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Form ADV, Part II A  
PureShares, LLC

2 Rector Street, 21<sup>st</sup> floor  
New York, New York, 10006  
(917) 740-2849

October 2011

This Brochure provides information about the qualifications and business practices of PureShares, LLC. If you have any questions about the contents of this Brochure, please contact us at (917) 740-2849 or [inquiries@puresharestf.com](mailto:inquiries@puresharestf.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.

PureShares, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about PureShares, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **2 – Material Changes**

This is our first Brochure and as such, there are no material changes from previous Brochures. We will provide you with Brochure Supplements as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (917) 740-2849 or [inquiries@puresharetf.com](mailto:inquiries@puresharetf.com). Additional information about PureShares LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **4 – Advisory Business**

PureShares LLC (“PureShares”) is a Delaware limited liability company with its principal offices located at 2 Rector Street, 21<sup>st</sup> floor, New York, New York, 10006. PureShares started operations in 2009. PureShares is a privately held company with no principal owners.

PureShares is a New York State registered investment advisor. Our advisory services are limited to exchange-traded funds (“Funds”) that are passively managed and based on indexes with clearly documented, publicly available rules of construction. We seek to advise, sub-advise and sponsor registered investment companies that offer exchange-traded products through a trust instrument (“Trust”). PureShares is responsible for managing the investment activities, business affairs and administrative matters of each Fund within a Trust. We are subject to the supervision of each Trust’s Board of Trustees.

PureShares advisory services are tailored to the specific investing criteria and restrictions set forth by the Board of Trustees overseeing each respective Trust. Each Trust has a separate investment advisory agreement with PureShares which clearly states the arrangement.

PureShares does not participate in any wrap fee programs.

At the time of this filing, PureShares does not have any assets under management.

## **5 – Fees and Compensation**

Pursuant to each investment advisory agreement and subject to the general supervision of each Board of Trustees, PureShares provides investment advisory services to Funds. Our fees and terms are individually negotiated with, and subject to approval by the Board of Trustees of each Fund. Fees are accrued for daily by the Fund and paid monthly to the asset manager, one month in arrears. Fees range from zero to 100 basis points, applied to the daily net asset value (“NAV”) of each Fund and typically use a calendar basis of 360 days. A basis point is one one-hundredth of one percent therefore 100 basis points equals one percent (1%). For example, if a Fund’s daily ending NAV is \$10,000,000 and the fee is 25 basis points the fund will accrue \$69.44 for that day, payable to the asset manager the following month. [(Daily NAV x basis point fee)/360]

Each Fund pays PureShares fees in return for providing investment advisory, supervisory and administrative services under an all-in fee structure. The all-in fee structure includes, but is not limited to all supervisory, administrative and other services reasonably necessary for the operation of the Fund. PureShares also bears the costs of various third-party services required by the Fund, including audit, certain custodial, portfolio accounting, legal, transfer agency and printing costs.

In addition, each Fund may bear other fees not outlined in the investment advisory, supervisory, administration or other agreements (collectively referred to as “Agreements”). Examples of such fees are, but not limited to taxes and governmental fees, brokerage fees, commissions and other transaction expenses, costs of borrowing money, including interest expenses and extraordinary expenses (such as litigation and indemnification expenses). Item 12 further

describes the factors that PureShares considers to select or recommend broker-dealers for transactions and determine the reasonableness of their compensation (*e.g.*, commissions).

## **6 – Performance-Based Fees and Side-By-Side Management**

PureShares does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **7 – Types of Clients**

PureShares provides advisory and portfolio management services to SEC-registered investment companies.

## **8 – Methods of Analysis, Investment Strategies and Risk of Loss**

PureShares uses a passive or indexing approach that may incorporate a combination of index replication or representative index sampling to seek the Funds' investment objective. In seeking to achieve each Fund's investment objective, PureShares uses statistical and quantitative analysis to determine the investments each Fund makes and the techniques it employs. PureShares relies upon a pre-determined model to generate orders that result in repositioning each Fund's investments in accordance with its investment objective. Using this approach, PureShares determines the type, quantity and mix of investment positions that it believes in combination should produce returns consistent with a Fund's objective. Each Fund pursues its investment objective regardless of market conditions and does not take defensive positions.

As with any investment, you could lose all or part of your investment in the Funds, and the Funds' performance could trail that of other investments. The Funds are subject to the principal risks noted below, any of which may adversely affect the Funds' NAV, trading price, yield, total return and ability to meet their investment objective.

**Asset Class Risk:** Securities in the underlying index or the Fund's portfolio may underperform in comparison to the general securities markets or other asset classes.

**Concentration Risk:** Because the Fund's investments are concentrated in a single index or sector, the Fund will be susceptible to loss due to adverse occurrences affecting the index or sector.

**Currency Risk:** Because the Fund's NAV is determined in U.S. Dollars and the Fund's holdings will often be purchased in foreign currencies, the Fund's NAV could decline due to currency depreciation or adverse exchange rates against the U.S. Dollar.

**Custody Risk:** Less developed markets are more likely to experience problems with the clearing and settling of trades.

**Emerging Market Risk:** Emerging market countries may be subject to a greater risk of loss than investments in developed markets.

**Equity Securities Risk:** Equity securities are subject to changes in value and their values may be more volatile than other asset classes.

**Foreign Security Risk:** Investments in the securities of foreign issuers are subject to the risks associated with investing in those foreign markets, such as heightened risks of inflation or nationalization. The Fund may lose money due to political, economic and geographic events affecting a foreign issuer or market.

**Issuer Risk:** Fund performance depends on the performance of individual companies in which the Fund invests. Changes to the financial condition of any of those companies may cause the value of their securities to decline.

**Management Risk:** The Fund is subject to the risk that the adviser's investment management strategy may not produce the intended results.

**Market Risk:** The Fund's NAV could decline over short periods due to short-term market movements and over longer periods during market downturns.

**Market Trading Risks:** The Fund faces numerous market trading risks, including the potential lack of an active market for shares, losses from trading in secondary markets, and disruption in the creation/redemption process of the Fund. Any of these factors may lead to the shares trading at a premium or discount to NAV.

**Non-Diversification Risk:** The Fund may invest a large percentage of its assets in securities issued by or representing a small number of issuers. As a result, the Fund's performance may depend on the performance of a small number of issuers.

**Passive Investment Risk:** The Fund is not actively managed and the Adviser does not attempt to take defensive positions in declining markets.

**Privatization Risk:** If the country in which the Fund invests has begun a process of privatizing certain entities and industries. Privatized entities may lose money or be re-nationalized.

**Reliance on Trading Partners Risk:** The Fund invests in an economy that is heavily dependent upon trading with key partners. Any reduction in this trading may cause an adverse impact on the economy in which the Fund invests.

**Securities Lending Risk:** Securities lending involves the risk that the Fund loses money because the borrower fails to return the securities in a timely manner or at all. The Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or of investments made with cash collateral. These events could also trigger adverse tax consequences for the Fund. As securities on loan may not be voted by the Fund, there is a risk that the Fund may not be able to recall the securities in sufficient time to vote on proxy matters.

**Securities Market Risk:** Because certain securities markets in the countries in which the Fund may invest are small in size, underdeveloped, and are less regulated and less correlated to global

economic cycles than those markets located in more developed countries, the securities markets in such countries are subject to greater risks associated with market volatility, lower market capitalization, lower trading volume, illiquidity, inflation, greater price fluctuations and uncertainty regarding the existence of trading markets.

**Security and Political Risk:** The geographic area in which the Fund invests can experience security concerns and political instability. Incidents involving a country's security or political instability may cause uncertainty in its market and may adversely affect its economy.

**Tracking Error Risk:** The performance of the Fund may diverge from that of the underlying index.

**Valuation Risk:** The value of the securities in the Fund's portfolio may change on days when shareholders will not be able to purchase or sell the Fund's Shares.

Each Fund's prospectus and statement of additional information ("SAI") describes these risks in more detail and can be obtained free of charge by contacting PureShares at (917) 740-2849 or [inquiries@puresharestf.com](mailto:inquiries@puresharestf.com).

## **9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PureShares or the integrity of PureShares management and advisory services. PureShares has no legal or disciplinary events to disclose.

## **10 – Other Financial Industry Activities and Affiliations**

Paul Zimnisky, Managing Partner of PureShares, is Managing Partner of TBZ Capital, LLC, a proprietary trading firm. Mr. Zimnisky spends a material amount of his time on activities related to TBZ Capital. There are currently no business relationships between TBZ Capital, and PureShares, and Mr. Zimnisky does not plan to provide clients of PureShares with services or products from TBZ Capital in the future.

## **11 – Code of Ethics**

PureShares has adopted a code of ethics (the "Code of Ethics") that establishes the standard of business conduct that all of its employees must follow. The Code of Ethics also addresses personal trading and investments by its employees. Employees are required to acknowledge in writing that they have received the Code of Ethics and each subsequent amendment thereto, that they comprehend the Code of Ethics, and that they have complied (as applicable) and will comply with the Code of Ethics on an ongoing basis.

The Code of Ethics sets forth specific policies and procedures for its employees to follow

regarding material, non-public information ("inside information") and other confidential information of clients and PureShares. While PureShares does not expect its employees to be in receipt of inside information, it requires any employee receiving inside information to refrain from acting in any way on the information and to discuss the information only with the Chief Compliance Officer to determine an appropriate course of action.

The Code of Ethics also details policies and procedures regarding personal securities transactions by employees. Most employees are required to provide initial, annual and quarterly securities transaction reports, which are reviewed by the Chief Compliance Officer or his designee. All employees are required to pre-clear investments in initial public offerings, limited offerings and securities that are included as a component of an underlying index or for which public notice has been given that such security will be added to, or deleted from, an underlying index. A copy of our Code of Ethics is available to clients and prospective clients upon request by contacting us at (917) 740-2849 or [inquiries@puresharestf.com](mailto:inquiries@puresharestf.com).

The Code of Ethics allows PureShares and its affiliates, as well as the personnel subject to it, to trade and invest for their own accounts in securities, including securities that may be held or purchased by a Fund. Where any such conflict exists, portfolio managers will not make any such investment for a Fund without:

- causing PureShares to fully disclose the nature and extent of the conflict prior to the transaction, including any direct or indirect compensation the portfolio manager or PureShares receives in connection with the transaction;
- make the investment only if he or she has a reasonable belief that the investment is in the Fund's best interest or has zero impact to the Fund; and
- ensuring compliance with any relevant procedures set forth in the Code of Ethics.

## **12 – Brokerage Practices**

The policy regarding purchases and sales of securities for each Fund is that primary consideration will be given to obtaining the most favorable prices and efficient executions of transactions. Consistent with this policy, when securities transactions are executed on a stock exchange, the policy is to pay commissions that are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, PureShares relies upon its experience and knowledge regarding commissions generally charged by various brokers and in various jurisdictions. PureShares executes transactions for the Funds with those brokers and dealers that PureShares believes provide the most favorable prices and are capable of providing the most efficient and best execution of trades. The primary



consideration of PureShares is to seek prompt execution of orders at the most favorable net price. The sale of shares by a broker-dealer is not a factor in the selection of broker-dealers. PureShares and its affiliates do not currently participate in any soft dollar transactions, although PureShares relies on Section 28(e) of the 1934 Act in effecting or executing transactions for the Funds. Accordingly, in selecting broker-dealers to execute a particular transaction, PureShares may consider the brokerage and research services (as those terms are defined in Section 28(e) of the 1934 Act) provided to the Funds and/or other accounts over which PureShares or its affiliates exercise investment discretion. PureShares may cause a Fund to pay a broker-dealer that furnishes brokerage and research services a higher commission than that which might be charged by another broker-dealer for effecting the same transaction, provided that PureShares determines in good faith that such commission is reasonable in relation the value of the brokerage and research services provided by such broker-dealer, viewed in terms of either the particular transaction or the overall responsibilities of PureShares to the Funds. Such brokerage and research services might consist of reports and statistics on specific companies or industries or broad overviews of the securities markets and the economy. Shareholders of the Funds should understand that the services provided by such brokers may be useful to PureShares in connection with its services to other clients.

PureShares assumes general supervision over placing orders on behalf of the Funds for the purchase or sale of portfolio securities. PureShares generally does not aggregate purchase and sale transactions for the Funds. Not bundling or bunching transactions for the Funds may result in less favorable prices for portfolio securities and higher brokerage commissions.

### **13 – Review of Accounts**

The professionals primarily responsible for the day-to-day management of a Fund are Paul Zimnisky and Andrew Chanin (“Portfolio Managers”). The accounts managed are under continuous review by the two Portfolio Managers. With respect to the Funds, additional reviews of a Fund’s account may be triggered by changes in such Fund's underlying index or by updates in the prospectus.

Quarterly reports regarding each Fund’s operations are provided to the respective Fund's Board of Trustees. In addition, each Fund’s daily and quarterly performance is posted on the Fund's website. The Fund's website also publishes quarterly factsheets, semi-annual reports, and audited annual as well as semi-annual reports for each Fund.

### **14 – Client Referrals and Other Compensation**

At the time of this Brochure, PureShares does not have any agreements or arrangements which provide benefit, compensation, awards or any other in-kind contributions from any

party who is not a client.

## **15 – Custody**

PureShares may be deemed to have custody based solely on the ability to debit advisory fees. PureShares publishes on the Funds' website the prior business day's NAV of each Fund on a daily basis, as well as a quarterly factsheet of each Fund. The website also posts the Funds' semiannual and audited annual reports. PureShares urges you to carefully review such statements and information.

## **16 – Investment Discretion**

PureShares has discretionary authority to trade. In all cases, however, such discretion is to be exercised in a manner consistent with each Fund's investment objective. In managing the Funds, PureShares uses a passive or indexing approach to try to achieve each Fund's investment objective. This is described in more detail in Item 4 – Advisory Business.

## **17 – Voting Client Securities**

The Funds have delegated proxy voting responsibilities to PureShares, subject to the Boards of Trustees' oversight. In delegating proxy responsibilities, the respective Boards have directed that proxies be voted consistent with the Funds' and their shareholders' best interests and in compliance with all applicable proxy voting rules and regulations. PureShares has adopted its own proxy voting policies and guidelines for this purpose and works with each client to select and engage a third party proxy solicitation firm to assist it in its duties.

It is PureShares policy to vote proxies of securities held in each Fund's portfolio in a manner that is consistent with the interests of the Fund. The proxy voting policies and procedures are designed to maximize returns for the Funds through identifying and avoiding financial, audit and corporate governance risks. The proxy voting procedures address, among other things, material conflicts of interest that may arise between the interests of the Funds and the interests of PureShares.

Information on how the Funds voted proxies relating to portfolio securities during the most recent 12 month period is available (1) without charge, upon request, by calling (917) 740-2849 and (2) on the SEC's website at [www.sec.gov](http://www.sec.gov).

## **18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. PureShares has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. PureShares has not included a balance sheet because it does not require or solicit prepayment of fees.

## **19 – Requirements for State-Registered Advisors**

# Form ADV, Part II B Brochure Supplement

**Paul Zimnisky**

**PureShares, LLC**

2 Rector Street, 21<sup>st</sup> FL  
New York, New York, 10006

(917) 740- 2849

**October 2011**

**This Brochure Supplement provides information about Paul Zimnisky that supplements the PureShares Management Company LLC Brochure. You should have received a copy of that Brochure. Please contact (917) 740-2849 and/or [pzimnisky@puresharetf.com](mailto:pzimnisky@puresharetf.com) if you did not receive PureShares Management Company LLC's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Paul Zimnisky is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **2- Educational Background and Business Experience**

### **Paul Zimnisky, Managing Partner**

#### **Business Background:**

2011 to Present: Managing Partner of PureShares.

2011 to Present: Managing Partner of TBZ Capital

2008 to 2011: Managing Director of Cohen Capital Group

2003 to 2008: Trader at Kellogg Capital Group

#### **Education:**

Mr. Zimnisky graduated in 2003 from the University of Maryland, College Park with a Bachelor of Science degree in Finance. Mr. Zimnisky holds the Series 7, 55 licenses.

#### **3- Disciplinary Information:**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Mr. Zimnisky has no legal or disciplinary information to disclose.

#### **4- Other Business Activities:**

Paul Zimnisky, Managing Partner of PureShares is Managing Partner of TBZ Capital, a proprietary trading firm. Mr. Zimnisky spends a material amount of his time on activities related to TBZ Capital. There are currently no business relationships between TBZ Capital and PureShares, and Mr. Zimnisky will not offer to provide clients of PureShares with services or products from TBZ Capital.

#### **5- Additional Compensation:**

Paul Zimnisky is a shareholder of PureShares, LLC, and receives no other economic benefit beyond regular salary and bonus.

#### **6- Supervision:**

Paul Zimnisky is a Managing Partner of PureShares and is supervised by Andrew Chainin, Managing Partner of PureShares. In addition, he is supervised by the Chief Compliance Officer of PureShares. Paul Zimnisky can be reached at (917) 740- 2849.

# Form ADV, Part II B Brochure Supplement

**Andrew Chanin**

**PureShares Management Company LLC**

2 Rector Street, 21<sup>st</sup> FL  
New York, New York, 10006

(917) 740- 2849

**October 2011**

**This Brochure Supplement provides information about Andrew Chanin that supplements the PureShares Management Company LLC Brochure. You should have received a copy of that Brochure. Please contact (917) 740-2849 and/or [achanin@puresharestf.com](mailto:achanin@puresharestf.com) if you did not receive PureShares Management Company LLC's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about Andrew Chanin is available on the SEC's website at**

**[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **2- Educational Background and Business Experience**

**Andrew Chanin, Managing Partner**

### **Business Background:**

2011 to Present: Managing Partner of PureShares.

2009 to 2011: Director of International Trading at Cohen Capital Group

2007 to 2009: Lead Market Maker at Kellogg Capital Group

### **Education:**

Mr. Chanin graduated in 2007 from Tulane University with a B.S.M. degree in Finance. Mr. Chanin holds the Series 7 license.

## **3- Disciplinary Information:**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. Mr. Chanin has no legal or disciplinary information to disclose.

## **4- Other Business Activities:**

None.

## **5- Additional Compensation:**

Andrew Chanin is a shareholder of PureShares Management Company LLC, and will receive no other economic benefit beyond regular salary and bonus.

## **6- Supervision:**

Andrew Chanin is a director of PureShares and is supervised by Paul Zimmisky, Managing Partner of PureShares. In addition, he is supervised by the Chief Compliance Officer of PureShares. Andrew Chanin can be reached at (917) 740- 2849.