



## Information Circular: streetTRACKS Series Trust

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

**From:** William Slattery, Director, NASDAQ Listing Qualifications Department

**DATE:** May 30, 2007

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### Background Information on the Funds

The streetTracks Series Trust (the "Trust") was organized as a Massachusetts business trust on June 12, 1998. The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act") and consists of over forty separate investment series (each a "Fund" and collectively the "Funds"). The Funds described in this circular are listed in Appendix A. The shares of the Funds are referred to herein as "Shares". SSgA Funds Management, Inc. ("Adviser") is the investment adviser for the Funds.

The investment objective of each Fund is to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of a specified market index (each an "Index").

The SPDR Lehman 1-3 Month T-Bill ETF seeks to track the performance of the Lehman Brothers 1-3 Month U.S. Treasury Bill Index. The index measures the performance of obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

The SPDR Lehman Intermediate Term Treasury ETF seeks to track the performance of the Lehman Brothers Intermediate U.S. Treasury Index. The index measures the performance of obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 year and less than 10 years.

The SPDR Lehman Long Term Treasury ETF seeks to track the performance of the Lehman Brothers Long U.S. Treasury Index. The index measures the performance of obligations of the U.S. Treasury that have a remaining maturity of 10 or more years.

The SPDR Barclays Capital Tips ETF seeks to track the performance of the Barclays U.S. Government Inflation-linked Bond Index. The index measures the performance of the inflation protected obligations of the U.S. Treasury or "TIPS".

The SPDR Lehman Aggregate Bond ETF seeks to track the performance of the Lehman Brothers U.S. Aggregate Index. The index represents the securities of the U.S. dollar denominated investment grade bond market.

The Adviser seeks a correlation of 0.95 or better between each Fund's performance and the performance of its Index; however, a number of factors may affect a Fund's ability to achieve a high correlation with its Index, including the degree to which a Fund utilizes a sampling methodology (as described below). There can be no guarantee that a Fund will achieve a high degree of correlation. A correlation of 1.00 would represent perfect correlation.

Each Fund may utilize a sampling methodology in seeking to achieve its investment objective. Sampling means that the Adviser uses quantitative analysis to select fixed income securities that represent a sample of fixed income securities in the relevant Index that have a similar investment profile as the relevant Index in terms of key risk factors, performance attributes and other characteristics. The quantity of holdings in each Fund will be based on a number of factors, including asset size of each Fund. The Adviser generally expects each Fund to hold less than the total number of fixed income securities in its Index, but reserves the right to hold as many fixed income securities as it believes necessary to achieve a Fund's investment objective.

In addition, from time to time, fixed income securities are added to or removed from an Index. A Fund may sell fixed income securities that are represented in its Index, or purchase fixed income securities that are not yet represented in its Index, in anticipation of their removal from or addition to the Index. Further, the Adviser may choose to overweight fixed income securities in the Index, purchase or sell fixed income securities not in the Index, or utilize various combinations of other available investment techniques, in seeking to track the Index.

Each Fund will normally invest at least 80% of its total assets in fixed income securities that comprise its benchmark Index. With respect to the SPDR Lehman Aggregate Bond ETF, TBA Transactions (as defined below) are included within this 80% investment policy. Each Fund may also invest its other assets in securities not included in its benchmark Index, but which the Adviser believes will help a Fund track its Index, as well as in certain futures, options, swap contracts, cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds (including affiliated money market funds). Each Fund will concentrate its investments in a particular industry or sector to approximately the same extent that its benchmark Index is so concentrated. For purposes of this limitation, securities of the U.S. government, repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry. Each Fund is non-diversified and, as a result, may invest a larger percentage of its assets in securities of a single issuer than diversified funds.

Each Fund will provide shareholders with at least 60 days notice prior to any material change in the above-noted 80% investment policy or its underlying Index. The Board of Trustees of the Trust may change a Fund's investment strategy, Index and other policies without shareholder approval, except as otherwise indicated. The Trustees may also change a Fund's investment objective without shareholder approval.

Most transactions in mortgage pass-through securities occur through standardized contracts for future delivery in which the exact mortgage pools to be delivered are not specified until a few days prior to settlement, referred to as a "to-be-announced transaction" or "TBA Transaction". A TBA Transaction is a method of trading mortgage-backed securities. In a TBA Transaction, the buyer and seller agree upon

general trade parameters such as agency, settlement date, par amount and price. The actual pools delivered generally are determined two days prior to the settlement date. Although it is not anticipated that the Fund will receive pools but instead will participate in rolling TBA Transactions.

State Street Global Markets, LLC is the distributor for the Funds. State Street Bank and Trust Company is the custodian, administrator, fund accounting agent and transfer agent for the Funds ("Custodian").

As described more fully in the Trust's prospectus and Statement of Additional Information ("SAI"), each Fund issues and redeems Shares on a continuous basis at their net asset value ("NAV") only in aggregations of 200,000 Shares (each, a "Creation Unit") generally in exchange for a basket of fixed income securities included in its Index together with the deposit of a specified cash payment. Except when aggregated in Creation Units, the Shares are not redeemable securities of the Funds.

Dividends from net investment income, if any, will be declared and paid monthly. Net realized capital gains, if any, will be distributed to shareholders annually. Dividends may be declared and paid more frequently.

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.

The NAV per Share for each Fund will be determined at the close of trading, normally 4:00 p.m. Eastern Time ("ET") on each day that the New York Stock Exchange is open for business, provided that fixed-income assets may be valued as of the announced closing time for trading in fixed-income instruments on any day that the Bond Market Association announces an early closing time. NAV is calculated by dividing the value of the net assets of a Fund (i.e., the total value of its assets less all liabilities) by the number of Shares outstanding, rounded to the nearest cent. NAV will be available from the Distributor and will also be available to National Securities Clearing Corporation ("NSCC") participants through data made available from NSCC.

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.spdretfs.com](http://www.spdretfs.com).

## **Purchases and Redemptions in Creation Unit Size**

NASDAQ members are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the Trust's prospectus and SAI, 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 Funds of the principal risks of an investment in the Funds. These include, but are not limited to, 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), non-diversification risk, prepayment risk, extension risk, U.S. government agency security risk, interest rate risk, income risk, credit risk, call risk, index sampling risk, and lack of market liquidity.

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

Trading in the Shares on NASDAQ is on a UTP basis and is subject to [NASDAQ equity trading rules](#).

## **Trading Hours**

The values of the Index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on NASDAQ between 7:00 a.m. and 8:00 p.m. Eastern Time (ET), unless otherwise indicated.

## **Suitability**

Trading in the Shares on NASDAQ will be subject to the provisions of [NASDAQ Rule 2310](#). 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 the NASDAQ Conduct Rules.

Members also should review NASD [NASD Notice to Members 03-71](#) or 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**

NASDAQ will halt trading in the Shares of a Fund in accordance with [NASDAQ Rule 4120](#). The grounds for a halt under NASDAQ Rule 4120 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, NASDAQ will also stop trading the Shares of a Fund if the primary market de-lists the Fund.

## **Delivery of a Prospectus**

NASDAQ members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Funds.

Prospectuses may be obtained through the [Funds' website](#). The prospectus for the Funds does not contain all of the information set forth in the Funds' 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 Funds, please refer to the 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, [NASDAQ Rule 4420\(j\)\(2\)](#) requires that NASDAQ members 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 Funds, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, NASDAQ members 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 a NASDAQ member 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 Funds 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 Funds. In addition, upon request you may obtain from your broker a prospectus for Shares of the Funds".

A NASDAQ member 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 NASDAQ member under this rule.

Upon request of a customer, NASDAQ members 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.

### **Short Sale Rules**

Transactions in ETFs will not be subject to "tick" requirements of the SEC short sale rule (SEC Rule 10a-1) or the "bid" requirements of the NASDAQ short sale rule ([NASDAQ Rule 3350](#)). Short orders must be marked SHORT or SHORT EXEMPT. (See paragraph below regarding Rule 200(g) of Regulation SHO.)

### **Rule 200(g) of Regulation SHO**

The SEC Division of Market Regulation has stated that the Division will not recommend enforcement action under Rule 200(g) of Regulation SHO if a broker-dealer marks "short" rather than "short exempt" a short sale effected in the Funds, subject to specified conditions, including that a broker-dealer executing exempt short sales will mark such sales as "short" and in no event will such sales be marked

"long". (See [letter](#) from James A. Brigagliano, Assistant Director, Division of Market Regulation, SEC, to Ira Hammerman, Senior Vice President and General Counsel, Securities Industry Association, dated January 3, 2005.)

## **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 (ii) to 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 Funds 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) 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 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 Funds 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 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. NASDAQ members should consult the Funds' prospectus and/or the Funds' website at [www.spdretfs.com](http://www.spdretfs.com) for relevant information.**

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Inquiries regarding this Information Circular should be directed to:

- [Will Slattery](#), Director, NASDAQ Listing Qualifications, at 301.978.8088
- [NASDAQ Market Sales](#) at 800.846.0477



## Appendix A

<b>Exchange-Traded Fund</b>	<b>Symbol</b>	<b>CUSIP #</b>
SPDR Lehman 1-3 Month T-Bill ETF	BIL	86330E539
SPDR Lehman Intermediate Term Treasury ETF	ITE	86330E513
SPDR Lehman Long Term Treasury ETF	TLO	86330E497
SPDR Barclays Capital Tips ETF	IPE	86330E489
SPDR Lehman Aggregate Bond ETF	LAG	86330E448