



STOCK EXCHANGE			
Regulatory Information Circular			
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Subject: Proshares

Background Information on the Funds

The investment objective of the ProShares Ultra Funds (collectively the “Bullish Funds”) is to provide investment results that correspond to two times or 200%, before fees and expenses, of the daily performance of each Fund’s underlying index. The Bullish Funds will generally hold 85% of their assets in the component securities of the relevant underlying index with the remainder of assets devoted to various “financial instruments” intended to create additional exposure necessary to pursue their investment objective. These “financial instruments” include, but are not limited to, stock index futures contracts; options on futures; options on securities and indices; equity caps, collars and floors; swap agreements; forward contracts; repurchase agreements; and reverse repurchase agreements (the “Financial Instruments”), but only to the extent and in the amounts or percentages as set forth in the registration statement for the Funds.

The ProShares Short Funds and UltraShort Funds are collectively known as the Bearish Funds. The investment objective of the ProShares Short Funds is to provide investment results that correspond to the inverse or –100%, before fees and expenses, of the daily performance of the Fund’s underlying index. The investment objective of the ProShares UltraShort Funds is to provide investment results that correspond to twice the inverse or –200%, before fees and expenses, of the daily performance of the Fund’s underlying index. The Bearish Funds will generally not directly invest in the component securities of the relevant underlying index, but instead, will create short exposure to such index. Typically, 100% of the value of each Fund will be invested in Financial Instruments and money market instruments in order to achieve their investment objectives.

ProShares Advisors LLC (the “Advisor”) serves as the investment adviser to the Funds. SEI Investments Distribution Company (“SEI”) is the distributor for the Funds. JP Morgan Chase Bank, N.A. is the custodian for the Funds (“Custodian”). JP Morgan Investor Services Co. is the administrator, transfer agent and fund accounting agent for the Funds (“Administrator”).

Each Fund is part of a Trust that is an open-end management investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”). Each Fund is an investment company and an “exchange-traded fund.”

As described more fully in the prospectus and statement of additional information (“SAI”) for a Fund, each Fund issues and redeems shares (“Shares”) at their net asset value (“NAV”) only in large blocks of 75,000 Shares (each block of 75,000 Shares called a “Creation Unit”), generally in exchange for a basket of securities included in the Index (“Deposit Securities”), together with the deposit of a specified cash payment (“Cash Component”). This Cash Component will generally constitute the current value of the various Financial Instruments in the case of the Bullish Funds while for the Bearish Funds the cash amount will equal the NAV of the Creation Unit. Shares of the Funds will trade at market prices that may differ from their NAV. Shares of the Bullish Funds are redeemable only in Creation Units, and, generally, in exchange for portfolio securities and a specified cash payment. Shares of the Bearish Funds are redeemable only in Creation Units in exchange for cash. Except when aggregated in Creation Units, the Shares may not be redeemed with a Fund.

Each Fund pays out dividends from net investment income, if any, to shareholders at least annually. Distributions of net capital gains, if any, are declared and distributed to shareholders annually, but the Trust may make distributions more frequently under certain circumstances.

The Depository Trust Company (“DTC”) serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

Each Fund’s NAV is determined shortly after 4:00 p.m. Eastern Standard Time (“ET”) on each day that the New York Stock Exchange (“NYSE”) is open for business (a “Business Day”). The NAV is available from the Trust and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC. The value of each Index is disseminated to data vendors every 15 seconds.

The registration statement for a Fund describes the various fees and expenses for the Fund’s Shares.

Purchases and Redemptions in Creation Unit Size

ISE Equity Electronic Access Members (“Equity EAMs”) are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the prospectus and SIA for a Fund, 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 a Fund of the principal risks of an investment in that Fund. These include tracking error risk (factors causing a 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), stock market risk, investment style risk, interest rate risk, investment approach risk, concentration risk, non-diversification risk, issuer-specific risk, management risk, lack of market liquidity, lack of governmental insurance or guarantee and fiscal policy risk. The Funds use investment techniques and financial instruments that may be considered aggressive, including the use of futures contracts, options on futures contracts,

securities and indexes, forward contracts, swap agreements and similar instruments. In addition, as noted in the prospectuses, shares of a Fund may trade below, at or above NAV. The NAV of a Fund's shares will fluctuate with changes in the market value of the Fund's holdings. The market prices of a Fund's shares will fluctuate in accordance with the changes in the NAV as well as supply and demand.

Exchange Rules Applicable to Trading in the Shares

Trading in the Shares on ISE is subject to ISE equity trading rules.

Trading Hours

The values of the indexes underlying the Shares are disseminated to data vendors every 15 seconds.

The Shares will trade on ISE between 9:30 a.m. and 4:15 p.m.

Suitability

Trading in the Shares on ISE will be subject to the provisions of ISE Rule 2123(l). Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in ISE Rule 2123(l).

Equity EAMs also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

Trading Halts

ISE will halt trading in the Shares of a Fund in accordance with ISE Rule 2123(e). The grounds for a halt under ISE Rule 2123(e) include a halt by the primary market because the intraday indicative value of the Fund and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, ISE will stop trading the Shares of a Fund if the primary market de-lists the Fund.

Delivery of a Prospectus

ISE Equity EAMs should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Funds. Product descriptions and prospectuses may be obtained through ProShares at www.proshares.com or by calling ProShares at (866) PRO-5125. The prospectus for a Fund 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 a Fund, please refer to its registration statement. In the event that the Funds rely 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, ISE Rule 2123(f) requires that ISE Equity EAMs 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, ISE Equity EAMs 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 an ISE Equity EAM 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."

A ISE Equity EAM 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 ISE Equity EAM under this rule.

Upon request of a customer, ISE Equity EAMs also 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 funds.

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 Funds 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 Funds (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and to (ii) tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Funds for redemption does not constitute a bid for or purchase of any of the Funds' 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 Funds to (1) 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 Funds 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 ETF to persons outside the fund complex, other than non-cash compensation permitted under FINRA Rule 2830 (I)(5)(A), (B) or (C), if applicable. (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 Funds, 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. ISE Equity EAMs should visit the Funds' website at www.proshares.com and consult the prospectus for a Fund for relevant information.

Please contact me with any inquiries regarding this Regulatory Information Circular.

Appendix A - ProShares Funds

Ticker	Fund Name	CUSIP
DDM	ProShares Trust Ultra Dow30	74347R305
MVV	ProShares Ultra Mid Cap 400	74347R404
QLD	ProShares Trust Ultra QQQ	74347R206
SAA	ProShares Ultra SmallCap600	74347R818
SSO	ProShares Trust Ultra S&P500	74347R107
UKF	ProShares Trust Ultra Russell1000 Growth	74347R537
UKK	ProShares Trust Ultra Russell2000 Growth	74347R487
UKW	ProShares Trust Ultra Russell MidCap Growth	74347R511
UVG	ProShares Trust Ultra Russell1000 Value	74347R529
UVT	ProShares Trust Ultra Russell2000 Value	74347R479
UVU	ProShares Trust Ultra Russell MidCap Value	74347R495
UWM	ProShares Trust Ultra Russell2000	74347R842
DIG	ProShares Trust Ultra Oil & Gas	74347R719
ROM	ProShares Trust Ultra Technology	74347R693
RXL	ProShares Trust Ultra Health Care	74347R735
UCC	ProShares Trust Ultra Consumer Services	74347R750
UGE	ProShares Trust Ultra Consumer Goods	74347R768
UPW	ProShares Trust Ultra Utilities	74347R685
URE	ProShares Trust Ultra Real Estate	74347R677
USD	ProShares Trust Ultra Semiconductor	74347R669
UXI	ProShares Trust Ultra Industrials	74347R727
UYG	ProShares Trust Ultra Financial	74347R743
UYM	ProShares Trust Ultra Basic Materials	74347R776
DOG	ProShares Trust Short Dow30	74347R701
MYY	ProShares Trust Short Mid Cap400	74347R800
PSQ	ProShares Trust Short QQQ	74347R602
RWM	ProShares Trust Short Russell2000	74347R826
SBB	ProShares Short SmallCap600	74347R784
SH	ProShares Trust Short S&P500	74347R503
DXD	ProShares UltraShort Dow30	74347R867
MZZ	ProShares UltraShort MidCap 400	74347R859
QID	ProShares Ultrashort QQQ	74347R875
SDD	ProShares Trust UltraShort SmallCap600	74347R792
SDK	ProShares Trust UltraShort Russell MidCap Growth	74347R446
SDS	ProShares Trust UltraShort S&P500	74347R883
SFK	ProShares Trust UltraShort Russell1000 Growth	74347R461
SJF	ProShares Trust UltraShort Russell1000 Value	74347R453
SJH	ProShares Trust UltraShort Russell2000 Value	74347R412
SJL	ProShares Trust UltraShort Russell MidCap Value	74347R438
SKK	ProShares Trust UltraShort Russell2000 Growth	74347R420
TWM	ProShares Trust UltraShort Russell2000	74347R834
DUG	ProShares Trust UltraShort Oil & Gas	74347R586
REW	ProShares Trust UltraShort Technology	74347R578
RXD	ProShares Trust UltraShort Health Care	74347R610

SCC	ProShares Trust UltraShort Consumer Services	74347R636
SDP	ProShares Trust UltraShort Utilities	74347R560
SIJ	ProShares Trust UltraShort Industrials	74347R594
SKF	ProShares Trust UltraShort Financials	74347R628
SMN	ProShares Trust UltraShort Basic Materials	74347R651
SRS	ProShares Trust UltraShort Real Estate	74347R552
SSG	ProShares Trust UltraShort Semiconductors	74347R545
SZK	ProShares Trust UltraShort Consumer Goods	74347R644