

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66180; File No. SR-NYSEArca-2012-04)

January 18, 2012

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to Listing and Trading of Shares of Twenty-Six Series of ProShares Trust II under NYSE Arca Equities Rule 8.200

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on January 6, 2012, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.200: ProShares UltraPro Australian Dollar, ProShares UltraPro Canadian Dollar, ProShares UltraPro Swiss Franc, ProShares UltraPro Euro, ProShares UltraPro U.S. Dollar, and ProShares UltraPro Yen (collectively, “UltraPro Funds”); ProShares UltraPro Short Australian Dollar, ProShares UltraPro Short Canadian Dollar, ProShares UltraPro Short Swiss Franc, ProShares UltraPro Short Euro, ProShares UltraPro Short U.S. Dollar, and ProShares UltraPro Short Yen (collectively, “UltraPro Short Funds”); ProShares Ultra Australian Dollar, ProShares Ultra Canadian Dollar, ProShares Ultra Swiss Franc and ProShares Ultra U.S. Dollar (collectively, “Ultra Funds”); ProShares UltraShort Australian Dollar, ProShares UltraShort Canadian Dollar, ProShares UltraShort Swiss Franc and ProShares UltraShort U.S. Dollar

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(collectively, “UltraShort Funds”); and ProShares Short Australian Dollar, ProShares Short Canadian Dollar, ProShares Short Swiss Franc, ProShares Short Euro, ProShares Short U.S. Dollar, and ProShares Short Yen (collectively, “Short Funds”). The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and www.nyse.com.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

NYSE Arca Equities Rule 8.200, Commentary .02 permits the trading of Trust Issued Receipts (“TIRs”) either by listing or pursuant to unlisted trading privileges (“UTP”).³ The Exchange proposes to list and trade shares (“Shares”) of the following pursuant to NYSE Arca Equities Rule 8.200: ProShares UltraPro Australian Dollar, ProShares UltraPro Canadian Dollar, ProShares UltraPro Swiss Franc, ProShares UltraPro Euro, ProShares UltraPro U.S. Dollar, ProShares UltraPro Yen, ProShares UltraPro Short Australian Dollar, ProShares UltraPro Short

³ Commentary .02 to NYSE Arca Equities Rule 8.200 applies to TIRs that invest in “Financial Instruments.” The term “Financial Instruments,” as defined in Commentary .02(b)(4) to NYSE Arca Equities Rule 8.200, means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.

Canadian Dollar, ProShares UltraPro Short Swiss Franc, ProShares UltraPro Short Euro, ProShares UltraPro Short U.S. Dollar, ProShares UltraPro Short Yen, ProShares Ultra Australian Dollar, ProShares Ultra Canadian Dollar, ProShares Ultra Swiss Franc, ProShares Ultra U.S. Dollar, ProShares UltraShort Australian Dollar, ProShares UltraShort Canadian Dollar, ProShares UltraShort Swiss Franc, ProShares UltraShort U.S. Dollar, ProShares Short Australian Dollar, ProShares Short Canadian Dollar, ProShares Short Swiss Franc, ProShares Short Euro, ProShares Short U.S. Dollar, and ProShares Short Yen (each a “Fund” and, collectively, “Funds”).⁴ Each of the Funds is a series of the ProShares Trust II (“Trust”), a Delaware statutory trust. ProShare Capital Management LLC (“Sponsor”) is the Trust’s sponsor and Wilmington Trust Company is the Trust’s trustee. Brown Brothers Harriman & Co. (“Administrator”) serves as the administrator, custodian and transfer agent of the Funds. SEI Investments Distribution Co. (“Distributor”) serves as distributor of the Shares.

The Exchange notes that the Commission has previously approved the listing and trading of other series of the Commodities and Currency Trust (now known as ProShares Trust II) on the American Stock Exchange LLC,⁵ trading on NYSE Arca pursuant to UTP⁶ and listing and trading on NYSE Arca.⁷ The Exchange further notes that the shares of other ProShares Ultra Funds, UltraShort Funds and Short Funds based on various securities indexes have previously

⁴ See registration statement on Form S-1, dated December 22, 2011 (File No. 333-178707) (“Registration Statement”). The description of the Funds and the Shares contained herein is based, in part, on the Registration Statement.

⁵ See, e.g., Securities Exchange Act Release No. 58161 (July 15, 2008), 73 FR 42380 (July 21, 2008) (SR-Amex-2008-39).

⁶ See, e.g., Securities Exchange Act Release No. 58162 (July 15, 2008), 73 FR 42391 (July 21, 2008) (SR-NYSEArca-2008-73).

⁷ See, e.g., Securities Exchange Act Release No. 58457 (September 3, 2008), 73 FR 52711 (September 10, 2008) (SR-NYSEArca-2008-91) (approving listing of certain leveraged ProShares Funds on the Exchange).

been approved by the Commission.⁸

According to the Registration Statement, the UltraPro Funds seek daily investment results (before fees and expenses) that correspond to three times (+300%) the daily performance, whether positive or negative, of their corresponding benchmark and the UltraPro Short Funds seek daily investment results (before fees and expenses) that correspond to three times the inverse (-300%) of the daily performance, whether positive or negative, of their corresponding benchmark. The Ultra Funds seek daily investment results (before fees and expenses) that correspond to twice (+200%) the daily performance, whether positive or negative, of their corresponding benchmarks and the UltraShort Funds seek daily investment results (before fees and expenses) that correspond to twice the inverse (-200%) of the daily performance, whether positive or negative, of their corresponding benchmarks. The Short Funds seek daily investment results (before fees and expenses) that correspond to the inverse (-100%) of the daily performance, whether positive or negative, of their corresponding benchmarks. Each reference to a corresponding benchmark is a “Benchmark” and together, “Benchmarks,” as described below.

Each of the Funds will hold futures contracts on the applicable Benchmark and, in the case of a Benchmark index, futures on such Benchmark index or the Benchmark index components, traded on a United States exchange (“Benchmark Futures Contracts”) and, to a

⁸ See, e.g., Securities Exchange Act Release Nos. 52553 (October 3, 2005), 70 FR 59100 (October 11, 2005) (SR-Amex-2004-62) (approving the listing and trading of shares of the xtraShares Trust); 54040 (June 23, 2006), 71 FR 37629 (June 30, 2006) (SR-Amex-2006-41) (approving the listing and trading of shares of the ProShares Trust); 55117 (January 17, 2007), 72 FR 3442 (January 25, 2007) (SR-Amex 2006-101) (approving the listing and trading of shares of the ProShares Trust); 56592 (October 1, 2007), 72 FR 57364 (October 9, 2007) (SR-Amex -2007-60) (approving the listing and trading of 6 issues of shares of the ProShares Trust based on international equity indexes); and 56998 (December 19, 2007), 72 FR 73404 (December 27, 2007) (SR-Amex-2007-104) (approving the listing and trading of shares of the ProShares Trust).

limited extent, forward contracts, as described below, to produce the economically “inverse,” “leveraged,” and “inverse leveraged” investment results, as set forth by each Fund’s investment objective.⁹

According to the Registration Statement, each Fund seeks to achieve its investment objective by investing under normal market conditions,¹⁰ in Benchmark Futures Contracts. In the event position accountability rules or position limits are reached with respect to a particular Benchmark Futures Contract, the Sponsor may, in its commercially reasonable judgment, cause the relevant Fund to obtain exposure through over-the-counter forward contracts referencing the particular exchange rate, index or index components, or invest in other forward contracts not based on the particular exchange rate, if such instruments tend to exhibit trading prices or returns that correlate with the Benchmarks or any Benchmark Futures Contract and will further the investment objective of a Fund.¹¹ A Fund may also invest in forward contracts if the market for a specific Benchmark Futures Contract experiences emergencies (e.g., natural disaster, terrorist attack or an act of God) or disruptions (e.g., a trading halt or a flash crash) to prevent a Fund from obtaining the appropriate amount of investment exposure to the affected Benchmark Futures Contracts directly.¹²

⁹ Terms relating to the Funds, the Shares and the Benchmarks referred to, but not defined, herein are defined in the Registration Statement.

¹⁰ The term “under normal conditions” [sic] includes, but is not limited to, the absence of extreme volatility or trading halts in the futures markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

¹¹ To the extent practicable, the Funds will invest in forward contracts cleared through the facilities of a centralized clearing house.

¹² According to the Registration Statement, the Sponsor will also attempt to mitigate the Funds’ credit risk by transacting only with large, well-capitalized institutions using

Each Fund will also invest in cash equivalents (such as shares of money market funds, bank deposits, bank money market accounts, certain variable rate-demand notes and repurchase agreements collateralized by government securities, whether denominated in U.S. dollars or the applicable foreign currency) that serve or will serve as collateral for the investments in futures and forward contracts. The Funds do not currently intend to invest directly in any currency but may invest directly in U.S. Treasury securities.

The Funds' investment in Benchmark Futures Contracts and forward contracts may involve a small investment relative to the amount of investment exposure assumed and may result in losses exceeding the amounts invested. Such instruments, particularly when used to create leverage, may expose the Funds to potentially dramatic changes (losses or gains) in the value of the instruments and imperfect correlation between the value of the instruments and the applicable Benchmark.

The Funds will not seek to achieve their stated investment objective over a period of time greater than one day because mathematical compounding prevents the Funds from perfectly achieving such results. Accordingly, results over periods of time greater than one day typically will not be a simple multiple (e.g., 2x, 3x, or -1x, -2x, -3x) of the period return of the corresponding Benchmark and may differ significantly.

If an UltraPro Fund (or UltraPro Short Fund) is successful in meeting its objective, its value on a given day (before fees and expenses) should gain (or lose) approximately three times as much on a percentage basis as its corresponding Benchmark when the Benchmark rises on a given day. Conversely, its value on a given day (before fees and expenses) should lose (or gain)

measures designed to determine the creditworthiness of a counterparty. The Sponsor will take various steps to limit counterparty credit risk, as described in the Registration Statement.

approximately three times as much on a percentage basis as the corresponding Benchmark when the Benchmark declines on a given day.

If an Ultra Fund (or UltraShort Fund) is successful in meeting its objective, its value on a given day (before fees and expenses) should gain (or lose) approximately twice as much on a percentage basis as its corresponding Benchmark when the Benchmark rises on a given day.

Conversely, its value on a given day (before fees and expenses) should lose (or gain) approximately twice as much on a percentage basis as the corresponding Benchmark when the Benchmark declines on a given day.

If a Short Fund is successful in meeting its objective, its value on a given day (before fees and expenses) should gain approximately as much on a percentage basis as the corresponding Benchmark when the Benchmark declines on a given day. Conversely, its value on a given day (before fees and expenses) should lose approximately as much on a percentage basis as the corresponding Benchmark when the Benchmark rises on a given day.

In seeking to achieve each Fund's daily investment objective, the Sponsor will use a mathematical approach to investing. Using this approach, the Sponsor will determine the type, quantity and mix of investment positions that the Sponsor believes in combination should produce daily returns consistent with a Fund's objective. The Sponsor will rely upon a pre-determined model to generate orders that result in repositioning each Fund's investments in accordance with its daily investment objectives.

According to the Registration Statement, a number of factors may affect a Fund's ability to achieve a high degree of correlation with its Benchmark, and there can be no guarantee that a Fund will achieve a high degree of correlation. While the Funds do not expect that their daily returns will deviate adversely from their respective daily investment objectives, several factors

may affect their ability to achieve this correlation. Among these factors are a Fund's expenses, including fees, transaction costs and the cost of the investment techniques employed by that Fund, bid-ask spreads, a Fund's Share prices being rounded to the nearest cent, changes to a Benchmark that are not disseminated in advance and the need to conform a Fund's portfolio holdings to comply with investment restrictions or policies or regulatory or tax law requirements.

ProShares UltraPro Australian Dollar, ProShares UltraPro Short Australian Dollar, ProShares Ultra Australian Dollar, ProShares UltraShort Australian Dollar, and ProShares Short Australian Dollar

These Funds will be designed to track a multiple, the inverse or an inverse multiple of the daily performance of the Australian dollar spot price versus the U.S. dollar ("AUD/USD"). The Benchmark for each of these Funds will be the U.S. dollar price of the Australian dollar. These Funds will use the 4:00 p.m. Eastern Time ("E.T.") Australian Dollar exchange rate as provided by Bloomberg, expressed in terms of U.S. dollars per unit of foreign currency, as the basis for the underlying Benchmark. The Australian dollar is the national currency of Australia and the currency of the accounts of the Reserve Bank of Australia, the Australian central bank. The official currency code for the Australian dollar is "AUD." The Australian dollar is referred to in Australia as "dollar." As with U.S. currency, 100 Australian cents are equal to one Australian dollar. In Australia, unlike most other countries, cash transactions are rounded to the nearest five cents. The most commonly used symbol used to represent the Australian dollar is "A\$."

As of December 30, 2011, open interest in AUD/USD futures contracts traded on the Chicago Mercantile Exchange ("CME") was \$11.56 billion. AUD/USD futures contracts had an average daily trading volume in 2011 of 123,006 contracts.

ProShares UltraPro Canadian Dollar, ProShares UltraPro Short Canadian Dollar, ProShares Ultra Canadian Dollar, ProShares UltraShort Canadian Dollar, and ProShares Short Canadian Dollar

These Funds will be designed to track a multiple, the inverse or an inverse multiple of the daily performance of the Canadian dollar spot price versus the U.S. dollar (CAD/USD). The Benchmark for each of these Funds will be the U.S. dollar price of the Canadian dollar. These Funds will use the 4:00 p.m. E.T. Canadian dollar exchange rate as provided by Bloomberg, expressed in terms of U.S. dollars per unit of foreign currency, as the basis for the underlying Benchmark. The Canadian Dollar is the national currency of Canada and the currency of the accounts of the Bank of Canada, the Canadian central bank. The official currency code for the Canadian dollar is “CAD.” As with U.S. currency, 100 Canadian cents are equal to one Canadian dollar.

As of December 30, 2011, open interest in CAD/USD futures contracts traded on CME was \$11.66 billion. CAD/USD futures contracts had an average daily trading volume in 2011 of 89,667 contracts.

ProShares UltraPro Swiss Franc, ProShares UltraPro Short Swiss Franc, ProShares Ultra Swiss Franc, ProShares UltraShort Swiss Franc, and ProShares Short Swiss Franc

These Funds will be designed to track a multiple, the inverse or an inverse multiple of the daily performance of the Swiss franc spot price versus the U.S. dollar (“CHF/USD”). The Benchmark for each of these Funds will be the U.S. dollar price of the Swiss Franc. These Funds will use the 4:00 p.m. E.T. Swiss franc exchange rate as provided by Bloomberg, expressed in terms of U.S. dollars per unit of foreign currency, as the basis for the underlying Benchmark. The Swiss franc is the national currency of Switzerland and Liechtenstein and the currency of the accounts of the Swiss National Bank, the central bank of Switzerland. The official currency code for the Swiss franc is “CHF.” Each Swiss franc is equal to 100 Swiss centimes.

As of December 30, 2011, open interest in CHF/USD futures contracts traded on CME

was \$4.99 billion. CHF/USD futures contracts had an average daily trading volume in 2011 of 40,955 contracts.

ProShares UltraPro Euro, ProShares UltraPro Short Euro, and ProShares Short Euro

These Funds will be designed to track a multiple, the inverse, or an inverse multiple of the daily change in the spot price of the euro versus the U.S. dollar (“EUR/USD”). The Benchmark for each of these Funds will be the U.S. dollar price of the Euro. These Funds will use the 4:00 p.m. E.T. Euro exchange rate as provided by Bloomberg, expressed in terms of U.S. dollars per unit of foreign currency, as the basis for the underlying Benchmark. The Euro is the official currency of the Eurozone, which consists of 17 European states including: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain. The Euro is managed and administered by the European Central Bank and the European System of Central Banks.

As of December 30, 2011, open interest in EUR/USD futures contracts traded on CME was \$46.12 billion. EUR/USD futures contracts had an average daily trading volume in 2011 of 336,947 contracts.

ProShares UltraPro U.S. Dollar, ProShares UltraPro Short U.S. Dollar, ProShares Ultra U.S. Dollar, ProShares UltraShort U.S. Dollar, and ProShares Short U.S. Dollar

These Funds will be designed to track a multiple, the inverse or an inverse multiple of the daily performance of their Benchmark, the U.S. Dollar Index (“U.S. Dollar Index” or “Index”).¹³

¹³ The U.S. Dollar Index was created by the U.S. Federal Reserve in 1973. Following the ending of the 1944 Bretton Woods Agreement, which had established a system of fixed exchange rates, the U.S. Federal Reserve Bank began the calculation of the U.S. Dollar Index to provide an external bilateral trade-weighted average of the U.S. dollar as it freely floated against global currencies. Futures contracts based on the U.S. Dollar Index (“USDIX” or “U.S. Dollar Index futures contracts”) were listed on November 20, 1985, and are now available only on the IntercontinentalExchange (“ICE”) electronic trading platform. Options on the futures contracts began trading on September 3, 1986, and are

The U.S. Dollar Index is a geometrically-averaged calculation of six currencies weighted against the U.S. dollar. The six component currencies are the Euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc. The component currencies do not have the same weight. The Euro has a weighting of 57.6%, the Japanese yen a weighting of 13.6%, the British pound a weighting of 11.9%, the Canadian dollar a weighting of 9.1%, the Swedish krona a weighting of 4.2% and the Swiss franc a weighting of 3.6%. The U.S. Dollar Index is calculated by Bloomberg in real time approximately every 15 seconds using the spot prices of the Index's component currencies. The price used for the calculation of the Index is the mid-point between the Bloomberg top of the book bid/offer in the component currencies.

In addition to the data on EUR/USD, CAD/USD, CHF/USD and JPY/USD futures contracts stated herein, as of December 30, 2011, open interest in U.S. Dollar Index futures contracts traded on ICE was \$5.44 billion. U.S. Dollar Index futures contracts had an average daily trading volume in 2011 of 30,341 contracts. Open interest in British pound ("GBP/USD") futures contracts traded on the CME was \$19.59 billion, and GBP/USD futures contracts had an average daily trading volume in 2011 of 116,115 contracts. Open interest in Swedish krona ("SEK/USD") futures contracts traded on the CME was \$16.79 million, and SEK/USD futures contracts had an average daily trading volume of 8 contracts.

ProShares UltraPro Yen, ProShares UltraPro Short Yen, and ProShares Short Yen

These Funds will be designed to track a multiple, the inverse or an inverse multiple of the daily performance of the Japanese yen spot price versus the U.S. dollar ("JPY/USD"). The Benchmark for each of these Funds will be the U.S. dollar price of the Japanese yen. These Funds will use the 4:00 p.m. E.T. Japanese yen exchange rate as provided by Bloomberg,

available both on the ICE electronic trading platform and on the ICE options trading floor.

expressed in terms of U.S. dollars per unit of foreign currency, as the basis for the underlying Benchmark. The Japanese yen has been the official currency of Japan since 1871. The Bank of Japan has been operating as the central bank of Japan since 1882. The official currency code for the Japanese yen is “YEN.”

As of December 30, 2011, open interest in JPY/USD futures contracts traded on the CME was \$25.75 billion. JPY/USD futures contracts had an average daily trading volume in 2011 of 113,476 contracts.

Benchmark Futures Contracts Held by the Funds

All open Benchmark Futures Contracts held by the Funds will be traded on a United States exchange and will be calculated at their then current market value, based upon the last traded price before the net asset value (“NAV”) calculation time, for that particular futures contract traded on the applicable United States exchange on the date with respect to which NAV is being determined; provided, that if a futures contract traded on a United States exchange could not be liquidated on such day, due to the operation of daily limits or other rules of the exchange upon which that position is traded or otherwise, the Sponsor may in its sole discretion choose to determine a fair value price as the basis for determining the market value of such position for such day.

The Benchmark Futures Contracts trade on the follow exchanges:

<u>Fund Benchmarks</u>	<u>Benchmark Futures Contracts</u>	<u>Exchange</u> ¹⁴
Australian dollar / US dollar	AUD/USD	CME

¹⁴ Each Benchmark Futures Contract trades electronically for 21 or more hours each trading session, beginning every Sunday evening and closing for the week on the following Friday evening.

exchange rate		
Canadian dollar / US dollar exchange rate	CAD/USD	CME
European euro / US dollar exchange rate	EUR/USD	CME
Japanese yen / US dollar exchange rate	JPY/USD	CME
Swiss franc / US dollar exchange rate	CHF/USD	CME
US Dollar Index	USDX	ICE
	CAD/USD	CME
	CHF/USD	CME
	EUR/USD	CME
	GBP/USD	CME
	JPY/USD	CME
	SEK/USD	CME

The daily 4:00 p.m. E.T. closing value for each Benchmark is published daily on www.wsj.com. The value of the Benchmarks will be disseminated by one or more major market data vendors and will be updated at least every 15 seconds during the Exchange's Core Trading Session. Data regarding the Benchmarks is also available from the respective Benchmark provider to subscribers.¹⁵

¹⁵ ICE Futures U.S., Inc. compiles, maintains, determines and weights the components of the U.S. Dollar Index. The U.S. Dollar Index and USDX are trademarks and service

Net Asset Value

According to the Registration Statement, the NAV of each Fund will be total assets including, but not limited to, all cash and cash equivalents or other debt securities, less total liabilities, each determined on the basis of generally accepted accounting principles. In particular, the NAV will include any unrealized profit or loss on Benchmark Futures Contracts and other Fund holdings, and any other credit or debit accruing to a Fund but unpaid or not received by a Fund.

The NAV per Share of each Fund will be computed by dividing the value of the net assets of such Fund (i.e., the value of its total assets, less total liabilities) by its total number of Shares outstanding. Expenses and fees will be accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund will be calculated by the Administrator and will be determined each business day as described in the Registration Statement.

Creation and Redemption of Shares

According to the Registration Statement, the Funds will create and redeem Shares from time to time, but only in one or more “Creation Units.” A Creation Unit is a block of 50,000 Shares of a Fund. Creation Units may be created or redeemed only by authorized participants, as described in the Registration Statement. Except when aggregated in Creation Units, the Shares will not be redeemable securities. Authorized participants may pay a fixed and variable transaction fee in connection with each order to create or redeem a Creation Unit. Authorized

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participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors. On any business day, an authorized participant may place an order with the Distributor to create one or more Creation Units. An order to create or redeem Shares must be placed by 3:00 p.m. E.T. The total cash payment required to create each Creation Unit will be the NAV of 50,000 Shares of the applicable Fund on the purchase order date plus the applicable transaction fee.

According to the Registration Statement, the procedures by which an authorized participant can redeem one or more Creation Units will mirror the procedures for the purchase of Creation Units. On any business day, an authorized participant may place an order with the Distributor to redeem one or more Creation Units. Individual shareholders may not redeem directly from a Fund.

By placing a redemption order, an authorized participant agrees to deliver the Creation Units to be redeemed through DTC's book-entry system to the applicable Fund not later than noon E.T., on the third business day immediately following the redemption order date (T+3). The redemption proceeds from a Fund will consist of the cash redemption amount. The cash redemption amount will be equal to the NAV of the number of Creation Unit(s) of such Fund requested in the authorized participant's redemption order as of the time of the calculation of such Fund's NAV on the redemption order date, less transaction fees, as described in the Registration Statement.

Availability of Information Regarding the Shares

The website for the Funds (www.proshares.com) and/or the Exchange, which are publicly accessible at no charge, will contain the following information: (a) the current NAV per Share daily and the prior business day's NAV per Share; (b) calculation of the premium or discount of

the closing market price against the NAV per Share; (c) the prospectus; and (d) other applicable quantitative information.

The NAV per Share will be calculated and disseminated daily. One or more major market data vendors will disseminate for the Funds on a daily basis information with respect to the corresponding Indicative Optimized Portfolio Value (“IOPV”) (as discussed below), recent NAV per Share and Shares outstanding. The Exchange will also make available on its website (www.nyse.com) daily trading volume of the Shares, closing prices of the Shares, and the NAV per Share. The intraday pricing and settlement values of the Benchmark Futures Contracts held by the Funds are also available from the CME, the ICE, and other public sources or on-line information services such as www.ino.com. Real-time dissemination of spot pricing for the Australian dollar, Canadian dollar, Swiss franc, Euro and Japanese yen and data for the U.S. Dollar Index are available from various major market data vendors. Quotation and last sale information for the Shares will be available via the Consolidated Tape Association (“CTA”) high-speed line.

Portfolio Disclosure

Each Fund’s total portfolio composition will be disclosed on the Funds’ website or another relevant website as determined by the Trust and/or the Exchange. The Trust will provide website disclosure of portfolio holdings daily and will include, as applicable, the description and notional value (in U.S. dollars) of the Funds’ investments in Benchmark Futures Contracts and forward contracts, if any, cash equivalents and amount of cash held in the portfolio of each Fund. This public website disclosure of the portfolio composition of each Fund will occur at the same time as the disclosure by the Sponsor of the portfolio composition to authorized participants, so that all market participants are provided portfolio composition information at the same time.

Therefore, the same portfolio information will be provided on the public website as well as in electronic files provided to authorized participants. Accordingly, each investor will have access to the current portfolio composition of each Fund through the Funds' website.

Dissemination of Net Asset Value and Indicative Optimized Portfolio Value

The Administrator will calculate and disseminate, once each trading day, the NAV per Share to market participants. The NAV calculation time for each Fund will be 4:00 p.m. E.T. The Exchange will obtain a representation (prior to listing of the Funds) from the Trust that the NAV per Share will be calculated daily and made available to all market participants at the same time. In addition, the Sponsor will cause to be made available on a daily basis the total payment required to create each Creation Unit of the applicable Fund on the purchase order date in connection with the issuance of the respective Shares.

The IOPV relating to Shares of each Fund will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.¹⁶ The IOPV will be an indicator of the value of the investments and cash and receivables less liabilities of a Fund at the time the IOPV is disseminated. The IOPV will be calculated by NYSE Arca using the prior day's closing net assets of each Fund as a base and updating throughout the Core Trading Session changes in the value of Benchmark Futures Contracts and forward contracts, if any, held by the Fund. The IOPV should not be viewed as an actual real time update of the NAV because NAV is calculated only once at the end of each trading day. The IOPV also should not be viewed as a precise value of the Shares.

Criteria for Initial and Continued Listing

The Funds will be subject to the criteria in NYSE Arca Equities Rule 8.200 and

¹⁶ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IOPV published on CTA or other data feeds.

Commentary .02 thereto for initial and continued listing of the Shares.

The minimum number of Shares for each Fund to be outstanding at the start of trading will be 100,000 Shares. The Exchange believes that this minimum number of Shares for each Fund to be outstanding at the start of trading is sufficient to provide adequate market liquidity and to further the objectives of the Funds. The Exchange represents that, for the initial and continued listing of the Shares, the Funds must be in compliance with NYSE Arca Equities Rule 5.3 and Rule 10A-3 under the Act.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m. E.T.¹⁷ The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

The trading of the Shares will be subject to NYSE Arca Equities Rule 8.200, Commentary .02(e), which sets forth certain restrictions on Equity Trading Permit ("ETP") Holders acting as registered Market Makers in TIRs to facilitate surveillance. See "Surveillance" below for more information.

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading may be halted because of market

¹⁷ See NYSE Arca Equities Rule 7.34 regarding hours for the NYSE Arca Opening, Core and Late Trading Sessions.

conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the underlying Benchmark Futures Contracts, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Shares will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange's "circuit breaker" rule¹⁸ or by the halt or suspension of trading of the underlying Benchmark Futures Contracts.

The Exchange represents that the Exchange may halt trading during the day in which an interruption to the dissemination of the IOPV, the Benchmark value or the value of the underlying Benchmark Futures Contracts occurs. If the interruption to the dissemination of the IOPV, the Benchmark value or the value of the underlying Benchmark Futures Contracts persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

Surveillance

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products, including TIRs, to monitor trading in the Shares. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

¹⁸ See NYSE Arca Equities Rule 7.12.

The Exchange's current trading surveillance focuses on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange can obtain market surveillance information, including customer identity information, with respect to transactions occurring on the ICE and the CME in that these markets are members of the Intermarket Surveillance Group ("ISG"). A list of ISG members is available at www.isgportal.org.¹⁹

The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Suitability

Currently, NYSE Arca Equities Rule 9.2(a) (Diligence as to Accounts) provides that an ETP Holder, before recommending a transaction in any security, must have reasonable grounds to believe that the recommendation is suitable for the customer based on any facts disclosed by the customer as to its other security holdings and as to its financial situation and needs. Further, the rule provides, with a limited exception, that prior to the execution of a transaction recommended to a non-institutional customer, the ETP Holder must make reasonable efforts to obtain information concerning the customer's financial status, tax status, investment objectives, and any other information that such ETP Holder believes would be useful to make a recommendation.

¹⁹ The Exchange may obtain information regarding Benchmark Futures Contracts from exchanges with which the Exchange has entered into a surveillance sharing agreement or that are ISG members. The Exchange notes that not all components of the portfolio for the Funds may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

Prior to the commencement of trading, the Exchange will inform its ETP Holders of the suitability requirements of NYSE Arca Equities Rule 9.2(a) in an Information Bulletin. Specifically, ETP Holders will be reminded in the Information Bulletin that, in recommending transactions in these securities, they must have a reasonable basis to believe that (1) the recommendation is suitable for a customer given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such member, and (2) the customer can evaluate the special characteristics, and is able to bear the financial risks, of an investment in the Shares. In connection with the suitability obligation, the Information Bulletin will also provide that members must make reasonable efforts to obtain the following information: (1) the customer's financial status; (2) the customer's tax status; (3) the customer's investment objectives; and (4) such other information used or considered to be reasonable by such member or registered representative in making recommendations to the customer.

In addition, FINRA has implemented increased sales practice and customer margin requirements for FINRA members applicable to leveraged exchange-traded funds ("ETFs") (which include the Shares) and options on leveraged ETFs, as described in FINRA Regulatory Notices 09-31 (June 2009), 09-53 (August 2009) and 09-65 (November 2009) ("FINRA Regulatory Notices"). ETP Holders that carry customer accounts will be required to follow the FINRA guidance set forth in the FINRA Regulatory Notices.

As disclosed in the Registration Statement, the Funds will seek leveraged, inverse, or leveraged inverse returns on a daily basis, and the Funds will not seek to achieve their stated investment objective over a period of time greater than one day because compounding prevents the Funds from perfectly achieving such results. Accordingly, results over periods of time

greater than one day typically will not be a leveraged multiple (+300% or +200%), the inverse (-100%) or a leveraged inverse multiple (-200% or -300%) of the period return of the applicable Benchmark and may differ significantly from these multiples. The Exchange's Information Bulletin regarding the Funds, described below, will provide information regarding the suitability of an investment in the Shares, as stated in the Registration Statement.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IOPV will not be calculated or publicly disseminated; (2) the procedures for purchases and redemptions of Shares in Creation Unit size (and that Shares are not individually redeemable); (3) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (4) how information regarding the IOPV is disseminated; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Funds. The Exchange notes that investors purchasing Shares directly from the Funds will receive a prospectus. ETP Holders purchasing Shares from the Funds for resale to investors will deliver a prospectus to such investors. The Information Bulletin will reference the FINRA Regulatory Notices regarding sales practice and customer margin requirements for FINRA members

applicable to leveraged ETFs and options on leveraged ETFs. The Information Bulletin will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Bulletin will reference that the Funds are subject to various fees and expenses described in the Registration Statement. The Information Bulletin will also reference that the Commodity Futures Trading Commission has regulatory jurisdiction over the trading of Benchmark Futures contracts traded on U.S. markets.

The Information Bulletin will also disclose the trading hours of the Shares of the Funds. The Bulletin will disclose that information about the Shares of the Funds is publicly available on the Funds' website.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)²⁰ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.200 and Commentary .02 thereto. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange may obtain information via

²⁰ 15 U.S.C. 78f(b)(5).

ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. The Benchmark Futures Contracts held by the Funds are traded on CME and ICE, which are ISG members. Each Fund will seek to achieve its investment objective by investing under normal market conditions, in Benchmark Futures Contracts. In the event position accountability rules or position limits are reached with respect to a particular Benchmark Futures Contract, the Sponsor, may, in its commercially reasonable judgment, cause the relevant Fund to obtain exposure through over-the-counter forward contracts referencing the particular exchange rate, index or index components, or invest in other forward contracts not based on the particular exchange rate, if such instruments tend to exhibit trading prices or returns that correlate with the Benchmarks or any Benchmark Futures Contract and will further the investment objective of a Fund. The intra-day futures prices, closing price and settlement prices of the Benchmark Futures Contracts held by the Funds are also available from the CME and ICE, as applicable, automated quotation systems, published or other public sources, or on-line information services. Quotation and last sale information for the Shares will be available via CTA. Each Fund's total portfolio composition will be disclosed on the Funds' website or another relevant website.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information will be publicly available regarding the Funds and the Shares, thereby promoting market transparency. Real-time dissemination of spot pricing for the Australian dollar, Canadian dollar, Swiss franc, Euro and Japanese yen and data for the U.S. Dollar Index is available from various major market data vendors. The NAV per Share will be calculated daily and made available to all market participants at the same time. One or more major market data vendors will disseminate

for the Funds on a daily basis information with respect to the IOPV, recent NAV per Share and Shares outstanding. The IOPV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session. Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. The Exchange may halt trading during the day in which an interruption to the dissemination of the IOPV, the Benchmark value or the value of the underlying Benchmark Futures Contracts occurs. If the interruption to the dissemination of the IOPV, the Benchmark value or the value of the underlying Benchmark Futures Contracts persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. The Information Bulletin will also reference the FINRA Regulatory Notices regarding sales practice and customer margin requirements for FINRA members applicable to leveraged ETFs and options on leveraged ETFs.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of additional types of exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain

information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, IOPV, and quotation and last sale information for the Shares.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2012-04 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR- NYSEArca-2012-04. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549-1090, on official business days between 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet website at www.nyse.com. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All

submissions should refer to File Number SR-NYSEArca-2012-04 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Kevin M. O'Neill
Deputy Secretary

²¹ 17 CFR 200.30-3(a)(12).