



## INFORMATION CIRCULAR: JANUS DETROIT STREET TRUST

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

**FROM:** BX / PHLX Listing Qualifications Department

**DATE:** June 9, 2016

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### EXCHANGE-TRADED FUND

### SYMBOL CUSIP #

The Health and Fitness ETF	FITS	47103U308
The Long-Term Care ETF	OLD	47103U407
The Organics ETF	ORG	47103U605
The Obesity ETF	SLIM	47103U506

### BACKGROUND INFORMATION ON THE FUND

The Janus Detroit Street Trust (the “Trust”) is a management investment company registered under the Investment Company Act of 1940, as amended (the “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.” Janus Capital Management LLC (the “Adviser”) is the investment adviser to the Funds.

#### The Health and Fitness ETF

The Health and Fitness ETF (“FITS Fund”) seeks investment results that correspond generally to the performance, before fees and expenses, of an index which is designed to track the performance of companies globally that are positioned to profit from servicing those participating in health and fitness activities, including companies whose business is focused on fitness technology/equipment, sports apparel, nutrition, and sports/fitness facilities.

The FITS Fund pursues its investment objective by investing at least 80% of its net assets (plus any borrowings for investment purposes) in the stocks that comprise the Solactive Health and Fitness Index (the “Underlying Index”). The Underlying Index is designed to track the performance of companies globally that are positioned to profit from servicing those participating in health and fitness activities, including companies whose business is focused on fitness technology/equipment, sports apparel, nutrition, and sports/fitness facilities. Under normal circumstances, the FITS Fund expects to invest substantially all of its assets in securities included in the Underlying Index, using a replication strategy as discussed below. The FITS Fund may invest in companies of any capitalization, although at least 90% of the companies will have a capitalization of at least \$100 million. The FITS Fund may invest in foreign issuers, including emerging markets. Stocks included in the Underlying

Index may include common shares traded on local exchanges, American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”). ADRs and GDRs represent ownership interests in shares of foreign companies that are held in financial institution custodial accounts, and are traded on exchanges in the United States and around the world.

The FITS Fund is classified as nondiversified, which allows it to hold larger positions in a smaller number of companies, compared to a fund that is classified as diversified.

The Underlying Index, the Solactive Health and Fitness Index, was created by and is maintained by, Solactive AG (“Solactive” or the “Index Provider”). The Underlying Index is reconstituted on a semi-annual basis, rebalanced on a quarterly basis, and the FITS Fund is rebalanced quarterly based on changes to the Underlying Index. The FITS Fund uses a “passive,” index-based approach in seeking performance that corresponds to the performance of the Underlying Index. The underlying securities are weighted according to their market capitalization relative to other securities in the Underlying Index, and capped so that no security will represent more than 20% of the Underlying Index at the time of an index reconstitution or rebalance. Due to market movement between rebalancing and reconstitution of the Underlying Index, an underlying security may represent more than 20% of the Underlying Index at any given time, and thus may represent more than 20% of the FITS Fund’s assets at any given time.

The FITS Fund will generally use a replication methodology, meaning it will invest in the securities composing the Underlying Index in proportion to the weightings in the Underlying Index. However, the FITS Fund may utilize a sampling methodology under various circumstances in which it may not be possible or practicable to purchase all of the securities in the Underlying Index. The Adviser expects that over time, if the FITS Fund has sufficient assets, the correlation between the FITS Fund’s performance, before fees and expenses, and that of the Underlying Index will be 95% or better. A figure of 100% would indicate perfect correlation.

Under normal circumstances, the FITS Fund expects to invest substantially all of its assets in securities included in the Underlying Index, although it may invest up to 20% its assets in other securities that the Adviser believes will help the FITS Fund track the Underlying Index. Such investments include stocks, shares of other investment companies, cash and cash equivalents, including money market funds.

To the extent the Underlying Index concentrates (i.e., holds 25% or more of its total assets) in the securities of a particular industry or group of industries, the FITS Fund will concentrate its investments to approximately the same extent as its Underlying Index. As of April 29, 2016, approximately 27% of the Underlying Index was represented by companies in the footwear industry. The FITS Fund’s Underlying Index is rebalanced quarterly. For more recent information, see the FITS Fund’s daily portfolio holdings posted on the ETF portion of the Janus website.

The FITS Fund may lend portfolio securities on a short-term or long-term basis, in an amount equal to up to one-third of its total assets as determined at the time of the loan origination.

## The Long-Term Care ETF

The Long-Term Care ETF (“OLD Fund”) seeks investment results that correspond generally to the performance, before fees and expenses, of an index which is designed to track the performance of companies globally that are positioned to profit from providing long-term care to the aging population, including companies owning or operating senior living facilities, nursing services, specialty hospitals, and senior housing, biotech companies for age-related illnesses, and companies that sell products and services to such facilities.

The OLD Fund pursues its investment objective by investing at least 80% of its net assets (plus any borrowings for investment purposes) in the stocks that comprise the Solactive Long-Term Care Index (“LT Index”). The LT Index is designed to track the performance of companies globally that are positioned to profit from providing long-term care to the aging population, including companies owning or operating senior living facilities, nursing services, specialty hospitals, and senior housing, biotech companies for age-related illnesses, and companies that sell products and services to such facilities. Under normal circumstances, the OLD Fund expects to invest substantially all of its assets in securities included in the LT Index, using a replication strategy as discussed below. The OLD Fund may invest in companies of any capitalization, although at least 90% of the companies will have a capitalization of at least \$100 million. The OLD Fund may invest in real estate investment trusts (“REITs”) or similar vehicles or related securities that provide exposure to real estate. The OLD Fund may invest in foreign issuers, including emerging markets. Stocks included in the LT Index may include common shares traded on local exchanges, American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”). ADRs and GDRs represent ownership interests in shares of foreign companies that are held in financial institution custodial accounts, and are traded on exchanges in the United States and around the world.

The OLD Fund is classified as nondiversified, which allows it to hold larger positions in a smaller number of companies, compared to a fund that is classified as diversified.

The LT Index, the Solactive Long-Term Care Index, was created by and is maintained by, Solactive AG (“Solactive” or the “Index Provider”). The LT Index is reconstituted on a semi-annual basis, rebalanced on a quarterly basis, and the OLD Fund is rebalanced quarterly based on changes to the LT Index. The Fund uses a “passive,” index-based approach in seeking performance that corresponds to the performance of the LT Index. The underlying securities are weighted according to their market capitalization relative to other securities in the LT Index, and capped so that no security will represent more than 20% of the LT Index at the time of an index reconstitution or rebalance. Due to market movement between rebalancing and reconstitution of the LT Index, an underlying security may represent more than 20% of the LT Index at any given time, and thus may represent more than 20% of the OLD Fund’s assets at any given time.

The OLD Fund will generally use a replication methodology, meaning it will invest in the securities composing the LT Index in proportion to the weightings in the LT Index. However, the OLD Fund may utilize a sampling methodology under various circumstances in which it may not be possible or practicable to purchase all of the securities in the LT Index. The Adviser expects that over time, if the OLD Fund has sufficient assets, the correlation between the OLD Fund’s performance, before fees and expenses, and that of the LT Index will be 95% or better. A figure of 100% would indicate perfect correlation.

Under normal circumstances, the OLD Fund expects to invest substantially all of its assets in securities included in the LT Index, although it may invest up to 20% its assets in other securities that Janus Capital believes will help the OLD Fund track the LT Index. Such investments include stocks, shares of other investment companies, cash and cash equivalents, including money market funds.

To the extent the LT Index concentrates (i.e., holds 25% or more of its total assets) in the securities of a particular industry or group of industries, the OLD Fund will concentrate its investments to approximately the same extent as the LT Index. As of April 29, 2016, approximately 66% and 29% of the LT Index was represented by companies in the health care REIT and health care facilities industries, respectively. The LT Index is rebalanced quarterly. For more recent information, see the OLD Fund's daily portfolio holdings posted on the ETF portion of the Janus website.

The OLD Fund may lend portfolio securities on a short-term or long-term basis, in an amount equal to up to one-third of its total assets as determined at the time of the loan origination.

### **The Organics ETF**

The Organics ETF ("ORG Fund") seeks investment results that correspond generally to the performance, before fees and expenses, of an index which is designed to track the performance of companies globally that are positioned to profit from increasing demand for organic products, including companies which service, produce, distribute, market or sell organic food, beverages, cosmetics, supplements, or packaging.

The ORG Fund pursues its investment objective by investing at least 80% of its net assets (plus any borrowings for investment purposes) in the stocks that comprise the Solactive Organics Index (the "Organics Index"). The Organics Index is designed to track the performance of companies globally that are positioned to profit from increasing demand for organic products, including companies which service, produce, distribute, market or sell organic food, beverages, cosmetics, supplements, or packaging. Under normal circumstances, the ORG Fund expects to invest substantially all of its assets in securities included in the Organics Index, using a replication strategy as discussed below. The ORG Fund may invest in companies of any capitalization, although at least 90% of the companies will have a capitalization of at least \$100 million. The ORG Fund may invest in foreign issuers, including emerging markets. Stocks included in the Organics Index may include common shares traded on local exchanges, American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs"). ADRs and GDRs represent ownership interests in shares of foreign companies that are held in financial institution custodial accounts, and are traded on exchanges in the United States and around the world.

The ORG Fund is classified as nondiversified, which allows it to hold larger positions in a smaller number of companies, compared to a fund that is classified as diversified.

The Organics Index, the Solactive Organics Index, was created by and is maintained by Solactive AG ("Solactive" or the "Index Provider"). The Organics Index is reconstituted on a semi-annual basis, rebalanced on a quarterly basis, and the ORG Fund is rebalanced quarterly based on changes to the Organics Index. The ORG Fund uses a "passive," index-based approach in seeking performance that corresponds to the performance of the Organics Index. The underlying securities are weighted according to their market capitalization relative to other securities in the Organics Index, and capped so that no security will represent more than 20% of the Organics Index at the time of an index

reconstitution or rebalance. Due to market movement between rebalancing and reconstitution of the Underlying Index, an underlying security may represent more than 20% of the Organics Index at any given time, and thus may represent more than 20% of the ORG Fund's assets at any given time.

The ORG Fund will generally use a replication methodology, meaning it will invest in the securities composing the Organics Index in proportion to the weightings in the Organics Index. However, the ORG Fund may utilize a sampling methodology under various circumstances in which it may not be possible or practicable to purchase all of the securities in the Organics Index. The Adviser expects that over time, if the ORG Fund has sufficient assets, the correlation between the ORG Fund's performance, before fees and expenses, and that of the Organics Index will be 95% or better. A figure of 100% would indicate perfect correlation.

Under normal circumstances, the ORG Fund expects to invest substantially all of its assets in securities included in the Organics Index, although it may invest up to 20% its assets in other securities that the Adviser believes will help the ORG Fund track the Organics Index. Such investments include stocks, shares of other investment companies, cash and cash equivalents, including money market funds.

To the extent the Organics Index concentrates (i.e., holds 25% or more of its total assets) in the securities of a particular industry or group of industries, the ORG Fund will concentrate its investments to approximately the same extent as the Organics Index. As of April 29, 2016, approximately 38% and 30% of the Organics Index was represented by companies in the packaged food and meats and retail foods industries, respectively. The Organics Index is rebalanced quarterly. For more recent information, see the ORG Fund's daily portfolio holdings posted on the ETF portion of the Janus website.

The ORG Fund may lend portfolio securities on a short-term or long-term basis, in an amount equal to up to one-third of its total assets as determined at the time of the loan origination.

### **The Obesity ETF**

The Obesity ETF ("SLIM Fund") seeks investment results that correspond generally to the performance, before fees and expenses, of an index which is designed to track the performance of companies globally that are positioned to profit from servicing the obese, including biotechnology, pharmaceutical, health care and medical device companies whose business is focused on obesity and obesity related disease including diabetes, high blood pressure, cholesterol, heart disease, stroke, and sleep apnea, and companies focused on weight loss programs, weight loss supplements, or plus sized apparel.

The SLIM Fund pursues its investment objective by investing at least 80% of its net assets (plus any borrowings for investment purposes) in the stocks that comprise the Solactive Obesity Index (the "Obesity Index"). The Obesity Index is designed to track the performance of companies globally that are positioned to profit from servicing the obese, including biotechnology, pharmaceutical, health care and medical device companies whose business is focused on obesity and obesity related disease including diabetes, high blood pressure, cholesterol, heart disease, stroke, and sleep apnea, and companies focused on weight loss programs, weight loss supplements, or plus sized apparel. Under normal circumstances, the SLIM Fund expects to invest substantially all of its assets in securities included in the Obesity Index, using a replication strategy as discussed below. The SLIM Fund may

invest in companies of any capitalization, although at least 90% of the companies will have a capitalization of at least \$100 million. The SLIM Fund may invest in foreign issuers, including emerging markets. Stocks included in the Underlying Index may include common shares traded on local exchanges, American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”). ADRs and GDRs represent ownership interests in shares of foreign companies that are held in financial institution custodial accounts, and are traded on exchanges in the United States and around the world.

The Fund is classified as non-diversified, which allows it to hold larger positions in a smaller number of companies, compared to a fund that is classified as diversified.

The Obesity Index, the Solactive Obesity Index, was created by and is maintained by Solactive AG (“Solactive” or the “Index Provider”). The Obesity Index is reconstituted on a semi-annual basis, rebalanced on a quarterly basis, and the Fund is rebalanced quarterly based on changes to the Obesity Index. The Fund uses a “passive,” index-based approach in seeking performance that corresponds to the performance of the Obesity Index. The underlying securities are weighted according to their market capitalization relative to other securities in the Obesity Index, and capped so that no security will represent more than 20% of the Obesity Index at the time of an index reconstitution or rebalance. Due to market movement between rebalancing and reconstitution of the Obesity Index, an underlying security may represent more than 20% of the Obesity Index at any given time, and thus may represent more than 20% of the Fund’s assets at any given time.

The Fund will generally use a replication methodology, meaning it will invest in the securities composing the Obesity Index in proportion to the weightings in the Obesity Index. However, the Fund may utilize a sampling methodology under various circumstances in which it may not be possible or practicable to purchase all of the securities in the Obesity Index. The Adviser expects that over time, if the Fund has sufficient assets, the correlation between the Fund’s performance, before fees and expenses, and that of the Obesity Index will be 95% or better. A figure of 100% would indicate perfect correlation.

Under normal circumstances, the Fund expects to invest substantially all of its assets in securities included in the Obesity Index, although it may invest up to 20% its assets in other securities that Janus Capital believes will help the Fund track the Obesity Index. Such investments include stocks, shares of other investment companies, cash and cash equivalents, including money market funds.

To the extent the Obesity Index concentrates (i.e., holds 25% or more of its total assets) in the securities of a particular industry or group of industries, the Fund will concentrate its investments to approximately the same extent as the Obesity Index. As of April 29, 2016, approximately 29% and 25% of the Obesity Index was represented by companies in the health care equipment and health care services industries, respectively. The Obesity Index is rebalanced quarterly. For more recent information, see the Fund’s daily portfolio holdings posted on the ETF portion of the Janus website.

The Fund may lend portfolio securities on a short-term or long-term basis, in an amount equal to up to one-third of its total assets as determined at the time of the loan origination.

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

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 100,000 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.janus.com](http://www.janus.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), health care service and health equipment concentration risk, pharmaceutical and biotech concentration risk, small- and mid- sized companies risk, growth securities risk, foreign exposure risk, non-diversification risk, methodology and model risk, passive investment risk, early close/trading halt risk, index tracking risk, fluctuation of NAV, and securities lending 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
The Health and Fitness ETF	NASDAQ	FITS	FITS.IV	FITS.NV
The Long-Term Care ETF	NASDAQ	OLD	OLD.IV	OLD.NV
The Organics ETF	NASDAQ	ORG	ORG.IV	ORG.NV
The Obesity ETF	NASDAQ	SLIM	SLIM.IV	SLIM.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.**

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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