

Uniform Application for Investment Adviser Registration

Investment Advisor:

ProShare Advisors LLC
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This brochure provides information about the qualifications and business practices of ProShare Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (240) 497-6400 and/or info@proshares.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about ProShare Advisors LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There have been no material changes to the operations of ProShare Advisors LLC since the last annual update of this form. This form has been substantially revised since the last annual update to meet with the new regulatory form and content requirements.

Item 3 Table of Contents

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	5
6	<i>Performance-Based Fees</i> and Side-By-Side Management	6
7	Types of <i>Clients</i>	7
8	Methods of Analysis, Investment Strategies and Risk of Loss	8
9	Disciplinary Information	9
10	Other Financial Industry Activities and Affiliations	10
11	Code of Ethics, Participation or Interest in <i>Client</i> Transactions and Personal Trading	11
12	Brokerage Practices	12
13	Review of Accounts	13
14	<i>Client</i> Referrals and Other Compensation	14
15	Custody	15
16	Investment Discretion	16
17	Voting <i>Client</i> Securities	17
18	Financial Information	18

Item 4 Advisory Business

ProShare Advisors LLC (“PSA”) is organized in the State of Maryland as a limited liability company and provides investment advisory and management services to ProShares Trust (the “Trust” or “ProShares”), an open end series management investment company registered under the Investment Company Act of 1940. As of December 31, 2010, ProShares had 100 individual portfolios, each of which is structured as an exchange traded fund. The owners of PSA are Michael L. Sapir, the Sapir Family Trust, Louis M. Mayberg, and Dorot, a domestic trust and William Seale. PSA began operations in 2006.

PSA also serves as sub-advisor to JovInvestment Management, Inc., a wholly owned subsidiary of Jovian Capital Corporation, a Toronto Canada based financial services company offering 46 exchange traded funds that trade primarily on the TSX Canadian exchange.

PSA provides investment advisory services to exchange traded funds, shares of which are traded in the secondary market. PSA is paid separately for management services, which include, but are not limited to, providing various administrative functions and oversight of service providers. PSA primarily uses mathematical models to simulate the performance of specified indexes, multiples of such indexes, or the inverse thereof. PSA does not make judgments about the investment merit of a particular security or instrument, nor does it attempt to apply any economic, financial or market analysis to its management of ProShares.

Advisory services consist of managing each fund’s portfolio in accordance with each fund’s respective investment objective and strategies, applicable regulatory guidelines and subject to oversight by ProShares Board of Trustees.

As of December 31, 2010, PSA managed approximately \$21.5 billion for ProShares on a discretionary basis and \$2.3 billion for JovInvestment Management, Inc.

Item 5 Fees and Compensation

Fees for providing advisory services, and fees for providing management services, will be charged to each fund as approved by the ProShares Board of Trustees. PSA's fee is calculated at an annualized rate of the average daily assets of each fund. PSA's fees are paid by a third party administrator; PSA does not have the ability to deduct assets from fund accounts. Each fund may terminate its investment advisory agreement or management services agreement at any time with 60 days prior notice. PSA does not charge a performance fee nor does it collect a commission on the sale of portfolio assets. PSA's sub-advisory fees are determined on a negotiated basis.

Item 6 ***Performance-Based Fees and Side-By-Side Management***

Not applicable

Item 7 **Types of *Clients***

PSA provides services exclusively to investment companies.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

The funds managed by PSA seek returns that either match, are multiples of or are inverse multiples (e.g., 2X, -2X) of the return of an index or other benchmark (target) **for a single day**. Due to the compounding of daily returns, leveraged and inverse returns over periods other than one day will likely differ in amount and possibly direction from the target return for the same period.

Investing involves multiple risks, including the possible loss of principal. PSA may employ investment strategies that entail specialized risks, including risks associated with the use of derivatives (swap agreements, futures contracts, forwards and similar instruments). These risks include imperfect benchmark correlation, leverage and market price variance, all of which can increase volatility and decrease performance. The primary types of risks investors will be exposed to will largely depend upon which portfolio is chosen for investment. These risks and additional risks are described in more detail in each fund's prospectus.

PSA seeks to keep the portfolios fully invested at all times in securities and financial instruments that provide exposure to the portfolios' benchmark without regard to market conditions. PSA does not generally make judgments about the merits of any particular security, nor does it attempt to apply economic, financial or market analysis to take temporary or defensive positions. Holding uninvested cash may adversely affect PSA's ability to achieve a portfolio's investment objective. In an effort to mitigate this effect, PSA may execute market transactions at or near the end of the trading day, based on estimates of the net cash available from the portfolio's net purchase and redemption activity as well as other adjustments.

PSA relies primarily on quotations received from one or more commercial quotation services or information from the Internet for current information regarding the level of specified securities indices and the prices of securities and other financial instruments. When PSA determines that the price of a security is not readily available, it may in good faith, establish a fair value for that security in accordance with procedures established by, and under the general supervision or direction of, clients. The use of a fair valuation method may be appropriate if, for example, market quotations do not accurately reflect fair value for an investment, an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (for example, a foreign exchange or market), a trading halt closes an exchange or market early, or other events result in an exchange or market delaying its normal close.

Item 9 **Disciplinary Information**

No information to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Principals of the firm, Michael Sapir and Louis Mayberg are also principals of ProShare Capital Management LLC ("PCM"), a commodity trading adviser and commodity pool operator registered with the CFTC. PCM is under common control with PSA. These principals also own ProFund Advisors LLC, an SEC registered investment adviser that is under common control with ProShare Advisors LLC. ProFund Advisors serves as investment adviser to ProFunds Trust, and Access One Trust, and as sub-adviser to Transamerica Asset Management, Inc. ProFund Advisors wholly owns ProFunds Distributors, Inc. ("PDI") a broker dealer and member of FINRA. PDI is the underwriter for ProFunds and Access One Trusts and its associated persons promote the sale of ProFunds, Access One Trust and ProShares. PSA shares officers and employees with each of its affiliates.

PSA provides investment advice, including the selection and execution of portfolio transactions for numerous funds, some of which are based on the same index or benchmark. In certain instances, PSA may need to obtain similar exposure on behalf of more than one fund, raising potential conflict of interest and the need to allocate investment opportunities. PSA has adopted policies and procedures designed to detect and monitor for such conflicts of interest and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law.

In the course of providing advisory services, PSA may simultaneously recommend the sale of a particular security for one client while recommending the purchase of the same security for another client if such recommendations are consistent with each client's investment strategies. PSA may recommend the purchase or sale of securities that may also be recommended by ProFund Advisors LLC. Some clients may be competing for similar positions in the market. When providing services to multiple clients, price volatility, liquidity, as well as differences in order execution may make it impossible to obtain identical trade executions for all clients.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

PSA, principals, officers and employees (and members of their families) of PSA and its related persons and affiliates may invest in funds advised by PSA or its affiliates. PSA may give advice and take actions in the performance of its duties to funds that differ among funds based upon the perceived needs or objectives for each fund as well as market conditions and other investment factors.

In addition, PSA, its related persons, affiliates and principals may trade for their own accounts, and, consequently, non-customer and proprietary trades may be executed and cleared through any prime broker or other broker utilized by clients. It is possible that officers or employees of PSA may buy or sell securities or other instruments that PSA transacted on behalf of clients or may engage in transactions for their own accounts in a manner that is inconsistent with PSA's transactions for a client. Personal securities transactions by employees may raise potential conflicts of interest when such employees trade in a security that is owned by, or considered for purchase or sale for, a client. PSA has adopted policies and procedures designed to detect and mitigate such conflicts of interest and to ensure that PSA effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law.

PSA employees may engage in securities transactions subject to the terms of PSA's Code of Ethics, which is consistent with the requirements of Rule 17j-1 under the Investment Company Act of 1940 and the requirements of Rule 204A-1 under the Investment Advisers Act of 1940. Upon request, PSA will provide a client or prospective client a copy of its Code of Ethics. A copy is also on file with the U.S. Securities and Exchange Commission as part of a joint Code of Ethics with ProShares, ProFunds, Access One Trust, ProFund Advisors LLC, and ProFunds Distributors, Inc.

PSA and its affiliated persons may from time to time come into possession of material nonpublic and other confidential information about companies, which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, PSA and its affiliated persons would be prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any person, regardless of whether the person is a client of PSA. Accordingly, should PSA or any affiliated person come into possession of material nonpublic or other confidential information with respect to any company, PSA and its affiliated persons will have no responsibility or liability for failing to disclose the information to clients as a result of following its policies and procedures designed to comply with applicable law.

Item 12 Brokerage Practices

In selecting broker-dealers for clients that have given PSA authority to do so, PSA allocates portfolio transactions to brokers it selects principally based on PSA's evaluation of their execution capability and price. However, in selecting a broker for any transaction or series of transactions, PSA considers a variety of factors, including but not limited to:

1. execution price
2. commission cost
3. the reputation and financial strength of the broker/counterparty
4. the ability of the broker/counterparty to handle complex orders
5. the ability of the broker/counterparty to give the best price in the market
6. the ability of the broker /counterparty to give prompt and full execution
7. the accuracy of reports and confirmations provided by the broker/counterparty
8. the type and quality of research that the broker can provide
9. the financing costs, if applicable, and other associated costs related to a derivative transaction
10. whether the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

As an additional factor relating only to swap counterparties, PSA may take into account whether the counterparty has agreed to post collateral for any monies owed to a fund under a swap agreement.

Consistent with best execution and applicable regulations, PSA may give consideration to placing portfolio transactions with those brokers that also furnish research and other execution related services to the Funds or to the PSA. Such services may include, but are not limited to information as to the availability of securities for purchase or sale; statistical or factual information; information about market conditions generally; equipment that facilitates and improves trade execution; and assistance with fair valuations of portfolio securities. Research and services may be useful in servicing some or all clients, and not all of such research may be useful for the client account for which a particular transaction was effected. Thus, some research and services may not necessarily be used by PSA in servicing the client whose commission dollars provided for the research or services.

PSA may seek to obtain trading or pricing efficiencies through aggregation and allocation of multiple client orders for securities and other instruments. PSA will allocate securities or instruments so purchased or sold, as well as the expense incurred in the transaction, in a manner that it considers equitable and consistent with its fiduciary obligations to its clients, which may include effecting cross transactions between accounts or the individual portfolios of a fund pursuant to board approved procedures. The main factors considered by PSA in making such allocations among fund portfolios and other client accounts of PSA are the respective investment objectives, and the availability of cash for investment. Advice given to, and the timing and actions taken with respect to a client's account may differ from advice given to, or the timing and nature of action taken with respect to other clients' accounts. Transactions in a specific security may not be effected for all clients at the same time or price or through the same broker or dealer.

The trading practices employed with respect to some clients may be different from those of other clients. For example, PSA may direct buy and sell transactions intra-day or prior to close for certain client transactions and at the market close price for certain other client transactions. Accordingly, transaction prices for securities in client accounts may vary depending upon time of execution and price movements, particularly in volatile markets.

In placing brokerage trades, PSA does not consider the promotion or sale of a fund's shares nor does it enter into any agreement or other understanding, written or oral, under which brokerage transactions or remuneration are directed to a broker to pay for distribution of a fund's or any other fund's shares.

Item 12 Brokerage Practices (continued)

In order to best meet each fund's investment objective, PSA may enter into guaranteed close agreements with certain brokers. In all such cases, the agreement calls for the execution price at least to match the closing price of the security. In some cases, depending on circumstances, the agreement calls for the execution price to be better than the closing price or calls for reduced commissions. In allocating any such benefits, PSA will generally distribute such benefits pro rata to applicable client trades. In addition, certain transaction and custodial fees may be waived in some transactions largely due to economies of scale.

Item 13 Review of Accounts

PSA reviews client accounts for accuracy and consistency with the fund objectives, and provides holdings and transaction information to each investment company's administrator every business day.

Item 14 *Client* Referrals and Other Compensation

Not Applicable.

Item 15 Custody

PSA does not maintain custody of client assets.

Item 16 Investment Discretion

PSA provides discretionary investment advisory services to registered investment company clients. With respect to such clients, PSA places orders for the purchase and sale of portfolio securities, determines the total amount of the securities to be purchased or sold, selects the qualified broker-dealers with whom orders for the purchase or sale of securities are placed for execution, and negotiates the price per share and the commission rates at which securities transactions are affected.

For other discretionary clients, such as funds for which PSA acts as sub-adviser, the client may limit discretion or direct transactions as specified in the agreement with PSA.

Item 17 **Voting *Client* Securities**

PSA has adopted policies and procedures with respect to voting proxies relating to portfolio securities of clients.

The PSA's proxy voting policies and procedures (the "Guidelines") are designed to maximize shareholder value and protect shareholder interests when voting proxies. PSA's Brokerage Allocation and Proxy Voting Committee (the "Committee") exercises and documents PSA's responsibility with regard to voting of client proxies. The Committee is composed of representatives of PSA's Compliance and Portfolio Management Departments. The Committee reviews and monitors the effectiveness of the Guidelines.

To assist the PSA in its responsibility for voting proxies and the overall proxy voting process, the PSA has retained Institutional Shareholder Services ("ISS") as an expert in the proxy voting and corporate governance area. ISS is a subsidiary of RiskMetrics which in turn is owned by MSCI, Inc., an independent company that specializes in, among other things, providing a variety of proxy-related services to institutional investment managers, plan sponsors, custodians, consultants and other institutional investors. The services provided by ISS include in-depth research, global issuer analysis and voting recommendations as well as vote execution, reporting and record keeping. ISS issues quarterly reports for PSA to review to assure proxies are being voted consistent with the Guidelines. The PSA Senior Portfolio Managers and ISS also perform spot checks to match the voting activity with available shareholder meeting information. The Committee reviews and, as necessary, may amend periodically the Guidelines to address ISS's new or revised proxy voting policies or procedures.

Generally, proxies are voted in accordance with the voting recommendations contained in the Guidelines. If necessary, the Advisor will be consulted by ISS on non-routine issues, which rarely occur and have primarily been due to potential conflicts with ISS's ability to independently vote the shares.

A full description of each guideline and voting policy is maintained by PSA and a complete copy of the Guidelines is available upon request or may view them on ISS's' web site at www.issgovernance.com/policy .

Item 18 Financial Information

PSA has not attached a balance sheet for its most recent fiscal year because it does not have custody of client funds or securities and does not require prepayment of fees.

Form ADV (Paper Version)
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: _____	Date: <u>March 24, 2011</u>
Printed Name: <u>Amy R. Doberman</u>	Title: <u>General Counsel</u>
Adviser CRD Number: <u>134155</u>	