



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject:**     **Rydex Russell 1000 Equal Weight ETF**  
                  **Rydex Russell 2000 Equal Weight ETF**  
                  **Rydex Russell EAFE Equal Weight ETF**  
                  **Rydex Russell Emerging Markets Equal Weight ETF**  
                  **Rydex Russell Midcap Equal Weight ETF**

### **Background Information on the Funds**

As more fully explained in the Registration Statement (811-21261), the Trust is registered under the Investment Company Act of 1940 (the "1940 Act") as an investment company. The Funds are exchange-traded "index funds" ("ETFs").

#### *Rydex Russell 1000<sup>(R)</sup> Equal Weight ETF*

The investment objective of the Rydex Russell 1000<sup>(R)</sup> Equal Weight ETF is to correspond as closely as possible, before fees and expenses, to the price and yield performance of the Russell 1000 Equal Weight Index. The Russell 1000 Equal Weight Index is an unmanaged equal-weighted version of the Russell 1000 Index, which measures the performance of the large-cap segment of the U.S. equity universe. The Russell 1000 Index is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities within the Russell 3000 Index based on a combination of their market cap and current index membership. The Russell 1000 Index represents approximately 90% of the U.S. market with capitalizations ranging from \$968.3 million to \$290.8 billion as of June 30, 2010.

#### *Rydex Russell 2000<sup>(R)</sup> Equal Weight ETF*

The investment objective of the Rydex Russell 2000<sup>(R)</sup> Equal Weight ETF is to correspond as closely as possible, before fees and expenses, to the price and yield performance of the Russell 2000 Equal Weight Index. The Russell 2000 Equal Weight Index is an unmanaged equal-weighted version of the Russell 2000 Index. The Russell 2000 Index is composed of the 2,000 smallest companies in the Russell 3000 Index, representing approximately 10% of the Russell 3000 total market capitalization and consisting of capitalizations ranging from \$39.3 million to \$2.54 billion as of June 30, 2010. The Russell 3000<sup>(R)</sup> Index is composed of the 3,000 largest U.S. companies ranked by total market capitalization, representing approximately 98% of the U.S. investable equity market.

#### *Rydex MSCI EAFE Equal Weight ETF*

The investment objective of the Rydex MSCI EAFE Equal Weight ETF is to correspond, before fees and expenses, to the price and yield performance of the MSCI EAFE Equal Weighted Index. The MSCI EAFE Equal Weighted Index is an unmanaged equal-weighted version of the MSCI EAFE Index. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float

adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. As of May 27, 2010 the MSCI EAFE Index consisted of separate sub-indices representing the following 22 developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom, with capitalizations ranging from \$255.8 million to \$202.1 billion as of June 30, 2010.

*Rydex MSCI Emerging Markets Equal Weight ETF*

The investment objective of the Rydex MSCI Emerging Markets Equal Weight ETF is to correspond, before fees and expenses, to the price and yield performance of the MSCI Emerging Markets Equal Weighted Index. The MSCI Emerging Markets Equal Weighted Index is an unmanaged equal-weighted version of the MSCI Emerging Markets Index. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of certain markets deemed to be emerging markets. As of May 27, 2010 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey with capitalizations ranging from \$2.94 billion to \$22.56 billion as of June 30, 2010.

*Rydex Russell Midcap Equal Weight ETF*

The investment objective of the Rydex Russell MidCap Equal Weight ETF is to correspond as closely as possible, before fees and expenses, to the price and yield performance of the Russell MidCap Equal Weight Index. The Russell MidCap Equal Weight Index is an unmanaged equal-weighted version of the Russell MidCap Index, which measures the performance of the mid-cap segment of the U.S. equity universe. The Russell MidCap Index is a subset of the Russell 1000 Index and includes approximately 800 of the smallest securities within the Russell 1000 Index based on a combination of market capitalization and current index membership. The Russell MidCap Index generally represents medium-capitalization companies with capitalizations ranging from \$968 million to \$13.7 billion as of June 30, 2010.

The Funds are non-diversified and, therefore, may invest a greater percentage of their assets in a particular issuer in comparison to a diversified fund.

Rydex Advisors II, LLC serves as the investment advisor for the Funds. Rydex Distributors, Inc. is the distributor for the Funds. State Street Bank and Trust Company, is the administrator, custodian and transfer agent for the Funds.

Shares may be purchased and redeemed from each Domestic Equal Weight ETF and International Equal Weight ETF only in "Creation Units" of 50,000 and 100,000 shares, respectively, or multiples thereof. The price of an individual Fund share is based on market prices, which may be different from its NAV. As a result, a Fund's shares may trade at a price greater than the NAV (at a premium) or less than the NAV (at a discount).

The Funds pay out dividends to shareholders at least annually. Each Fund distributes its net capital gains, if any, to shareholders annually.

The Depository Trust Company ("DTC") will serve as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The NAV per Share of the Funds will be determined as of the close of trading (normally, 4:00 p.m. Eastern Time (“ET”)) on each day that the Exchange is open for business. The NAV of the Funds are calculated by dividing the value of the net assets of the Funds (i.e., the value of its total assets less total liabilities) by the total number of outstanding shares of the Funds, generally rounded to the nearest cent. NAV will be available from the Distributor and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

The Trust’s registration statement describes the various fees and expenses for the Funds’ Shares. For a more complete description of the Funds and the underlying index, visit [www.rydexsgi.com](http://www.rydexsgi.com).

### **Principal Risks**

Interested persons are referred to the Prospectus for a description of risks associated with an investment in the Funds. These risks include stock market risk, foreign markets risk, emerging market risk, and the risk that the Fund’s return may not match the return of its index for a number of reasons including the incursion by the Funds of operating expenses and costs not applicable to its index. In addition, as noted in the Prospectus, the Shares may trade at market prices that differ from their NAV. The NAV of a Fund’s Shares will fluctuate with changes in the market value of the Fund’s holdings. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

### **Exchange Rules Applicable to Trading in the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange’s existing rules governing the trading of equity securities.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund’s website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust’s registration statement.

### **Trading Hours**

Trading in the shares on EDGA and EDGX Exchanges (the “Exchanges”) is on a UTP basis and is subject to the Exchanges equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value (“IIV”). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is

unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

### **Suitability**

Trading in the Shares on the Exchanges will be subject to the provisions of EDGA and EDGX Exchange Rules 3.7. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

### **Exemptive, Interpretive, and No-Action Relief Under Federal Securities Regulation**

The Commission has issued letters dated October 24, 2006, November 21, 2005 and August 17, 2001 (together, the No-Action Letters") granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for exchange traded funds listed and traded on a registered national securities exchange that meet certain criteria. Members should refer to the No-Action Letters available at [www.sec.gov](http://www.sec.gov) for additional information.

### **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The Commission issued a No-Action Letter by which persons participating in a distribution of shares of a fund may engage in secondary market transactions in such shares during their participation in such a distribution, despite the requirements of from Rule 101 under Regulation M. In addition, the SEC has permitted persons who may be deemed to be participating in the distribution of shares of a fund (i) to purchase securities for the purpose of purchasing creation

unit aggregations of funds shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the Commission has clarified that the tender of funds shares to the Funds for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The Commission has issued a No-Action Letter to paragraph (e) of Rule 102 under Regulation M which allow the redemption of funds shares in creation unit aggregations during the continuous offering of shares.

### **Customer Confirmations for Creation or Redemption of Funds Shares (SEC Rule 10b-10)**

Broker-dealers who handle purchases or redemptions of Funds shares in Creation Units for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Funds for purposes of purchasing creation unit aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Funds for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

1. Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
2. Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
3. Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

### **SEC Rule 14e-5**

The Commission has permitted any person acting as a dealer-manager of a tender offer for a component security of funds (1) to redeem funds shares in creation unit aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase funds shares during such tender offer. In addition, a No-Action has been issued under Rule 14e-5 states that if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Funds purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more creation unit aggregations of shares, it must be made in conformance with the following:

- i. such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- ii. purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- iii. such bids or purchases are not affected for the purpose of facilitating such tender offer.

### **Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2**

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The Commission has clarified that Section 11(d)(1) does not apply to broker-dealers that are not authorized participants (and, therefore, do not create creation unit aggregations) that engage in both proprietary and customer transactions in shares of a fund in the secondary market, and for broker-dealer authorized participants that engage in creations of creation unit aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an authorized participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the shares of a fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). See letter dated November 22, 2005 from Brian A Bussey, Assistant Chief Counsel, SEC Division of Market Regulation, to Barclays Global Investors, N.A., dated November 22, 2005. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act states that broker-dealers may treat shares of a fund, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

### **SEC Rule 15c1-5 and 15c1-6**

The Commission has issued a No-Action letter with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of funds shares and secondary market transactions therein.

**This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>Cusip</b>
EWEF	Rydex MSCI EAFE Equal Weight ETF	78355W544
EWEM	Rydex MSCI Emerging Markets Equal Weight ETF	78355W536
EWRI	Rydex Russell 1000 Equal Weight ETF	78355W593
EWRM	Rydex Russell Midcap Equal Weight ETF	78355W577
EWRS	Rydex Russell 2000 Equal Weight ETF	78355W585