



INFORMATION CIRCULAR: GLOBAL X FUNDS

TO: Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

FROM: BX / PHLX Listing Qualifications Department

DATE: September 13, 2016

EXCHANGE-TRADED FUND

SYMBOL CUSIP

Global X FinTech Thematic ETF	FINX	37954Y814
Global X Internet of Things Thematic ETF	SNSR	37954Y780
Global X Robotics & Artificial Intelligence Thematic ETF	BOTZ	37954Y715

BACKGROUND INFORMATION ON THE FUND

The Global X Funds (“Trust”) is a management investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”), consisting of several investment portfolios. This circular relates only to the Funds listed above (each, a “Fund” and together, the “Funds”). The shares of the Funds are referred to herein as “Shares.” Global X Management Company LLC (“Adviser”) is the investment adviser to the Funds.

Global X FinTech Thematic ETF

The Global X FinTech Thematic ETF (“FINX Fund”) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the INDXX Global Fintech Thematic Index (“FINX Underlying Index”).

The FINX Fund invests at least 80% of its total assets in the securities of the FINX Underlying Index. The FINX Fund’s 80% investment policy is non-fundamental and requires 60 days’ prior written notice to shareholders before it can be changed.

The FINX Underlying Index is designed to provide exposure to exchange-listed companies in developed markets that provide financial technology products and services, including companies involved in mobile payments, peer-to-peer (P2P) and marketplace lending, financial analytics software and alternative currencies (collectively, “FinTech Companies”), as defined by INDXX, the provider of the FINX Underlying Index.

The eligible universe of the FINX Underlying Index includes among the most liquid and investable companies in accordance with the standard market capitalization and liquidity criteria associated with developed markets, as defined by the Index Provider. As of July 1, 2016, companies must have a

minimum market capitalization of \$100 million and a minimum average daily turnover for the last 6 months greater than or equal to \$2 million in order to be eligible for inclusion in the FINX Underlying Index. As of July 1, 2016, components from the following countries were eligible for inclusion in the FINX Underlying Index: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, South Korea, the United Kingdom and the United States.

From the eligible universe, the Index Provider identifies FinTech Companies by applying a proprietary analysis that consists of two primary components: theme identification and company analysis. As part of the theme identification process, the Index Provider analyzes industry reports, investment research and consumer data related to the fintech industry in order to establish the themes that are expected to provide the most exposure to the growth of the fintech industry. As of July 1, 2016, the Index Provider has identified the following six fintech themes: (1) Mobile Payments (2) Peer-to-Peer (P2P) and Marketplace Lending, (3) Enterprise Solutions, (4) Blockchain and Alternative Currencies, (5) Crowdfunding and (6) Personal Finance Software and Automated Wealth Management/Trading (collectively, "FinTech Themes"). In order to be included in the FINX Underlying Index, a company must be identified as having significant exposure to one of these FinTech Themes. In the second step of the process, companies are analyzed based on two primary criteria: revenue exposure and primary business operations. A company is deemed to have significant exposure to one of the FinTech Themes if (i), according to a public filing, it generates a majority of its revenue from one of the FinTech Themes, (ii), in the absence of a revenue segment breakdown, it has stated its primary business to be in products and services focused on one of the FinTech Themes. Accordingly, the FINX Fund assets will be concentrated (that is, it will hold 25% or more of its total assets) in companies that provide exposure to the fintech industry.

The FINX Underlying Index is weighted according to a modified capitalization weighting methodology and is reconstituted and rebalanced annually. At the annual rebalance, a capping methodology is applied to reduce concentration in individual securities and increase diversification of the FINX Underlying Index. The FINX Underlying Index may include large-, mid- or small-capitalization companies, and components primarily include financial and information technology companies. The FINX Fund's investment objective and Underlying Index may be changed without shareholder approval.

The FINX Underlying Index is sponsored by the Index Provider, which is an organization that is independent of the FINX Fund and the Adviser. The Index Provider determines the relative weightings of the securities in the FINX Underlying Index and publishes information regarding the market value of the FINX Underlying Index.

The Adviser uses a "passive" or indexing approach to try to achieve the FINX Fund's investment objective. Unlike many investment companies, the FINX Fund does not try to outperform the FINX Underlying Index and does not seek temporary defensive positions when markets decline or appear overvalued.

The FINX Fund generally will use a replication strategy. A replication strategy is an indexing strategy that involves investing in the securities of the FINX Underlying Index in approximately the same proportions as in the FINX Underlying Index. However, the FINX Fund may utilize a representative sampling strategy with respect to the FINX Underlying Index when a replication strategy might be detrimental or disadvantageous to shareholders, such as when there are practical difficulties or

substantial costs involved in compiling a portfolio of equity securities to replicate the FINX Underlying Index, in instances in which a security in the FINX Underlying Index becomes temporarily illiquid, unavailable or less liquid, or as a result of legal restrictions or limitations (such as tax diversification requirements) that apply to the FINX Fund but not the FINX Underlying Index.

The Adviser expects that, over time, the correlation between the FINX Fund's performance and that of the FINX Underlying Index, before fees and expenses, will exceed 95%. A correlation percentage of 100% would indicate perfect correlation. If the FINX Fund uses a replication strategy, it can be expected to have greater correlation to the FINX Underlying Index than if it uses a representative sampling strategy.

The FINX Fund concentrates its investments (i.e., holds 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the FINX Underlying Index is concentrated. As of July 1, 2016, the FINX Underlying Index was concentrated in the Financials Sector and the Information Technology Sector.

Global X Internet of Things Thematic ETF

The Global X Internet of Things Thematic ETF ("SNSR Fund") seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the INDXX Global Internet of Things Thematic Index ("SNSR Underlying Index").

The SNSR Fund invests at least 80% of its total assets in the securities of the SNSR Underlying Index. The SNSR Fund's 80% investment policy is non-fundamental and requires 60 days' prior written notice to shareholders before it can be changed.

The SNSR Underlying Index is designed to provide exposure to exchange-listed companies in developed markets that facilitate the Internet of Things industry, including companies involved in wearable technology, home automation, connected automotive technology, sensors, networking infrastructure/software, smart metering and energy control devices (collectively, "Internet of Things Companies"), as defined by INDXX, the provider of the SNSR Underlying Index. The Internet of Things refers to the network of physical objects (devices, vehicles, equipment, homes, buildings) that are connected to the internet through embedded devices and software, which allows these physical objects to collect, analyze and exchange data.

The eligible universe of the SNSR Underlying Index includes among the most liquid and investable companies in accordance with the standard market capitalization and liquidity criteria associated with developed markets, as defined by the Index Provider. As of July 1, 2016, companies must have a minimum market capitalization of \$100 million and a minimum average daily turnover for the last 6 months greater than or equal to \$2 million in order to be eligible for inclusion in the SNSR Underlying Index. As of July 1, 2016, components from the following countries were eligible for inclusion in the SNSR Underlying Index: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, South Korea, the United Kingdom and the United States.

From the eligible universe, the Index Provider identifies Internet of Things Companies by applying a proprietary analysis that consists of two primary components: theme identification and company analysis. As part of the theme identification process, the Index Provider analyzes industry reports,

investment research and consumer data related to the Internet of Things industry in order to establish the themes that are expected to provide the most exposure to the growth of the Internet of Things industry. As of July 1, 2016, the Index Provider has identified the following four Internet of Things themes: (1) Consumer IoT Technology (2) Equipment, Vehicle, and Infrastructure/Building Technology, (3) Semiconductors and Sensors and (4) Networking Infrastructure/Software (collectively, "Internet of Things Themes"). In order to be included in the SNSR Underlying Index, a company must be identified as having significant exposure to one of these Internet of Things Themes. In the second step of the process, companies are analyzed based on two primary criteria: revenue exposure and primary business operations. A company is deemed to have significant exposure to one of the Internet of Things Themes if (i), according to a public filing, it generates a majority of its revenue from one of the Internet of Things Themes, (ii), in the absence of a revenue segment breakdown, it has stated its primary business to be in products and services focused on one of the Internet of Things Themes. In addition, companies with more diversified revenue streams may also be included in the SNSR Underlying Index if they meet the following criteria: (1) identified as being critical to the IoT ecosystem due to scale in certain IoT technologies and services, (2) have a distinct business unit(s) focused on IoT products and services and (3) have a core competency that is expected to benefit from increased adoption of IoT. Companies that meet these criteria are eligible for inclusion in the SNSR Underlying Index with a weighting cap of 2%. Accordingly, the SNSR Fund assets will be concentrated (that is, it will hold 25% or more of its total assets) in companies that provide products and services that provide exposure to the Internet of Things industry.

The SNSR Underlying Index is weighted according to a modified capitalization weighting methodology and is reconstituted and rebalanced annually. At the annual rebalance, a capping methodology is applied to reduce concentration in individual securities and increase diversification of the SNSR Underlying Index. The SNSR Underlying Index may include large-, mid- or small-capitalization companies, and components primarily include industrials and information technology companies. The SNSR Fund's investment objective and Underlying Index may be changed without shareholder approval.

The SNSR Underlying Index is sponsored by the Index Provider, which is an organization that is independent of the SNSR Fund and the Adviser. The Index Provider determines the relative weightings of the securities in the SNSR Underlying Index and publishes information regarding the market value of the SNSR Underlying Index.

The SNSR Fund generally will use a replication strategy. A replication strategy is an indexing strategy that involves investing in the securities of the SNSR Underlying Index in approximately the same proportions as in the SNSR Underlying Index. However, the SNSR Fund may utilize a representative sampling strategy with respect to the SNSR Underlying Index when a replication strategy might be detrimental or disadvantageous to shareholders, such as when there are practical difficulties or substantial costs involved in compiling a portfolio of equity securities to replicate the SNSR Underlying Index, in instances in which a security in the SNSR Underlying Index becomes temporarily illiquid, unavailable or less liquid, or as a result of legal restrictions or limitations (such as tax diversification requirements) that apply to the SNSR Fund but not the SNSR Underlying Index.

The Adviser expects that, over time, the correlation between the SNSR Fund's performance and that of the SNSR Underlying Index, before fees and expenses, will exceed 95%. A correlation percentage of 100% would indicate perfect correlation. If the SNSR Fund uses a replication strategy, it can be

expected to have greater correlation to the SNSR Underlying Index than if it uses a representative sampling strategy.

The SNSR Fund concentrates its investments (i.e., holds 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the SNSR Underlying Index is concentrated. As of July 1, 2016, the SNSR Underlying Index was concentrated in the Information Technology Sector.

Global X Funds Global X Robotics & Artificial Intelligence Thematic ETF

The Global X Robotics & Artificial Intelligence Thematic ETF (“BOTZ Fund”) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the INDXX Global Robotics & Artificial Intelligence Thematic Index (“BOTZ Underlying Index”).

The BOTZ Fund invests at least 80% of its total assets in the securities of the BOTZ Underlying Index. The BOTZ Fund’s 80% investment policy is non-fundamental and requires 60 days’ prior written notice to shareholders before it can be changed.

The BOTZ Underlying Index is designed to provide exposure to exchange-listed companies in developed markets that are involved in the development of robotics and/or artificial intelligence, including companies involved in developing industrial robots and production systems, automated inventory management, unmanned vehicles, voice/image/text recognition, and medical robots or robotic instruments (collectively, “Robotics & Artificial Intelligence Companies”), as defined by INDXX, the provider of the BOTZ Underlying Index.

The eligible universe of the BOTZ Underlying Index includes among the most liquid and investable companies in accordance with the standard market capitalization and liquidity criteria associated with developed markets, as defined by the Index Provider. As of July 1, 2016, companies must have a minimum market capitalization of \$100 million and a minimum average daily turnover for the last 6 months greater than or equal to \$2 million in order to be eligible for inclusion in the BOTZ Underlying Index. As of July 1, 2016, components from the following countries were eligible for inclusion in the BOTZ Underlying Index: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, South Korea, the United Kingdom and the United States.

From the eligible universe, the Index Provider identifies Robotics & Artificial Intelligence Companies by applying a proprietary analysis that consists of two primary components: theme identification and company analysis. As part of the theme identification process, the Index Provider analyzes industry reports, investment research and consumer data related to the robotics and artificial intelligence industry in order to establish the themes that are expected to provide the most exposure to the growth of the robotics and artificial intelligence industry. As of July 1, 2016, the Index Provider has identified the following four robotics and artificial intelligence themes: (1) Industrial Robotics and Automation (2) Unmanned Vehicles and Drones, (3) Artificial Intelligence, (4) Non-Industrial Robotics (collectively, “Robotics & Artificial Intelligence Themes”). In order to be included in the BOTZ Underlying Index, a company must be identified as having significant exposure to one of these Robotics & Artificial Intelligence Themes. In the second step of the process, companies are analyzed based on two primary criteria: revenue exposure and primary business operations. A company is

deemed to have significant exposure to one of the Robotics & Artificial Intelligence Themes if (i), according to a public filing, it generates a majority of its revenue from one of the Robotics & Artificial Intelligence Themes, (ii), in the absence of a revenue segment breakdown, it has stated its primary business to be in products and services focused on one of the Robotics & Artificial Intelligence Themes. Accordingly, the BOTZ Fund assets will be concentrated (that is, it will hold 25% or more of its total assets) in companies that provide exposure to the robotics and artificial intelligence industry.

The BOTZ Underlying Index is weighted according to a modified capitalization weighting methodology and is reconstituted and rebalanced annually. At the annual rebalance, a capping methodology is applied to reduce concentration in individual securities and increase diversification of the BOTZ Underlying Index. The BOTZ Underlying Index may include large-, mid- or small-capitalization companies, and components primarily include industrials and information technology companies. The BOTZ Fund's investment objective and Underlying Index may be changed without shareholder approval.

The BOTZ Underlying Index is sponsored by the Index Provider, which is an organization that is independent of the BOTZ Fund and Adviser. The Index Provider determines the relative weightings of the securities in the BOTZ Underlying Index and publishes information regarding the market value of the BOTZ Underlying Index.

The Adviser uses a “passive” or indexing approach to try to achieve the BOTZ Fund’s investment objective. Unlike many investment companies, the BOTZ Fund does not try to outperform the BOTZ Underlying Index and does not seek temporary defensive positions when markets decline or appear overvalued.

The BOTZ Fund generally will use a replication strategy. A replication strategy is an indexing strategy that involves investing in the securities of the BOTZ Underlying Index in approximately the same proportions as in the BOTZ Underlying Index. However, the BOTZ Fund may utilize a representative sampling strategy with respect to the BOTZ Underlying Index when a replication strategy might be detrimental or disadvantageous to shareholders, such as when there are practical difficulties or substantial costs involved in compiling a portfolio of equity securities to replicate the BOTZ Underlying Index, in instances in which a security in the BOTZ Underlying Index becomes temporarily illiquid, unavailable or less liquid, or as a result of legal restrictions or limitations (such as tax diversification requirements) that apply to the BOTZ Fund but not the BOTZ Underlying Index.

The Adviser expects that, over time, the correlation between the BOTZ Fund’s performance and that of the BOTZ Underlying Index, before fees and expenses, will exceed 95%. A correlation percentage of 100% would indicate perfect correlation. If the BOTZ Fund uses a replication strategy, it can be expected to have greater correlation to the BOTZ Underlying Index than if it uses a representative sampling strategy.

The BOTZ Fund concentrates its investments (i.e., holds 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the BOTZ Underlying Index is concentrated. As of July 1, 2016, the BOTZ Underlying Index was concentrated in the Industrials Sector and the Information Technology Sector.

For more information regarding the Funds’ investment strategy, please read the prospectus for the Fund.

As described more fully in the Trust's prospectus and Statement of Additional Information ("SAI"), the Funds issue and redeem Shares at net asset value ("NAV") only in large blocks of 50,000 Shares (each block of Shares called a "Creation Unit"). As a practical matter, only broker-dealers or large institutional investors with creation and redemption agreements (called Authorized Participants) can purchase or redeem these Creation Units. Except when aggregated in Creation Units, the Shares may not be redeemed with the Funds.

Shares are held in book-entry form, which means that no Share certificates are issued. The Depository Trust Company or its nominee is the record owner of all outstanding Shares of the Funds and is recognized as the owner of all Shares for all purposes.

The NAV per Share for each Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day after the close of trading (ordinarily 4:00 p.m., Eastern Time or "ET") of the New York Stock Exchange. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

The registration statement for the Funds describes the various fees and expenses for the Funds' Shares. For a more complete description of the Funds and the underlying indexes, visit the Funds' website at www.globalxfunds.com.

PURCHASES AND REDEMPTIONS IN CREATION UNIT SIZE

BX members and PHLX members and member organizations are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the Trust's prospectus and Statement of Additional Information and that Shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

PRINCIPAL RISKS

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing the Fund's performance to not match the performance of the underlying index), market trading risk (for example, trading halts, trading above or below net asset value), ADR/GDR risk, asset class risk, authorized participants concentration risk, concentration risk, currency risk, cyber security risk, equity securities risk, foreign securities risk, geographic risk, foreign securities risk, international closed-market trading, investment risk, large-capitalization companies risk, market risk, market trading risk, non-diversification risk, operational risk, passive investment risk, premium/discount risk, risk of investing in developed countries, risks related to investing in Australia, risks related to investing in Fintech companies, risks related to investing in Germany, risks related to investing in Switzerland, risks related to investing in financials sector, risks related to investing in the information technology sector, risks related to investing in the United States, secondary market trading risk, small- and mid- capitalization companies risk, tracking error risk, trading halt risk, and valuation risk.

EXCHANGE RULES APPLICABLE TO TRADING IN THE SHARES

Trading of the Shares on BX is on a UTP basis and is subject to BX equity trading rules. Trading of the Shares on PHLX's PSX system is on a UTP basis and is subject to PHLX rules.

TRADING HOURS

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on BX between 8:00 a.m. and 7:00 p.m. ET. The Shares will trade on PSX between 9:00 a.m. and 5:00 p.m. ET. For trading during each market's pre-market and post-market sessions, market participants should note that additional risks may exist with respect to trading the Fund during these sessions, when the underlying index's values, intraday indicative value, or similar value may not be disseminated or calculated.

DISSEMINATION OF FUND DATA

The Consolidated Tape Association will disseminate real time trade and quote information for the Funds to Tape C.

Fund Name	Listing Market	Trading Symbol	IOPV Symbol	NAV Symbol
Global X FinTech Thematic ETF	NASDAQ	FINX	FINX.IV	FINX.NV
Global X Internet of Things Thematic ETF	NASDAQ	SNSR	SNSR.IV	SNSR.NV
Global X Robotics & Artificial Intelligence Thematic ETF	NASDAQ	BOTZ	BOTZ.IV	BOTZ.NV

SUITABILITY

Trading in the Shares on BX will be subject to the provisions of BX Equity Rule 2310. Shares trading on PSX will be subject to the provisions of PHLX Rule 763. Members and member organizations recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the BX Conduct Rules.

BX members and PHLX members and member organizations should also review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their

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

TRADING HALTS

BX will halt trading in the Shares of a Fund in accordance with BX Equity Rule 4120. PHLX will halt trading in the Shares of a Fund in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the intraday indicative value of the Fund, the value of its underlying index, or a similar value are not being disseminated as required, or a halt for other regulatory reasons. In addition, BX and PHLX will also stop trading the Shares of a Fund if the primary market delists the Fund.

DELIVERY OF A PROSPECTUS

BX members and PHLX members and member organizations should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Fund.

Prospectuses may be obtained through the Fund's website. The prospectus for the Funds does not contain all of the information set forth in the Fund's registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). For further information about the Fund, please refer to the registration statement.

In the event that the Fund relies upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the 1940 Act and in the future make available a written product description, BX Equity Rules 4420 and 4421, and PHLX Rule 803 require that members and member organizations, respectively, provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust for the Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, members and member organizations shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by members or member organizations to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of the Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

Any BX or PHLX member or member organization carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to BX members and PHLX members or member organizations under this rule.

Upon request of a customer, BX members and PHLX members or member organizations shall provide a copy of the prospectus.

EXEMPTIVE, INTERPRETIVE AND NO-ACTION RELIEF UNDER FEDERAL SECURITIES REGULATIONS

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the "Act") regarding trading in the above mentioned exchange-traded Fund.

REGULATION M EXEMPTIONS

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Fund to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of Shares of the above-mentioned Fund (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Fund for redemption does not constitute a bid for or purchase of any of the Fund's securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of Shares.

CUSTOMER CONFIRMATIONS FOR CREATION OR REDEMPTION OF FUND SHARES (SEC RULE 10B-10)

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing Creation Unit Aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust for the Fund to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;

- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- 3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

SEC RULE 14E-5

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Fund (1) to redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase Fund Shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- 1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- 2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- 3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

SECTION 11(D)(1); SEC RULES 11D1-1 AND 11D1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not Authorized Participants (and, therefore, do not create Creation Unit Aggregations) that engage in both proprietary and customer transactions in Shares of the Fund in the secondary market, and for broker-dealer Authorized Participants that engage in creations of Creation Unit Aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Shares of the Fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(l)(5)(A), (B) or (C). (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.) The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Shares of the Fund, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

SEC RULE 15C1-5 AND 15C1-6

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund Shares and secondary market transactions therein. (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

This Information Circular is not a statutory prospectus. BX members and PHLX members and member organizations should consult the Fund's prospectus and/or the Fund's website for relevant information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Listing Qualifications, at 301.978.8088
- BX / PSX Market Sales, at 800.846.0477