

Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2012 - * 044

Amendment No. (req. for Amendments *)

Proposed Rule Change by BATS Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	19b-4(f)(1)	19b-4(f)(2)	19b-4(f)(3)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
			19b-4(f)(4)	19b-4(f)(5)	19b-4(f)(6)
			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document

**Description**

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

Proposal to amend Rule 14.11 (Other Securities), to adopt new criteria for certain securities to be listed on the Exchange as Trust Issued Receipts, and proposal to list and trade shares of the three ProShares funds pursuant to such rule, as amended.

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Anders Last Name * Franzon
 Title * VP, Associate General Counsel
 E-mail * afranzon@batstrading.com
 Telephone * (913) 815-7154 Fax (913) 815-7119

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 11/05/2012

By Anders Franzon

(Name *)

VP, Associate General Counsel

(Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Anders Franzon,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information (required)

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change (required)

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² BATS Exchange, Inc. (the “Exchange” or “BATS”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend Rule 14.11, entitled “Other Securities”, to adopt new criteria for certain securities to be listed on the Exchange as Trust Issued Receipts (“TIRs”), as well as proposing to list and trade shares of the following: ProShares Managed Futures Strategy, ProShares Commodity Managed Futures Strategy, and ProShares Financial Managed Futures Strategy. The Exchange has also proposed to correct a reference stating that TIRs will trade on the Exchange until 4:00 P.M. Eastern Time (“E.T.”) to allow TIRs to trade until the end of the Exchange’s after market session, which ends at 5:00 P.M. E.T. The Exchange has also proposed to make certain changes to conform to the listing rules of certain other exchanges and to make certain non-substantive changes and corrections to existing rule text.

(a) The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

2. Procedures of the Self-Regulatory Organization

The Board of Directors of the Exchange approved this proposed rule change on October 19, 2012. This action constitutes requisite approval under the Exchange's By-Laws. No other action is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Eric Swanson, Senior Vice President and General Counsel of the Exchange at (913) 815-7000.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) Purpose

The changes proposed in this filing will modify the Exchange's rules in order to allow listing of certain exchange traded products ("ETPs") by adopting criteria based on existing criteria applicable to ETPs listed on NYSE MKT LLC (formerly the American Stock Exchange) ("AMEX") and NYSE Arca Equities, Inc. ("NYSE Arca").

Specifically, the Exchange proposes to modify Rule 14.11(f), which governs the listing of TIRs that are issued by a trust on the Exchange, in order to adopt new criteria for the listing of TIRs that invest in "Investment Shares" or "Financial Instruments," as proposed to be defined herein. The addition of sub-paragraph (4) to Rule 14.11(f) is based on Commentary .07 of AMEX Rule 1202 and Commentary .02 of NYSE Arca Rule 8.200 and is intended to accommodate possible future listing and trading of TIRs that invest in Investment Shares or Financial Instruments. Any new listing or trading of an issue of such TIRs will be subject to the approval of a proposed rule change by the Commission pursuant to Section 19(b)(2) of the Act and Rule 19b-4 thereunder. Capitalized terms that are otherwise undefined have the same meaning as those set forth under the Rules of the Exchange. The Exchange has also proposed to correct a reference stating that TIRs

will trade on the Exchange until 4:00 P.M. ET to allow TIRs to trade until the end of the Exchange's after market session, which ends at 5:00 P.M. ET. The Exchange has also proposed to make certain changes to conform to the listing rules of certain other exchanges and to make certain non-substantive changes and corrections to existing rule text.

Pursuant to this proposed rule change, the Exchange also proposes to list and trade shares ("Shares") of the following: ProShares Managed Futures Strategy, ProShares Commodity Managed Futures Strategy and ProShares Financial Managed Futures Strategy (each a "Fund," together, the "Funds").³ Each Fund is a series of the ProShares Trust II ("Trust"), a Delaware statutory trust. ProShare Capital Management LLC (the "Sponsor") is the Trust's Sponsor and Wilmington Trust Company is the Trust's trustee. Brown Brothers Harriman & Co. serves as the administrator (the "Administrator"), custodian and transfer agent of the Funds. SEI Investments Distribution Co. serves as distributor of the Shares (the "Distributor").

The Exchange notes that the Commission has previously approved the listing and trading of shares of the Funds on NYSE Arca.⁴ In addition, the Commission has

³ See the Trust's Registration Statement on Form S-1, dated November 29, 2011, as amended (File No. 333-178212 (the "Registration Statement")). The description of the Funds and the Shares contained herein is based, in part, on the Registration Statement.

⁴ See Securities Exchange Act Release No. 66334 (February 6, 2012), 77 FR 7219 (February 10, 2012) (SR-NYSEArca-2011-94) (order approving NYSE Arca listing and trading of the Funds). Although the Funds were approved for listing and trading on NYSE Arca, the Funds' Shares have never been traded on any national securities exchange.

approved other exchange-traded investment products linked to the performance of underlying commodities and currencies.⁵

Proposed Listing Rules

The Exchange proposes to adopt the following definitions for purposes of subparagraph (f)(4) of Rule 14.11:

- The term “Investment Shares” will mean a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.
- The term “futures contract” is commonly known as a “contract of sale of a commodity for future delivery” set forth in Section 2(a) of the Commodity Exchange Act.
- A “forward contract” is a contract between two parties to purchase and sell a specific quantity of a commodity at a specified price with delivery and

⁵ See, e.g. Securities Exchange Act Release Nos. 57456 (March 7, 2008), 73 FR 13599 (March 13, 2008) (SR-NYSEArca-2007-91) (order granting accelerated approval for NYSE Arca listing the iShares GS Commodity Trusts); 59895 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40) (order granting accelerated approval for NYSE Arca listing the ETFs Gold Trust); 58365 (August 14, 2008), 73 FR 49522 (August 21, 2008) (order granting accelerated approval for NYSE Arca listing of four CurrencyShares Trusts); 63598 (December 22, 2010), 75 FR 82106 (December 29, 2010) (SR-NYSEArca-2010-98) (order approving listing and trading on the NYSE Arca of WisdomTree Managed Futures Strategy Fund).

settlement at a future date. Forward contracts are traded over-the-counter (“OTC”) and not listed on a futures exchange.

- The term “Financial Instruments” will mean any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.

The proposed listing requirements include a designation requirement.

Specifically, the proposed Rules provide that the Exchange may list and trade TIRs investing in Investment Shares or Financial Instruments and that each issue of a TIR based on a particular Investment Share or Financial Instrument shall be designated as a separate series and identified by a unique symbol.

When the Exchange is the primary listing exchange for a trust that issues TIRs that invest in Investment Shares or Financial Instruments, the trust will be subject to the initial and continued listing criteria under proposed Rule 14.11(f)(4) as well as Rules 14.11(f)(1) and (2), as proposed to be amended. In particular, the proposed initial listing criteria provide that the Exchange will establish a minimum number of receipts required to be outstanding at the time of commencement of trading on the Exchange. The proposed continued listing criteria provide that the Exchange may consider delisting or removal from listing of such TIRs under any of the following circumstances:

- If following the initial twelve month period following the commencement of trading of the receipts, (1) the trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of TIRs for 30 or more consecutive trading days; (2) the trust has fewer

than 50,000 receipts issued and outstanding; or (3) the market value of all receipts issued and outstanding is less than \$1 million.

- If the level or value of an underlying index or portfolio is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such asset or investment value.
- If the Intraday Indicative Value is no longer made available on at least a 15-second delayed basis.
- If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

In addition, the Exchange will remove TIRs from listing and trading upon termination of the trust. A trust may terminate in accordance with the provisions of the trust prospectus, which may provide for termination if the value of securities in the trust falls below a specified amount. The Exchange represents that it prohibits the initial and/or continued listing of any security that is not in compliance with Rule 10A-3 under the Exchange Act.⁶

Further, the Exchange proposes to require that the term of a trust shall be as stated in the prospectus, however, such entity may be terminated earlier under such circumstances as may be specified in the prospectus.

The Exchange also proposes to add the defined term “Trustee” to Rule 14.11(f)(1), along with applying the following requirements to the Trustee:

- The Trustee of a trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities

⁶ 17 CFR 240.10A-3.

for handling corporate trust business. In cases where, for any reason, an individual has been appointed as Trustee, a qualified trust company or banking institution must be appointed co-trustee.

- No change is to be made in the Trustee of a listed issue without prior notice to and approval of the Exchange.

The Exchange is also proposing to add new sub-paragraph (f)(4)(C)(v), which states that voting rights shall be as set forth in the applicable trust prospectus.

In addition, the Exchange has proposed new sub-paragraph (D) to Rule 14.11(f)(4), which sets forth certain restrictions on Members acting as registered Market Makers in TIRs that invest in Investment Shares or Financial Instruments to facilitate surveillance. Rule 14.11(f)(4)(D)(i) will require that any Member acting as a registered Market Maker in TIRs must file, with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, which the Member acting as registered Market Maker may have or over which it may exercise investment discretion. Rule 14.11(f)(4)(D)(i) will prohibit any Member acting as registered Market Maker in the Trust Issued Receipts from trading in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, in an account in which a Member acting as a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by the Rule.

Adoption of Rule 14.11(f)(4)(D)(ii) will also ensure that Market Makers handling shares of TIRs provide the Exchange with such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, as may be requested by the Exchange.

As a general matter, the Exchange has regulatory jurisdiction over its Members and their associated persons, which includes any person or entity controlling a Member, as well as a subsidiary or affiliate of a Member that is in the securities business. A subsidiary or affiliate of a Member that does business only in commodities or futures contracts would not be subject to Exchange jurisdiction, but the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

The Exchange has also proposed the adoption of Rule 14.11(f)(4)(E) related to limitation of liability. Specifically, neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any applicable underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the trust in connection with issuance of TIRs; net asset value; or other information relating to the purchase, redemption or trading of TIRs, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including,

but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

The Exchange has also proposed the adoption of Rule 14.11(f)(4)(F), which would require the Exchange to file separate proposals under Section 19(b) of the Act before listing and trading TIRs based on separate Investment Shares or Financial Instruments.

In addition to the adoption of new sub-paragraph (f)(4) to Rule 14.11, the Exchange proposes to make additional substantive modifications to Rule 14.11(f) in order to conform to AMEX and NYSE Arca rules related to TIRs, as described below.

First, the Exchange proposes to delete current sub-paragraph (f)(2)(B) of Rule 14.11, which sets forth criteria that are not included in the equivalent TIRs rules of AMEX, AMEX Rule 1202, and NYSE Arca, NYSE Arca Rule 8.200. Sub-paragraph (f)(2)(B) of Exchange Rule 14.11 governs eligibility of certain component securities that are issued by a company that has already been included as a component security in the applicable series of TIRs or has been received as part of a merger, consolidation, corporate combination or other event. Rather than applying different criteria to such securities, the Exchange proposes to apply the criteria of sub-paragraph (f)(2)(G) of Rule 14.11 (to be re-numbered as (f)(3)) to all component securities of a TIR listed on the Exchange. Further, as noted above, this change will help to align the Exchange's rules applicable to TIRs with the rules of AMEX and NYSE Arca, which should help to alleviate confusion amongst issuers.

The Exchange also proposes to eliminate the requirement of current Rule 14.11(f)(2)(E)(iv) that the Exchange receive prior notice and provide approval before a change can be made to the trustee of a listed TIR. The Exchange is proposing this change in order to align the Exchange's rules with NYSE Arca Rule 8.200.

Third, the Exchange proposes to eliminate the requirement in Rule 14.11(f)(2)(F) that transactions in Trust Issued Receipts may only be made in round lots of 100 receipts or round lot multiples. As with the proposed changes above, this change will align the Exchange's rules with AMEX Rule 1202 and NYSE Arca Rule 8.200, which do not limit transactions in Trust Issued Receipts to round lots. Further, to the extent a specific Trust Issued Receipt should be limited to trading in round lots, the Exchange has general authority pursuant to Exchange Rule 11.2 to limit transactions accordingly.⁷

The Exchange also proposes to:

- Capitalize "Trust" several times throughout Rule 14.11(f) in order to make clear which references to Trust are a reference to the term defined in Rule 14.11(f)(1).
- Add a defined term "Trustee" to Rule 14.11(f)(1) and to capitalize the term Trustee throughout Rule 14.11(f) in order to make clear which references to Trustee are intended to refer to the defined term in Rule 14.11(f)(1).
- Add titles to Rules 14.11(f)(2)(C) and (D) in order to make the rules more clear; and

⁷ As set forth in Exchange Rule 11.2, "[a]ll securities designated for trading are eligible for odd-lot, round-lot and mixed-lot executions, unless otherwise indicated by the Exchange or limited pursuant to [the Exchange's] Rules."

- Remove the words “a Trust upon which” and “is based” from Rule 14.11(f)(2)(D)(ii) in order to clarify that the Exchange will consider the suspension of trading in or removal from listing of a series of TIRs rather than the Trust upon which a series of TIRs is based.
- Remove the words “following requirements apply: (a) the” from Rule 14.11(f)(2)(D)(iv) because they would be unnecessary as a result of the proposed deletion of subparagraph (b) from this section
- Add the word “additional” to Rule 14.11(f)(3) to clarify that the Exchange may approve a series of TIRs for listing and trading pursuant to Rule 19b-4(e) under the Act, provided that such TIRs satisfy the requirements in Rules 14.11(f)(1) and (2), as proposed to be amended, in addition to the requirements under subparagraph (f)(3) relating to component securities underlying such TIRs.

Trading Rules

The Exchange deems the TIRs to be equity securities, thus rendering trading in the securities subject to the Exchange’s existing rules governing the trading of equity securities. The TIRs will trade on the Exchange from 8:00 a.m. to 5:00 p.m. Eastern Time (“E.T.”) (Pre-Opening Session, Regular Trading Hours, and After Hours Trading Session). The Exchange has appropriate rules to facilitate transactions in the TIRs during all trading sessions. The minimum price increment for quoting and entry of orders in equity securities traded on the Exchange is \$0.01, with the exception of securities that are

priced less than \$1.00, for which the minimum price increment for order entry is \$0.0001.⁸

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the TIRs. The Exchange will halt trading in the TIRs under the conditions specified in BATS Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the TIRs inadvisable. These may include: (1) the extent to which trading is not occurring in the TIRs and/or the underlying asset or assets; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. If any of the Intraday Indicative Value, the level of the underlying index, or the value of the underlying assets of the TIR is not disseminated as required, the Exchange may halt trading during the day in which such interruption to the dissemination occurs. If an interruption to the dissemination of the Intraday Indicative Value, the level of the underlying index, or the value of the underlying assets of the TIR persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to a series of the TIRs is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the NAV is available to all market participants.

Surveillance

⁸ See Rule 11.11(a).

The Exchange believes that its surveillance procedures are adequate to address any concerns about the trading of the TIRs on the Exchange. Trading of the TIRs on the Exchange will be subject to the Exchange's surveillance procedures for derivative products. The Exchange may obtain information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.⁹ The Exchange prohibits the distribution of material non-public information by its employees.

Suitability

Currently, BATS Rule 3.7 governs Recommendations to Customers and Chapter III generally governs Rules of Fair Practice. Prior to the commencement of trading of any TIRs, the Exchange will remind its Members of the suitability requirements of BATS Rule 3.7 in an Information Circular. Specifically, Rule 3.7 provides that, in recommending transactions in these securities, a Member must have reasonable grounds for believing that (1) the recommendation is suitable for a customer given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such Member, and (2) the customer can evaluate the special characteristics, and is able to bear the financial risks, of an investment in the securities. In connection with the suitability obligation, the Information Circular will also provide that Members must make reasonable efforts to obtain the following information: (1) the customer's other securities holdings; (2) the customer's financial situation and needs; (3) the customer's investment objectives; and (4) such other information used or

⁹ For a list of the current members and affiliate members of ISG, [see www.isgportal.com](http://www.isgportal.com).

considered to be reasonable by such Member or registered representative in making recommendations to the customer.

In addition, FINRA has implemented increased sales practice and customer margin requirements for FINRA members applicable to inverse, leveraged, and inverse leveraged securities and options on such securities, as described in FINRA Regulatory Notices 09-31 (June 2009), 09-53 (August 2009) and 09-65 (November 2009) (together, the “FINRA Regulatory Notices”). Members that carry customer accounts will be required to follow the FINRA guidance set forth in the FINRA Regulatory Notices. The Information Circular will reference the FINRA Regulatory Notices regarding sales practice and customer margin requirements for FINRA members applicable to inverse, leveraged, and inverse leveraged securities and options on such securities.

The Exchange notes that, for inverse, leveraged, and inverse leveraged securities, the corresponding funds seek leveraged, inverse, or leveraged inverse returns on a daily basis, and do not seek to achieve their stated investment objective over a period of time greater than one day because compounding prevents the funds from perfectly achieving such results. Accordingly, results over periods of time greater than one day typically will not be a leveraged multiple (+200%), the inverse (-100%) or a leveraged inverse multiple (-200%) of the period return of the applicable benchmark and may differ significantly from these multiples. The Exchange’s Information Circular, as well as the applicable registration statement, will provide information regarding the suitability of an investment in such securities.

Description of the Shares and the Funds

According to the Registration Statement, the Funds will seek to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Futures Index (the “DFI” or the “Index”) or to a sub-index of the Index (a “Sub-Index”). The ProShares Managed Futures Strategy will seek to provide investment results (before fees and expenses) that correspond to the performance of the DFI. The ProShares Commodity Managed Futures Strategy will seek to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Commodities Futures Index (the “DCFI”), a Sub-Index of the DFI. The ProShares Financial Managed Futures Strategy will seek to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Financial Futures Index (the “DFFI”), another Sub-Index of the DFI.

As mentioned above, the Commission has previously approved the listing and trading of the Funds on the NYSE Arca.¹⁰ Since approving the listing and trading of the Funds on NYSE Arca, the structure of the Index and its Sub-Indexes have not changed and the underlying components remain the same, however, the following changes in administering the Index have occurred:

- rebalancing and positioning now occur on a component by component basis, rather than by sector;
- energy components can now be held in long or short positions, rather than just long or flat (as further described herein);¹¹ and

¹⁰ See Securities Exchange Act Release No. 66334 (February 6, 2012), 77 FR 7219 (February 10, 2012) (SR-NYSEArca-2011-94) (order approving NYSE Arca listing and trading of the Funds).

¹¹ As previously approved, all sectors other than energy could go long and short.

- components are set to their annual weights on a monthly basis, as opposed to the previous sector structure in which the component weights floated throughout the year within the sector weights, which were reset monthly.

Other than the foregoing changes, no other aspect of the Index or Sub-Indexes is changing.

The Index and each Sub-Index were developed by Standard & Poor's and are long/short rules-based investable indexes designed to attempt to capture the economic benefit derived from both rising and declining trends in futures prices.¹² The Index is composed of unleveraged positions in U.S. exchange-traded futures contracts on sixteen different tangible commodities ("Commodity Futures Contracts"), as well as U.S. exchange-traded futures contracts on eight different financials, such as major currencies and U.S. Treasury securities ("Financial Futures Contracts" and together with the Commodity Futures Contracts, the "Index Components").¹³ Commodity Futures Contracts and Financial Futures Contracts each comprise a Sub-Index of the Index: the DCFI and the DFFI, respectively (together, the "Sub-Indexes").

Previously, the Index and the DCFI were designed such that the energy components would only be set long or flat (i.e. zero weight), rather than long or short. The rationale for this rule was the heightened potential for significant losses in the event of a supply disruption of certain energy markets. The Index and the DCFI have been

¹² Standard & Poor's is not a broker-dealer, is not affiliated with a broker-dealer, and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index and Sub-Indexes.

¹³ The Index Components are traded on the Chicago Mercantile Exchange, Inc. ("CME"), COMEX (a division of CME), Chicago Board of Trade ("CBOT", a division of CME), NYMEX (a division of CME), and ICE Futures US ("ICE") (collectively, the "Futures Exchanges").

redesigned to allow energy components to be set long or short. The primary considerations in this determination were:

- Potential losses are mitigated by the limited weight attributable to any single energy component.
- The magnitude of energy market price movements during previous major market supply disruptions (e.g. the Gulf Wars) does not support restricting short energy positions.

In order to achieve the investment objective of the Funds, the Sponsor will invest in: i) exchange-traded futures contracts of the type comprising the Index or Sub-Indexes, as applicable (“Futures Contracts”);¹⁴ and/or ii) under limited circumstances (as further described herein), swap agreements whose value is derived from the level of the Index, a Sub-Index, one or more Index Components, or, in the case of currency-based Financial Futures Contracts, the exchange rates underlying such Financial Futures Contracts, or invest in other futures contracts or swaps if such instruments tend to exhibit trading prices or returns that correlate with the Index or Sub-Indexes or any Index Component and will further the investment objective of the Fund.¹⁵ Each Fund may also invest in cash or cash equivalents such as U.S. Treasury securities or other high credit quality short-term fixed-income or similar securities (including shares of money market funds, bank deposits, bank money market accounts, certain variable rate-demand notes and repurchase

¹⁴ Futures Contracts will be the same type of contracts as the Index Components, but the expiration dates of such Futures Contracts may differ from the expiration dates of the Index Components at any given point in time.

¹⁵ Terms relating to the Funds and the Shares that are referred to, but not defined herein, are defined in the Registration Statement.

agreements collateralized by government securities) for direct investment or as collateral for the Futures Contracts or swap agreements. The Sponsor does not expect that the Funds will be invested directly in any commodity or currency.

According to the Registration Statement, each Fund will seek to achieve its investment objective by investing, under normal market circumstances,¹⁶ in exchange-traded Futures Contracts. In the event position accountability rules or position limits with respect to a Futures Contract are reached with respect to a Fund, the Sponsor may, in its commercially reasonable judgment, cause such Fund to obtain exposure through swaps whose value is derived from the level of the Index, a Sub-Index, one or more Index Components, or, in the case of currency-based Financial Futures Contracts, the exchange rates underlying such Financial Futures Contracts or invest in other futures contracts or swaps if such instruments tend to exhibit trading prices or returns that correlate with the Index, the Sub-Indexes or any Index Component and will further the investment objective of the Funds.¹⁷ The Funds may also invest in swaps if the market for a specific Futures Contract experiences emergencies (e.g., natural disaster, terrorist attack or an act of God) or disruptions (e.g., a trading halt or a flash crash) that would prevent the Funds from

¹⁶ The term “under normal market circumstances” includes, but is not limited to, the absence of extreme volatility or trading halts in the futures markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

¹⁷ To the extent practicable, the Funds will invest in swaps cleared through the facilities of a centralized clearing house.

obtaining the appropriate amount of investment exposure to the affected Futures Contracts or other futures contracts directly.¹⁸

The Index and the Sub-Indexes

The Index is composed of the Index Components, representing unleveraged long or short positions in U.S. exchange-traded futures contracts in the commodity and financial markets.¹⁹ Index Components are chosen based on fundamental characteristics and liquidity. The Commodity Futures Contracts comprise the DCFI as described below, and the Financial Futures Contracts comprise the DFFI, as described below.

Weightings of the Commodity Futures Contracts are based on generally known world production levels, as adjusted to limit the impact of the energy-related Index Components. Weightings of the Financial Futures Contracts are based on, but not directly proportional to, gross domestic product (“GDP”).

The positions the Index (and accordingly, each Sub-Index) takes in the Index Components are not long-only, but are set by component, long or short based on the relation of the current price input of each Index Component with a seven-month weighted moving average of the price inputs of the same Index Component.

¹⁸ According to the Registration Statement, the Sponsor will also attempt to mitigate the Funds’ credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of a counterparty. The Sponsor will take various steps to limit counterparty credit risk, as described in the Registration Statement.

¹⁹ As set forth in the Index weighting scheme example below, the commodity portion of the Index consists of multiple commodities (e.g., Energy, Industrial Metals) and each commodity is assigned a percentage weight. Similarly, the financial markets portion of the Index consists of multiple foreign currency and U.S. Treasury sectors (e.g., Australian dollar, U.S. Treasury Notes), each with an assigned component weight.

The following charts reflect the initial 2012 weighting schemes for the Index and each Sub-Index.

For the Index, the initial Index weights, together with information about the exchange and trading hours for each Futures Contract, are as follows:

<i>Index Weights</i>							
<i>Sub-Index</i>	<i>Weight</i>	<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>	<i>Exchange</i>	<i>Trading Hours</i> ²⁰
DCFI	50%	Energy	15.06%	Light Crude	10.93%	NYMEX (CME)	6:00 pm-5:15pm next day
				Heating Oil	1.79%	NYMEX (CME)	6:00 pm-5:15pm next day
				RBOB Gasoline	1.74%	NYMEX (CME)	6:00 pm-5:15pm next day
				Natural Gas	0.59%	NYMEX (CME)	6:00 pm-5:15pm next day
		Industrial Metals	4.67%	Copper	4.67%	COMEX (CME)	6:00 pm-5:15pm next day
		Precious Metals	5.09%	Gold	4.36%	COMEX (CME)	6:00 pm-5:15pm next day
				Silver	0.72%	COMEX (CME)	6:00 pm-5:15pm next day
		Livestock	6.02%	Lean Hogs	2.12%	CME	** ²¹
				Live Cattle	3.90%	CME	** ²²
		Grains	13.33%	Corn	6.20%	CBOT (CME)	6:00pm – 3:00pm next

²⁰ All times are E.T., inclusive of electronic and open outcry trading sessions, as applicable.

²¹ Lean Hogs trade from 10:05 a.m. Monday to 2:55 p.m. Friday, with daily trading halts from 5:00 p.m. to 6:00 p.m.

²² Live Cattle trade from 10:05 a.m. Monday to 2:55 p.m. Friday, with daily trading halts from 5:00 p.m. to 6:00 p.m.

<i>Index Weights</i>							
<i>Sub-Index</i>	<i>Weight</i>	<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>	<i>Exchange</i>	<i>Trading Hours²⁰</i>
							day
				Soybeans	3.16%	CBOT (CME)	6:00pm – 3:00pm next day
				Wheat	3.97%	CBOT (CME)	6:00pm – 3:00pm next day
		Softs	5.83%	Coffee	1.23%	ICE	3:30am-2:00pm
				Cocoa	0.31%	ICE	4:00am-2:00pm
				Sugar	2.67%	ICE	2:30am-2:00pm
				Cotton	1.63%	ICE	9:00pm-2:30pm next day
DFFI	50%	Australian Dollar	1.61%	Australian Dollar		CME	6:00pm-5:15pm next day
		British Pound	3.01%	British Pound		CME	6:00pm-5:15pm next day
		Canadian Dollar	2.05%	Canadian Dollar		CME	6:00pm-5:15pm Next day
		Euro	16.49%	Euro		CME	6:00pm-5:15pm Next day
		Japanese Yen	7.09%	Japanese Yen		CME	6:00pm-5:15pm Next day
		Swiss Franc	0.66%	Swiss Franc		CME	6:00pm-5:15pm Next day
		U.S. Treasury Notes ²³	9.54%	U.S. Treasury Notes		CBOT (CME)	6:00pm-5:00pm Next day
		U.S. Treasury	9.54%	U.S. Treasury		CBOT	6:00pm-

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“U.S. Treasury Notes” refer to 10 year U.S. Treasury Note futures.

<i>Index Weights</i>							
<i>Sub-Index</i>	<i>Weight</i>	<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>	<i>Exchange</i>	<i>Trading Hours</i> ²⁰
		Bonds ²⁴		Bonds		(CME)	5:00pm Next day
<i>Totals</i>	<i>100%</i>		<i>100%</i>		<i>100%</i>		

For the DCFI, the initial Sub-Index weightings would be as follows:

<i>DCFI Weights</i>			
<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>
Energy	30.12%	Light Crude	21.86%
		Heating Oil	3.58%
		RBOB Gasoline	3.49%
		Natural Gas	1.19%
Industrial Metals	9.34%	Copper	9.34%
Precious Metals	10.18%	Gold	8.73%
		Silver	1.45%
Livestock	12.04%	Lean Hogs	4.24%
		Live Cattle	7.80%
Grains	26.67%	Corn	12.41%
		Soybeans	6.31%
		Wheat	7.95%
Softs	11.67%	Coffee	2.45%
		Cocoa	0.62%
		Sugar	5.34%
		Cotton	3.26%
<i>Total</i>	<i>100%</i>		<i>100%</i>

²⁴ “U.S. Treasury Bonds” refer to those futures with underlying bonds of a remaining term to call or maturity of 15-25 years.

Finally, for the DFFI, the initial Sub-Index weightings would be as follows:

<i>DFFI Weights</i>			
<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>
Australian Dollar	3.23%	Australian Dollar	3.23%
British Pound	6.02%	British Pound	6.02%
Canadian Dollar	4.10%	Canadian Dollar	4.10%
Euro	32.99%	Euro	32.99%
Japanese Yen	14.17%	Japanese Yen	14.17%
Swiss Franc	1.33%	Swiss Franc	1.33%
U.S. Treasury	19.08%	U.S. Treasury Notes	19.08%
Notes			
U.S. Treasury	19.08%	U.S. Treasury Bonds	19.08%
Bonds			
<i>Total</i>	<i>100%</i>		<i>100%</i>

Index Components are rebalanced each month to their annually determined weights.

Determining the Long/Short Positioning of the Index Components

The rules for the Index and each Sub-Index regarding long or short positions are summarized as follows:

- Long positions are tracked when an Index Component's current one-month price change is greater than or equal to the exponential weighted average of the past seven monthly price inputs; and
- Short positions are tracked when an Index Component's current one-month price change is less than the exponential weighted average of the past seven monthly price inputs.

Monthly long or short positions are determined on the second to last DFI business day of the month (defined as the position determination date, or PDD) when the monthly percentage change of an Index Component's price is compared to past monthly price

changes, exponentially weighted to give greatest weight to the most recent return and least weight to the return seven months prior. The weighted sum of the percentage changes of all the Index Component prices equals the daily movement of the Index.

To create an exponential average for comparison, price inputs (percentage change from current and previous PDDs) are weighted per the schedule below. Due to this weighting methodology, current price movements are more important than those of the more distant past.

<i>Number of Months</i>	<i>Weight</i>
7	2.32%
6	3.71%
5	5.94%
4	9.51%
3	15.22%
2	24.34%
1	38.95%
<i>TOTAL</i>	100.00%

All the Index Components will be set long or short upon each monthly rebalancing.

Index Component Rebalancing

Index Component weights are fixed each year and rebalanced back to their annual base weight monthly.

During this monthly rebalancing, the Index will also “roll” certain of its positions from the current contract to a contract further from settlement.²⁵

²⁵ The Index is composed of Index Components, which are futures contracts. In order to maintain consistent exposure to the Index Components, each Index Component contract must be sold prior to its expiration date and replaced by a contract maturing at a specified date in the future. This process is known as

Net Asset Value

The NAV in respect of each Fund means the total assets of such Fund including, but not limited to, all cash and cash equivalents or other debt securities less total liabilities of such Fund, each determined on the basis of generally accepted accounting principles in the United States, consistently applied under the accrual method of accounting. In particular, NAV will include any unrealized profit or loss on open Futures Contracts and other holdings, if any, and any other credit or debit accruing to a Fund but unpaid or not received by such Fund. The NAV per Share of each Fund will be computed by dividing the value of the net assets of such Fund (i.e., the value of its total assets less total liabilities) by its total number of Shares outstanding. Expenses and fees will be accrued daily and taken into account for purposes of determining NAV. The NAV for the Funds will be calculated daily by the Administrator at 3:00 p.m. E.T. and will be disseminated daily to market participants.

In calculating the NAV of each Fund, all open Futures Contracts will be calculated at their then current market value, as described in the Registration Statement. The current market value of all open Futures Contracts, to the extent applicable, will be based upon the settlement price for that particular Futures Contract on the date with respect to which NAV is being determined, as described in the Registration Statement.

rolling. Index Component contracts are rolled periodically. The rolls are implemented pursuant to a roll schedule over a five-day period from the first through the fifth Index business days of the month. An Index business day is any day on which the majority of the Index Components are open for official trading and official settlement prices are provided, excluding holidays and weekends.

The settlement value of a Fund's swap agreements, as applicable, will be determined by applying the then-current disseminated value for the applicable Index Components to the terms of the Funds' swap agreements.

In the event that an underlying Index Component is not trading due to the operation of daily limits or otherwise, the Sponsor may in its sole discretion choose to fair value the applicable Index or Sub-Index level in order to value a Fund's futures contracts and, if applicable, swap agreements for purposes of NAV calculation.

The Exchange will obtain a representation (prior to listing of each Fund) from the Trust that the NAV per Share will be calculated daily and made available to all market participants at the same time.

Intraday Indicative Value

An estimated value, defined in BATS Rule 14.11(i)(3)(C) as the "Intraday Indicative Value," or "IIV" that reflects a current estimated intraday value of Futures Contracts and other applicable holdings, cash and receivables less liabilities of each Fund will be disseminated.

For each Fund, the IIV will be widely disseminated on a per Share basis by one or more major market data vendors every 15 seconds during "Regular Trading Hours" (9:30 a.m. to 4:00 p.m., E.T.).²⁶ The value of a Share may be influenced by non-concurrent trading hours between the Exchange and the applicable Futures Exchanges trading Futures Contracts when the Shares are traded on the Exchange after normal trading hours of such Futures Exchanges. The IIV will be updated during Regular Trading Hours when

²⁶ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IIVs published on CTA or other data feeds.

applicable Futures Exchanges are trading any Futures Contracts held by the Funds. However, the IIV that will be disseminated between 11:50 a.m. E.T. and the end of Regular Trading Hours will be impacted by static values for certain Futures Contracts.²⁷ For each Fund, the IIV will be calculated throughout Regular Trading Hours using the prior day's closing NAV of such Fund as a base and updating throughout the trading day changes in the value of each Fund's Futures Contracts, cash equivalents, swap agreements if applicable, and other applicable holdings. The IIV should not be viewed as an actual real time update of the NAV because NAV is calculated only once each trading day at 3:00 p.m. E.T. The IIV also should not be viewed as a precise value of the Shares.

According to the Registration Statement, dissemination of the IIV provides additional information that is not otherwise available to the public in such form and may be useful to investors and market professionals in connection with the trading of Shares.

Creation and Redemption of Shares

According to the Registration Statement, each Fund will create and redeem Shares from time to time, but only in one or more Creation Units. A Creation Unit is a block of 50,000 Shares. Creation Units may be created or redeemed only by authorized participants, as described in the Registration Statement. Except when aggregated in Creation Units, the Shares will not be redeemable securities. The Sponsor will make available on a daily basis the total cash payment required to create each Creation Unit of a Fund on the purchase order date in connection with the issuance of the respective

²⁷ The value of the IIV will be based on the underlying Futures Contracts. Once a particular Futures Contract settles, a static closing value for that Futures Contract will be used to calculate the IIV, which will continue to update based on any other futures contracts that have not reached their settlement time.

Shares. Authorized participants may pay a fixed and/or variable transaction fee in connection with each order to create or redeem a Creation Unit. Authorized participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors. On any business day, an authorized participant may place an order prior to 10:45 a.m. E.T. with the Distributor to create one or more Creation Units. The total payment required to create each Creation Unit will be equal to the NAV of 50,000 Shares of the applicable Fund on the purchase order date plus the applicable transaction fee.

According to the Registration Statement, the procedures by which an authorized participant can redeem one or more Creation Units will mirror the procedures for the creation of Creation Units. On any business day, an authorized participant may place an order prior to 10:45 a.m. E.T. with the Distributor to redeem one or more Creation Units. Individual shareholders may not redeem directly from a Fund.

By placing a redemption order, an authorized participant agrees to deliver the Creation Units to be redeemed through the Depository Trust Company's book-entry system to a Fund not later than noon (E.T.), on the first business day immediately following the redemption order date (T+1). The Sponsor reserves the right to extend the deadline for the Fund to receive the Creation Units up to the third business day following the redemption order date (T+3). The redemption proceeds from a Fund will consist of the cash redemption amount. The cash redemption amount is an amount equal to the NAV of the number of Creation Unit(s) of a Fund requested in the authorized participant's redemption order as of the time of the calculation of the Fund's NAV on the redemption order date, less transaction fees, as described in the Registration Statement.

Availability of Information Regarding the Shares

The website for the Funds (www.ProShares.com) and/or the Exchange, which are publicly accessible at no charge, will contain the following information: (a) the current NAV per Share daily and the prior business day's NAV per Share; (b) calculation of the premium or discount between the NAV per Share and the price or mid-point of the Bid/Ask Price of the Funds as of the time the NAV is calculated or as of the official market close; (c) the prospectus; and (d) other applicable quantitative information.

The Exchange also will disseminate on a daily basis via the Consolidated Tape Association ("CTA") information with respect to the recent NAV, and Shares outstanding. The Exchange will also make available on its website (www.batstrading.com) daily trading volume of the Shares. Daily trading volume information will also be available in the financial section of newspapers, their related websites or other financial websites, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites. The intra-day, closing, and settlement prices of the Futures Contracts are also readily available, as applicable, from the respective Futures Exchanges. Quotation and last sale information for the Shares will be available via the CTA high-speed line.

Portfolio Disclosure

Each Fund's total portfolio composition will be disclosed on such Fund's website or another relevant website as determined by the Trust and/or the Exchange. The Trust will provide website disclosure of portfolio holdings daily and will include, as applicable, the names, notional value (in U.S. dollars) and number of Futures Contracts or units of

swaps held by a Fund, if any, cash equivalents and the amount of cash held in the portfolio of each Fund. This public website disclosure of the portfolio composition of the Funds will occur at the same time as the disclosure by the Sponsor of the portfolio composition to Authorized Participants, so that all market participants are provided portfolio composition information at the same time. Therefore, the same portfolio information will be provided on the public website as well as in electronic files provided to Authorized Participants. Accordingly, each investor will have access to the current portfolio composition of the Funds through the Funds' website, and/or at the Exchange's website.

Availability of Information about the Index and Sub-Indexes

The daily closing Index level and the percentage change in the daily closing Index level for the Index and each Sub-Index will be publicly available from one or more major market data vendors. Data regarding the Index and each Sub-Index, updated every 15 seconds during Regular Trading Hours, is also available from Standard & Poor's on a subscription basis. Several independent data vendors also package and disseminate Index and Sub-Index data in various value-added formats (including vendors displaying both Index constituents and Index levels and vendors displaying Index levels only). Data regarding the Index Components is also available from the websites of the Futures Exchanges. Data regarding the commodities, currencies and Treasury securities underlying the Index Components is publicly available from various financial information service providers.

Criteria for Initial and Continued Listing

The Funds will be subject to the criteria proposed above in BATS Rule 14.11(f)(4) for initial and continued listing of the Shares.

The anticipated minimum number of Shares for each Fund to be outstanding at the start of trading will be 100,000 Shares. The Exchange believes that this anticipated minimum number of Shares for each Fund to be outstanding at the start of trading is sufficient to provide adequate market liquidity and to further the objectives of each Fund. The Exchange represents that, for the initial and continued listing of the Shares, the Funds must be in compliance with Rule 14.11(f)(4) as well as Rule 10A-3 under the Act.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. The Exchange will halt trading in the Shares under the conditions specified in BATS Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the futures contracts and/or the financial instruments comprising the Funds; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. If any of the Intraday Indicative Value, the level of the underlying index, or the value of the underlying assets of the TIR is not being disseminated as required, the Exchange may halt trading during the day in which such interruption to the dissemination occurs. If an interruption to the dissemination of the Intraday Indicative Value, the value of the underlying index, or the value of the underlying assets of the TIR persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the

trading day following the interruption. In addition, if the Exchange becomes aware that the NAV is not disseminated to all market participants at the same time, it will halt trading until such time as the NAV is available to all market participants.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. BATS will allow trading in the Shares during Regular Trading Hours, as well as during the Pre-Opening Session²⁸ and the After Hours Trading Session.²⁹ The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in BATS Rule 11.11(a), the minimum price variation for quoting and entry of orders in TIRs traded on the Exchange is \$0.01, with the exception of securities that are priced less than \$1.00 for which the minimum price variation for order entry is \$0.0001. Trading of the Shares will also be subject to proposed BATS Rule 14.11(f)(4)(D), which sets forth certain restrictions on Members acting as market makers.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including TIRs. The Exchange can obtain market surveillance information, including customer identity information, with

²⁸ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. E.T.

²⁹ The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. E.T.

respect to transactions occurring on the Futures Exchanges, all of which are currently members of ISG.³⁰ In addition, for components traded on exchanges, not more than 10% of the weight of a Fund's portfolio in the aggregate shall consist of components whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. Finally, all Futures Contracts will be traded on a trading market that is a member of ISG or is a market with which the Exchange has a comprehensive surveillance sharing agreement. The Exchange also prohibits the distribution of material non-public information by its employees.

Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) BATS Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Intraday Indicative Value is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening and After Hours Trading Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

³⁰ The Exchange notes that certain components of the portfolio for the Funds may not trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Funds. Members purchasing Shares from the Funds for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Circular will reference that the Funds are subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares of the Funds will be publicly available on the Funds' website.

(b) Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.³¹ Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,³² because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to, and perfect the mechanism of, a free and open market and a national market system. The Exchange believes that the proposed rules will facilitate the listing and trading of

³¹ 15 U.S.C. 78f(b).

³² 15 U.S.C. 78f(b)(5).

additional types of exchange-traded products on the Exchange that will enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the listing and trading criteria set forth in the proposed rules are intended to protect investors and the public interest.

The Exchange's listing requirements as proposed herein are at least as stringent as those of AMEX and NYSE Arca and, consequently, the proposed rule change is consistent with the protection of investors and the public interest. Additionally, the proposal is designed to prevent fraudulent and manipulative acts and practices, as all of the proposed new products are subject to existing Exchange trading rules, together with specific requirements for registered market makers, books and record production, surveillance procedures, suitability and prospectus requirements, and requisite Exchange approvals, all set forth above.

The proposal is also designed to promote just and equitable principles of trade by way of initial and continued listing standards which, if not maintained, will result in the discontinuation of trading in the affected products. These requirements, together with the applicable Exchange equity trading rules (which will apply to products listed under the proposed criteria), ensure that no investor would have an unfair advantage over another respecting the trading of the subject products. On the contrary, all investors will have the same access to, and use of, information concerning the specific products and trading in the specific products, all to the benefit of public customers and the marketplace as a whole.

Furthermore, the proposal is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system by adopting listing

standards that will lead ultimately to the trading of the proposed new products on the Exchange, just as they are currently traded on other exchanges. The Exchange believes that individuals and entities permitted to make markets on the Exchange in the proposed new products should enhance competition within the mechanism of a free and open market and a national market system, and customers and other investors in the national market system should benefit from more depth and liquidity in the market for the proposed new products.

As it relates to the Funds, the Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria proposed in Rule 14.11(f)(4). The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange can obtain market surveillance information, including customer identity information, with respect to transactions occurring on the Futures Exchanges, all of which are currently members of ISG, as noted above. In addition, for components traded on exchanges, not more than 10% of the weight of a Fund's portfolio in the aggregate shall consist of components whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. The Futures Contracts are traded on the Futures Exchanges, each of which is an ISG member, and information regarding trading in the Index Components is available from the websites of the respective Futures Exchanges and from major market data vendors. The daily closing Index level and the percentage change in the daily closing Index level for

the Index and each Sub-Index will be publicly available from one or more major market data vendors. Data regarding the Index and each Sub-Index, updated every 15 seconds during Regular Trading Hours, is also available from Standard & Poor's on a subscription basis. Standard & Poor's has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index and Sub-Indexes. Data regarding the commodities, currencies and Treasury securities underlying the Index Components is publicly available from various financial information service providers. The Exchange may halt trading during the day in which an interruption to the dissemination of the IIV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts occurs. If an interruption to the dissemination of the IIV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. As mentioned above, energy components are now set long or short because: (i) potential losses are mitigated by the limited weight attributable to any single energy component; and (ii) the magnitude of energy market price movements during previous major market supply disruptions (e.g. the Gulf Wars) does not support restricting short energy positions.

The proposed rule change is also designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Funds and the Shares, thereby promoting market transparency. On each business day,

before commencement of trading in Shares on the Exchange, the Funds will disclose the identities and quantities of the futures contracts and other assets held by the Funds that will form the basis for the calculation of NAV at the end of the Business Day. Moreover, the Intraday Indicative Value will be disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. Pricing information will be available on the Trust's website including: (1) the current NAV per Share daily and the prior business day's NAV per Share; (2) calculation of the premium or discount between the NAV per Share and the price or mid-point of the Bid/Ask Price of the Funds as of the time the NAV is calculated or as of the official market close; (3) the prospectus; and (4) other applicable quantitative information. Additionally, information regarding market price and trading of the Shares is and will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information for the Shares will be available on the relevant Exchange data feeds, which contain information for widely followed indexes and securities traded on the Exchange. The website for the Funds will include a form of the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. Trading in the Shares will be halted under the conditions specified in BATS Rule 11.18. Trading may also be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, the Intraday Indicative Value, and quotation and last sale information for the Shares.

On the whole, the proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

4. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change does not impose any burden on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

The Exchange has not approved an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

The changes to Rule 14.11(f) to amend the criteria for Trust Issued Receipts are based on AMEX Rule 1202 and NYSE Arca Rule 8.200. There are no material

differences between Rule 14.11(f) as proposed to be amended and the AMEX and NYSE Arca rules upon which such rule is based.

9. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibits 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-BATS-2012-044)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing of Proposed Rule Change by BATS Exchange, Inc. to Amend BATS Rule 14.11, Entitled “Other Securities” and to Propose to List and Trade Shares of Certain ProShares Products.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 5, 2012, BATS Exchange, Inc. (the “Exchange” or “BATS”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 14.11, entitled “Other Securities”, to adopt new criteria for certain securities to be listed on the Exchange as Trust Issued Receipts (“TIRs”), as well as proposing to list and trade shares of the following: ProShares Managed Futures Strategy, ProShares Commodity Managed Futures Strategy, and ProShares Financial Managed Futures Strategy. The Exchange has also proposed to correct a reference stating that TIRs will trade on the Exchange until 4:00 P.M. Eastern Time (“E.T.”) to allow TIRs to trade until the end of the Exchange’s after market session, which ends at 5:00 P.M. E.T. The Exchange has also proposed to make certain changes

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

to conform to the listing rules of certain other exchanges and to make certain non-substantive changes and corrections to existing rule text.

The text of the proposed rule change is available at the Exchange's website at <http://www.batstrading.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room. The proposed rule text can be found in Exhibit 5.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The changes proposed in this filing will modify the Exchange's rules in order to allow listing of certain exchange traded products ("ETPs") by adopting criteria based on existing criteria applicable to ETPs listed on NYSE MKT LLC (formerly the American Stock Exchange) ("AMEX") and NYSE Arca Equities, Inc. ("NYSE Arca").

Specifically, the Exchange proposes to modify Rule 14.11(f), which governs the listing of TIRs that are issued by a trust on the Exchange, in order to adopt new criteria for the listing of TIRs that invest in "Investment Shares" or "Financial Instruments," as proposed to be defined herein. The addition of sub-paragraph (4) to Rule 14.11(f) is based on Commentary .07 of AMEX Rule 1202 and Commentary .02 of NYSE Arca Rule 8.200 and is intended to accommodate possible future listing and trading of TIRs that invest in

Investment Shares or Financial Instruments. Any new listing or trading of an issue of such TIRs will be subject to the approval of a proposed rule change by the Commission pursuant to Section 19(b)(2) of the Act and Rule 19b-4 thereunder. Capitalized terms that are otherwise undefined have the same meaning as those set forth under the Rules of the Exchange. The Exchange has also proposed to correct a reference stating that TIRs will trade on the Exchange until 4:00 P.M. ET to allow TIRs to trade until the end of the Exchange's after market session, which ends at 5:00 P.M. ET. The Exchange has also proposed to make certain changes to conform to the listing rules of certain other exchanges and to make certain non-substantive changes and corrections to existing rule text.

Pursuant to this proposed rule change, the Exchange also proposes to list and trade shares ("Shares") of the following: ProShares Managed Futures Strategy, ProShares Commodity Managed Futures Strategy and ProShares Financial Managed Futures Strategy (each a "Fund," together, the "Funds").³ Each Fund is a series of the ProShares Trust II ("Trust"), a Delaware statutory trust. ProShare Capital Management LLC (the "Sponsor") is the Trust's Sponsor and Wilmington Trust Company is the Trust's trustee. Brown Brothers Harriman & Co. serves as the administrator (the "Administrator"), custodian and transfer agent of the Funds. SEI Investments Distribution Co. serves as distributor of the Shares (the "Distributor").

³ See the Trust's Registration Statement on Form S-1, dated November 29, 2011, as amended (File No. 333-178212 (the "Registration Statement")). The description of the Funds and the Shares contained herein is based, in part, on the Registration Statement.

The Exchange notes that the Commission has previously approved the listing and trading of shares of the Funds on NYSE Arca.⁴ In addition, the Commission has approved other exchange-traded investment products linked to the performance of underlying commodities and currencies.⁵

Proposed Listing Rules

The Exchange proposes to adopt the following definitions for purposes of subparagraph (f)(4) of Rule 14.11:

- The term “Investment Shares” will mean a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.

⁴ See Securities Exchange Act Release No. 66334 (February 6, 2012), 77 FR 7219 (February 10, 2012) (SR-NYSEArca-2011-94) (order approving NYSE Arca listing and trading of the Funds). Although the Funds were approved for listing and trading on NYSE Arca, the Funds’ Shares have never been traded on any national securities exchange.

⁵ See, e.g. Securities Exchange Act Release Nos. 57456 (March 7, 2008), 73 FR 13599 (March 13, 2008) (SR-NYSEArca-2007-91) (order granting accelerated approval for NYSE Arca listing the iShares GS Commodity Trusts); 59895 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40) (order granting accelerated approval for NYSE Arca listing the ETFs Gold Trust); 58365 (August 14, 2008), 73 FR 49522 (August 21, 2008) (order granting accelerated approval for NYSE Arca listing of four CurrencyShares Trusts); 63598 (December 22, 2010), 75 FR 82106 (December 29, 2010) (SR-NYSEArca-2010-98) (order approving listing and trading on the NYSE Arca of WisdomTree Managed Futures Strategy Fund).

- The term “futures contract” is commonly known as a “contract of sale of a commodity for future delivery” set forth in Section 2(a) of the Commodity Exchange Act.

- A “forward contract” is a contract between two parties to purchase and sell a specific quantity of a commodity at a specified price with delivery and settlement at a future date. Forward contracts are traded over-the-counter (“OTC”) and not listed on a futures exchange.

- The term “Financial Instruments” will mean any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.

The proposed listing requirements include a designation requirement.

Specifically, the proposed Rules provide that the Exchange may list and trade TIRs investing in Investment Shares or Financial Instruments and that each issue of a TIR based on a particular Investment Share or Financial Instrument shall be designated as a separate series and identified by a unique symbol.

When the Exchange is the primary listing exchange for a trust that issues TIRs that invest in Investment Shares or Financial Instruments, the trust will be subject to the initial and continued listing criteria under proposed Rule 14.11(f)(4) as well as Rules 14.11(f)(1) and (2), as proposed to be amended. In particular, the proposed initial listing criteria provide that the Exchange will establish a minimum number of receipts required to be outstanding at the time of commencement of trading on the Exchange. The

proposed continued listing criteria provide that the Exchange may consider delisting or removal from listing of such TIRs under any of the following circumstances:

- If following the initial twelve month period following the commencement of trading of the receipts, (1) the trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of TIRs for 30 or more consecutive trading days; (2) the trust has fewer than 50,000 receipts issued and outstanding; or (3) the market value of all receipts issued and outstanding is less than \$1 million.

- If the level or value of an underlying index or portfolio is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such asset or investment value.

- If the Intraday Indicative Value is no longer made available on at least a 15-second delayed basis.

- If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

In addition, the Exchange will remove TIRs from listing and trading upon termination of the trust. A trust may terminate in accordance with the provisions of the trust prospectus, which may provide for termination if the value of securities in the trust falls below a specified amount. The Exchange represents that it prohibits the initial and/or continued listing of any security that is not in compliance with Rule 10A-3 under the Exchange Act.⁶

⁶ 17 CFR 240.10A-3.

Further, the Exchange proposes to require that the term of a trust shall be as stated in the prospectus, however, such entity may be terminated earlier under such circumstances as may be specified in the prospectus.

The Exchange also proposes to add the defined term “Trustee” to Rule 14.11(f)(1), along with applying the following requirements to the Trustee:

- The Trustee of a trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as Trustee, a qualified trust company or banking institution must be appointed co-trustee.
- No change is to be made in the Trustee of a listed issue without prior notice to and approval of the Exchange.

The Exchange is also proposing to add new sub-paragraph (f)(4)(C)(v), which states that voting rights shall be as set forth in the applicable trust prospectus.

In addition, the Exchange has proposed new sub-paragraph (D) to Rule 14.11(f)(4), which sets forth certain restrictions on Members acting as registered Market Makers in TIRs that invest in Investment Shares or Financial Instruments to facilitate surveillance. Rule 14.11(f)(4)(D)(i) will require that any Member acting as a registered Market Maker in TIRs must file, with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, which the Member acting as registered Market Maker may have or over which it may exercise investment discretion. Rule 14.11(f)(4)(D)(i) will prohibit any

Member acting as registered Market Maker in the Trust Issued Receipts from trading in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, in an account in which a Member acting as a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by the Rule.

Adoption of Rule 14.11(f)(4)(D)(ii) will also ensure that Market Makers handling shares of TIRs provide the Exchange with such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, as may be requested by the Exchange.

As a general matter, the Exchange has regulatory jurisdiction over its Members and their associated persons, which includes any person or entity controlling a Member, as well as a subsidiary or affiliate of a Member that is in the securities business. A subsidiary or affiliate of a Member that does business only in commodities or futures contracts would not be subject to Exchange jurisdiction, but the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

The Exchange has also proposed the adoption of Rule 14.11(f)(4)(E) related to limitation of liability. Specifically, neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors,

omissions, or delays in calculating or disseminating any applicable underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the trust in connection with issuance of TIRs; net asset value; or other information relating to the purchase, redemption or trading of TIRs, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

The Exchange has also proposed the adoption of Rule 14.11(f)(4)(F), which would require the Exchange to file separate proposals under Section 19(b) of the Act before listing and trading TIRs based on separate Investment Shares or Financial Instruments.

In addition to the adoption of new sub-paragraph (f)(4) to Rule 14.11, the Exchange proposes to make additional substantive modifications to Rule 14.11(f) in order to conform to AMEX and NYSE Arca rules related to TIRs, as described below.

First, the Exchange proposes to delete current sub-paragraph (f)(2)(B) of Rule 14.11, which sets forth criteria that are not included in the equivalent TIRs rules of AMEX, AMEX Rule 1202, and NYSE Arca, NYSE Arca Rule 8.200. Sub-paragraph (f)(2)(B) of Exchange Rule 14.11 governs eligibility of certain component securities that are issued by a company that has already been included as a component security in the applicable series of TIRs or has been received as part of a merger, consolidation,

corporate combination or other event. Rather than applying different criteria to such securities, the Exchange proposes to apply the criteria of sub-paragraph (f)(2)(G) of Rule 14.11 (to be re-numbered as (f)(3)) to all component securities of a TIR listed on the Exchange. Further, as noted above, this change will help to align the Exchange's rules applicable to TIRs with the rules of AMEX and NYSE Arca, which should help to alleviate confusion amongst issuers.

The Exchange also proposes to eliminate the requirement of current Rule 14.11(f)(2)(E)(iv) that the Exchange receive prior notice and provide approval before a change can be made to the trustee of a listed TIR. The Exchange is proposing this change in order to align the Exchange's rules with NYSE Arca Rule 8.200.

Third, the Exchange proposes to eliminate the requirement in Rule 14.11(f)(2)(F) that transactions in Trust Issued Receipts may only be made in round lots of 100 receipts or round lot multiples. As with the proposed changes above, this change will align the Exchange's rules with AMEX Rule 1202 and NYSE Arca Rule 8.200, which do not limit transactions in Trust Issued Receipts to round lots. Further, to the extent a specific Trust Issued Receipt should be limited to trading in round lots, the Exchange has general authority pursuant to Exchange Rule 11.2 to limit transactions accordingly.⁷

The Exchange also proposes to:

- Capitalize "Trust" several times throughout Rule 14.11(f) in order to make clear which references to Trust are a reference to the term defined in Rule 14.11(f)(1).

⁷ As set forth in Exchange Rule 11.2, "[a]ll securities designated for trading are eligible for odd-lot, round-lot and mixed-lot executions, unless otherwise indicated by the Exchange or limited pursuant to [the Exchange's] Rules."

- Add a defined term “Trustee” to Rule 14.11(f)(1) and to capitalize the term Trustee throughout Rule 14.11(f) in order to make clear which references to Trustee are intended to refer to the defined term in Rule 14.11(f)(1).
- Add titles to Rules 14.11(f)(2)(C) and (D) in order to make the rules more clear; and
- Remove the words “a Trust upon which” and “is based” from Rule 14.11(f)(2)(D)(ii) in order to clarify that the Exchange will consider the suspension of trading in or removal from listing of a series of TIRs rather than the Trust upon which a series of TIRs is based.
- Remove the words “following requirements apply: (a) the” from Rule 14.11(f)(2)(D)(iv) because they would be unnecessary as a result of the proposed deletion of subparagraph (b) from this section
- Add the word “additional” to Rule 14.11(f)(3) to clarify that the Exchange may approve a series of TIRs for listing and trading pursuant to Rule 19b-4(e) under the Act, provided that such TIRs satisfy the requirements in Rules 14.11(f)(1) and (2), as proposed to be amended, in addition to the requirements under subparagraph (f)(3) relating to component securities underlying such TIRs.

Trading Rules

The Exchange deems the TIRs to be equity securities, thus rendering trading in the securities subject to the Exchange’s existing rules governing the trading of equity securities. The TIRs will trade on the Exchange from 8:00 a.m. to 5:00 p.m. Eastern Time (“E.T.”) (Pre-Opening Session, Regular Trading Hours, and After Hours Trading Session). The Exchange has appropriate rules to facilitate transactions in the TIRs during

all trading sessions. The minimum price increment for quoting and entry of orders in equity securities traded on the Exchange is \$0.01, with the exception of securities that are priced less than \$1.00, for which the minimum price increment for order entry is \$0.0001.⁸

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the TIRs. The Exchange will halt trading in the TIRs under the conditions specified in BATS Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the TIRs inadvisable. These may include: (1) the extent to which trading is not occurring in the TIRs and/or the underlying asset or assets; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. If any of the Intraday Indicative Value, the level of the underlying index, or the value of the underlying assets of the TIR is not disseminated as required, the Exchange may halt trading during the day in which such interruption to the dissemination occurs. If an interruption to the dissemination of the Intraday Indicative Value, the level of the underlying index, or the value of the underlying assets of the TIR persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to a series of the TIRs is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the NAV is available to all market participants.

⁸ See Rule 11.11(a).

Surveillance

The Exchange believes that its surveillance procedures are adequate to address any concerns about the trading of the TIRs on the Exchange. Trading of the TIRs on the Exchange will be subject to the Exchange's surveillance procedures for derivative products. The Exchange may obtain information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.⁹ The Exchange prohibits the distribution of material non-public information by its employees.

Suitability

Currently, BATS Rule 3.7 governs Recommendations to Customers and Chapter III generally governs Rules of Fair Practice. Prior to the commencement of trading of any TIRs, the Exchange will remind its Members of the suitability requirements of BATS Rule 3.7 in an Information Circular. Specifically, Rule 3.7 provides that, in recommending transactions in these securities, a Member must have reasonable grounds for believing that (1) the recommendation is suitable for a customer given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such Member, and (2) the customer can evaluate the special characteristics, and is able to bear the financial risks, of an investment in the securities. In connection with the suitability obligation, the Information Circular will also provide that Members must make reasonable efforts to obtain the following information: (1) the customer's other securities holdings; (2) the customer's financial situation and

⁹ For a list of the current members and affiliate members of ISG, [see www.isgportal.com](http://www.isgportal.com).

needs; (3) the customer's investment objectives; and (4) such other information used or considered to be reasonable by such Member or registered representative in making recommendations to the customer.

In addition, FINRA has implemented increased sales practice and customer margin requirements for FINRA members applicable to inverse, leveraged, and inverse leveraged securities and options on such securities, as described in FINRA Regulatory Notices 09-31 (June 2009), 09-53 (August 2009) and 09-65 (November 2009) (together, the "FINRA Regulatory Notices"). Members that carry customer accounts will be required to follow the FINRA guidance set forth in the FINRA Regulatory Notices. The Information Circular will reference the FINRA Regulatory Notices regarding sales practice and customer margin requirements for FINRA members applicable to inverse, leveraged, and inverse leveraged securities and options on such securities.

The Exchange notes that, for inverse, leveraged, and inverse leveraged securities, the corresponding funds seek leveraged, inverse, or leveraged inverse returns on a daily basis, and do not seek to achieve their stated investment objective over a period of time greater than one day because compounding prevents the funds from perfectly achieving such results. Accordingly, results over periods of time greater than one day typically will not be a leveraged multiple (+200%), the inverse (-100%) or a leveraged inverse multiple (-200%) of the period return of the applicable benchmark and may differ significantly from these multiples. The Exchange's Information Circular, as well as the applicable registration statement, will provide information regarding the suitability of an investment in such securities.

Description of the Shares and the Funds

According to the Registration Statement, the Funds will seek to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Futures Index (the “DFI” or the “Index”) or to a sub-index of the Index (a “Sub-Index”). The ProShares Managed Futures Strategy will seek to provide investment results (before fees and expenses) that correspond to the performance of the DFI. The ProShares Commodity Managed Futures Strategy will seek to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Commodities Futures Index (the “DCFI”), a Sub-Index of the DFI. The ProShares Financial Managed Futures Strategy will seek to provide investment results (before fees and expenses) that correspond to the performance of the S&P Dynamic Financial Futures Index (the “DFFI”), another Sub-Index of the DFI.

As mentioned above, the Commission has previously approved the listing and trading of the Funds on the NYSE Arca.¹⁰ Since approving the listing and trading of the Funds on NYSE Arca, the structure of the Index and its Sub-Indexes have not changed and the underlying components remain the same, however, the following changes in administering the Index have occurred:

- rebalancing and positioning now occur on a component by component basis, rather than by sector;
- energy components can now be held in long or short positions, rather than just long or flat (as further described herein);¹¹ and

¹⁰ See Securities Exchange Act Release No. 66334 (February 6, 2012), 77 FR 7219 (February 10, 2012) (SR-NYSEArca-2011-94) (order approving NYSE Arca listing and trading of the Funds).

¹¹ As previously approved, all sectors other than energy could go long and short.

- components are set to their annual weights on a monthly basis, as opposed to the previous sector structure in which the component weights floated throughout the year within the sector weights, which were reset monthly.

Other than the foregoing changes, no other aspect of the Index or Sub-Indexes is changing.

The Index and each Sub-Index were developed by Standard & Poor's and are long/short rules-based investable indexes designed to attempt to capture the economic benefit derived from both rising and declining trends in futures prices.¹² The Index is composed of unleveraged positions in U.S. exchange-traded futures contracts on sixteen different tangible commodities ("Commodity Futures Contracts"), as well as U.S. exchange-traded futures contracts on eight different financials, such as major currencies and U.S. Treasury securities ("Financial Futures Contracts" and together with the Commodity Futures Contracts, the "Index Components").¹³ Commodity Futures Contracts and Financial Futures Contracts each comprise a Sub-Index of the Index: the DCFI and the DFFI, respectively (together, the "Sub-Indexes").

Previously, the Index and the DCFI were designed such that the energy components would only be set long or flat (i.e. zero weight), rather than long or short. The rationale for this rule was the heightened potential for significant losses in the event of a supply disruption of certain energy markets. The Index and the DCFI have been

¹² Standard & Poor's is not a broker-dealer, is not affiliated with a broker-dealer, and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index and Sub-Indexes.

¹³ The Index Components are traded on the Chicago Mercantile Exchange, Inc. ("CME"), COMEX (a division of CME), Chicago Board of Trade ("CBOT", a division of CME), NYMEX (a division of CME), and ICE Futures US ("ICE") (collectively, the "Futures Exchanges").

redesigned to allow energy components to be set long or short. The primary considerations in this determination were:

- Potential losses are mitigated by the limited weight attributable to any single energy component.
- The magnitude of energy market price movements during previous major market supply disruptions (e.g. the Gulf Wars) does not support restricting short energy positions.

In order to achieve the investment objective of the Funds, the Sponsor will invest in: i) exchange-traded futures contracts of the type comprising the Index or Sub-Indexes, as applicable (“Futures Contracts”);¹⁴ and/or ii) under limited circumstances (as further described herein), swap agreements whose value is derived from the level of the Index, a Sub-Index, one or more Index Components, or, in the case of currency-based Financial Futures Contracts, the exchange rates underlying such Financial Futures Contracts, or invest in other futures contracts or swaps if such instruments tend to exhibit trading prices or returns that correlate with the Index or Sub-Indexes or any Index Component and will further the investment objective of the Fund.¹⁵ Each Fund may also invest in cash or cash equivalents such as U.S. Treasury securities or other high credit quality short-term fixed-income or similar securities (including shares of money market funds, bank deposits, bank money market accounts, certain variable rate-demand notes and repurchase

¹⁴ Futures Contracts will be the same type of contracts as the Index Components, but the expiration dates of such Futures Contracts may differ from the expiration dates of the Index Components at any given point in time.

¹⁵ Terms relating to the Funds and the Shares that are referred to, but not defined herein, are defined in the Registration Statement.

agreements collateralized by government securities) for direct investment or as collateral for the Futures Contracts or swap agreements. The Sponsor does not expect that the Funds will be invested directly in any commodity or currency.

According to the Registration Statement, each Fund will seek to achieve its investment objective by investing, under normal market circumstances,¹⁶ in exchange-traded Futures Contracts. In the event position accountability rules or position limits with respect to a Futures Contract are reached with respect to a Fund, the Sponsor may, in its commercially reasonable judgment, cause such Fund to obtain exposure through swaps whose value is derived from the level of the Index, a Sub-Index, one or more Index Components, or, in the case of currency-based Financial Futures Contracts, the exchange rates underlying such Financial Futures Contracts or invest in other futures contracts or swaps if such instruments tend to exhibit trading prices or returns that correlate with the Index, the Sub-Indexes or any Index Component and will further the investment objective of the Funds.¹⁷ The Funds may also invest in swaps if the market for a specific Futures Contract experiences emergencies (e.g., natural disaster, terrorist attack or an act of God) or disruptions (e.g., a trading halt or a flash crash) that would prevent the Funds from

¹⁶ The term “under normal market circumstances” includes, but is not limited to, the absence of extreme volatility or trading halts in the futures markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

¹⁷ To the extent practicable, the Funds will invest in swaps cleared through the facilities of a centralized clearing house.

obtaining the appropriate amount of investment exposure to the affected Futures Contracts or other futures contracts directly.¹⁸

The Index and the Sub-Indexes

The Index is composed of the Index Components, representing unleveraged long or short positions in U.S. exchange-traded futures contracts in the commodity and financial markets.¹⁹ Index Components are chosen based on fundamental characteristics and liquidity. The Commodity Futures Contracts comprise the DCFI as described below, and the Financial Futures Contracts comprise the DFFI, as described below.

Weightings of the Commodity Futures Contracts are based on generally known world production levels, as adjusted to limit the impact of the energy-related Index Components. Weightings of the Financial Futures Contracts are based on, but not directly proportional to, gross domestic product (“GDP”).

The positions the Index (and accordingly, each Sub-Index) takes in the Index Components are not long-only, but are set by component, long or short based on the relation of the current price input of each Index Component with a seven-month weighted moving average of the price inputs of the same Index Component.

¹⁸ According to the Registration Statement, the Sponsor will also attempt to mitigate the Funds’ credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of a counterparty. The Sponsor will take various steps to limit counterparty credit risk, as described in the Registration Statement.

¹⁹ As set forth in the Index weighting scheme example below, the commodity portion of the Index consists of multiple commodities (e.g., Energy, Industrial Metals) and each commodity is assigned a percentage weight. Similarly, the financial markets portion of the Index consists of multiple foreign currency and U.S. Treasury sectors (e.g., Australian dollar, U.S. Treasury Notes), each with an assigned component weight.

The following charts reflect the initial 2012 weighting schemes for the Index and each Sub-Index.

For the Index, the initial Index weights, together with information about the exchange and trading hours for each Futures Contract, are as follows:

<i>Index Weights</i>							
<i>Sub-Index</i>	<i>Weight</i>	<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>	<i>Exchange</i>	<i>Trading Hours</i> ²⁰
DCFI	50%	Energy	15.06%	Light Crude	10.93%	NYMEX (CME)	6:00 pm-5:15pm next day
				Heating Oil	1.79%	NYMEX (CME)	6:00 pm-5:15pm next day
				RBOB Gasoline	1.74%	NYMEX (CME)	6:00 pm-5:15pm next day
				Natural Gas	0.59%	NYMEX (CME)	6:00 pm-5:15pm next day
		Industrial Metals	4.67%	Copper	4.67%	COMEX (CME)	6:00 pm-5:15pm next day
		Precious Metals	5.09%	Gold	4.36%	COMEX (CME)	6:00 pm-5:15pm next day
				Silver	0.72%	COMEX (CME)	6:00 pm-5:15pm next day
		Livestock	6.02%	Lean Hogs	2.12%	CME	** ²¹
				Live Cattle	3.90%	CME	** ²²
		Grains	13.33%	Corn	6.20%	CBOT (CME)	6:00pm – 3:00pm next

²⁰ All times are E.T., inclusive of electronic and open outcry trading sessions, as applicable.

²¹ Lean Hogs trade from 10:05 a.m. Monday to 2:55 p.m. Friday, with daily trading halts from 5:00 p.m. to 6:00 p.m.

²² Live Cattle trade from 10:05 a.m. Monday to 2:55 p.m. Friday, with daily trading halts from 5:00 p.m. to 6:00 p.m.

<i>Index Weights</i>							
<i>Sub-Index</i>	<i>Weight</i>	<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>	<i>Exchange</i>	<i>Trading Hours²⁰</i>
							day
				Soybeans	3.16%	CBOT (CME)	6:00pm – 3:00pm next day
				Wheat	3.97%	CBOT (CME)	6:00pm – 3:00pm next day
		Softs	5.83%	Coffee	1.23%	ICE	3:30am-2:00pm
				Cocoa	0.31%	ICE	4:00am-2:00pm
				Sugar	2.67%	ICE	2:30am-2:00pm
				Cotton	1.63%	ICE	9:00pm-2:30pm next day
DFFI	50%	Australian Dollar	1.61%	Australian Dollar		CME	6:00pm-5:15pm next day
		British Pound	3.01%	British Pound		CME	6:00pm-5:15pm next day
		Canadian Dollar	2.05%	Canadian Dollar		CME	6:00pm-5:15pm Next day
		Euro	16.49%	Euro		CME	6:00pm-5:15pm Next day
		Japanese Yen	7.09%	Japanese Yen		CME	6:00pm-5:15pm Next day
		Swiss Franc	0.66%	Swiss Franc		CME	6:00pm-5:15pm Next day
		U.S. Treasury Notes ²³	9.54%	U.S. Treasury Notes		CBOT (CME)	6:00pm-5:00pm Next day
		U.S. Treasury	9.54%	U.S. Treasury		CBOT	6:00pm-

²³ “U.S. Treasury Notes” refer to 10 year U.S. Treasury Note futures.

<i>Index Weights</i>							
<i>Sub-Index</i>	<i>Weight</i>	<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>	<i>Exchange</i>	<i>Trading Hours</i> ²⁰
		Bonds ²⁴		Bonds		(CME)	5:00pm Next day
<i>Totals</i>	<i>100%</i>		<i>100%</i>		<i>100%</i>		

For the DCFI, the initial Sub-Index weightings would be as follows:

<i>DCFI Weights</i>			
<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>
Energy	30.12%	Light Crude	21.86%
		Heating Oil	3.58%
		RBOB Gasoline	3.49%
		Natural Gas	1.19%
Industrial Metals	9.34%	Copper	9.34%
Precious Metals	10.18%	Gold	8.73%
		Silver	1.45%
Livestock	12.04%	Lean Hogs	4.24%
		Live Cattle	7.80%
Grains	26.67%	Corn	12.41%
		Soybeans	6.31%
		Wheat	7.95%
Softs	11.67%	Coffee	2.45%
		Cocoa	0.62%
		Sugar	5.34%
		Cotton	3.26%
<i>Total</i>	<i>100%</i>		<i>100%</i>

²⁴ “U.S. Treasury Bonds” refer to those futures with underlying bonds of a remaining term to call or maturity of 15-25 years.

Finally, for the DFFI, the initial Sub-Index weightings would be as follows:

<i>DFFI Weights</i>			
<i>Sector</i>	<i>Weight</i>	<i>Component</i>	<i>Weight</i>
Australian Dollar	3.23%	Australian Dollar	3.23%
British Pound	6.02%	British Pound	6.02%
Canadian Dollar	4.10%	Canadian Dollar	4.10%
Euro	32.99%	Euro	32.99%
Japanese Yen	14.17%	Japanese Yen	14.17%
Swiss Franc	1.33%	Swiss Franc	1.33%
U.S. Treasury Notes	19.08%	U.S. Treasury Notes	19.08%
U.S. Treasury Bonds	19.08%	U.S. Treasury Bonds	19.08%
<i>Total</i>	<i>100%</i>		<i>100%</i>

Index Components are rebalanced each month to their annually determined weights.

Determining the Long/Short Positioning of the Index Components

The rules for the Index and each Sub-Index regarding long or short positions are summarized as follows:

- Long positions are tracked when an Index Component's current one-month price change is greater than or equal to the exponential weighted average of the past seven monthly price inputs; and
- Short positions are tracked when an Index Component's current one-month price change is less than the exponential weighted average of the past seven monthly price inputs.

Monthly long or short positions are determined on the second to last DFI business day of the month (defined as the position determination date, or PDD) when the monthly percentage change of an Index Component's price is compared to past monthly price

changes, exponentially weighted to give greatest weight to the most recent return and least weight to the return seven months prior. The weighted sum of the percentage changes of all the Index Component prices equals the daily movement of the Index.

To create an exponential average for comparison, price inputs (percentage change from current and previous PDDs) are weighted per the schedule below. Due to this weighting methodology, current price movements are more important than those of the more distant past.

<i>Number of Months</i>	<i>Weight</i>
7	2.32%
6	3.71%
5	5.94%
4	9.51%
3	15.22%
2	24.34%
1	38.95%
<i>TOTAL</i>	100.00%

All the Index Components will be set long or short upon each monthly rebalancing.

Index Component Rebalancing

Index Component weights are fixed each year and rebalanced back to their annual base weight monthly.

During this monthly rebalancing, the Index will also “roll” certain of its positions from the current contract to a contract further from settlement.²⁵

²⁵ The Index is composed of Index Components, which are futures contracts. In order to maintain consistent exposure to the Index Components, each Index Component contract must be sold prior to its expiration date and replaced by a contract maturing at a specified date in the future. This process is known as

Net Asset Value

The NAV in respect of each Fund means the total assets of such Fund including, but not limited to, all cash and cash equivalents or other debt securities less total liabilities of such Fund, each determined on the basis of generally accepted accounting principles in the United States, consistently applied under the accrual method of accounting. In particular, NAV will include any unrealized profit or loss on open Futures Contracts and other holdings, if any, and any other credit or debit accruing to a Fund but unpaid or not received by such Fund. The NAV per Share of each Fund will be computed by dividing the value of the net assets of such Fund (i.e., the value of its total assets less total liabilities) by its total number of Shares outstanding. Expenses and fees will be accrued daily and taken into account for purposes of determining NAV. The NAV for the Funds will be calculated daily by the Administrator at 3:00 p.m. E.T. and will be disseminated daily to market participants.

In calculating the NAV of each Fund, all open Futures Contracts will be calculated at their then current market value, as described in the Registration Statement. The current market value of all open Futures Contracts, to the extent applicable, will be based upon the settlement price for that particular Futures Contract on the date with respect to which NAV is being determined, as described in the Registration Statement.

rolling. Index Component contracts are rolled periodically. The rolls are implemented pursuant to a roll schedule over a five-day period from the first through the fifth Index business days of the month. An Index business day is any day on which the majority of the Index Components are open for official trading and official settlement prices are provided, excluding holidays and weekends.

The settlement value of a Fund's swap agreements, as applicable, will be determined by applying the then-current disseminated value for the applicable Index Components to the terms of the Funds' swap agreements.

In the event that an underlying Index Component is not trading due to the operation of daily limits or otherwise, the Sponsor may in its sole discretion choose to fair value the applicable Index or Sub-Index level in order to value a Fund's futures contracts and, if applicable, swap agreements for purposes of NAV calculation.

The Exchange will obtain a representation (prior to listing of each Fund) from the Trust that the NAV per Share will be calculated daily and made available to all market participants at the same time.

Intraday Indicative Value

An estimated value, defined in BATS Rule 14.11(i)(3)(C) as the "Intraday Indicative Value," or "IIV" that reflects a current estimated intraday value of Futures Contracts and other applicable holdings, cash and receivables less liabilities of each Fund will be disseminated.

For each Fund, the IIV will be widely disseminated on a per Share basis by one or more major market data vendors every 15 seconds during "Regular Trading Hours" (9:30 a.m. to 4:00 p.m., E.T.).²⁶ The value of a Share may be influenced by non-concurrent trading hours between the Exchange and the applicable Futures Exchanges trading Futures Contracts when the Shares are traded on the Exchange after normal trading hours of such Futures Exchanges. The IIV will be updated during Regular Trading Hours when

²⁶ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IIVs published on CTA or other data feeds.

applicable Futures Exchanges are trading any Futures Contracts held by the Funds. However, the IIV that will be disseminated between 11:50 a.m. E.T. and the end of Regular Trading Hours will be impacted by static values for certain Futures Contracts.²⁷ For each Fund, the IIV will be calculated throughout Regular Trading Hours using the prior day's closing NAV of such Fund as a base and updating throughout the trading day changes in the value of each Fund's Futures Contracts, cash equivalents, swap agreements if applicable, and other applicable holdings. The IIV should not be viewed as an actual real time update of the NAV because NAV is calculated only once each trading day at 3:00 p.m. E.T. The IIV also should not be viewed as a precise value of the Shares.

According to the Registration Statement, dissemination of the IIV provides additional information that is not otherwise available to the public in such form and may be useful to investors and market professionals in connection with the trading of Shares.

Creation and Redemption of Shares

According to the Registration Statement, each Fund will create and redeem Shares from time to time, but only in one or more Creation Units. A Creation Unit is a block of 50,000 Shares. Creation Units may be created or redeemed only by authorized participants, as described in the Registration Statement. Except when aggregated in Creation Units, the Shares will not be redeemable securities. The Sponsor will make available on a daily basis the total cash payment required to create each Creation Unit of a Fund on the purchase order date in connection with the issuance of the respective

²⁷ The value of the IIV will be based on the underlying Futures Contracts. Once a particular Futures Contract settles, a static closing value for that Futures Contract will be used to calculate the IIV, which will continue to update based on any other futures contracts that have not reached their settlement time.

Shares. Authorized participants may pay a fixed and/or variable transaction fee in connection with each order to create or redeem a Creation Unit. Authorized participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors. On any business day, an authorized participant may place an order prior to 10:45 a.m. E.T. with the Distributor to create one or more Creation Units. The total payment required to create each Creation Unit will be equal to the NAV of 50,000 Shares of the applicable Fund on the purchase order date plus the applicable transaction fee.

According to the Registration Statement, the procedures by which an authorized participant can redeem one or more Creation Units will mirror the procedures for the creation of Creation Units. On any business day, an authorized participant may place an order prior to 10:45 a.m. E.T. with the Distributor to redeem one or more Creation Units. Individual shareholders may not redeem directly from a Fund.

By placing a redemption order, an authorized participant agrees to deliver the Creation Units to be redeemed through the Depository Trust Company's book-entry system to a Fund not later than noon (E.T.), on the first business day immediately following the redemption order date (T+1). The Sponsor reserves the right to extend the deadline for the Fund to receive the Creation Units up to the third business day following the redemption order date (T+3). The redemption proceeds from a Fund will consist of the cash redemption amount. The cash redemption amount is an amount equal to the NAV of the number of Creation Unit(s) of a Fund requested in the authorized participant's redemption order as of the time of the calculation of the Fund's NAV on the redemption order date, less transaction fees, as described in the Registration Statement.

Availability of Information Regarding the Shares

The website for the Funds (www.ProShares.com) and/or the Exchange, which are publicly accessible at no charge, will contain the following information: (a) the current NAV per Share daily and the prior business day's NAV per Share; (b) calculation of the premium or discount between the NAV per Share and the price or mid-point of the Bid/Ask Price of the Funds as of the time the NAV is calculated or as of the official market close; (c) the prospectus; and (d) other applicable quantitative information.

The Exchange also will disseminate on a daily basis via the Consolidated Tape Association ("CTA") information with respect to the recent NAV, and Shares outstanding. The Exchange will also make available on its website (www.batstrading.com) daily trading volume of the Shares. Daily trading volume information will also be available in the financial section of newspapers, their related websites or other financial websites, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites. The intra-day, closing, and settlement prices of the Futures Contracts are also readily available, as applicable, from the respective Futures Exchanges. Quotation and last sale information for the Shares will be available via the CTA high-speed line.

Portfolio Disclosure

Each Fund's total portfolio composition will be disclosed on such Fund's website or another relevant website as determined by the Trust and/or the Exchange. The Trust will provide website disclosure of portfolio holdings daily and will include, as applicable, the names, notional value (in U.S. dollars) and number of Futures Contracts or units of

swaps held by a Fund, if any, cash equivalents and the amount of cash held in the portfolio of each Fund. This public website disclosure of the portfolio composition of the Funds will occur at the same time as the disclosure by the Sponsor of the portfolio composition to Authorized Participants, so that all market participants are provided portfolio composition information at the same time. Therefore, the same portfolio information will be provided on the public website as well as in electronic files provided to Authorized Participants. Accordingly, each investor will have access to the current portfolio composition of the Funds through the Funds' website, and/or at the Exchange's website.

Availability of Information about the Index and Sub-Indexes

The daily closing Index level and the percentage change in the daily closing Index level for the Index and each Sub-Index will be publicly available from one or more major market data vendors. Data regarding the Index and each Sub-Index, updated every 15 seconds during Regular Trading Hours, is also available from Standard & Poor's on a subscription basis. Several independent data vendors also package and disseminate Index and Sub-Index data in various value-added formats (including vendors displaying both Index constituents and Index levels and vendors displaying Index levels only). Data regarding the Index Components is also available from the websites of the Futures Exchanges. Data regarding the commodities, currencies and Treasury securities underlying the Index Components is publicly available from various financial information service providers.

Criteria for Initial and Continued Listing

The Funds will be subject to the criteria proposed above in BATS Rule 14.11(f)(4) for initial and continued listing of the Shares.

The anticipated minimum number of Shares for each Fund to be outstanding at the start of trading will be 100,000 Shares. The Exchange believes that this anticipated minimum number of Shares for each Fund to be outstanding at the start of trading is sufficient to provide adequate market liquidity and to further the objectives of each Fund. The Exchange represents that, for the initial and continued listing of the Shares, the Funds must be in compliance with Rule 14.11(f)(4) as well as Rule 10A-3 under the Act.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. The Exchange will halt trading in the Shares under the conditions specified in BATS Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the futures contracts and/or the financial instruments comprising the Funds; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. If any of the Intraday Indicative Value, the level of the underlying index, or the value of the underlying assets of the TIR is not being disseminated as required, the Exchange may halt trading during the day in which such interruption to the dissemination occurs. If an interruption to the dissemination of the Intraday Indicative Value, the value of the underlying index, or the value of the underlying assets of the TIR persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the

trading day following the interruption. In addition, if the Exchange becomes aware that the NAV is not disseminated to all market participants at the same time, it will halt trading until such time as the NAV is available to all market participants.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. BATS will allow trading in the Shares during Regular Trading Hours, as well as during the Pre-Opening Session²⁸ and the After Hours Trading Session.²⁹ The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in BATS Rule 11.11(a), the minimum price variation for quoting and entry of orders in TIRs traded on the Exchange is \$0.01, with the exception of securities that are priced less than \$1.00 for which the minimum price variation for order entry is \$0.0001. Trading of the Shares will also be subject to proposed BATS Rule 14.11(f)(4)(D), which sets forth certain restrictions on Members acting as market makers.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including TIRs. The Exchange can obtain market surveillance information, including customer identity information, with

²⁸ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. E.T.

²⁹ The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. E.T.

respect to transactions occurring on the Futures Exchanges, all of which are currently members of ISG.³⁰ In addition, for components traded on exchanges, not more than 10% of the weight of a Fund's portfolio in the aggregate shall consist of components whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. Finally, all Futures Contracts will be traded on a trading market that is a member of ISG or is a market with which the Exchange has a comprehensive surveillance sharing agreement. The Exchange also prohibits the distribution of material non-public information by its employees.

Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) BATS Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Intraday Indicative Value is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening and After Hours Trading Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

³⁰ The Exchange notes that certain components of the portfolio for the Funds may not trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Funds. Members purchasing Shares from the Funds for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Circular will reference that the Funds are subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares of the Funds will be publicly available on the Funds' website.

2. Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.³¹ Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,³² because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to, and perfect the mechanism of, a free and open market and a national market system. The

³¹ 15 U.S.C. 78f(b).

³² 15 U.S.C. 78f(b)(5).

Exchange believes that the proposed rules will facilitate the listing and trading of additional types of exchange-traded products on the Exchange that will enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the listing and trading criteria set forth in the proposed rules are intended to protect investors and the public interest.

The Exchange's listing requirements as proposed herein are at least as stringent as those of AMEX and NYSE Arca and, consequently, the proposed rule change is consistent with the protection of investors and the public interest. Additionally, the proposal is designed to prevent fraudulent and manipulative acts and practices, as all of the proposed new products are subject to existing Exchange trading rules, together with specific requirements for registered market makers, books and record production, surveillance procedures, suitability and prospectus requirements, and requisite Exchange approvals, all set forth above.

The proposal is also designed to promote just and equitable principles of trade by way of initial and continued listing standards which, if not maintained, will result in the discontinuation of trading in the affected products. These requirements, together with the applicable Exchange equity trading rules (which will apply to products listed under the proposed criteria), ensure that no investor would have an unfair advantage over another respecting the trading of the subject products. On the contrary, all investors will have the same access to, and use of, information concerning the specific products and trading in the specific products, all to the benefit of public customers and the marketplace as a whole.

Furthermore, the proposal is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system by adopting listing standards that will lead ultimately to the trading of the proposed new products on the Exchange, just as they are currently traded on other exchanges. The Exchange believes that individuals and entities permitted to make markets on the Exchange in the proposed new products should enhance competition within the mechanism of a free and open market and a national market system, and customers and other investors in the national market system should benefit from more depth and liquidity in the market for the proposed new products.

As it relates to the Funds, the Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria proposed in Rule 14.11(f)(4). The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange can obtain market surveillance information, including customer identity information, with respect to transactions occurring on the Futures Exchanges, all of which are currently members of ISG, as noted above. In addition, for components traded on exchanges, not more than 10% of the weight of a Fund's portfolio in the aggregate shall consist of components whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. The Futures Contracts are traded on the Futures Exchanges, each of which is an ISG member, and information regarding trading in the Index Components is available from the

websites of the respective Futures Exchanges and from major market data vendors. The daily closing Index level and the percentage change in the daily closing Index level for the Index and each Sub-Index will be publicly available from one or more major market data vendors. Data regarding the Index and each Sub-Index, updated every 15 seconds during Regular Trading Hours, is also available from Standard & Poor's on a subscription basis. Standard & Poor's has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index and Sub-Indexes. Data regarding the commodities, currencies and Treasury securities underlying the Index Components is publicly available from various financial information service providers. The Exchange may halt trading during the day in which an interruption to the dissemination of the IIV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts occurs. If an interruption to the dissemination of the IIV, the level of the Index (or Sub-Index) or the value of the underlying Futures Contracts persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. As mentioned above, energy components are now set long or short because: (i) potential losses are mitigated by the limited weight attributable to any single energy component; and (ii) the magnitude of energy market price movements during previous major market supply disruptions (e.g. the Gulf Wars) does not support restricting short energy positions.

The proposed rule change is also designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV will be made available to all market participants at the

same time. In addition, a large amount of information is publicly available regarding the Funds and the Shares, thereby promoting market transparency. On each business day, before commencement of trading in Shares on the Exchange, the Funds will disclose the identities and quantities of the futures contracts and other assets held by the Funds that will form the basis for the calculation of NAV at the end of the Business Day. Moreover, the Intraday Indicative Value will be disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. Pricing information will be available on the Trust's website including: (1) the current NAV per Share daily and the prior business day's NAV per Share; (2) calculation of the premium or discount between the NAV per Share and the price or mid-point of the Bid/Ask Price of the Funds as of the time the NAV is calculated or as of the official market close; (3) the prospectus; and (4) other applicable quantitative information. Additionally, information regarding market price and trading of the Shares is and will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information for the Shares will be available on the relevant Exchange data feeds, which contain information for widely followed indexes and securities traded on the Exchange. The website for the Funds will include a form of the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. Trading in the Shares will be halted under the conditions specified in BATS Rule 11.18. Trading may also be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. In addition, as noted above, investors will have ready access to information regarding the

Funds' holdings, the Intraday Indicative Value, and quotation and last sale information for the Shares.

On the whole, the proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change imposes any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Changes and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will: (a) by order approve or

disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-BATS-2012-044 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-BATS-2012-044. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00

a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-BATS-2012-044 and should be submitted on or before [_____21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Kevin M. O'Neill
Deputy Secretary

³³ 17 CFR 200.30-3(a)(12).

Note: Proposed new language is underlined. Proposed deletions are enclosed in [brackets].

Rules of BATS Exchange, Inc.

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CHAPTER XIV. BATS EXCHANGE LISTING RULES

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Rule 14.11. Other Securities

(a)-(e) (No changes.)

(f) Trust Issued Receipts

(1) Definition. The term “Trust Issued Receipt” means a security (a) that is issued by a trust (“Trust”) which holds specified securities deposited with the Trust; (b) that, when aggregated in some specified minimum number, may be surrendered to the [trust] Trust by the beneficial owner to receive the securities; and (c) that pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee (“Trustee”) by an issuer of the deposited securities.

(2) Listing Requirements.

(A) The Exchange requires that Members provide to all purchasers of newly issued Trust Issued Receipts a prospectus for the series of Trust Issued Receipts.

(B) [The eligibility requirements for component securities that are represented by a series of Trust Issued Receipts and that became part of the Trust Issued Receipt when the security was either:

(i) distributed by a Company already included as a component security in the series of Trust Issued Receipts; or

(ii) received in exchange for the securities of a Company previously included as a component security that is no longer outstanding due to a merger, consolidation, corporate combination or other event, shall be as follows:

(a) the component security must be listed on the Exchange or another national securities exchange;

(b) the component security must be registered under Section 12 of the Act; and

(c) the component security must have a Standard & Poor’s Sector Classification that is the same as the Standard & Poor’s Sector Classification represented by the component securities included in the Trust Issued Receipt at the time of the distribution or exchange.

(C) Transactions in Trust Issued Receipts may be effected until [4:00]5:00 p.m. ET each business day.

[(D)](C) Designation. The Exchange may list and trade Trust Issued Receipts based on one or more securities. The Trust Issued Receipts based on particular securities shall be designated as a separate series and shall be identified by a unique symbol. The securities that are included in a series of Trust Issued Receipts shall be selected by the Exchange or its agent, a wholly-owned subsidiary of the Exchange, or by such other person as shall have a proprietary interest in such Trust Issued Receipts.

[(E)](D) Initial and Continued Listing and Trading. Trust Issued Receipts will be listed and traded on the Exchange subject to application of the following criteria:

(i) Initial Listing. For each Trust, the Exchange will establish a minimum number of Trust Issued Receipts required to be outstanding at the time of the commencement of trading on the Exchange.

(ii) Continued Listing. Following the initial twelve month period following formation of a Trust and commencement of trading on the Exchange, the Exchange will consider the suspension of trading in or removal from listing of [a Trust upon which] a series of Trust Issued Receipts [is based] under any of the following circumstances:

(a) if the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days;

(b) if the Trust has fewer than 50,000 receipts issued and outstanding;

(c) if the market value of all receipts issued and outstanding is less than \$1 million; or

(d) if such other event shall occur or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.

Upon termination of a Trust, the Exchange requires that Trust Issued Receipts issued in connection with such Trust be removed from listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of securities in the Trust falls below a specified amount.

(iii) Term. The stated term of the Trust shall be as stated in the Trust prospectus. However, a Trust may be terminated [under such] earlier under such circumstances as may be specified in the Trust prospectus.

(iv) Trustee. The [following requirements apply:

(a) the t]Trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as [t]Trustee, a qualified trust company or banking institution must be appointed co-trustee.

[(b) no change is to be made in the trustee of a listed issue without prior notice to and approval of the Exchange.]

(v) Voting. Voting rights shall be as set forth in the Trust prospectus.

[(F) Unit of Trading — transactions in Trust Issued Receipts may only be made in round lots of 100 receipts or round lot multiples.]

[(G)](3) Additional Criteria for Listing and Trading of Trust Issued Receipts. The Exchange may approve a series of Trust Issued Receipts for listing and trading on the Exchange pursuant to Rule 19b-4(e) under the Act, provided each of the component securities satisfies the following additional criteria:

(i) each component security must be registered under Section 12 of the Act;

(ii) each component security must have a minimum public float of at least \$150 million;

(iii) each component security must be listed on the Exchange or another national securities exchange;

(iv) each component security must have an average daily trading volume of at least 100,000 shares during the preceding sixty-day trading period;

(v) each component security must have an average daily dollar value of shares traded during the preceding sixty-day trading period of at least \$1 million; and

(vi) the most heavily weighted component security may not initially represent more than 20% of the overall value of the Trust Issued Receipt.

(4) Other Types of Trust Issued Receipts. The provisions of this sub-paragraph (f)(4) apply only to Trust Issued Receipts that invest in “Investment Shares” or “Financial Instruments” as defined below. Rules that reference Trust Issued Receipts, including sub-paragraph (f)(2) above, shall also apply to Trust Issued Receipts investing in Investment Shares or Financial Instruments, provided, however, that such Trust Issued Receipts are not subject to sub-paragraph (f)(3) above.

(A) Definitions. The following terms as used in this sub-paragraph (f)(4) shall, unless the context otherwise requires, have the meanings herein specified:

(i) Investment Shares. The term “Investment Shares” means a security (a) that is issued by a trust, partnership, commodity pool or other similar entity that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, swaps or high credit quality short-term fixed income securities or other securities; and (b) issued and redeemed daily at net asset value in amounts correlating to the number of receipts created and redeemed in a specified aggregate minimum number.

(ii) Futures Contract. The term “futures contract” is commonly known as a “contract of sale of a commodity for future delivery” set forth in Section 2(a) of the Commodity Exchange Act.

(iii) Forward Contract. A “forward contract” is a contract between two parties to purchase and sell a specific quantity of a commodity at a specified price with delivery and settlement at a future date. Forward contracts are traded over-the-counter (“OTC”) and not listed on a futures exchange.

(iv) Financial Instruments. The term “Financial Instruments” means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.

(B) Designation. The Exchange may list and trade Trust Issued Receipts investing in Investment Shares or Financial Instruments. Each issue of a Trust Issued Receipt based on a particular Investment Share or Financial Instrument shall be designated as a separate series and shall be identified by a unique symbol.

(C) Initial and Continued Listing. Trust Issued Receipts based on Investment Shares or Financial Instruments will be listed and traded on the Exchange subject to application of the following criteria:

(i) Initial Listing - The Exchange will establish a minimum number of receipts required to be outstanding at the time of commencement of trading on the Exchange.

(ii) Continued Listing - The Exchange will consider removing from listing Trust Issued Receipts based on Investment Shares or Financial Instruments under any of the following circumstances:

(a) If, following the initial twelve month period following the commencement of trading of the shares, (1) the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 or more consecutive trading days; (2) the Trust has fewer than 50,000 receipts issued and outstanding; or (3) the market value of all receipts issued and outstanding is less than \$1 million;

(b) If the value of an underlying index or portfolio is no longer calculated or available on at least a 15-second delayed basis or the Exchange stops providing a hyperlink on its website to any such asset or investment value;

(c) If the Indicative Value is no longer made available on at least a 15-second delayed basis; or

(d) If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

Upon termination of the Trust, the Exchange requires that Trust Issued Receipts issued in connection with such Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

(iii) Term - The term of the Trust shall be as stated in the prospectus. However, such entity may be terminated earlier under such circumstances as may be specified in the Trust prospectus.

(iv) Trustee - The following requirements apply:

(a) The Trustee of a Trust must be a trust company or banking institution having substantial capital and surplus and the experience and facilities for handling corporate trust business. In cases where, for any reason, an individual has been appointed as Trustee, a qualified trust company or banking institution must be appointed co-trustee.

(b) No change is to be made in the Trustee of a listed issue without prior notice to and approval of the Exchange.

(v) Voting - Voting rights shall be as set forth in the applicable Trust prospectus.

(D) Market Maker Accounts.

(i) Any Member acting as a registered Market Maker in Trust Issued Receipts must file, with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, which the Member acting as registered Market Maker may have or over which it may exercise investment discretion. No Member acting as registered Market Maker in the Trust Issued Receipts shall trade in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, in an account in which a Member acting as a registered Market

Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule.

(ii) In addition to the existing obligations under Exchange rules regarding the production of books and records (see, e.g., Rule 4.2), any Member acting as a registered Market Maker in Trust Issued Receipts shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying physical asset or commodity, related futures or options on futures, or any other related derivatives, as may be requested by the Exchange.

(E) Limitation of Exchange Liability. Neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the Trust in connection with issuance of Trust Issued Receipts; net asset value; or other information relating to the purchase, redemption or trading of Trust Issued Receipts, resulting from any negligent act or omission by the Exchange or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

(F) The Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing and trading Trust Issued Receipts based on separate Investment Shares or Financial Instruments.

(g)-(j) (No changes.)

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