



INFORMATION CIRCULAR: USAA ETF TRUST

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

FROM: NASDAQ / BX / PHLX Listing Qualifications Department

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EXCHANGE-TRADED FUND

	SYMBOL	CUSIP #
USAA MSCI USA Value Momentum Blend Index ETF	UEVM	90291F402
USAA Core Intermediate-Term Bond ETF	UITB	90291F600
USAA MSCI International Value Momentum Blend Index ETF	UIVM	90291F303
USAA MSCI USA Value Momentum Blend Index ETF	ULVM	90291F105
USAA Core Short-Term Bond ETF	USTB	90291F501
USAA MSCI USA Small Cap Value Momentum Blend Index ETF	USVM	90291F204

BACKGROUND INFORMATION ON THE FUNDS

The USAA ETF 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 Fund are referred to herein as “Shares.” USAA Asset Management Company (the “Adviser”) is the investment adviser to the Funds.

USAA MSCI USA Value Momentum Blend Index ETF

The USAA MSCI USA Value Momentum Blend Index ETF (“UEVM”) seeks to provide investment results that closely correspond, before fees and expenses, to the performance of the MSCI USA Select Value Momentum Blend Index (the “UEVM Index”).

Under normal circumstances, UEVM seeks to achieve its investment objective by investing at least 80% of its net assets (plus borrowings for investment purposes, exclusive of collateral held from securities lending) in securities in the UEVM Index. MSCI, Inc. (the “Index Provider”) constructs the UEVM Index in accordance with a rules-based methodology.

The UEVM Index is designed to deliver exposure to equity securities of large- and mid-capitalization U.S. issuers that have higher exposure to value and momentum factors within the MSCI USA Index (the “Parent Index”) while also maintaining moderate Index turnover and lower realized volatility than traditional capitalization weighted indexes. As of September 1, 2017, the market capitalization

of the issuers in the UEVM Index range from \$3.4 billion to \$834 billion. The range may change from time to time. The value factor indicates how attractively a stock is priced relative to its fundamentals, such as book value and free cash flow. A value score is derived from a company's valuation ratios, e.g. forward price to earnings, share price to book value, and enterprise value to operating cash flow. The momentum factor indicates whether changes in a company's share price are trending up or down. A momentum score is calculated using a security's price trends over the last six months and twelve months (except the previous month), adjusted for volatility. A security is only evaluated within a single sector.

The Index Provider ranks each stock of the Parent Index based on its value and momentum scores, relative to their sector classification, and creates a composite score for each stock by equally weighting the stock's value and momentum score. The Index Provider then selects the top 25% of the ranked stocks of the Parent Index based on their composite scores for inclusion in the UEVM Index. The constituents are weighted such that securities with lower realized volatility are given higher Index weights.

In seeking to track the performance of the UEVM Index, UEVM may invest in a representative sample of securities in its Index, which means UEVM may hold some, but not all of the securities in the UEVM Index. The representative sample will be selected by the Adviser or SSGA Funds Management, Inc. ("Subadviser") using a sampling strategy that aims to create a portfolio of securities with generally the same risk and return characteristics of the UEVM Index. The quantity of holdings in UEVM will be based on a number of factors, including number of stocks in the Parent Index and asset size of UEVM. Based on its analysis of these factors, UEVM may invest in a subset of securities in the UEVM Index or may invest UEVM's assets in substantially all of the securities represented in the UEVM Index in approximately the same proportions as the UEVM Index. Thus, there may be instances in which UEVM is underweight or overweight a security in the UEVM Index.

UEVM also may invest up to 20% of its assets in instruments other than the securities in the UEVM Index, which the Adviser or Subadviser believes will help UEVM track the UEVM Index. Such instruments may include derivatives, including futures.

UEVM is expected to concentrate its investments (i.e., hold more than 25% of its assets) in a particular industry or group of industries to the extent that its Index is concentrated. The degree to which certain sectors, industries, or asset classes are represented in the UEVM Index may change over time. The UEVM Index will rebalance quarterly.

USAA Core Intermediate-Term Bond ETF

The USAA Core Intermediate-Term Bond ETF (the "UITB") seeks high current income without undue risk to principal.

Under normal circumstances, UITB invests at least 80% of its net assets (plus any borrowings for investment purposes, exclusive of collateral held from securities lending) in debt securities and in derivatives and other instruments that have economic characteristics similar to such securities. UITB primarily invests in securities that have a dollar-weighted average portfolio maturity of three to ten years. The debt securities in which UITB may invest include a mix of government obligations (including U.S., state, and local governments, their agencies and instrumentalities); mortgage- and asset-backed securities; corporate debt securities; repurchase agreements; and other securities

believed to have debt-like characteristics. UITB will invest primarily in investment-grade securities, but may invest up to 25% of its net assets in below-investment-grade securities, which are sometimes referred to as high-yield securities or “junk” bonds.

UITB may not invest more than 20% of fixed-income securities (by weight of all fixed-income securities in the portfolio) in non-agency, non-government sponsored entities (GSEs), or privately issued mortgage- or asset-backed securities.

UITB may use derivatives, such as futures, foreign exchange derivatives, options, and swaps, to increase or decrease its exposure to changing security prices or other factors that affect security values, to enhance income, to hedge against certain risks, or to keep cash on hand to meet shareholder redemptions or other needs while maintaining exposure to a market.

USAA MSCI International Value Momentum Blend Index ETF

The USAA MSCI Emerging Markets Value Momentum Blend Index ETF (“UIVM”) seeks to provide investment results that closely correspond, before fees and expenses, to the performance of the MSCI Emerging Markets Select Value Momentum Blend Index (the “UIVM Index”).

Under normal circumstances, UIVM seeks to achieve its investment objective by investing at least 80% of its net assets (plus borrowings for investment purposes, exclusive of collateral held from securities lending) in securities in the UIVM Index, depositary receipts on securities in the UIVM Index, and securities underlying depositary receipts in the UIVM Index. The UIVM Index Provider constructs the UIVM Index in accordance with a rules-based methodology. The UIVM Index is comprised solely of securities issued by companies associated with emerging market countries as described more fully below.

The UIVM Index is designed to deliver exposure to equity market performance in the global emerging markets and provide higher exposure to value and momentum factors within the MSCI Emerging Markets Index (the “Parent UIVM Index”) while also maintaining moderate UIVM Index turnover and lower realized volatility than traditional capitalization weighted indexes. As of September 1, 2017, the emerging market countries include: Brazil, Chile, China, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates. A liquidity filter is applied to screen out securities with low liquidity. Securities generally are filtered by selecting the top 90% by count of securities in the Parent UIVM Index, based on the highest 12-month annualized traded value. The UIVM Index Provider determines whether an issuer is located in a particular country by reference to the UIVM Index methodology.

The value factor indicates how attractively a stock is priced relative to its fundamentals, such as book value and free cash flow. A value score is derived from a company’s valuation ratios, e.g. forward price to earnings, share price to book value, and enterprise value to operating cash flow. The momentum factor indicates whether changes in a company’s share price are trending up or down. A momentum score is calculated using a security’s price trends over the last six months and twelve months (except the previous month), adjusted for volatility. A security is only evaluated within a single industry or sector.

The Index Provider ranks each stock of the Parent UIVM Index based on its value and momentum scores, relative to their sector classification, and creates a composite score for each stock by equally

weighting the stock's value and momentum score. The Index Provider then selects the top 25% of the ranked stocks of the Parent UIVM Index based on their composite scores for inclusion in the UIVM Index. The constituents are weighted such that securities with lower realized volatility are given higher UIVM Index weights. In order to limit over weighting, the UIVM Index has a defined a threshold of 5% relative to the Parent UIVM Index in geographic regions, as defined by the Index Provider.

The UIVM Index is comprised of equity securities, including American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs").

In seeking to track the performance of the UIVM Index, UIVM may invest in a representative sample of securities in its UIVM Index, which means UIVM may hold some, but not all of the securities in the UIVM Index. The representative sample will be selected by the Subadviser using a sampling strategy that aims to create a portfolio of securities with generally the same risk and return characteristics of the UIVM Index. The quantity of holdings in UIVM will be based on a number of factors, including number of stocks in the Parent UIVM Index and asset size of UIVM. Based on its analysis of these factors, UIVM may invest in a subset of securities in the UIVM Index or may invest UIVM's assets in substantially all of the securities represented in the UIVM Index in approximately the same proportions as the UIVM Index. Thus, there may be instances in which UIVM is underweight or overweight a security in the UIVM Index.

UIVM also may invest up to 20% of its assets in instruments other than the securities in the UIVM Index, which the Adviser or Subadviser believes will help UIVM track the UIVM Index. Such instruments may include derivatives, including futures.

UIVM is expected to concentrate its investments (i.e., hold more than 25% of its assets) in a particular industry or group of industries to the extent that its UIVM Index is concentrated. The degree to which certain sectors, industries, or asset classes are represented in the UIVM Index may change over time. The UIVM Index will rebalance quarterly.

USAA MSCI USA Value Momentum Blend Index ETF

The USAA MSCI USA Value Momentum Blend Index ETF ("ULVM") seeks to provide investment results that closely correspond, before fees and expenses, to the performance of the MSCI USA Select Value Momentum Blend Index (the "ULVM Index").

Under normal circumstances, ULVM seeks to achieve its investment objective by investing at least 80% of its net assets (plus borrowings for investment purposes, exclusive of collateral held from securities lending) in securities in the ULVM Index. The Index Provider constructs the ULVM Index in accordance with a rules-based methodology.

The ULVM Index is designed to deliver exposure to equity securities of large- and mid-capitalization U.S. issuers that have higher exposure to value and momentum factors within the MSCI USA Index (the "Parent ULVM Index") while also maintaining moderate ULVM Index turnover and lower realized volatility than traditional capitalization weighted indexes. As of September 1, 2017, the market capitalization of the issuers in the ULVM Index range from \$3.4 billion to \$834 billion. The range may change from time to time. The value factor indicates how attractively a stock is priced relative to its fundamentals, such as book value and free cash flow. A value score is derived from a company's

valuation ratios, e.g. forward price to earnings, share price to book value, and enterprise value to operating cash flow. The momentum factor indicates whether changes in a company's share price are trending up or down. A momentum score is calculated using a security's price trends over the last six months and twelve months (except the previous month), adjusted for volatility. A security is only evaluated within a single sector.

The Index Provider ranks each stock of the Parent ULVM Index based on its value and momentum scores, relative to their sector classification, and creates a composite score for each stock by equally weighting the stock's value and momentum score. The Index Provider then selects the top 25% of the ranked stocks of the Parent ULVM Index based on their composite scores for inclusion in the ULVM Index. The constituents are weighted such that securities with lower realized volatility are given higher ULVM Index weights.

In seeking to track the performance of the ULVM Index, ULVM may invest in a representative sample of securities in its ULVM Index, which means ULVM may hold some, but not all of the securities in the ULVM Index. The representative sample will be selected by the SubAdviser using a sampling strategy that aims to create a portfolio of securities with generally the same risk and return characteristics of the ULVM Index. The quantity of holdings in ULVM will be based on a number of factors, including number of stocks in the Parent ULVM Index and asset size of ULVM. Based on its analysis of these factors, ULVM may invest in a subset of securities in the ULVM Index or may invest ULVM's assets in substantially all of the securities represented in the ULVM Index in approximately the same proportions as the ULVM Index. Thus, there may be instances in which ULVM is underweight or overweight a security in the ULVM Index.

ULVM also may invest up to 20% of its assets in instruments other than the securities in the ULVM Index, which the Adviser or Subadviser believes will help ULVM track the ULVM Index. Such instruments may include derivatives, including futures.

ULVM is expected to concentrate its investments (i.e., hold more than 25% of its assets) in a particular industry or group of industries to the extent that its ULVM Index is concentrated. The degree to which certain sectors, industries, or asset classes are represented in the ULVM Index may change over time. The ULVM Index will rebalance quarterly.

USAA Core Short-Term Bond ETF

The USAA Core Short-Term Bond ETF ("USTB") seeks high current income consistent with preservation of principal.

Under normal circumstances, USTB invests at least 80% of its net assets (plus any borrowings for investment purposes, exclusive of collateral held from securities lending) in debt securities and in derivatives and other instruments that have economic characteristics similar to such securities. USTB primarily invests in securities that have a dollar-weighted average portfolio maturity of three years or less. The debt securities in which USTB may invest include a mix of government obligations (including U.S., state, and local governments, their agencies and instrumentalities); mortgage- and asset-backed securities; corporate debt securities; repurchase agreements; and other securities believed to have debt-like characteristics. USTB will invest primarily in investment-grade securities, but may invest up to 20% of its net assets in below-investment-grade securities, which are sometimes referred to as high-yield securities or "junk" bonds.

USTB may not invest more than 20% of fixed-income securities (by weight of all fixed-income securities in the portfolio) in non-agency, non-government sponsored entities (GSEs), or privately issued mortgage- or asset-backed securities.

USTB may use derivatives, such as futures, foreign exchange derivatives, options, and swaps, to increase or decrease its exposure to changing security prices or other factors that affect security values, to enhance income, to hedge against certain risks, or to keep cash on hand to meet shareholder redemptions or other needs while maintaining exposure to a market.

USAA MSCI USA Small Cap Value Momentum Blend Index ETF

The USAA MSCI USA Small Cap Value Momentum Blend Index ETF (“USVM”) seeks to provide investment results that closely correspond, before fees and expenses, to the performance of the MSCI USA Small Cap Select Value Momentum Blend Index (the “USVM Index”).

Under normal circumstances, USVM seeks to achieve its investment objective by investing at least 80% of its net assets (plus borrowings for investment purposes, exclusive of collateral held from securities lending) in securities in the USVM Index. The Index Provider constructs the USVM Index in accordance with a rules-based methodology. The USVM Index is comprised solely of securities issued by small capitalization companies. As of September 1, 2017, the market capitalization of the issuers in the USVM Index ranged from \$132 million to \$9.9 billion. The range may change from time to time.

The USVM Index is designed to deliver exposure to equity securities of small-capitalization U.S. issuers that have higher exposure to value and momentum factors within the MSCI USA Small Cap Index (the “Parent USVM Index”) while also maintaining moderate USVM Index turnover and lower realized volatility than traditional capitalization weighted indexes. The value factor indicates how attractively a stock is priced relative to its fundamentals, such as book value and free cash flow. A value score is derived from a company’s valuation ratios, e.g. forward price to earnings, share price to book value, and enterprise value to operating cash flow. The momentum factor indicates whether changes in a company’s share price are trending up or down. A momentum score is calculated using a security’s price trends over the last six months and twelve months (except the previous month), adjusted for volatility. A security is only evaluated within a single industry or sector. A liquidity filter is applied to screen out securities with low liquidity. Securities generally are filtered by selecting the top 90% by count of securities in the Parent USVM Index, based on the highest 12-month annualized traded value.

The Index Provider ranks each stock of the Parent USVM Index based on its value and momentum scores, relative to their sector classification, and creates a composite score for each stock by equally weighting the stock’s value and momentum score. The USVM Index Provider then selects the top 25% of the ranked stocks of the Parent USVM Index based on their composite scores for inclusion in the USVM Index. The constituents are weighted such that securities with lower realized volatility are given higher USVM Index weights.

In seeking to track the performance of the USVM Index, USVM may invest in a representative sample of securities in its USVM Index, which means USVM may hold some, but not all of the securities in the USVM Index. The representative sample will be selected by the SubAdviser using a sampling strategy that aims to create a portfolio of securities with generally the same risk and return characteristics of

the USVM Index. The quantity of holdings in USVM will be based on a number of factors, including number of stocks in the Parent USVM Index and asset size of USVM. Based on its analysis of these factors, USVM may invest in a subset of securities in the USVM Index or may invest USVM's assets in substantially all of the securities represented in the USVM Index in approximately the same proportions as the USVM Index. Thus, there may be instances in which USVM is underweight or overweight a security in the USVM Index.

USVM also may invest up to 20% of its assets in instruments other than the securities in the USVM Index, which the Adviser or Subadviser believes will help USVM track the USVM Index. Such instruments may include derivatives, including futures.

USVM is expected to concentrate its investments (i.e., hold more than 25% of its assets) in a particular industry or group of industries to the extent that its USVM Index is concentrated. The degree to which certain sectors, industries, or asset classes are represented in the USVM Index may change over time. The USVM Index will rebalance quarterly.

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 50,000 Shares (each block of Shares called a "Creation Unit"). As a practical matter, only broker-dealers or large institutional investors with creation and redemption agreements (called Authorized Participants) can purchase or redeem these Creation Units. Except when aggregated in Creation Units, the Shares may not be redeemed with the Funds.

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

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

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

PURCHASES AND REDEMPTIONS IN CREATION UNIT SIZE

NASDAQ members, 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 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), authorized participant concentration risk, derivatives risk, exchange-traded fund risk, foreign securities and emerging countries risk, geographic risk, index risk, liquidity risk, management risk, market risk, market trading risk, mid-capitalization and small-capitalization risk, momentum risk, securities lending risk, seed investor or large shareholder risk, tracking error risk, valuation risk, and value risk.

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 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 NASDAQ between 7:00 a.m. and 8:00 p.m. ET. 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 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.

Fund Name	Listing Market	Trading Symbol	IOPV Symbol	NAV Symbol
USAA MSCI USA Value Momentum Blend Index ETF	NYSE Arca	UEVM	UEVM.IV	UEVM.NV
USAA Core Intermediate-Term Bond ETF	NYSE Arca	UITB	UITB.IV	UITB.NV

USAA MSCI International Value Momentum Blend Index ETF	NYSE Arca	UIVM	UIVM.IV	UIVM.NV
USAA MSCI USA Value Momentum Blend Index ETF	NYSE Arca	ULVM	ULVM.IV	ULVM.NV
USAA Core Short-Term Bond ETF	NYSE Arca	USTB	USTB.IV	USTB.NV
USAA MSCI USA Small Cap Value Momentum Blend Index ETF	NYSE Arca	USVM	USVM.IV	USVM.NV

SUITABILITY

Trading in the Shares on NASDAQ will be subject to the provisions of NASDAQ Rule 2310. 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 both the NASDAQ Conduct Rules and the BX Conduct Rules.

NASDAQ members, 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

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

DELIVERY OF A PROSPECTUS

NASDAQ members, 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 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 Rules 5705 and 5740, 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 Funds, 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 NASDAQ, 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 NASDAQ members, BX members and PHLX members or member organizations under this rule.

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

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