Katten
Katten Muchin Rosenman LLP

575 Madison Avenue
New York, NY 10022-2585
212.940.8800 tel
212.940.8776 fax..

Kathleen H. Moriarty
kathleen.moriarty@kattenlaw.com
(212) 940-6304 direct
(212) 894-5504 fax

February 20, 2015

Josephine J. Tao, Esq.
Assistant Director
Office of Trading Practices
Division of Trading and Markets
U.S. Securities and Exchange Commission
One Station Place
100 F St. N.E.
Washington, DC 20549-1001

Re: Request of AccuShares Investment Management, LLC for Exemptive, Interpretive and No-Action Relief from, or Advice Regarding Rule 10b-17 promulgated under the Securities Exchange Act of 1934, Section 11(d)(1) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 11d1-2 thereunder, and Rules 101 and 102 of Regulation M under the Exchange Act.

Dear Ms. Tao:

We are writing to you on behalf of AccuShares Investment Management, LLC ("**Sponsor**"), as well as the AccuShares Commodities Trust I ("**Trust**"), its separate, segregated series (each such series, a "**Fund**"), the listing exchange for each Fund ("**Exchange**"), and any other national securities exchange or national securities association on or through which the shares of the Trust's Funds ("**Shares**") may subsequently trade (each such organization, a "**Market**") and persons and entities engaging in transactions in each of the Fund's Shares (collectively, "**Applicants**"). The Applicants respectfully request that the Securities and Exchange Commission ("**Commission**") grant the appropriate limited exemptive, interpretive or no-action relief from, or advice regarding, Rule 10b-17 ("**Rule 10b-17**") of the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), Section 11(d)(l) of the Exchange Act and Rule 11d1-2 thereunder and Rules 101 and 102 of Regulation M ("**Rules 101 and 102**") under the Exchange Act with respect to the Initial Funds (as defined below) (collectively, "**Requested Relief**").

The Requested Relief is virtually identical to the individual relief, and in certain cases "**Class Relief**", previously granted by the Commission and the staff of the Division of Trading and Markets ("**Staff**") through a series of letters[1] to certain exchange-traded funds registered

[1] *See,* Letter re: Derivative Products Committee of the Securities Industry Association (November 21, 2005) ("**ETF Class Relief Letter**"). The relief granted therein is referred to as "**ETF Class Relief**". *See also,* Letter from Raquel L. Russell, Branch Chief, Division of Trading and Markets, to George T. Simon, Foley & Lardner, LLP, dated June

under the Investment Company Act of 1940, as amended **("1940 Act")** (collectively, "**ETFs**"), passive commodity-based investment vehicles managed by a commodity pool operator under the Commodity Exchange Act, as amended ("**CEA**") (collectively, "**CBIVs**"), and other types of exchanged-traded vehicles ("**ETVs**") (collectively, such ETFs, CBIVs and ETVs are referred to herein as "**ETPs**") which variously hold a portfolio of securities, commodities and/or other instruments selected to meet such ETP's objective ("**Portfolio Assets**") and/or cash, and operate in a manner similar to that of the Trust and its Funds. Although, as described below, the Funds share many of the structural features utilized by ETFs and CBIVs, including (x) issuance and redemption of shares in large aggregations in the primary market, (y) continuous registration and offering of shares and (z) exchange listing and trading of shares in the secondary market, they are not registered as investment companies under the 1940 Act nor are they commodity pools as defined in Section 1a(10) of the CEA; therefore the Funds cannot rely upon the ETF Class Relief Letter or the CBIV Class Relief Letter. In addition, the Funds' structure differs from that of current ETPs in the following ways: each Fund will (i) issue only "paired Shares", (ii) receive and pay only cash in connection with creation and redemption transactions, (iii) not hold Portfolio Assets and (iv) make its distributions to shareholders ("**Shareholders**") in cash and/or Shares, or in any combination of both Shares and cash, (items (i) through (iv) collectively referred to herein as "**Differences**"). Nevertheless, despite the Differences, lack of Portfolio Assets, and the fact that the Funds are not governed by the 1940 Act or the CEA, the Sponsor believes that the Funds' structure will not raise any new regulatory issues beyond those previously addressed in the Class Relief Letters, and thus believes it appropriate that the Commission or its Staff grant the Requested Relief.

This letter is divided into two parts. Part I is a description of the structure and operation of the Trust and its Funds, the Differences, and the manner in which Share distributions will be made to Shareholders. Part II contains the requests for relief as set forth above.

PART I: DESCRIPTION OF THE TRUST AND ITS FUNDS

This section contains a brief description of the structure and operation of the Trust and its Funds. A more detailed explanation can be found in each Initial Fund's preliminary prospectus ("**Prospectus**")[2] included in the Trust's registration statement, File No. 377-00230 which was submitted initially under the JOBS Act to the Commission on July 1, 2013, and subsequently amended and submitted with the Commission on October 1, 2013, and on November 22, 2013, and was filed on Form S-1 on EDGAR with the Commission on March 18, 2014, File No. 333-194666 and was subsequently amended and filed with the Commission on July 17, 2014 (collectively, "**Registration Statement**")[3].

21, 2006, with respect to the Currency Shares British Pound Sterling, Australian Dollar, Canadian Dollar, Mexican Peso, Swedish Krona and Swiss Franc Trust ("**CBIV Class Relief Letter**"). The relief granted therein is referred to as "**CBIV Class Relief**". The ETF Class Relief Letter and the CBIV Class Relief Letter are collectively referred to as "**Class Relief Letters**" and ETF Class Relief and CBIV Class Relief are collectively referred to as "**Class Relief**").

[2] Terms used herein and not defined are defined as set forth in the Prospectus.

[3] *See*: http://www.sec.gov/cgi-bin/browse-edgar?company=AccuShares&owner=exclude&action=getcompany.

The Trust and its Funds

General

The Trust is a Delaware statutory trust, organized into separate Funds, that was established pursuant to a trust agreement (as amended, "**Trust Agreement**") between the Sponsor and Wilmington Trust, N.A., acting in the capacity of a "trustee" ("**Trustee**"). Wilmington Trust, N.A. will also act as investment advisor to each Initial Fund ("**Investment Advisor**") pursuant a Non-Custody Investment Advisory Agreement ("**Investment Advisory Agreement**") among the Trust, on behalf of each Initial Fund, the Sponsor and the Investment Advisor. State Street Bank and Trust Company, a Massachusetts trust company, will act as "**Custodian,**" "**Administrator**" and "**Transfer Agent**" to each Initial Fund. The Trust intends to initially offer the seven Funds identified below ("**Initial Funds**"), and in the future may offer additional Funds ("**Additional Funds**")[4]; all Funds will be structured and operated as ETPs in the manner described below.

As ETPs, each Fund may from time to time offer to sell its Shares of beneficial interest by means of its Prospectus, when deemed effective by the Commission[5]. The Shares of each Fund represent a beneficial interest in and entitlements to the assets of that Fund only. Each Fund will engage in issuing, offering and redeeming "paired" Shares in the manner described below, and at all times will have outstanding an equal number of Up Shares and Down Shares. The term of the Trust and each Fund is perpetual unless terminated earlier by the Sponsor.

Passive Structure and Limited Activities of the Trust, its Funds, the Sponsor and Service Providers

The Trust and each of its Funds is a passive, unmanaged vehicle with no directors, officers or employees. Neither the Trust nor any of its Funds has an audit committee and each will rely upon the Sponsor's chief executive officer and chief financial officer to comply with reporting obligations under the Exchange Act. The Trust and each of its Funds can act only as permitted under, or directed by, the Trust Agreement. As described below, the activities and powers of the Trust and each of its Funds are limited, under the express terms of the Trust Agreement to: (i) issuing and redeeming Up Shares and Down Shares in pairs in exchange for cash, (ii) investing its funds in Eligible Assets (defined below) pending application of such funds to effect redemptions, (iii) issuing Regular Distributions, Special Distributions, Corrective Distributions and Net Income Distributions (as each term is defined below), in whole or in part, in cash and/or in Up Shares and Down Shares (as each term is defined below), to Shareholders of record, and effecting Reverse/Forward Splits (as each term is defined below), (iv) paying of Trust expenses, and (v) paying in cash upon liquidation.

The Sponsor, AccuShares Investment Management, LLC, is a Delaware limited liability company, which was organized to act as the Sponsor for the Trust and its Funds. The Sponsor

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[4] Initial Funds and Additional Funds are collectively referred to herein as "**Funds**". Applicants understand that the Requested Relief, if granted, will apply only to the Initial Funds and that Additional Funds must separately apply to the Commission for the same or similar relief. The Trust is authorized only to issue Funds.

[5] As of the date hereof, the Trust and its Initial Funds are not yet operative because the registration statements with respect to the Initial Funds have not yet been declared effective by the Commission and the Exchange's listing rule for the Initial Funds has not yet been adopted.

has identified and engaged the Trustee, the Underlying Index (defined below) providers, the marketing agent, and other service providers for the Trust and each of its Funds. All actions required or permitted to be taken by the service providers on behalf of the Trust and its Funds will be governed by the terms of the Trust Agreement and agreements between the Trust and such service providers. The Sponsor has designated independent registered public accountants as auditors of the Trust and its Funds, and may from time to time employ legal counsel for the Trust and its Funds. None of the Sponsor, the Trustee (other than in performing its duties as Trustee), the Investment Advisor (other than performing its duties as Investment Advisor), State Street Bank and Trust Company (other than in performing its duties as Administrator, Custodian and Transfer Agent) or any of their respective affiliates or any other person will manage or exercise control over the activities of the Trust and its Funds, which will be governed entirely and exclusively by the terms of the Trust Agreement.

Objective of each Initial Fund

Each Initial Fund will have a distinct objective to track the movements in a specified spot commodity or measure of price volatility of a broad-based equity index as measured by such Fund's underlying index ("**Underlying Index**") during each Fund's Measuring Period (defined below) so that the entitlements of the Up Shares to distributions are tied to any increases of such Fund's Underlying Index, and entitlements of the Down Shares to distributions from such Fund are tied to any decreases of the same Underlying Index during each Measuring Period. A "**Measuring Period**" will be established for each Fund and is the stated interval of time (*e.g.,* one calendar month or one calendar quarter) which commences the next business day following the Fund's prior scheduled distribution calculation and declaration date ("**Distribution Date**") for Regular Distributions (defined below)[6] and ends on the next immediately following Distribution Date for Regular Distributions. So, for example, a monthly Measuring Period will commence on the 16th day of each calendar month and end on the 15th day of the next following calendar month.

The Trust intends to issue and offer the following Initial Funds identified below:

Name of Initial AccuShares Funds:	**Name of Fund's Underlying Index**
AccuShares S&P GSCI Spot Fund	S&P GSCI Spot
AccuShares S&P GSCI Agriculture and Livestock Spot Fund	S&P GSCI Agricultural and Livestock Spot
AccuShares S&P GSCI Industrial Metals Spot Fund	S&P GSCI Industrial Metals Spot
AccuShares S&P GSCI Crude Oil Spot Fund	S&P GSCI Crude Oil Spot
AccuShares S&P GSCI Brent Oil Spot Fund	S&P GSCI Brent Crude Oil Spot
AccuShares S&P GSCI Natural Gas Spot Fund	S&P GSCI Natural Gas Spot
AccuShares Spot CBOE VIX Fund	CBOE Volatility Index ("**VIX**")

[6] The first Measuring Period for each Fund will commence on the inception date of such Fund's operations and will end on the initial Distribution Date for its Regular Distributions.

No Fund will hold Portfolio Assets related to its Underlying Index

Each Fund will track its Underlying Index's movements *without* holding any Portfolio Assets, including securities, commodities, futures or other financial instruments relating to such Underlying Index or the assets referenced by such Underlying Index. Instead, each Fund is expressly limited by the Trust Agreement to hold in the custody account or accounts maintained for it by the Custodian ("**Custody Accounts**") only cash; bills, notes and bonds issued and backed by the full faith and credit of the government of the United States of America with remaining maturities of three months or less ("**Eligible Treasuries**"); and over-night repurchase agreements collateralized by bills, notes and bonds issued and backed by the full faith and credit of the government of the United States of America ("**Eligible Repos**," together with cash and Eligible Treasuries, "**Eligible Assets**").

On any date when cash held in a Fund's Custody Accounts is not needed either to make payments or to provide distributions to Shareholders, the Investment Advisor, acting on behalf of such Fund, is required to invest all such cash in Eligible Assets in accordance with the provisions of the Trust Agreement and the Investment Advisory Agreement in order to generate income to make required payments at a future time. A portion of the Eligible Assets held in each Fund's Custody Accounts will be comprised of Eligible Repos so that each Fund will have sufficient cash available on each day to be able to timely pay redemption proceeds in exchange for tendered Creation Units, as discussed below. Each business day, the Investment Advisor will reinvest any proceeds received upon the maturity of the Fund's Eligible Assets, except where such proceeds are needed either to make payments or to provide distributions to Shareholders. The Trust Agreement and the Investment Advisory Agreement will direct the Investment Advisor's investment of Eligible Assets into prescribed percentage limitations with respect to Eligible Repos, limiting each Fund's holdings of Eligible Repos to 40% of its Eligible Assets. The Investment Advisor is also required to invest all of a Fund's cash delivered to it by an Authorized Participant (defined below) in connection with each creation of the Fund's Creation Units (defined below) in Eligible Assets, except where such proceeds are needed either to make payments or to provide distributions to Shareholders. Upon any redemption of a Fund's Creation Units by an Authorized Participant, the Fund's cash will be used to pay the proceeds of such redemption to the redeeming Authorized Participant. Upon liquidation of any Fund, all proceeds of the Eligible Assets held by the Fund will be used to make final cash liquidating payments, less the fees, expenses and taxes of the Fund not assumed by the Sponsor, to the Fund's Shareholders.

Each Fund Will Issue Exchange-Traded Shares in Pairs

Each Fund is designed to issue and offer "exchange-traded Shares" which it will create and redeem from time to time, but only in one or more "**Creation Units**". Each Fund will issue its Shares in offsetting pairs, where one constituent of the pair is positively linked to such Fund's Underlying Index ("**Up Shares**") and the other constituent is negatively linked to such Fund's Underlying Index ("**Down Shares**"). A Creation Unit is comprised of a block of 25,000 Up Shares and 25,000 Down Shares of a Fund, and each Fund will always have an equal number of Up Shares and Down Shares outstanding at all times. Except when aggregated in Creation Units, the Shares are not redeemable securities. The Funds will not create or redeem fractional Creation Units.

Shares of each Fund may be created or redeemed only by Authorized Participants from time to time, but only in one or more Creation Units of a Fund. The amount payable for a Creation Unit of each Fund will equal the sum of the Class Values per Share (defined below) of 25,000 Up Shares and 25,000 Down Shares in the Creation Unit of such Fund as of the end of the business day during which the order for such creation or redemption is submitted prior to the applicable order cut-off time, plus the applicable transaction fee as stated in the applicable Prospectus. If the date on which such creation or redemption is submitted is not a business day, the Class Values per Share will be determined as of the next business day. The redemption proceeds from a Fund will consist of its cash redemption amount, which is equal to the sum of the Class Values per Share of 25,000 Up Shares and the Class Values per Share of 25,000 of the Down Shares of such Fund requested in the Authorized Participant's redemption order as of the time of the calculation of such Fund's Class Values (defined below) on the redemption order date, less transaction fees. For each Fund, Authorized Participants must adhere to creation and redemption cut-off times prior to the Class Value calculation time, which may be different from the close of U.S. markets, as will be stated in each Fund's Prospectus.

Creation and redemption orders for Shares in Creation Units for each Fund will be settled on the third business day ("**T+3**") after a creation or redemption order is accepted. Cash from an Authorized Participant required for settlement will typically be transferred to the Custodian through either (1) the Continuous Net Settlement ("**CNS**") clearing process of the National Securities Clearing Corporation ("**NSCC**"), as such processes have been enhanced to effect creations and redemptions of Creation Units; or (2) the facilities of the Depository Trust Company ("**DTC**") on a Delivery Versus Payment ("**DVP**") basis, which is the procedure by which the buyer's payment for securities is due at the time of delivery. Security delivery and payment will be simultaneous. Redemption requests will be met by distributing cash on hand in the Fund's Custody Accounts or by selling the non-cash Eligible Assets for cash and then distributing such cash. The value of all Eligible Assets of each Fund is expected to be always sufficient to redeem all Shareholders at once at any time.

If the Custodian does not receive the cash by the market close on the third business day following the purchase order date (T+3), such order may be charged interest for delayed settlement or cancelled. If the purchase order is received after the applicable cut-off time, the purchase order date will be the next business day. Purchase orders are irrevocable. The Sponsor reserves the right to extend the deadline for the Custodian to receive the cash required for settlement up to the fifth business day following the purchase order date (T+5). By placing a purchase order, and prior to delivery of the Creation Units, an Authorized Participant's DTC account will be charged the non-refundable transaction fee due for the purchase order. In the event a purchase order is cancelled by the Sponsor, the Authorized Participant will be responsible for reimbursing the Fund for all costs associated with cancelling the order. At its sole discretion, the Sponsor may agree to an earlier delivery date other than T+3. Additional fees may apply for special settlement. The Creation Units will be delivered to the Authorized Participant upon the Custodian's receipt of the cash purchase amount.

By placing a redemption order, an Authorized Participant agrees to deliver the Creation Units to be redeemed either through NSCC or through DTC's book-entry system to the applicable Fund on the third business day immediately following the redemption order date (T+3). If the redemption order is received after the applicable cut-off time, the redemption order date will be the next business day. Redemption orders are irrevocable. The Sponsor reserves the right to extend the deadline for a Fund to receive the Creation Units required for settlement up to the fifth business day following the redemption order date (T+5). By placing a redemption order, and prior to receipt of the redemption proceeds, an Authorized Participant must wire to the Custodian the non-refundable transaction fee due for the redemption order or any proceeds due will be reduced by the amount of the fee payable.

Authorized Participants

Creation Units of Shares for each Fund can only be purchased and redeemed by certain broker-dealers or other securities market participants who are direct participants in DTC and who have entered into Authorized Participant Agreements with the Sponsor, as sponsor of the Trust, on behalf of the applicable Fund ("**Authorized Participants**") in accordance with the terms of such Authorized Participant Agreement. By placing a purchase order, an Authorized Participant agrees to deposit cash with the Custodian not later than noon (Eastern Time) on T+3 immediately following such purchase order date. By placing a redemption order, an Authorized Participant agrees to deliver the Creation Units to be redeemed through NSCC or DTC's book-entry system to the applicable Fund not later than noon (Eastern Time) on T+3 immediately following the redemption order date. Each Authorized Participant must be registered as a broker-dealer under the Exchange Act, or exempt from being, or otherwise not required to be, so registered, and must be qualified to act as a broker or dealer in the states or other jurisdictions where the nature of its business so requires. Authorized Participants may act for their own accounts or as agents for broker-dealers, custodians and other securities market participants that wish to create or redeem Creation Units.

Authorized Participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors. Authorized Participants who purchase Creation Units from the Funds receive no fees, commissions or other form of compensation or inducement of any kind from either the Sponsor or the Funds, and no such person has any obligation or responsibility to the Sponsor or the Fund to effect any sale or resale of Shares. Authorized Participants will pay a fixed transaction fee and other amounts as may be stated in a Fund's Prospectus in connection with each order to create or redeem a Creation Unit in order to defray the Transfer Agent's cost for processing the creation and redemption orders and the Sponsor's Trust offering registration fee expense. The transaction fee may be reduced, increased or otherwise changed by the Sponsor at its sole discretion.

Anticipated Secondary Market Trading of each Fund's Up Shares and Down Shares

The Sponsor has designed the structure of the Trust and its Funds in a manner similar to that of other ETPs, so that the public will be provided information on a daily basis that will aid individual investors and market participants in determining whether, and at what price, to buy or sell Shares of any Fund in the secondary market on any given business day. Each Fund's IOPV (defined below) for each Up Share class and Down Share class (each, a "**Class**") on a per Share basis, calculated in the manner described below and adjusted such every 15 seconds throughout the business day to reflect the continuous changes in the Fund's Underlying Index, will be published by the Exchange. Also, the daily Class Values and Class Values per Share for each Fund will be posted on the Website (defined below)[7].

In light of each Fund's continuous creation and redemption features and the Exchange publication of its IOPV per Share for each Class, the Sponsor believes that the following characteristics will be exhibited by each Fund's Up Shares and Down Shares as they are traded in the secondary market: (i) the market price of each Up Share and Down Share will tend to track their respective Class Values per Share, (ii) if the market price of the Up Shares or the Down Shares begins to trade downward away from their respective Class Values per Share, market participants will take advantage of the resulting arbitrage opportunity to redeem Shares at such respective Class Values per Share and (iii) if the market price of the Shares trades upward away from their respective Class Values per Share, market participants will take advantage of the resulting arbitrage opportunity to create additional Shares at such Class Values per Share. In the case of both (ii) and (iii) above, the actions taken by market participants will either decrease or increase the supply of Shares and, thereby, bring their market price back in alignment with their respective Class Values per Share. Accordingly, the Sponsor expects that fluctuations in the price of an Up Share and a Down Share will each reflect fluctuations in their respective relevant Class Values per Share in the same manner in which shares of other ETPs reflect their respective net asset values.

In addition, the Sponsor has added the Corrective Distribution mechanism, a formulaic process discussed below, which is designed to supplement the aforementioned arbitrage mechanism in those rare situations where the arbitrage mechanism fails.[8] The presence of each Fund's pre-established "Corrective Distribution Thresholds" (set forth below under the sub-heading "Fund Shares- Corrective Distribution"), is also intended to aid in driving the alignment of market prices with Class Value per Share.

Fund Shares

General

As is the case for all ETPs, Shares of each Fund will be issued solely in the form of one or more global certificates registered in the name of Cede & Co., as the nominee of DTC, and deposited with DTC in the United States. Shareholders will not receive a physical certificate and will not be considered to be the registered holders of the global certificates representing each Fund's Shares; instead, DTC or its nominee will be recognized as the record owner of the Shares for all purposes. Under existing industry practice, in the event the Sponsor or the Trustee requests any action by beneficial owners with respect to any Share, DTC will enable its participants to take such action and its participants will enable the indirect participants and beneficial owners of such Shares to take such action through the DTC participants. Furthermore, if a beneficial owner desires to take any action that DTC, as the record owner of all outstanding

[7] In addition, the Sponsor has agreed to compile the following data on each trading day for each Fund during its first year of operation: Class Values, Class Values per Share, and end of day secondary market price per Class per Share and provide it to the Commission staff on a quarterly basis.

[8] The Corrective Distribution will be utilized to reduce the likelihood, and limit the duration, of persistent disparities between Class Value per Share and trading prices of Shares. The Sponsor expects that Corrective Distributions will be infrequent, and for most Funds, a Corrective Distribution may never occur.

Shares, is entitled to take, DTC's participants will otherwise act upon the instructions of the indirect participants and the beneficial owners. Therefore, to exercise its rights as a Shareholder, each beneficial owner of Shares must rely upon the procedures of DTC as well as those of DTC participants and any broker, dealer, bank, trust company or other party that clears through or maintains a custodial relationship, either directly or indirectly, with the DTC participant through which such beneficial owner holds its interest. In addition, because Fund records will reflect that its Shares are held by DTC, the Trustee or the Sponsor will furnish, based on information provided by DTC, the required materials to the DTC participants that, in turn, will be responsible for distributing them to the beneficial owners.

Each Fund Issues and Redeems Up Shares and Down Shares Only in Pairs

As mentioned above, each Fund is designed to issue and redeem its Up Shares and Down Shares in offsetting pairs. As each Fund will only issue, distribute, maintain and redeem equal quantities of Up Shares and Down Shares at all times, the number of outstanding Up Shares and the number of outstanding Down Shares of any Fund will be equal. Thus, each Fund will be in "balance" due to the issuance, distribution, maintenance and redemption of equal quantities of offsetting Up Shares and Down Shares at all times. This "balance" of Shares causes each Fund, and hence its Shares, to accurately track its relevant Underlying Index by means of distributions and Class Value per Share calculations. Once issued and prior to any redemption, Up Shares and Down Shares of each Fund will trade separately without restriction on the Exchange.

Pursuant to the express terms of the Trust Agreement, each Fund's Up Shares and Down Shares entitlements, respectively, relating to its Underlying Index, will be determined as follows:

- Up Shares entitlements to distributions from each Fund (before adjustment for Net Investment Income (defined below)[9]) are tied to increases, if any, of its

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[9] The Sponsor notes that the AccuShares Spot CBOE VIX Fund ("**VIX Fund**") has been structured to take into account an additional daily amount of Class Value per Share which will be both subtracted from the Up Shares' Class Value per Share and added to the Down Shares' Class Value per Share ("**Daily Amount**"). The Daily Amount is intended to reflect an attribute of the market for long financial instruments seeking exposure to the expected volatility of the S&P 500 Index implicit to options contracts on the performance of the S&P 500 Index ; this occurs because the VIX, an index which seeks to serve as a measure of the expected volatility of the S&P 500 Index, is a calculation measure only, and it is currently not practical to trade spot VIX directly. To take this effect into account, and to create a balanced market for the Up Shares and the Down Shares of the Fund, the Sponsor has designed the Fund so that it will reduce the value of its Up Shares, and increase the value of its Down Shares, over a Measuring Period by the fixed amount of the Daily Amount where the VIX is within a range consistent with its long run mean level. The Sponsor believes that the inclusion of the Daily Amount will cause the valuation and tradability of the Up Shares and the Down Shares to be consistent with currently available indirect alternatives to the spot VIX in a more transparent and predictable manner.

Therefore, in each Measuring Period (i) where the VIX has a level of 30 or lower on the prior Distribution Date, the Daily Amount will be 0.15% per day of the Class Value per Share on the prior Distribution Date, and (ii) where the level of the VIX is greater than 30, the Daily Amount will be zero. Consequently, the Class Value per Share of a Class of the VIX Fund is such Class' allocation per share of the Fund's liquidation value reflecting changes in the VIX in accordance with the linkage – positive or negative – such class has to the VIX, and the Daily Amount. In short, whenever a Daily Amount is included in the calculation of the Class Values per Share of the Fund, the return on the Up Shares will be decreased and the return on the Down Shares will be increased. The Daily Amount will be accrued in advance for all non-business days at the end of the immediately preceding business day using the fixed amount of the Daily Amount in effect on such business day.

For further discussion of the VIX and the Daily Amount, please refer to the Trust's Prospectus, which may be accessed at : http://www.sec.gov/Archives/edgar/data/1580167/000089109214005465/e59309s1a.htm

Underlying Index, subject to the Class Value per Share Limitation (defined below), and

- Down Shares entitlements to distributions from each Fund (before adjustment for Net Investment Income) are tied to decreases, if any, of its Underlying Index, subject to the Class Value per Share Limitation.

When a Fund's Underlying Index has increased, a distribution by such Fund of cash and/or Shares to Shareholders of record of the Up Shares will diminish the value of the Down Shares in an amount equal to such distribution because of the dilutive effect of such distribution. Similarly, when a Fund's Underlying Index has decreased, a distribution by the Fund of cash and/or Shares to Shareholders of record of the Down Shares will diminish the value of the Up Shares in an amount equal to such distribution. This dilution effect per Share will equal in value the expected decline in Class Value per Share due to the unfavorable Underlying Index change over the Measuring Period experienced by this Class of Shares.

Class Value and Class Value per Share

At the inception of operation of each Fund, the Sponsor will establish the level at which the Up Share Class and Down Share Class of a Fund will participate in such Fund's Underlying Index. Thereafter, in accordance with the Trust Agreement and the domestic custodian agreement between the Trust, on behalf of the applicable Fund, and the Custodian, the Custodian will daily determine the liquidation value of each Fund attributable to each of its two Classes ("**Class Value**"), which is based on the value of such Fund's Eligible Assets attributable to such Class[10], (i) plus any accrued income or gains on such assets attributable to such class ("**Investment Income**") and (ii) less all fees, expenses and taxes attributable to such Class not otherwise assumed by the Sponsor, where such income and gains after deduction of such fees, expenses and taxes is referred to as the Class' "**Net Investment Income**."

The Custodian's calculation of the Class Value per Share of each Class of a Fund will use an algorithmic formula stated in its Prospectus, which is based on changes in the level of such Fund's Underlying Index determined by ascertaining moves in the then-current disseminated levels for such Underlying Index. In other words, the Class Value per Share of a Class of a Fund is such Class' allocation per Share of the Fund's liquidation value reflecting changes in such Fund's Underlying Index in accordance with the linkage – positive or negative – that such Class has to its Underlying Index. For any single Measuring Period in which a Fund's Underlying Index rises or falls by more than 90%, Class Value per Share will be calculated based on a rise or fall, as applicable, of 90% and not the actual rise or fall of the Underlying Index ("**Class Value per Share Limitation**").[11] The Custodian also will daily allocate among each Fund's Up Shares

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under the captions: "Investment Objectives—Pricing and Calculating of Class Value and Class Value per Share;" "Overview of the Trust and Fund Operations—The Daily Amount;" "Distributions and Distribution Dates—Determination of Regular and Special Distribution Amounts and Share Index Factors—Share Index Factor Adjustment Examples;" and " Description of the Underlying Index—The VIX" .

[10] Note that the Class Values per Share for the VIX Fund will also be adjusted by the Daily Amount mentioned in footnote 7, *supra*.

[11] The Sponsor expects that a Special Distribution will be triggered prior to a rise or fall in the Underlying Index that will also trigger a Class Value per Share Limitation, and the Special Distribution may obviate the implementation of the Class Value per Share Limitation. Nevertheless, the Class Value per Share Limitation is

and Down Shares their respective Class Values where the Class Value for each class of a Fund is shared equally among the outstanding Shares of such class. This daily allocation of Class Values results in one "**Class Value per Share**" for each Up Share of a Fund and one Class Value per Share for each Down Share of such Fund. Class Values and Class Values per Share will be posted daily to the Fund's website at www.AccuShares.com ("**Website**").

The return on each Fund's Shares also represents a total return equal to such Fund's Underlying Index performance plus such Fund's Net Investment Income.[12] Since the Underlying Index tracking objective of each Class of each Fund is met by the distribution rights feature of the Shares, each Fund is restricted to holding Eligible Assets. Each Fund will invest its assets to preserve its capital while, at the same time, earning an investment return that is consistent with such preservation of capital. The income and gains on a Fund's Eligible Assets attributable to a Class may be insufficient to cover the full amount of such Class' fees, expenses and taxes resulting in a negative Net Investment Income for the Class. Likewise, this Net Investment Income could be positive for the Class.

Calculation and Publication of Pricing Information

The two Class Values of a Fund will be calculated on each business day. The Custodian will calculate the Funds' Class Values at the times set forth in the applicable Prospectus or on the Website if a change is necessitated by the Exchange closing early. Each Fund's Class Values are calculated only once each business day. The Exchange will publish the Indicative Optimized Portfolio Value ("**IOPV**") which is an indicator of the Class Values per Share of each Fund based on the prior business day's final Class Values per Share, adjusted every 15 seconds throughout the business day to reflect the continuous changes in such Fund's Underlying Index[13]. The IOPV of each Fund will not include any accrual of that day's Net Investment Income[14], nor any taxes of the Fund, nor extraordinary expenses of the Fund incurred but not assumed by the Sponsor that day. The Sponsor may, in its discretion, suspend the right to purchase, or postpone the purchase settlement date of any Fund: (1) for any period during which any of the Fund's applicable Exchange is closed or when trading is suspended or restricted on such Exchange; (2) for any period during which an emergency exists as a result of which the fulfillment of a purchase order is not reasonably practicable; or (3) for such other period as the Sponsor determines to be necessary for the protection of the Shareholders.

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designed to address the particular instance in which the value of the Underlying Index rises or falls rapidly through both the value at which a Special Distribution occurs (*i.e.*, 75%) and the value at which a Class Value per Share Limitation occurs (*i.e.*, 90%) prior to settlement of the related Special Distribution. The Class Value per Share Limitation is designed to prevent a distribution of cash (or Shares) from the Fund (as a result of the Special Distribution occurring on such day) resulting in a share price below either (i) the minimum level established in the Exchange's listing rules for the Funds or (ii) the share prices of other shares in the market.

[12] Note that the total return on the Shares of the VIX Fund will also be impacted by the Daily Amount mentioned in footnote 7, *supra.*

[13] The Exchange will disseminate through the facilities of the CTA the IOPVs for each Fund's Up Shares and Down Shares, as adjusted, every 15 seconds throughout the trading day.

[14] Note that the IOPV for the Shares of the VIX Fund will also include the relevant day's Daily Amount mentioned in footnote 7, *supra.*

Distributions: Type

General

Each Fund is designed to make several different types of distributions to its Shareholders which distributions are discussed briefly below[15], and are identified and illustrated extensively in each Initial Fund's Prospectus. Each Fund will make distributions to its Shareholders, principally in cash and/or paired Shares, to deliver the economic exposure to such Fund's Underlying Index, or in cash to deliver positive Net Investment Income earned by a Class of Shares, during each Measuring Period. The date selected for the calculation and declaration of the various distributions ("**Distribution Date**")[16] was established so that (i) the entitlements to distributions in respect of each Fund's Measuring Period for its Up Shares would remain tied to any increases of its Underlying Index during such period, and (ii) the entitlements to distributions in respect of such Fund's Measuring Period for its Down Shares would remain tied to any decreases of the same Underlying Index during such period.

Distribution Types

Each Fund may make some or all of the following types of distributions and share splits, with such distributions comprised of cash and/or paired Shares, as described briefly below:

- Regular Distributions;
- Net Income Distributions;
- Corrective Distributions;
- Special Distributions; and
- Reverse Share Splits/ Forward Share Splits[17].

Regular Distributions

The first type of distribution will occur at regularly scheduled intervals for each Fund in respect of each Measuring Period ("**Regular Distribution**"). If the Class Values per Share of the Up Shares and the Down Shares of a Fund differ (after adjusting for any Net Income Distribution for such Shares) at the close of any Measuring Period, the Share Class with the higher Class Value per Share is expected to receive a Regular Distribution on the associated "**Regular Distribution Date**". The Up Share Underlying Index Factor and the Down Share Underlying Index Factor (as each term is defined below) for each Fund will be used for calculating the respective Class Values per Share of such Fund's Shares. The differential between the Class Values per Share of the Up Shares and the Down Shares that exists on the Distribution Date for such Regular Distribution, after adjusting for any Net Income Distribution (defined below), will determine the amount of the distribution to be made to Shareholders.

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[15] Two of the Initial Funds, the AccuShares S&P GSCI Spot Fund and the AccuShares S&P GSCI Natural Gas Spot Fund, are used herein to illustrate certain features of the different types of distributions.

[16] Note that actual distributions, if any, are made by a Fund on the relevant "Payment Date" to its Shareholders owning Shares as of the "Record Date", as both such terms are defined below.

[17] In addition, the Sponsor has agreed to provide to the Commission staff, on a quarterly basis, the following data, per Share, about each Fund's distributions (including stock splits) during its first year of operation: (i) date, (ii) form (i.e., Shares, dollars or both), (iii) size, and (iv) in addition, with respect to any stock split, whether it was a Reverse share or Forward Share Split.

To illustrate, each Fund will declare Regular Distributions, whether in cash or in paired Shares, if any, on each Distribution Date for such Regular Distribution, as follows:

Fund Name	***Measuring Period***	***Regular Distribution Dates****
AccuShares S&P GSCI Spot Fund	Quarterly	March 15, June 15, September 15 and December 15
AccuShares S&P GSCI Natural Gas Spot Fund	Monthly	15th day of each calendar month

* Adjusted to the next following business day if the scheduled Regular Distribution Date is not a business day.

Ordinarily, each Fund will make Regular Distributions relating to each Measuring Period in cash, although the Sponsor will make all or any part of any such distribution in equal amounts of Up Shares and Down Shares instead of cash under the circumstances described below. Shareholders receiving distributions of Shares may also receive a distribution of cash in the amount of a distribution which would otherwise be made in fractional Shares, as no Fund will make distributions of fractional Shares. Similarly, Shareholders whose distribution entitlement is less than the aggregate Class Values of a pair of Up Shares and Down Shares will receive a cash distribution.

Regular Distributions for each Fund will be made, in whole or in part, in paired Shares instead of cash where further cash distributions would adversely affect the liquidity of the market for a Fund's Shares or impact a Fund's ability to meet minimum asset size required by the Exchange listing standards. Therefore, the Sponsor expects that each Fund will make Regular Distributions in paired Shares, rather than in cash, under the following circumstances (provided such Fund has a sufficient number of Shares under an effective registration statement to make such distribution in Shares):

(i) after the first six months following the first date on which a Fund's Shares commence trading, if a cash distribution would result in such Fund's having aggregate Class Values of less than $25 million;

(ii) if a Fund cannot liquidate its Eligible Treasuries or Eligible Repos on reasonably acceptable terms in such time as will permit the Fund to pay a distribution in cash;

(iii) if a distribution in cash would impair a Fund's ability to meet an Exchange listing requirement; or

(iv) if the Sponsor becomes aware of any specific or general fund size limitation in the formal and written policy of any institutional investor who may hold Shares of a Fund, if such distribution of cash would cause such Fund to meet such minimum size limitations.

Regular Distributions of Shares will be made in equal quantities of Up Shares and Down Shares and/or the cash value of such Shares, only to the Share Class of the Fund whose Class Value per Share has increased since the beginning of the related Measuring Period. The Share Underlying Index Factors (defined below) will not change during a Measuring Period, therefore, after a Distribution Date for Regular Distributions, each Fund will reset its Share Underlying

Index Factors to its then current Underlying Index Level and its then current Class Values per Share.

Net Income Distributions

The Sponsor will allocate accrued income or gains or losses on each Fund's Eligible Assets to each Share Class as such Class' Net Investment Income on a daily basis, where such allocation is equal to the amount of such accrued income or gains or losses multiplied by a fraction the numerator of which is the closing Class Value per Share of the referenced class and the denominator of which is the sum of the closing Class Values per Share of both classes of the Fund. Each Fund expects to declare cash distributions on each Distribution Date for a Regular, Special or Corrective Distribution to the shareholders of any class of the Fund whose class Net Investment Income is positive as of such Distribution Date. Such Net Income Distributions will be equal to the applicable Class' Net Investment Income on each Distribution Date for such Net Income Distribution. Whenever a Fund declares a Regular or Special Distribution, such Fund will determine whether any of its Classes has a positive Net Investment Income. Shareholders of any Class that has a positive Net Investment Income as of any Distribution Date will receive a Net Income Distribution. Distributions of Net Investment Income may occur for any Class regardless of whether such Class receives a Regular or Special Distribution on that date. Each Fund expects to make its Net Income Distributions in cash.

Corrective Distributions

Similar to other ETPs, each Fund will rely primarily during each Measuring Period upon the Share creation and redemption process to reduce any premium or discount that may occur in its Share trading prices on the Exchange relative to that Share's Class Value per Share. The creation/redemption process is important for each Fund in providing Authorized Participants with an arbitrage mechanism through which they may keep Share trading prices in the secondary market aligned with the Fund's Class Values per Share.

The Sponsor has added a unique protective device to the structure of the Trust and each of its Funds, the "**Corrective Distribution**" mechanism, which is a formulaic process designed to continuously measure for any persistent material deviation between the Class Value per Share of the Shares for such Fund and the closing trading prices of such Shares as reported on the Exchange to determine whether a Corrective Distribution will be made. A Corrective Distribution essentially supplements the usual arbitrage mechanism in those rare situations where the arbitrage mechanism fails. A Corrective Distribution will be utilized to reduce the likelihood of material and persistent disparities between Class Value per Share and trading prices of Shares, as well as to limit the duration of any such disparities. The Sponsor expects that Corrective Distributions will be infrequent, and for most Funds, a Corrective Distribution may never occur. The presence of each Fund's Corrective Distribution thresholds is also intended to benefit purchasers and sellers of Shares in the secondary market by driving the alignment of market prices with Class Value per Share and by reducing the risk that market prices drift materially and persistently from Class Value per Share.

A Corrective Distribution will be triggered only if the closing trading prices of a Class of a Fund's Shares[18] on the Exchange deviate (i) from their Class Value per Share for a specified length of time ("**Time Threshold**") and (ii) over a specified threshold amount ("**Amount Threshold**") (collectively, "**Corrective Distribution Thresholds**") during any given Measuring Period as disclosed in the Prospectus for each Fund.

Fund Name	***Time Duration Threshold***	***Percentage Deviation Threshold***
AccuShares S&P GSCI Spot Fund	3 consecutive business days	5% Closing Trading Price Deviation from Class Value per Share of any Fund Class
AccuShares S&P GSCI Natural Gas Spot Fund	3 consecutive business days	7.5% Closing Trading Price Deviation from Class Value per Share of any Fund Class

If a Fund's Corrective Distribution Thresholds are exceeded, the Fund will give notice to the Exchange immediately thereafter, and then will announce the occurrence and the amount of such Corrective Distribution, in addition to a Regular Distribution (or Special Distribution, if any) on the next scheduled Regular Distribution Date (or Distribution Date for a Special Distribution if previously triggered).

In a Corrective Distribution, each Share of a Fund (including those to be distributed in a related Regular Distribution, if any) will be resolved into a risk neutral position comprised of an equal number of Up Shares and Down Shares. A Corrective Distribution will distribute (1) a number of Down Shares equal to the number of outstanding Up Shares to the Up Shares holders and (2) a number of Up Shares equal to the number of outstanding Down Shares to the Down Shares holders. The Corrective Distribution will also involve a Regular or Special Distribution, as applicable, to the applicable class of Shares if the Fund's Class Values per Share differ on the Distribution Date for such Regular or Special Distribution. A Corrective Distribution also may be accompanied by a Reverse Split in order to reduce Fund Share counts. A Corrective Distribution will cause each Shareholder of either an Up Share or a Down Share to have an equal number of both Up Shares and Down Shares and to receive the return defined by the differential in Class Values per Share of such class calculated on the prior Distribution Date and the Distribution Date of the Corrective Distribution. In this way, each investor will receive a Corrective Distribution based on Class Value per Share rather than secondary market trading prices for Shares that may deviate materially and persistently from their Class Value per Share. A Corrective Distribution will be applied to all Shares of a Fund.

Special Distributions

A "**Special Distribution**" is a structural measure designed to protect the interests of Shareholders by providing them with the expected value of their Shares when the level or value of any Fund's Underlying Index experiences unexpected degrees of volatility and changes by a fixed amount since the previous Distribution Date for a Regular or Special Distribution or the

[18] All closing trading prices must be based on one or more trades occurring within the last thirty (30) minutes of trading or the closing trading price for such day will not be used for purposes of measuring for a Corrective Distribution.

inception of the Fund's operations in the case of the first Measuring Period ("**Special Distribution Measurement Date**"). A Special Distribution is not expected to occur regularly and will occur only under the limited circumstances, if at all, and according to the predetermined fixed formula stated in each Fund's Prospectus. Special Distributions, like Regular Distributions, ordinarily will be made in cash, but may also be made, in whole or in part, in equal quantities of Up Shares and Down Shares,[19] but only to the Share Class of the Fund whose Class Value per Share has increased since the Special Distribution Measurement Date (after adjusting for any Net Income Distribution for such Class).

A Special Distribution will be triggered only if a Fund's Underlying Index experiences an unexpected level of volatility and exceeds a predetermined fixed rate of change (*e.g.*, 75% for both the AccuShares S&P GSCI Spot Fund and the AccuShares S&P GSCI Natural Gas Spot Fund) since the Special Distribution Measurement Date but before its next Regular Distribution ("**Special Distribution Threshold**"). If a Fund crosses its Special Distribution Threshold during a Measuring Period, it will declare a Special Distribution (as well as a Net Income Distribution, if any Class of a Fund has positive Net Investment Income) and a resetting of its Share Underlying Index Factors.

Given that unexpected levels of volatility cannot be predicted, each Fund will alert Shareholders at the close of the business day during any Measuring Period when such Fund's Underlying Index first experiences a 50% increase or decrease in its level since the Special Distribution Measurement Date ("**Significant Index Movement Threshold**"). Each Fund will post a "**Significant Index Movement Alert**" on the Website in a prominent manner as discussed below. Significant Index Movement Alerts will include notice of Net Income Distributions, if any, to be made in conjunction with a Special Distribution that would occur in the event the Special Distribution Threshold is subsequently exceeded.

Reverse Splits/Forward Splits

The Sponsor can cause a Fund to declare a Reverse Share Split ("**Reverse Split**") or a Forward Share Split ("**Forward Split**") in its sole discretion, but is only expected to declare Reverse Splits to maintain a positive Class Value per Share for either a Fund's Up Shares or Down Shares should the Class Value per Share of either Class approach zero. Reverse Splits are expected to occur in the context of Special Distributions and are expected to be triggered after Class Value per Share declines below $4.00. In the event of a Reverse Share Split, the Share Underlying Index Factors and the per Share calculations for Net Investment Income will be adjusted to reflect such split to maintain continuity in tracking the Fund's Underlying Index.[20] Although the Sponsor can cause a Fund to declare either a Reverse Split or Forward Split in its sole discretion, the Sponsor does not intend to declare Forward Splits.

[19] Special Distributions in the form of paired Shares will be made under the same circumstances described above in connection with distributions of paired shares for Regular Distributions.

[20] Note that the Daily Amount mentioned in footnote 7, *supra*, for the Shares of the VIX Fund will also be adjusted to reflect such split.

Share Underlying Index Factors: Resetting following Distributions

After any Regular or Special Distribution is made by a Fund, the Fund will reset the fixed positive linear relationship of the Class Value of its Up Shares with such Fund's Underlying Index ("**Up Share Underlying Index Factor**") and the fixed inverse linear relationship of the Class Value of its Down Shares with such Fund's Underlying Index ("**Down Share Underlying Index Factor**", and, together with the Up Share Underlying Index Factor, the "**Share Underlying Index Factors**"). The resetting of the Share Underlying Index Factors will cause Class Values per Share to be equal following each such distribution, where the Class Values per Share will be equal to the lowest Class Value per Share of either Class calculated on the Distribution Date.

Notification of Distributions to Shareholders

Publication and Timing of Actual Distribution Notices For all Types of Distributions and Share Splits other than Special Distributions, and Corrective Distributions and Net Income Distributions to be Made in Addition to Special Distributions

Each Fund engaging in any Regular Distribution, any Net Income Distribution in conjunction therewith, or any Corrective Distribution to be made in addition to a Regular Distribution will make an announcement, via a press release issued on the related Distribution Date of such forthcoming distribution(s). Each Fund engaging in a Reverse/Forward Split will issue a press release announcing such share split ten (10) calendar days in advance of the Record Date for such share split. In each instance, the Sponsor also will notify the Exchange and post on the Website a notice of such event and its details on the date such press release is issued ("**Distribution Notice**"), which will also specify the information set forth below with respect to each type of distribution or share split under the caption: "*Distribution Notice*".

Publication and Timing of Estimated Distribution Notices For all Types of Distributions other than Special Distributions, and Corrective Distributions and Net Income Distributions to be Made in Addition to Special Distributions

As shown in the table below, each Fund publishing notice of any Regular Distribution, any Net Income Distribution in conjunction therewith, and any Corrective Distribution to be made in addition to a Regular Distribution will do so ten (10) calendar days in advance of the Record Date established for such distribution ("**Estimated Distribution Notice Date**"). With respect to each such type of distribution, the Sponsor will issue a press release, notify the Exchange and post on the Website a notice ("**Estimated Distribution Notice**"). Each Estimated Distribution Notice will include the information set forth below with respect to each type of distribution or share split under the caption "*Estimated Distribution Notice*", and will clearly state that such information is calculated as of the Estimated Distribution Notice Date and therefore such information is only an estimate, is subject to change and may be significantly different from the actual distribution information which will be published later on the Distribution Date ("**Estimated Disclosure Language**"). The information contained in the Estimated Distribution Notice shall be the amount of the distribution calculated assuming that the announcement date was the Distribution Date. The Distribution Notice will be given on the Distribution Date stating the actual amount of the distribution to be made.

Publication and Timing of Significant Index Movement Alerts and Distribution Notices For Special Distributions and Corrective Distributions and Net Income Distributions to be Made in Addition to Special Distributions

As mentioned above, each Fund will publish a Significant Index Movement Alert on the Website if and when its Underlying Index first exceeds its Significant Index Movement Threshold during a Measuring Period. Further, if and when a Fund's Underlying Index exceeds its Special Distribution Threshold during such Measuring Period, at the close of business on such day the Fund will immediately notify the Exchange, and will thereafter issue a press release and post a notice of such event and its details ("**Special Distribution Notice**") on the Website, in the manner described below. A Special Distribution Notice will include notice of any Corrective Distribution or Net Income Distribution to be made therewith.

Each Fund publishing a notice of any Special Distribution (and a Net Income Distribution or Corrective Distribution associated therewith, if any) will do so on the Distribution Date established for such distribution and will specify the information set forth below with respect to Special Distributions (and, if applicable, Corrective Distributions or Net Income Distributions) under the caption: *"Distribution Notice."*

Table Showing: Estimated Distribution Notice and Significant Index Movement Alert Dates; Distribution Dates, Distribution Notice Dates; Record Dates, Ex-Dates, and Payment Dates for each Distribution Type

Distribution Type	***Measuring Period***	***Estimated Distribution Notice Date/Share Split Notice Date & Significant Index Movement Alert Date***	***Distribution Date ("DD") & Distribution Notice Date***	***Ex-Date***	***Record Date***	***Payment Date***
Regular	Quarterly	***Estimated Distribution Notice Date:*** 10 calendar days in advance of a Record Date	Mar.15, June 15, Sept. 15, and Dec. 15	The morning of the business day immediately following the DD.	3 business days after the DD.	2 business days after the Record Date.
Net Income		"	"	"	"	"
Regular	Monthly	***Estimated Distribution Notice Date:*** 10 calendar days in advance of a Record Date.	15th day of each calendar month	"	"	"
Net Income		"	"	"	"	"
Special		***Significant Index Movement Alert Date:*** The first business day of a Measuring Period when the Significant Index Movement Threshold (50%) is exceeded.	Any business day when the Special Distribution Threshold is triggered.	"	"	"
Net Income		"	"	"	"	"
Corrective		***Estimated Distribution Notice Date:*** (i) 10 calendar days in advance of Regular DD.	As applicable: either a (i) Regular DD or (ii) a Special DD.	"	"	"
Net Income		"	"	"	"	"
Reverse / Forward Split		***Notice Date:*** 10 calendar days in advance of a Reverse/Forward Split Record Date	Any business day announced by the Sponsor.	"	"	"

Regular Distributions*- Information Provided in Distribution Notices and Estimated Distribution Notices*

Distribution Notice: The information provided for each Regular Distribution on each related Distribution Date will be posted on the Website and will state the schedule of distributions and relevant dates and whether Regular Distribution for a Fund will occur.

For Regular Distributions, the Sponsor will cause a press release to be issued and a posting on the Website on the related Distribution Date which will identify the relevant data concerning each such event, including (i) the associated ex-dividend date ("**Ex-Date**", the morning of the next business day immediately following the Distribution Date), (ii) the record date ("**Record Date**", three (3) business days following the Distribution Date), and the payment date ("**Payment Date**", approximately two (2) business days following the Record Date), (ii) an identification of the receiving Share Class (*e.g.,* Down Shares), (iii) the amount of cash and/or the quantity of paired Share distributions and (iv) any other information the Sponsor deems relevant regarding the distribution (items (i) through (iv) collectively, "**Distribution Information**"). In addition, notice of Net Income Distributions for a Fund in conjunction with a Regular Distribution, if any, will also be included in the notifications of Regular Distributions. This information will also be posted on the Website and will also be contained in the Fund's quarterly and annual reports on Forms 10-Q and 10-K and the annual reports to Shareholders (collectively, "**Fund Reports**").

Estimated Distribution Notice: In addition, on the Estimated Distribution Notice Date for each Regular Distribution, the Sponsor will issue an Estimated Distribution Notice stating the following estimated distribution information as calculated at the close of business on such day: (i) the Record Date, Ex-Date and Payment Date, (ii) an identification of the receiving Share Class (*e.g.,* Down Shares), (iii) the amount of cash and/or the quantity of paired Share distributions and (iv) any other information the Sponsor deems relevant regarding the distribution (items (i) through (iv) collectively, "**Estimated Distribution Information**"). As mentioned above, the Estimated Distribution Notice will include the Estimated Disclosure Language.

Corrective Distributions*—Information Provided in Distribution Notices and Estimated Distribution Notices*

Distribution Notice: The information provided with respect to any Corrective Distribution will be included, as relevant, either in (i) a Distribution Notice for a Regular Distribution (as discussed above) or (ii) a Distribution Notice for a Special Distribution (as discussed below). This information will be presented in the same manner and to the same extent, in a press release, on the Website and in Fund Reports, as for any Regular Distribution and Special Distribution. Additionally, Corrective Distributions will be reported under current reports on Form 8-K as material events.

Estimated Distribution Notice:

(a) With respect to any Corrective Distribution that will accompany a Regular Distribution, the Sponsor will also include Estimated Distribution Information for such Corrective Distribution in the Regular Estimated Distribution Notice, including the Estimated Disclosure Language.

(b) The Sponsor will not publish an Estimated Distribution Notice for any Corrective Distribution that is to accompany a Special Distribution.

Reverse/Forward Splits*- Information Provided in Distribution Notices*

Distribution Notice: A Distribution Notice for any Reverse/Forward Split will be made ten (10) calendar days in advance of a Record Date for such Reverse/Forward Split. The information included in a Distribution Notice for any Reverse/Forward Split will contain all relevant Distribution Information, which will be presented in the same manner and to the same extent, in a press release, on the Website and in Fund Reports, as for any Special Distribution. Additionally, Reverse/Forward Splits, like Special Distributions, will be reported under current reports on Form 8-K as material events.

The Sponsor will not publish an Estimated Distribution Notice in connection with any Reverse/Forward Shares Split Distribution.

Net Income Distributions*—Information Provided in Distribution Notices and Estimated Distribution Notices*

Distribution Notice: The information provided on the Distribution Date for any Net Income Distribution will consist of the relevant Distribution Information concerning each such event. Notice of Net Income Distributions for a Fund, as applicable, will also be included in the relevant distribution notifications of Regular, Special and Corrective Distributions.

Estimated Distribution Notice: Ten (10) calendar days in advance of a Record Date for a Regular Distribution, as well as for any Corrective Distribution that is to be made with such Regular Distribution, the Sponsor will cause the Estimated Distribution Information, as calculated at the close of business on such day, to include information relating to a Net Income Distribution, if any. Notice of Net Income Distributions to be made in conjunction with Special Distributions will be included in the applicable Significant Index Movement Alert. The Estimated Distribution Notice will also contain the Estimated Disclosure Language.

Special Distributions*—Information Provided In Distribution Notices and Significant Index Movement Alerts*

Distribution Notice: In accordance with the Sponsor's request for relief from the applicability of Rule l0b-17 promulgated under the Exchange Act to the notification of Special Distributions (see Part II below), the Sponsor proposes that the information provided on the Distribution Date for any Special Distribution, as well as that for any Corrective Distribution that is to accompany such Special Distribution, will consist of the relevant Distribution Information calculated at the close of the business day when the Special Distribution Threshold is triggered for a Fund. Notice of related Net Income Distributions, if any, will also be included in the notifications of Special Distributions. Fund Reports also will contain this information, and Special Distributions will be reported under current reports on Form 8-K as material events.

Significant Index Movement Alert: In addition, the Sponsor proposes that a Fund will publish a notice at the close of the business day during any Measuring Period when such Fund's Underlying Index first exceeds the Significant Index Movement Threshold for such Fund. The Significant Index Movement Alert will explain that the Fund's Special Distribution Threshold has not yet been reached and will contain the Estimated Disclosure Language. Notice of Net Income Distributions to be made in conjunction with Special Distributions will be included in the applicable Significant Index Movement Alert.

As stated above, the Sponsor will not publish an Estimated Distribution Notice for any Special Distribution, nor for any Net Income Distribution to be made in conjunction therewith.

PART II. REQUESTS FOR RELIEF

Introduction

On behalf of the Applicants, the Sponsor respectfully requests that the Commission grant the appropriate limited exemptive, interpretive or no-action relief from, or advice regarding, Rule 10b-17, Section 11(d)(l) of the Exchange Act and Rule 11d1-2 promulgated thereunder and Rules 101 and 102 of Regulation M ("**Rules 101 and 102**") under the Exchange Act, for the reasons set forth below.

Rule l0b-17

Rule l0b-17 (with certain exceptions not applicable to the Applicants) requires an issuer of a class of publicly traded securities to give notice of certain specified actions (for example, a dividend distribution, stock split or rights offering) relating to such class of securities. Most notably, Rule l0b-17 requires that ten (10) days' notice prior to the related record date for such distributions[21] ("**Ten Day Prior Notice Requirement**") provided to the public, depending upon the type of distribution, such notice must describe either the amount of cash or the "amount of the security outstanding immediately prior to and immediately following the dividend or distribution and the rate of the dividend or distribution"[22] on a per share basis.

A primary purpose of Rule l0b-17 is to place both the public and the broker-dealer community on notice that an issuer is intending to distribute a dividend, thus enabling the parties in equity transactions and their broker-dealers to take into account the coming distribution and adjust the price paid for the equity securities accordingly. In its adopting release of Rule l0b-17, the Commission expressed concern that the failure of an issuer to provide timely announcements of record dates may have misleading and deceptive effects[23], and emphasized the importance of the Rule by specifically stating that:

> an exemption will be granted only in special circumstances where the purposes of the rule are not applicable and where the NASD does not need the report to enable it to adequately disseminate the information to its members and the investing public.[24]

As stated above, each Fund will comply with the Ten Day Prior Notice Requirement for all types of distributions, but for any Special Distribution it may make, for the reasons discussed

[21] Rule 10b-17(b)(1).

[22] 10b-17(b)(1)(v)(a) and (b).

[23] *See* Adoption of Rule 10b-17, Exchange Act Release No. 34-9192, 36 F.R.11513 (June 15, 1971).

[24] *Ibid.*

below. The Sponsor believes that Special Distributions made by the Funds require an exemption from the Ten Day Prior Notice Requirement because it may not be possible to state with certainty, or even accurately project, ten days in advance of the Record Date for such Special Distribution whether a Special Distribution will be made for each Fund. As described above, the occurrence of any Special Distribution will be related to events completely extrinsic to a Fund and likely will not be known ten days prior to the related Record Date for a Special Distribution.

A Special Distribution will be triggered only if and when a Fund's Underlying Index exceeds its Special Distribution Threshold, and in many instances, then, the Sponsor cannot know, or even reliably estimate, whether or when a Fund's Underlying Index will exceed the Special Distribution Threshold. Therefore, any Fund complying with the Ten Day Prior Notice Requirement with respect to a Special Distribution would be unable to provide actual notice, or even an unreliable estimate, of a Special Distribution triggered during the last seven days of any Measuring Period. Similarly, the actual rate, amount of cash and/or quantity of Shares to be distributed and the identity of the Share Class entitled to such distribution cannot be known or estimated. To illustrate, assume that Fund A has a monthly Measuring Period that ends on the 15th day of each month. The Record Date for Fund A's Regular Distribution, if any, will be the 18th of such month (*i.e.*, 3 days following the Record Date), and Fund A will publish a Regular Distribution Notice on the 15th of the month which will state actual Distribution Information. Fund A will also publish an Estimated Distribution Notice on the 8th of the month (*i.e.*, 10 days in advance of the Record Date).

Assume further that Fund A's Underlying Index exceeds the Special Distribution Threshold on the 15th day of the month[25]. The Record Date for such Special Distribution would be the 18th of the month (*i.e.*, 3 days following the day that the Special Distribution Threshold is crossed). Were Fund A to comply with the Ten Day Prior Notice Requirement, it would publish a Special Distribution Notice on the 8th of such month (*i.e.*, 10 days in advance of the Special Distribution Record Date). However, Fund A could not publish a Special Distribution Notice on the 8th of the month because its Underlying Index did not exceed the Special Distribution Threshold as of that date (this would not occur until the 15th) and therefore no Special Distribution would have been announced on the 8th day. Indeed, even if Fund A were to publish an estimated Special Distribution Notice on the 8th day, it would contain wholly inaccurate information, stating that there would be no Special Distribution, although it would include the Estimated Disclosure Language.

The Sponsor also observes that if the requested relief from the Ten Day Prior Notice Period Requirement is granted, an investor buying or selling Up Shares or Down Shares following a declaration of a Special Distribution will be transacting at Share price levels which more accurately reflect the responsiveness of the VIX, thereby conforming more closely to the Fund's investment objective. In contrast, without such relief, an investor trading Shares following a declaration of a Special Distribution will be transacting at Share price levels which are inclusive of the distribution amount relating to the Special Distribution, and said distribution amount will not be responsive to changes in the VIX.

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[25] This could also occur with respect to a Fund having a quarterly Measuring Period (*e.g.* on the 15th day of May for a Fund with a Measuring Period ending on June 15th).

In light of these facts and circumstances, the Sponsor requests relief from compliance with the Ten Day Prior Notice Requirement with respect to Special Distributions and proposes that each Fund engaging in any Special Distribution will provide at least three (3) business days' notice in advance of the related Record Date for such distribution. As discussed below, the Sponsor believes that providing three (3) business days' notice in advance of the relevant Record Date for a Special Distribution containing actual Distribution Information will make available accurate, timely and sufficient notice to Shareholders in compliance with the underlying rationale of Rule 10b-17.

Given that volatility experienced by any Fund's Underlying Index volatility can occur suddenly and without warning, the Sponsor also proposes that each Fund will publish a Significant Index Movement Alert on the Website at the end of the first business day of any Measuring Period when its Underlying Index exceeds the Significant Index Movement Threshold. In this way, Shareholders will be made aware that such Fund's Underlying Index has experienced significant volatility and is approaching its Special Distribution Threshold, which, if crossed, will trigger a Special Distribution for a particular Measuring Period. The Sponsor believes that this advance alert system will provide meaningful intelligence to investors and the market alike, and will help inform them as to whether or not a Special Distribution may be likely to occur. In addition, as mentioned above, each Fund will immediately notify the Exchange as soon as its Special Distribution Threshold is crossed, and after calculating the actual Distribution Information, will thereafter issue a press release and post a notice of such event and its details on the Website, in the manner described below. Fund Reports also will contain Distribution Information with respect to Special Distributions, and Special Distributions will be reported under current reports on Form 8-K as material events.

Proposed Timing of Special Distribution Notice Publication

As discussed above, the Sponsor proposes that each Fund engaging in any Special Distribution would provide at least three (3) business days' notice in advance of the related Record Date for such a distribution. To illustrate, using the example above, Fund A would publish a Special Distribution Notice containing actual, not estimated, Distribution Information on the 15th of the month, (*i.e.,* three days before the Record Date for such distribution (which is the 18th of such month)). The Sponsor respectfully requests that the Funds be permitted to delay notification of all Special Distributions in such manner, believes that the publication of such information will be timely and sufficient as discussed below, as submits that there are ample precedents for this request. The Commission has granted exemptions from the Ten Day Notice Requirement in circumstances where publication of distribution information during a shorter period provides market participants with a "timely notification of the existence and timing of a pending distribution, and thus the concerns ...of Rule 10b-17 will not be implicated".[26]

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[26] *See,* Order Granting Limited Exemptions From Exchange Act Rule 10b-17 and Rules 101 and 102 of Regulation M to First Trust Dorsey Wright Focus Five ETF Pursuant to Exchange Act Rule 10b-17(b)(2) and Rules 101(d) and 102(e) of Regulation M dated March 5, 2014 (SEC Rel. No. 34-71652)("**First Trust Dorsey Wright Order**"). *See also* Order Granting Limited Exemptions from Exchange Act Rule 10b-17 and Rules 101 and 102 of Regulation M to ALPS ETF Trust and U.S. Equity High Volatility Put Write Index Fund Pursuant to Exchange Act Rule 10b-17(b)(2)and Rule 101(d) and 102(e) of Regulation M dated February 27, 2013 (SEC. Rel. No. 34-68995) ("**ALPS Order**"). In the First Trust Dorsey Wright Order and the ALPS Order, the Commission highlighted circumstances similar to those of the Funds in that "...timely compliance with Rule 10b-17(b)(1)(v)(a) and (b) would be impractical in light of the nature of the Fund. This is because it is not possible for the Fund to accurately project ten

Similarly, the Commission has granted relief to issuers, including CBIVs and other ETPs, whose structural features preclude them from providing actual distribution information with at least ten days' prior notice. [27] In particular, the Sponsor observes that such relief was granted to the CBIVs discussed in the DB Commodity Index Tracking Fund Letter ("**DB CBIVs**") that were structured in a manner very similar to that of the Funds. That is, (i) the DB CIBVs were not registered under the 1940 Act, nor were required to do so; (ii) their shares were continuously issued and redeemed by such DB CIBVs only in large aggregations for cash by authorized participants, and were listed for trading on a national securities exchange to provide an intra-day trading market; (iii) they were not "actively managed" but rather were designed with a view to track the performance of a specified commodity index over time; (iv) the assets available to track the performance of each such index consisted solely of exchange-traded futures contracts on the commodities comprising such index, plus U.S. Treasury securities and other high credit quality short-term fixed income securities ("cash equivalents") and cash for margin purposes; (v) they did not employ leverage; (vi) the intra-day prices of each DB CIBV's shares and its related index, as well as an indicative value of such shares, were publicly disseminated throughout each trading day; and (vii) no investor was charged performance fees, but only asset-based fees. In short, other than the Differences described above and the fact that the DB CBIVs used a "master-feeder" structure, their objectives, structure and operations were substantially identical to those of the Funds.

Also, the Commission granted relief in the MACROS Letters from the application of Rule l0b-17 to the MACROS Trusts that also were structured in a manner very similar to that of the Funds (albeit in a more complex fashion). The salient aspects of the MACROS Trusts can be summarized as follows: (i) they were designed so that their shares could be continuously created and redeemed in MACRO Units consisting of paired shares in large aggregations only for cash by authorized participants, and were listed for trading on a national securities exchange to provide an intra-day trading market; (ii) they were neither investment companies registered under the1940 Act nor were operated by a commodity pool operator; (iii) their objectives were to provide investors with exposure to specific commodities and commodities derivatives, and (iv) their performance was linked to specified fluctuating underlying indexes or commodities. Despite the many structural similarities shared by the Funds and the MACROS Trusts, the Funds cannot rely upon the relief provided in the MACROS Letters because the method by which each

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days in advance what dividend, if any, would be paid on a particular record date." *See,* First Trust Dorsey Wright Order at note 5 and ALPS Order at note 4.

[27] *See,* letter from James A. Brigagliano, Assistant Director, Division of Market Regulation to Michael Schmidtberger, Sidley Austin Brown & Wood LLP, dated January 19, 2006 with respect to the DB Commodity Index Tracking Fund ("**DB Commodity Index Tracking Fund Letter**"); *see also,* letter dated September 2, 2012, from Victoria L. Crane, Assistant Director, Division of Trading and Markets to Jack P. Drogin re WisdomTree Dreyfus Commodity Currency Fund; letter from Josephine J. Tao, Assistant Director, Division of Trading and Markets to Richard F. Kadlick, Skadden Arps, re MACRO Securities Depositor, LLC and Macros tradable trusts ("**MACROS Trusts**") dated July 1, 2008 ("**MACROS II Letter**") and Letter from James A. Brigagliano, Acting Assistant Director, Division of Market Regulation, to Richard F. Kadlick, Skadden Arps, dated December 22, 2006 ("**MACROS I Letter**") (MACROS I Letter and MACROS II Letter collectively referred to herein as "**MACROS Letters)**; *see also***,** letters from Brian A. Bussey, Assistant Chief Counsel, Division of Market Regulation and James A. Brigagliano, Assistant Director, Division of Market Regulation to Kathleen H. Moriarty, Carter, Ledyard & Milburn LLP, dated December 12, 2005 and November 17, 2004, respectively, with respect to the StreetTRACKS Gold Trust; and letters from James A. Brigagliano, Assistant Director, Division of Market Regulation and Brian A. Bussey, Assistant Chief Counsel, Division of Market Regulation to David Yeres, Clifford Chance, dated January 27, 2005 and December 12, 2004, respectively, with respect to the iShares COMEX Gold Trust.

Fund allocates changes occurring in its Underlying Index to either its Up Shares or Down Shares, as appropriate, is quite different than that described in the MACROS Letters. Also, rather than relying upon an external derivative contract, such as the MACROS Trusts' Income Distribution Agreement, to make scheduled cash payments reflecting their Underlying Index changes to the appropriate holders of Up Shares or Down Shares, the Funds have been designed to make a variety of non-discretionary distributions of cash from their respective Custody Accounts holding Eligible Assets and/or to issue new paired Fund Shares to accomplish the same purpose. Furthermore, the MACROS Trusts' structure did not provide Special Distributions or a similar mechanism, if their underlying indexes exceeded a stated volatility level during a measuring period, nor included an arbitrage corrective feature such as the Funds' Corrective Distributions.

In light of the fact that each Fund's distributions of cash and/or paired Shares to either Share Class will be triggered by pre-determined, but unpredictable, changes to its Underlying Index as disclosed in each Fund's Prospectus, the Sponsor has taken steps to make prospective investors and Shareholders aware that the Funds are dynamic investments, thus requiring such persons to actively monitor all of their holdings and distributions in order to achieve their investment objectives. To emphasize this fact, the Funds' Prospectus, on its cover page and throughout, contains disclosure language alerting investors that the Funds "are not intended to be used as long-term passive investment vehicles" and that they "are not appropriate for you if you do not intend to actively monitor and manage your holdings in the Funds before and immediately following each Fund Distribution Date". This cautionary language is explained more fully in each Fund's Prospectus. Similar disclosure will be included on the Website, in any educational materials and in each Fund's marketing materials, so that any prospective or actual investor should be keenly aware of the different types of distributions and their distribution dates.

Further, each Fund's Prospectus will inform Shareholders that Special Distributions will occur, if at all, only if a Fund's Underlying Index exceeds its Special Distribution Threshold; this information will also be posted on the Website. In addition, each Fund's Prospectus will state that a Significant Index Movement Alert will be posted on the Website when and if its Underlying Index exceeds its Significant Index Movement Threshold. The Sponsor believes that this notice will serve to make Shareholders and others aware that a Fund's Underlying Index is experiencing significant volatility and is approaching its Special Distribution Threshold, which, if crossed, will trigger a Special Distribution. Further, the Sponsor believes that the mere act of publishing a Significant Index Movement Alert will remind Shareholders to actively monitor their holdings of Shares and any related distributions.

Proposed Timing of a Special Distribution Notice Publication is Consonant with the Purpose and Spirit of Rule 10b-17

The timing, circumstances, and method for determining whether a Special Distribution will be made by each Fund will be disclosed and publicly known well in advance by Fund Shareholders and the secondary markets where Shares are traded. Both the Prospectus and the Website will clearly disclose that such a distribution will only occur if a Fund's Underlying Index crosses its Special Distribution Threshold, and the methods for determining the Special Distribution amounts will be disclosed and publicly known well in advance by both Fund Shareholders and the secondary markets. Any Fund's Special Distribution will be determined in accordance with disclosed, predetermined triggers and will not occur as a result of discretion of the Sponsor or the Trustee.

Given (i) the structure of each Fund, (ii) its investment objective, (iii) the redeemable nature of its Shares, (iv) the publication of the timing, circumstances, and methods for determining each Special Distribution amount, if any, (v) the extensive disclosures in its Prospectus and on the Website alerting Shareholders to the importance of monitoring cash and Share distributions and (vi) the posting of Significant Index Movement Alerts, together with the precedents granting similar relief from Rule 10b-17 to the DB CBIVs, the MACROS Trusts and the other ETPs cited herein, the Sponsor believes that providing three (3) business days' notice in advance of the relevant Record Date for a Special Distribution containing actual Distribution Information will provide sufficient and accurate notice to Shareholders. Therefore, the Sponsor submits that the purpose and spirit of Rule l0b-17 would not be frustrated if the Funds were granted an exemption from the application of the Rule with respect to any Special Distribution[28] allowing publication of all information required by the provisions of the Rule in accordance with the Sponsor's three (3) days' advance notice proposal instead of ten (10) days' prior notice.

NASDAQ OMX, the Fund's Exchange, has confirmed to the Sponsor that publication of a Special Distribution Notice three (3) business days in advance of a Special Distribution Record Date can be made in the normal course, and will not require any system changes, technology alterations or other type of reconfigurations by the Exchange. In addition, the Exchange has confirmed that it will be able to adequately disseminate the distribution information contained in the Special Distribution Notice to its members and the investing public within the three day time period discussed herein. Therefore, the Sponsor believes that the parties transacting in Fund Shares, as well as their broker-dealers, will be able to reflect Special Distributions in the price ultimately paid, thus fulfilling the primary purpose of Rule 10b-17.

The Sponsor believes that the Funds' significant similarities to the DB CBIVs and other CBIVs, MACROS Trusts and other ETPs (apart from the differences mentioned above), together with the steps outlined above to alert investors to potential Special Distributions, result in a structure that observes the fundamental purposes and spirit of Rule 10b-17, and are therefore appropriate candidates for the limited relief from the Ten Day Prior Notice Requirement as requested in this letter. The Sponsor respectfully requests, therefore, that the Commission grant limited exemptive interpretive or no-action relief from the ten day prior notice provisions of Rule 10b-17(v)(a) and 10b-17(v)(b) promulgated under the Exchange Act in connection with Special Distributions, if any, made by each Fund (and any accompanying Net Income Distribution, and any Corrective Distribution occurring in connection with such a Special Distribution), for the reasons stated above.

Section 11(d)(l) of the Exchange Act and Rule11d1-2 Promulgated Thereunder

The Sponsor respectfully requests that the Commission grant an exemption from Section 11(d)(l) and permit the application of Rule 11d1-2 promulgated thereunder to both (i) those broker-dealers who are Authorized Participants and (ii) those broker-dealers engaged solely in Share transactions in the secondary market. Section 11(d)(l) of the Exchange Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which such "broker-dealer" extends credit to a customer on any security which was part of a new issue in the distribution of which it participated as a member of a selling syndicate or group within thirty (30)

[28] As stated above, relief from the ten (10) days' advance notice requirement of the Rule will not be sought for any other type of Fund distribution.

days prior to such transaction. Shares of non-fund issuers are typically distributed during initial public offerings ("**IPOs**") that terminate in less than thirty days. In practice, however, Section 11(d)(l) effectively prohibited broker-dealers engaged in the distribution of the redeemable shares issued by mutual funds and UITs from using such shares as collateral for the initial purchase of other securities on margin, no matter whether the prior sale of such mutual fund or UIT shares had occurred within thirty days of the credit transaction. Rule 11d1-2 therefore was adopted by the Commission to "eliminate seemingly unnecessary restrictions upon the use of fund shares for margin purposes that are caused by the fact that the shares are in continuous registration."[29]

The Commission has granted relief to ETPs from the application of Section 11(d)(l) and extended the relief provided by Rule 11d1-2 to the issuers named in the ETF Class Relief Letter, the CBIV Class Relief Letter and in the MACROS Letters (collectively,"**11d1-2 Relief Letters**") because although such issuers are not mutual funds or UITs, each offers redeemable shares that are in continuous registration, hence for these purposes are substantially identical to shares of mutual funds or UITs. In each case, the relief granted in the 11d1-2 Relief Letters was subject to the two conditions stated immediately below ("**Two Conditions**"). The Sponsor, the Trust and the Funds are prepared to comply or to monitor compliance with the Two Conditions by broker-dealers who act as Authorized Participants so that: (i) broker-dealers who act as Authorized Participants do not, directly or indirectly, receive from the Sponsor, the Trust, any of the Funds or any affiliate of any of the such entities, any payment, compensation or other economic incentive to promote or sell Fund Shares to persons outside the "fund complex"[30], (other than non-cash compensation permitted under NASD Rule 2830 I(5)(A), (B) or (C) (including any successor or replacement FINRA rule to NASD Conduct Rule 2830)) and (ii) such broker-dealers do not extend, maintain or arrange for the extension or maintenance of credit to or for a customer on the Shares before thirty (30) days have elapsed from the date that the Shares initially commenced trading (except to the extent that such extension, maintenance or arranging of credit is otherwise permitted pursuant to Rule 11d1-2). Given the foregoing, the rationale for exempting redeemable securities in continuous registration issued by mutual funds and UITs from the application of Section 11(d) by means of Rule 11d1-2 applies equally to the Funds' Shares, and the Sponsor believes that the relief granted to the ETPs in the 11d1-2 Relief Letters is warranted for the same reasons.

Section 11(d)(1) was adopted to address issues that arose as a result of the segregated functions of brokers and dealers; its purpose was to prevent broker-dealers from "share-pushing" by offering credit to facilitate the purchase of newly-issued securities by its customers. However, the Commission has recognized in the 11d1-2 Relief Letters that both broker-dealers who act as Authorized Participants in ETPs and other open-end investment companies and broker-dealers who engage solely in secondary market transactions do not have incentives to use credit to engage in the "share-pushing" that Section 11(d)(1) was designed to prevent. Broker-dealers

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[29] SEC Release No. 34-21577, IC-14277; 49 Fed. Reg. 50172, Vol. 49, No. 250 Thursday, December 27, 1984- *Extension of Credit by Broker-Dealers on Investment Company Shares.*

[30] The term "fund complex" as used herein, means the Funds as issuer of the Shares, any other issuer of Fund Shares that holds itself out to investors as a related company for purposes of investment or investor services, any investment adviser, distributor of such Shares, sponsor, depositor, or trustee of any such issuer, or any "affiliated person" (as defined in the 1940 Act) of any such issuer or any such investment adviser, distributor, sponsor, depositor or trustee.

engaging in Fund Share transactions are under no obligation to direct the issuance of paired Fund Shares or to participate in their distribution. The issuance of Fund Shares in pairs will occur only in response to actual market demand or as a result of arbitrage opportunities, and those broker-dealers acting as Authorized Participants in Fund Share transactions in connection with the issuance of paired Fund Shares in Creation Units will be required to pay a "**Transaction Fee**" to reimburse the Funds for the administrative costs of effecting such issuance of paired Fund Shares. Indeed, the Transaction Fee acts as a "negative incentive" for broker-dealers; they will refrain from requesting the issuance of Fund Shares in Creation Units in the absence of genuine market demand for such shares. In addition, neither the broker-dealers who act as Authorized Participants nor the broker-dealers who engage exclusively in secondary transactions will receive any commissions or fees from the Funds or the Sponsor for creating and distributing Fund Shares, in contrast to the remuneration they ordinarily receive when participating in an initial offering of sales from an issuing investment fund or an underwriting syndicate.

In the past, the Commission has deemed it appropriate to grant relief from the application of Section 11(d)(1) subject to compliance with the Two Conditions stated above. Based on the foregoing, the Sponsor respectfully requests clarification that Section 11(d)(1) does not apply to broker-dealers that engage exclusively in secondary market transactions in Fund Shares on behalf of themselves or their customers. In addition, the Sponsor respectfully requests that both broker-dealers who act as Authorized Participants and broker-dealers engaged solely in secondary market transactions in Fund Shares be allowed to avail themselves of the exemption provided by Rule 11d1-2. In light of the similarities described above between Fund Shares, the shares of the issuers in the 11d1-2 Relief Letters and those issued by mutual funds and UITs, especially the issuance of their redeemable securities in continuous offering and registration, the Sponsor requests that broker-dealers who act as Authorized Participants for the Funds be permitted to rely on the exemption provided by Rule 11d1-2 in the same manner permitted in the 11d1-2 Relief Letters. In particular, the Sponsor requests confirmation that broker-dealers acting as Authorized Participants may, in reliance on Rule 11d1-2, directly or indirectly extend credit or maintain or arrange for the extension or maintenance of credit on Fund Shares that have been owned by the persons to whom credit is provided for more than thirty (30) days.

Rules 101 and 102 of Regulation M

Subject to certain enumerated exceptions, Rules 101 and 102 of Regulation M prohibit a "distribution participant," and the issuer or a selling security holder, respectively, in connection with a distribution of securities, from bidding for or purchasing or from attempting to induce any person to bid for or purchase, a "covered security" during the applicable restricted period. "Distribution participant" is defined in Rule 100(b) to include an underwriter or prospective underwriter in a particular distribution of securities, or any broker, dealer or other person who has agreed to participate or is participating in such distribution.[31]

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[31] Rule 100(b) of Regulation M defines "distribution" for purposes of the Rule as an offering of securities, whether or not subject to registration under the Securities Act of 1933, that is distinguished from an ordinary trading transaction by the magnitude of the offering and the presence of special selling efforts and selling methods. The Sponsor understands that while broker-dealers that acquire Creation Units of Shares from the Trust are not part of a syndicate or selling group, and receive no fees, commissions, or other remuneration from the Trust, under certain circumstances they could be deemed to be an "underwriter" or "distribution participant" as those terms are defined in Rule 100(b).

The Sponsor requests that the Commission grant an exemption from Rule 101, as discussed below, to permit persons who may be deemed to be participating in a distribution of the Shares to bid for or purchase Shares during the applicable restricted period. Similarly, the Sponsor requests that the Commission grant an exemption from Rule 102, as discussed below, to permit the Trust to redeem Shares during the applicable restricted period. The purpose of Rules 101 and 102 is to prevent persons from conditioning the market to facilitate a distribution. The Sponsor believes that the application of Rules 101 and 102 in these contexts would no further the anti-manipulative purposes underlying such Rules.

Creation Units of Shares may be issued and Shares in Creation Units may be redeemed each business day by each Fund at Class Value per Share, on any business day. Thus, like other ETPs, the secondary market price of Shares should not vary substantially from their respective Class Values per Share because the redeemability and the continuous offering features of the Funds provide opportunities for arbitrage activity that should eliminate any significant disparity between the market price of Shares and their respective Class Values per Share. Accordingly, the rationale for exempting under paragraph (c)(4) of Rule 101 redeemable securities of open-end management investment companies from the application of Rule 101 is similarly applicable to the Funds' Shares, as it is for shares of ETFs, CBIVs and the MACROS Trusts. Although redemption is subject to the minimum condition of tendering the appropriate number of its Shares in each Creation Unit, each Fund is intended to function like an open-end fund continuously offering its shares. It is in recognition of the special nature of such offerings that open-end management investment company securities are exempted under paragraph (c)(4). Without such an exemption, they could not operate as intended. The Sponsor therefore respectfully requests that the Commission grant an exemption under paragraph (d) of Rule 101 to such effect or adopt a no-action position permitting distribution participants to bid for and purchase Shares during their participation in such distributions.

Creation Units of Shares may be issued and Shares in Creation Units may be redeemed by each Fund at Class Value per Share, on any business day. Holders of the Funds' Shares also will have the benefit of intra-day secondary market liquidity by virtue of their NASDAQ OMX listing. Thus, the secondary market price of Shares should not vary substantially from their respective Class Values per Share. Because of the redeemability of Shares in Creation Units, coupled with the open-ended nature of the Funds, any significant disparity between the market price of Shares and their respective Class Values per Share should be eliminated by arbitrage activity. Because their respective Class Values per Share are determined largely on the basis of the movements of the Funds' Underlying Indexes, neither the creation nor the redemption of Shares, nor purchases or sales in the secondary market, will impact the Class Values per Share, and such transactions should not have a significant impact on the market value of Shares.

The Sponsor also requests that the Commission, as a result of the redeemable nature of Shares in Creation Units for the reasons previously stated above with respect to the exemption under Rule 101(d), grant an exemption under paragraph (e) of Rule 102 or adopt a no-action position permitting the redemption of Shares by the Trust. Again, the Sponsor believes that the application of Rule 102 in this context would not further the anti-manipulative purposes underlying that Rule.

The purpose of Rule 102 is to prevent persons from manipulating the price of a security during a distribution and to protect the integrity of the offering process by prohibiting activities that could artificially influence the market for that particular security. The Sponsor submits that the redemptions described in this letter and the Registration Statement do not constitute a manipulative or deceptive practice within the purpose of Rule 102 of Regulation M and should be exempted from the provisions of Rule 102 to allow the Funds to redeem Shares in Creation Units during the continuous offering of Shares.

Although the Trust and its Funds do not meet the definition of CBIVs set forth in the Class Relief Letter, they are substantially similar to the three types of CIBVs illustrated therein. As mentioned above, their structure and operation is very similar to that of CBIVs, apart from the Differences and the fact that they will hold Eligible Assets rather than Portfolio Assets. In addition, the Trust and its Funds meet all other requirements set out as a precondition for reliance on Class Relief Letter. That is:

- The Up Shares and Down Shares of each Fund will be "listed and traded on a national securities exchange or national securities association that has obtained approval of a rule change from the Commission pursuant to Rule 19b-4";

- Neither the Trust nor any of its Funds will be an investment company registered under the 1940 Act, and will not be required to register under the 1940 Act;

- Each Fund will continuously issue and redeem its Shares in aggregations of at least 50,000 shares (25,000 Up Shares and 25,000 Down Shares per Creation Unit) in exchange for specified amounts of cash, with the objective of tracking the performance of a specified commodity or volatility index; and

- Intra-day prices of the Funds' Shares and their respective Underlying Indexes, and an indicative value of the Funds' Up Shares and Down Shares, will be publicly disseminated throughout the Exchange's trading day.

Also, the Sponsor confirms that, like the shares of the CBIVs discussed in the CBIV Class Relief Letter, the market value of each Fund's Up Shares and Down Shares should be in close alignment with the increases and decreases in the value of its Underlying Index which tracks one or more physical commodities, a basket of particular commodities, commodity futures contracts, other commodity derivatives or measures of price volatility of a broad-based equity index. Therefore, neither the creation nor the redemption of a Fund's Shares, nor purchases or sales of such Fund's Shares in the secondary market, will significantly impact their respective Class Values per Share, and such transactions will not have a significant impact on the market value of such Fund's Shares.

Therefore, given that the Funds (apart from their Differences, the lack of Portfolio Assets and the fact that they are not expressly enumerated in the CBIV Class Relief Letter) will comply with all the pre-conditions set forth in the CBIV Class Relief Letter as shown above, the Sponsor respectfully submits that such variances should not prohibit any person that may be deemed to be "participating in a distribution of" Fund Shares (including Authorized Participants) to bid for or purchase, redeem or otherwise engage in other secondary market transactions in such Shares during the restricted periods established in Rules 101 and 102 of Regulation M. The Sponsor asserts that the variances mentioned above will have no effect on the market price of Shares, and will not impair or alter the correlation between the values or levels of the commodity, group of commodities or volatility measures tracked by each Fund's Underlying Index and such Underlying Index.

Further, the Sponsor believes that applying the provisions of Rules 101 and 102 to the Funds' Shares will not further their anti-manipulative purposes any more than it would have done for the ETFs, the CBIVs or the MACROS Trusts covered by the ETF Class Relief Letter, the CBIV Class Relief Letter or the MACROS Trust Letters, respectively. Significant disparity between the market price of each Fund's Shares and the value of the Underlying Index should be eliminated by (i) the arbitrage mechanism afforded by the open-ended nature of the Funds and the redeemability of their Shares, as well as (ii) the unique, protective Corrective Distribution mechanism. Given that the trading value of each Fund's Shares will be determined largely by the value of its independent Underlying Index, neither the creation nor redemption of Shares, nor purchases or sales in the secondary market, will influence the value of such Underlying Index, and such transactions should not have a significant impact on the market value of the Shares. Therefore, the Sponsor respectfully submits that the redemption transactions and secondary market transactions described in this letter and the Registration Statement do not constitute a manipulative or deceptive practice within the purpose of Rule 102 of Regulation M and should be exempted from the provisions of Rule 102 to allow the Funds to redeem Shares in Creation Units during the continuous offering of Shares.

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For the reasons set forth herein, the Sponsor respectfully requests the exemptive, interpretive or no-action relief from, or advice regarding, the provisions of the Exchange Act, and the rules promulgated thereunder which are discussed in this letter.

If you have any further questions or wish to discuss issues raised in this letter, please do not hesitate to call me, at 212-940-6304. I greatly appreciate your assistance with the Sponsor's request for relief.

Sincerely,

Kathleen H. Moriarty

KHM:mb