of risks associated with an investment in the Shares of each Fund. These risks include, but are not limited to, market risk, leverage risk, sector risk, emerging markets risk, commodity risk, and the risk that each Fund's investment strategy may subject such Fund to greater changes to the value of portfolio holdings and imperfect correlation to the relevant Index. Each Fund may also not correlate to the relevant Index for a number of reasons including the incursion by a Fund of operating expenses and costs associated with the use of leveraged investment techniques. Over time, the cumulative percentage increase or decrease in the NAV of a Fund may diverge

significantly from the cumulative percentage increase or decrease in the multiple return of the Index due to the compounding effect of losses and gains on the returns of a Fund. In addition, as noted in the Prospectus, the Shares 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 while the market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

These Funds seek a 300% (or -300%) return, respectively, of an index **for a single day**. Due to the compounding of daily returns, returns over periods other than one day will likely differ in amount and possibly direction from the target return for the same period. Investors should monitor their holdings consistent with their strategies, as frequently as daily. The Funds' prospectus describing correlation, leverage and other risks is available at [www.direxionfunds.com](http://www.direxionfunds.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 EDGA and EDGX Exchanges (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 (Pre-opening 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 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 if the primary market de-lists the shares.

### **Suitability**

Trading in the shares on the Exchanges will be subject to the provisions of EDGA and EDGX 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 Funds (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 for the Funds. Members are referred to the full text of the letters, available at [www.sec.gov](http://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 Funds' [website](#) for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
BRIL	Direxion Daily BRIC Bull 3X Shares	25459W367
BRIS	Direxion Daily BRIC Bear 3X Shares	25459W359
INDL	Direxion Daily India Bull 3X Shares	25459W383
INDZ	Direxion Daily India Bear 3X Shares	25459W375
NUGT	Direxion Daily Gold Miners Bull 3X Shares	25459W250
DUST	Direxion Daily Gold Miners Bear 3X Shares	25459W235
GASL	Direxion Daily Natural Gas Related Bull 3X Shares	25459W227
GASX	Direxion Daily Natural Gas Related Bear 3X Shares	25459W219
RETL	Direxion Daily Retail Bull 3X Shares	25459W417
RETS	Direxion Daily Retail Bear 3X Shares	25459W391