



**BZX Information Circular 11-106**  
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**Date:** September 21, 2011

**Re:** iPath Inverse S&P 500 VIX Short-Term Futures ETN

Pursuant to Rule 14.1(c)(2) of the Rules of BATS Exchange, Inc. and BATS Y-Exchange, Inc. (the "Exchange"), this Information Circular is being issued to advise you that the following securities have been approved for trading on the Exchange as UTP Derivative Securities pursuant to Chapter XIV of the Exchange's Rules.

**Security ("Notes")**

**Symbol**

iPath Inverse S&P 500 VIX Short-Term Futures ETN

IVOP

**Commencement of Trading on the Exchange:** September 22, 2011

**Issuer/Trust:** Barclays Bank PLC

**Issuer Website:** [www.ipathetn.com](http://www.ipathetn.com)

**Primary Listing Exchange:** NYSE Arca

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product on the Exchange, as well as to provide certain characteristics and features of the Notes.

**Background Information on the Notes**

Barclays Bank PLC (the "Issuer") has issued iPath Exchange Traded Notes ("ETNs" or "Notes") linked to the performance of the S&P 500 VIX Short-Term Futures Index Excess Return (the "Index"). The Notes were priced at \$20. The ETNs do not pay any interest during their term and do not guarantee any return of principal at maturity or upon redemption.

The return on the ETNs is linked to the inverse performance of the Index. The Index is designed to reflect the returns that are potentially available through an unleveraged investment in one-month and two-month futures contracts ("VIX futures") on the CBOE Volatility Index (the "VIX Index") that targets a constant weighted average futures maturity of one month. The calculation of the spot level of the VIX Index is based on prices of put and call options on the S&P 500 Index. VIX futures reflect the implied volatility of the S&P 500 Index at various points along the volatility forward curve and provide investors the ability to invest in forward volatility based on their view of the future direction of movement of the VIX Index. The Index was created by Standard & Poor's Financial Services LLC ("S&P" or the "index sponsor"). The index sponsor calculates the level of the Index daily when the Chicago Board Options Exchange, Incorporated (the "CBOE") is open (excluding holidays and weekends) and publishes it on the Bloomberg page "SPVXSP Index" as soon as practicable thereafter.

If an investor holds his ETNs to maturity, he will receive a cash payment per ETN equal to the closing indicative note value of the ETNs on the final valuation date for his ETNs.

The closing indicative note value for the ETNs on any calendar day will equal (a) the principal amount per ETN plus (b) the inverse index performance amount on such calendar day plus (c) the accrued interest on

such calendar day minus (d) the accrued fees on such calendar day; provided that if such calculation results in a negative value, the closing indicative note value will be \$0.

On the initial valuation date, the inverse index performance amount for the ETNs equaled or will equal \$0. On any subsequent calendar day until maturity or redemption of the ETNs, the inverse index performance amount will equal the product of (a) negative one times (b) the principal amount per ETN times (c) the index performance percentage on such calendar day.

On the initial valuation date, the index performance percentage equaled or will equal 0%. On any subsequent calendar day, the index performance percentage will equal (a) (i) the closing level of the Index on such calendar day (or, if such a day is not an index business day, the closing level of the Index on the immediately preceding index business day) divided by (ii) the closing level of the Index on the initial valuation date minus (b) 100%.

On the initial valuation date, the accrued interest equaled or will equal \$0. On any subsequent calendar day until maturity or redemption of the ETNs, the accrued interest per ETN will equal the sum of (a) the accrued interest on the immediately preceding calendar day plus (b) the product of (i) the closing indicative note value on the immediately preceding calendar day times (ii) the T-Bill rate divided by (iii) 360.

The T-Bill rate will equal the most recent weekly investment rate for 28-day U.S. Treasury bills effective on the preceding business day in New York City. The weekly investment rate for 28-day U.S. Treasury bills is generally announced by the U.S. Treasury on each Monday; on any Monday that is not a business day in New York City, the rate prevailing on the immediately preceding business day in New York City will apply. The most recent weekly investment rate for 28-day U.S. Treasury bills is published on Bloomberg under the ticker symbol "USB4WIR". The T-Bill rate is expressed as a percentage.

On the initial valuation date, the accrued fees equaled or will equal \$0. On each subsequent calendar day until maturity or redemption, the accrued fees per ETN will equal (1) the accrued fees on the immediately preceding calendar day plus (2) the product of (i) the closing indicative note value on the immediately preceding valuation date times (ii) the fee rate divided by (iii) 365. Because the accrued fees are calculated and subtracted from the closing indicative note value on a daily basis, the net effect of the accrued fees accumulates over time and is subtracted at the rate of 0.89% per year.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

### **Exchange Rules Applicable to Trading in the Notes**

Trading in the Notes on BATS is subject to BATS equity trading rules.

### **Trading Hours**

The Notes will trade on BATS between 8:00 a.m. and 5:00 p.m. ET.

Please note that trading in the Notes 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.

### **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. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

### **Trading Halts**

BATS will halt trading in the shares of a security in accordance with BATS Rule 14.1(c)(4). The grounds for a halt under BATS Rule 14.1(c)(4) include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, BATS will stop trading the shares of a security if the primary market de-lists the security.

**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.