



STOCK EXCHANGE			
Regulatory Information Circular			
Circular number:	2008-44	Contact:	Russ Davidson
Date:	August 20, 2008	Telephone:	(646) 805-1857

**Subject: UltraShort Lehman 20+ Year Treasury ProShares
UltraShort Lehman 7-10 Year Treasury ProShares**

Background Information on the Fund

As more fully explained in the Registration Statement (No. 333-89822 and 811-21114) for the Trust, the Trust is a registered open-end management investment company currently consisting of separate investment series, i.e., the Funds. The Funds are investment companies registered under the Investment Company Act of 1940, as amended (“1940 Act”), and commonly referred to as “exchange traded funds.”

The UltraShort Lehman 7-10 Year Treasury ProShares (PST) seeks daily investment results, before fees and expenses and interest earned on cash and financial instruments, that correspond to twice (200%) the inverse (opposite) of the daily performance of the Lehman Brothers 7-10 Year U.S. Treasury Index (“Underlying Index”).

The UltraShort Lehman 20+ Year U.S. Treasury ProShares (TBT) seeks daily investment results, before fees and expenses and interest earned on cash and financial instruments, that correspond to twice (200%) the inverse (opposite) of the daily performance of the Lehman Brothers 20+ Year U.S. Treasury Index (“Underlying Index”).

ProShares Advisors LLC (the “Advisor”) serves as the investment adviser to the Funds. SEI Investments Distribution Company (“SEI”) is the distributor for the Funds. JP Morgan Chase Bank, N.A. is the custodian, administrator and transfer agent for the Funds (“Custodian”).

As described more fully in the Trust’s Prospectus and Statement of Additional Information (“SAI”), each Fund issues and redeems shares (“Shares”) at their net asset value (“NAV”) only in large blocks of 75,000 Shares (each block of 75,000 Shares called a “Creation Unit). The Shares have been approved for listing and secondary trading on the Exchange. Shares of the Funds will trade on the Exchange at market prices that may differ from their NAV. Except when aggregated in Creation Units, the Shares may not be redeemed with a Fund.

Other Information about the Funds

Each Fund intends to declare and distribute to its shareholders at least annually virtually all of its net income (interest and dividends, less expenses), if any, as well as any net capital gains, if any, realized from the sale of its holdings. Subject to board approval, some or all of any net capital gains distribution may be declared payable in either additional shares of the respective Fund or in cash. If such a dividend is declared payable in that fashion, holders of shares will receive additional shares of the respective Fund unless they elect to receive cash. Dividends may be declared and paid more frequently to comply with the distribution requirements of the Internal Revenue Code or for other reasons.

The Depository Trust Company (“DTC”) serves 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 each Fund is 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 are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined, at the close of trading, on each day of open trading as determined by the Securities Industry and Financial Markets Association (formerly known as the Bond Market Association) (“SIFMA”). SIFMA trading ordinarily closes at 3:00 p.m. Eastern time. The NAV is available from the Trust and the Exchange and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

The approximate value of Shares will be disseminated to data vendors every 15 seconds. The Shares will trade on the Exchange until 4:15 p.m. ET in trading increments of \$0.01.

Continuous Offering

The method by which Creation Units are created and traded may raise certain issues under applicable securities laws. Because new Creation Units may be issued and sold by the Trust on an ongoing basis, at any point a distribution may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus-delivery requirement and liability provisions of the Securities Act of 1933, as amended (“Securities Act”).

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it purchases Creation Units, breaks them down into constituent Shares, and sells such Shares directly to customers, or if it chooses to couple the creation of a supply of new Shares with an active selling effort involving solicitation of secondary market demand for Shares. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a characterization as an underwriter. Dealers who are not “underwriters,” but who are participating in a distribution (as opposed to engaging in ordinary secondary-market transactions), and thus dealing with Shares that are part of an “unsold allotment” within

the meaning of Section 4(3)(C) of the Securities Act, will be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act.

Creation and Redemption of Creation Units

The Trust will issue and sell Shares only in Creation Units on a continuous basis through SEI, without a sales load, at their NAV next determined after receipt of a purchase order in proper form.

The Funds only accept cash to purchase Creation Units. The purchaser must transfer cash in an amount equal to the value of Creation Unit(s) purchased and the applicable Transaction Fee. All purchase orders will be processed through the Manual Clearing Process described below. The Trust will deliver Shares of the Fund upon payment of cash to the Trust on the third Business Day following the Transmittal Date consistent with the terms of the Authorized Participant Agreement. The use of an All-Cash Payment for the purchase of Creation Unit Aggregations is due to the limited transferability of the Financial Instruments.

All purchase orders for Shares must be placed by or through an Authorized Participant. Purchase orders will be processed through a manual clearing process run at the DTC ("Manual Clearing Process"). Settlement through the Continuous Net Settlement System of the NSCC is not available. A purchase order must be received by the Distributor by certain times and means as described in the Authorized Participants' handbook as permitted under the Participation Agreement, in order to receive that day's closing NAV per share.

The redemption process is essentially the reverse of the purchase process described above. To redeem Shares, you must be an Authorized Participant or you must redeem through a broker that is an Authorized Participant, and you must tender Shares in Creation Units. The use of an All-Cash Payment for the redemption of a Creation Unit is due to the limited transferability of the Financial Instruments.

As with purchases, redemptions will be processed through a Manual Clearing Process. A redemption order must be received by the Distributor by certain times and means as described in the Authorized Participants' handbook as permitted under the Participation Agreement, in order to receive that day's closing NAV per share. Redemption proceeds will be paid in cash and normally settle on a T + 3 basis.

The Trust's Prospectus and SAI describe additional procedures and requirements that apply to the creation and redemption of Shares.

Investment Risks

Equity Electronic Access Members ("Equity EAMs) are referred to the Trust's Prospectus for a description of risks associated with an investment in the Shares. These risks include the risk that each Fund's investment strategy may subject such Fund to greater changes to the value of portfolio holdings and imperfect correlation to the relevant Underlying Index. Each Fund may also not correlate to the relevant Underlying Index for a number of reasons including the incursion by the Fund of operating expenses and costs not applicable to the Index. Over time, the cumulative percentage increase or decrease in the NAV of a Fund may diverge significantly from the cumulative percentage

increase or decrease in the multiple return of the Underlying Index due to the compounding effect of losses and gains on the returns of a Fund. In addition, as noted in the Prospectus, the Shares trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Fund's holdings while 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

Trading in the Shares on ISE is subject to ISE equity trading rules.

Trading Hours

The Shares will trade on ISE between 9:00 a.m. and 4:15 p.m. ET.

Equity EAMs trading the Shares during the Pre-Market Session 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 Pre-Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Pre-Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Pre-Market hours may be at a disadvantage to market professionals.

Suitability

Trading in the Shares on ISE will be subject to the provisions of ISE Rule 2123(l). Equity EAMs recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, Equity EAMs must possess sufficient information to satisfy the "know your customer" obligation that is embedded in ISE Rule 2123(l).

Equity EAMs 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.

Trading Halts

ISE will halt trading in the Shares of a Trust in accordance with ISE Rule 2101(a)(2)(iii). 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, ISE will stop trading the Shares of a Trust if the primary market de-lists the Fund.

Delivery of a Prospectus

ISE Equity EAMs should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Funds. Product descriptions and prospectuses may be obtained through ProShares at www.proshares.com or by calling ProShares at (866) PRO-5125. The prospectus for a Fund does not contain all of the information set forth in the Fund's registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). For further information about a Fund, please refer to its registration statement.

In the event that the Funds rely upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the 1940 Act and in the future make available a written product description, ISE Rules require that ISE Equity EAMs provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust for the Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser.

In addition, ISE Equity EAMs shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by an ISE Equity EAM to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of the Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

An ISE Equity EAM carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to ISE Equity EAM under this rule.

Upon request of a customer, ISE Equity EAMs also shall provide a copy of the Prospectus.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The SEC has issued a letter dated January 24, 2007, ("No-Action Letter") granting exemptive or no-action relief from certain rules under the Securities Exchange Act of 1934 for the ProShares.

Rules 101 and 102 of Regulation M

Under the No-Action Letters, each Fund is excepted from Rule 101 pursuant to paragraph (c)(4) of Rule 101, permitting persons who may be deemed to be participating in a distribution of the Shares to bid for or purchase Shares during their participation in such distribution. Each Fund is excepted under Rule 102(d)(4), permitting a Fund to redeem Shares during the continuous offering of Shares. In addition, under the No-Action Letters, a redemption of Creation Units and the receipt of component securities that comprise a Fund in exchange for Shares by a participant in a distribution of Shares

would not constitute an “attempt to induce any person to bid for or purchase a covered security, during the applicable restricted period” within the meaning of Regulation M, and therefore would not violate Regulation M.

Rule 10b-10 (Customer Confirmations)

The SEC has granted an exemption from Rule 10b-10 that will permit broker-dealers who create or redeem Shares on behalf of their customers to confirm such creation or redemption transactions without providing a statement of the identity, price and number of shares of each individual component security tendered to or delivered by a Fund pursuant to the creation or redemption transaction. This exemption, which does not apply to secondary market trading, is subject to conditions specified in the No-Action Letters, including that any confirmation statement of a creation or redemption transaction that omits any of the information specified in Rule 10b-10(a) will contain a statement that such omitted information will be provided to the customer upon request; that all such requests will be fulfilled in a timely manner; and that confirmation statements of creations and redemptions will contain all information specified in Rule 10b-10(a) other than identity, price, and number of shares of each component security tendered or received by the customer in the transaction.

Rule 10b-17 (Untimely Announcement of Record Dates)

The SEC has granted an exemption from the requirements of Rule 10b-17 that will cover transactions in the Shares.

Section 11(d)(1); Rule 11d1-2 (Customer Margin)

The SEC has taken a no-action position under Section 11(d)(1) that will permit broker-dealers that do not create Shares but engage in both proprietary and customer transactions in such Shares exclusively in the secondary market to extend or maintain or arrange for the extension or maintenance of credit on the Shares, in connection with such secondary market transactions. For broker-dealers that engage in the creation of Shares, the SEC has also taken a no-action position under Rule 11d1-2 that will cover the extension or maintenance or the arrangement for the extension or maintenance of credit on the Shares that have been owned by the persons to whom credit is provided for more than 30 days.

Rule 14e-5 (Prohibited Purchases During Tender Offer)

The SEC has granted an exemption from Rule 14e-5 that will permit any person acting as dealer-manager of a tender offer for a component security to redeem Shares in Creation Units for component securities that may include a security subject to the tender offer, and to purchase Shares during such offer.

Rule 15c1-5 and 15c1-6 (Disclosure of Control and Interest in Distributions)

The SEC has taken a no-action position under Rule 15c1-5 that will permit a broker-dealer to execute transactions in Shares without disclosing any control relationship with an issuer of a component security. In addition, the SEC has taken a no-action position under Rule 15c1-6 that will permit a broker-dealer to execute transactions in the Shares

without disclosing its participation or interest in a primary or secondary distribution of a component security.

Equity EAMs are referred to the full text of the No-Action Letters for additional information.

This Regulatory Information Circular is not a statutory prospectus. ISE Equity EAMs should visit the Funds' website at www.proshares.com and consult the prospectus for a Fund for relevant information.

Please contact me with any inquiries regarding this Regulatory Information Circular.

Appendix A
Exchange-Traded Fund Symbol CUSIP Number

Ticker	Fund Name	CUSIP
TBT	UltraShort Lehman 20+ Year Treasury ProShares	74347R297
PST	UltraShort Lehman 7-10 Year Treasury ProShares	74347R313