



## Information Circular: EGA Emerging Global Shares Trust

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

**From:** PHLX Listing Qualifications Department

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<b>Exchange-Traded Fund</b>	<b>Symbol</b>	<b>CUSIP #</b>
Emerging Global Shares Dow Jones Emerging Markets Metals & Mining Titans Index Fund	EMT	268461852
Emerging Global Shares Dow Jones Emerging Markets Energy Titans Index Fund	EEO	268461860

### Background Information on the Funds

The EGA Emerging Global Shares Trust (the "Trust") is a management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust consists of several exchange-traded funds (each, a "Fund" and collectively, the "Funds"). This circular refers only to the two Funds listed above. The shares of each of the Funds listed above are referred to herein as "Shares." ALPS Advisors, Inc. (the "Adviser") serves as the investment adviser for the Funds.

Each Fund seeks investment results that generally correspond (before fees and expenses) to the price and yield performance of the Fund's corresponding benchmark index (each an "Underlying Index" and collectively, the "Underlying Indices"). Each Fund's investment objective may be changed without shareholder approval (although a Fund will provide advance notice to shareholders at least 60 days before any such change takes effect). There can be no guarantee that a Fund will achieve its investment objective.

Each Fund is non-diversified and seeks to achieve its investment objective by attempting to replicate the portfolio of its Underlying Index through investments in equity securities, including American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs"). Under normal circumstances, each Fund will invest at least 80% of its net assets in securities of Emerging Markets companies included in the Fund's Underlying Index and generally expects to be substantially invested at such times, with at least 95% of its net assets invested in those securities. Each Fund defines Emerging Markets companies as companies that are included in the Dow Jones Wilshire Emerging Markets Index (the "DJW Emerging Markets Index"). A Fund will provide shareholders with at least 60 days' notice prior to any changes in this policy.

ADRs, which are issued by domestic banks, represent ownership interest in shares of foreign companies and are traded in the United States on exchanges or over-the-counter ("OTC"). ADRs enable investors from the United States to buy shares in foreign companies without undertaking cross-border transactions. GDRs are depositary receipts for shares of foreign companies that are traded in capital markets around the world.

Each Underlying Index is constructed using a rules-driven methodology to create a modified market capitalization weighted index comprised of Emerging Markets companies that are traded on U.S. or foreign exchanges and whose businesses stand to benefit significantly from the strong industrial and consumption growth occurring in middle income nations around the globe. The Underlying Indices seek to capture the aggregate potential of publicly traded firms in each of the 10 industrial sectors, as defined by the Industry Classification Benchmark ("ICB") system developed by Dow Jones & Company, Inc. ("Dow Jones Indexes"), across the developing world.

Most traditional securities indices and index funds typically utilize a straight market capitalization weighted methodology that determines the proportion, or "weighting," of each constituent security based on each security's market capitalization (that is, its stock price multiplied by the number of outstanding shares). This means that the securities of companies with larger market capitalizations will generally be more heavily weighted in the index and the smallest companies in the index will frequently have minimal exposure. The very largest firms typically absorb most of the allocation in an unmodified market capitalization weighted country index.

In Emerging Markets, an unmodified market capitalization allocation may result in large stakes in giant former state-owned companies that may or may not be at the top of the market value table as a result of business prowess. Moreover, many Emerging Markets countries are dominated by a relatively small number of companies. They simply have not had the time to allow competitive markets to develop with many large, publicly traded names such as those associated with the developed world.

EGA believes that to truly have a robust and diversified Emerging Markets portfolio that is conducive to providing optimal risk-return performance characteristics, the modified market capitalization weighted approach used by Dow Jones Indexes to create the Underlying Indices is superior to a pure market capitalization approach. This modified capitalization approach considers a more comprehensive set of economic forces within various nations rather than just company size, seeks to diversify correlation effects that result from trade links between countries and examines investable developing countries without making a distinction for smaller, less developed and less liquid countries or "frontier markets."

From time to time, a Fund will purchase or sell certain of its portfolio securities to reflect changes to the constituent securities of its Underlying Index. The Funds will also rebalance their portfolio securities promptly following the annual rebalancing of each Underlying Index. The Funds do not seek temporary defensive positions when equity markets decline or appear to be overvalued.

Each Fund's intention is to replicate the constituent securities of the corresponding Underlying Index as closely as possible using ADRs, GDRs or ordinary local shares. In certain circumstances, when it may not be possible or practicable to fully implement a replication strategy, a Fund may utilize a "representative sampling" strategy

whereby the Fund would hold a significant number of the component securities of its Underlying Index, but may not track that index with the same degree of accuracy as would an investment vehicle replicating the entire index. When securities are deleted from an Underlying Index, a Fund will typically remove these securities from the Fund's portfolio. However, the Funds may, in EGA's discretion, remain invested in securities that were deleted from the Fund's Underlying Index until the next rebalancing of the Fund.

EMT seeks to achieve its investment objective of total return by investing in the constituent securities of the Dow Jones Emerging Markets Metals & Mining Titans Index. The Dow Jones Emerging Markets Metals & Mining Titans Index is a stock market index comprised of 30 leading Emerging Markets companies that Dow Jones Indexes deems to be in the Metals & Mining sector of the global economy. The Metals & Mining sector is a sub-sector of the Basic Materials industry, as defined by ICB. Accordingly, some securities in which EMT invests may also be held by the Emerging Global Shares Dow Jones Emerging Markets Basic Materials Titans Index Fund.

Under normal circumstances, EMT will invest at least 80% of its net assets in Metals & Mining companies included in the Dow Jones Emerging Markets Metals & Mining Titans Index and generally expects to be substantially invested at such times, with at least 95% of its net assets invested in these securities. EMT defines Metals & Mining companies as companies that are included in the Dow Jones Emerging Markets Metals & Mining Titans Index at the time of purchase and generally includes companies involved in the extraction and basic processing of basic resources (other than oil and gas), such as coal, metal ore (including the production of basic aluminum, iron and steel products), precious metals and gemstones. EMT will provide shareholders with at least 60 days' notice prior to any change in this policy.

EEO seeks to achieve its investment objective of total return by investing in the constituent securities of the Dow Jones Emerging Markets Oil and Gas Titans Index. The Dow Jones Emerging Markets Oil and Gas Titans Index is a stock market index comprised of 30 leading Emerging Markets companies that Dow Jones Indexes deems to be part of the Oil and Gas sector of the global economy, which also includes alternative energy sources other than oil and gas.

Under normal circumstances, EEO will invest at least 80% of its net assets in Energy companies included in the Dow Jones Emerging Markets Oil and Gas Titans Index and generally expects to be substantially invested at such times, with at least 95% of its net assets invested in these securities. EEO defines Energy companies as companies that are included in the Dow Jones Emerging Markets Oil and Gas Titans Index at the time of purchase and generally includes companies whose businesses involve: oil and gas production; oil equipment, services and distribution; and alternative energy. EEO will provide shareholders with at least 60 days' notice prior to any change in this policy.

For more information regarding each Fund's 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 Shares (each block of Shares called a "Creation Unit") or multiples thereof. 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.

Each Fund expects to declare and pay all of its net investment income, if any, to shareholders as dividends annually. Each Fund will also declare and pay net realized capital gains, if any, at least annually.

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

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

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 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 tracking error risk (factors causing a Fund's performance to not match the performance of its underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, derivatives risk, foreign securities risk, sector risk, and liquidity risk.

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

Trading of the shares on PHLX's PSX system is on a UTP basis and is subject to PHLX rule.

### **Trading Hours**

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on PSX between 9:00 a.m. and 5:00 p.m. ET. For trading during PSX's Pre-Market and Post-Market Sessions, market

participants should note that additional risks may exist with respect to trading the Funds 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 B.

<b>Fund Name</b>	<b>Listing Market</b>	<b>Trading Symbol</b>	<b>IOPV Symbol</b>	<b>NAV Symbol</b>
Emerging Global Shares Dow Jones Emerging Markets Metals & Mining Titans Index Fund	NYSE Arca	EMT	EMT.IV	EMT.NV
Emerging Global Shares Dow Jones Emerging Markets Energy Titans Index Fund	NYSE Arca	EEO	EEO.IV	EEO.NV

### Suitability

Members and member organizations recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

PHLX members and member organizations also should 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

PHLX will halt trading in the Shares of a Fund in accordance with PHLX Rule 3100. BX will halt trading in the Shares of a Fund in accordance with BX Equity Rule 4120. 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, NASDAQ and BX will also stop trading the Shares of a Fund if the primary market de-lists the Fund.

## **Delivery of a Prospectus**

PHLX members and member organizations 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, PHLX Rule 803(o) requires that PHLX members and member organizations 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, PHLX 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 a PHLX member or member organization 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 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 PHLX members and member organizations under this rule.

Upon request of a customer, PHLX members and member organizations 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 (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 a 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 a 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 a 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 a 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 a 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 PHLX members and member organizations should consult the Funds' prospectus and/or the Funds' website for relevant information.**

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Inquiries regarding this Information Circular should be directed to:

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- PSX Market Sales, at 800.846.0477