Research Circular #RS12-495

DATE: September 26, 2012
TO: Permit Holders
FROM: Scott Speer

RE: **ProShares UltraShort 20+ Year Treasury ("TBT")**
1-for-4 Reverse ETF Split
Ex-Distribution Date: October 5, 2012

ProShares UltraShort 20+ Year Treasury ("TBT") has announced a 1-for-4 reverse ETF split, in which each outstanding share of TBT will automatically be converted into **0.25** of a share of "New" TBT. **The ex-date for the reverse ETF split is Friday, October 5, 2012.**

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding TBT option series as of Friday, October 5, 2012, at 8:30 A.M. Chicago time will be adjusted to reflect this 1-for-4 reverse ETF split. All TBT options will be adjusted to require the receipt or delivery of: **25 shares of ProShares UltraShort 20+ Year Treasury (New "TBT").** The contract multiplier will remain 100, *i.e.,* 1 point of premium or strike price will equal $100. Strike prices will remain the same. The option symbol will change to **TBT1**. Premiums for the adjusted TBT1 options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1.00 will equal $100. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

The option adjustment will appear in the Daily Position Report of the clearing member firms on the ex-date. After 8:30 A.M. Friday, October 5, 2012, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

Adjusted Exercise Prices

On Friday, October 5, 2012, the ex-distribution date, trading in TBT series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES 100 Shares					**ADJUSTED SERIES* 25 Shares**			
TBT	1.00	2012-10-20	C/P	=>	TBT1	1.00	2012-10-20	C/P
TBT	2.00	2012-10-20	C/P	=>	TBT1	2.00	2012-10-20	C/P
TBT	3.00	2012-10-20	C/P	=>	TBT1	3.00	2012-10-20	C/P
TBT	4.00	2012-10-20	C/P	=>	TBT1	4.00	2012-10-20	C/P
TBT	5.00	2012-10-20	C/P	=>	TBT1	5.00	2012-10-20	C/P
TBT	6.00	2012-10-20	C/P	=>	TBT1	6.00	2012-10-20	C/P
TBT	7.00	2012-10-20	C/P	=>	TBT1	7.00	2012-10-20	C/P
TBT	8.00	2012-10-20	C/P	=>	TBT1	8.00	2012-10-20	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
TBT	9.00	2012-10-20	C/P	=>	TBT1	9.00	2012-10-20	C/P
TBT	10.00	2012-10-20	C/P	=>	TBT1	10.00	2012-10-20	C/P
TBT	11.00	2012-10-20	C/P	=>	TBT1	11.00	2012-10-20	C/P
TBT	12.00	2012-10-20	C/P	=>	TBT1	12.00	2012-10-20	C/P
TBT	13.00	2012-10-20	C/P	=>	TBT1	13.00	2012-10-20	C/P
TBT	14.00	2012-10-20	C/P	=>	TBT1	14.00	2012-10-20	C/P
TBT	15.00	2012-10-20	C/P	=>	TBT1	15.00	2012-10-20	C/P
TBT	16.00	2012-10-20	C/P	=>	TBT1	16.00	2012-10-20	C/P
TBT	17.00	2012-10-20	C/P	=>	TBT1	17.00	2012-10-20	C/P
TBT	18.00	2012-10-20	C/P	=>	TBT1	18.00	2012-10-20	C/P
TBT	19.00	2012-10-20	C/P	=>	TBT1	19.00	2012-10-20	C/P
TBT	20.00	2012-10-20	C/P	=>	TBT1	20.00	2012-10-20	C/P
TBT	21.00	2012-10-20	C/P	=>	TBT1	21.00	2012-10-20	C/P
TBT	22.00	2012-10-20	C/P	=>	TBT1	22.00	2012-10-20	C/P
TBT	23.00	2012-10-20	C/P	=>	TBT1	23.00	2012-10-20	C/P
TBT	24.00	2012-10-20	C/P	=>	TBT1	24.00	2012-10-20	C/P
TBT	25.00	2012-10-20	C/P	=>	TBT1	25.00	2012-10-20	C/P
TBT	26.00	2012-10-20	C/P	=>	TBT1	26.00	2012-10-20	C/P
TBT	27.00	2012-10-20	C/P	=>	TBT1	27.00	2012-10-20	C/P
TBT	28.00	2012-10-20	C/P	=>	TBT1	28.00	2012-10-20	C/P
TBT	29.00	2012-10-20	C/P	=>	TBT1	29.00	2012-10-20	C/P
TBT	30.00	2012-10-20	C/P	=>	TBT1	30.00	2012-10-20	C/P
TBT	31.00	2012-10-20	C/P	=>	TBT1	31.00	2012-10-20	C/P
TBT	32.00	2012-10-20	C/P	=>	TBT1	32.00	2012-10-20	C/P
TBT	1.00	2012-11-17	C/P	=>	TBT1	1.00	2012-11-17	C/P
TBT	2.00	2012-11-17	C/P	=>	TBT1	2.00	2012-11-17	C/P
TBT	3.00	2012-11-17	C/P	=>	TBT1	3.00	2012-11-17	C/P
TBT	4.00	2012-11-17	C/P	=>	TBT1	4.00	2012-11-17	C/P
TBT	5.00	2012-11-17	C/P	=>	TBT1	5.00	2012-11-17	C/P
TBT	6.00	2012-11-17	C/P	=>	TBT1	6.00	2012-11-17	C/P
TBT	7.00	2012-11-17	C/P	=>	TBT1	7.00	2012-11-17	C/P
TBT	8.00	2012-11-17	C/P	=>	TBT1	8.00	2012-11-17	C/P
TBT	9.00	2012-11-17	C/P	=>	TBT1	9.00	2012-11-17	C/P
TBT	10.00	2012-11-17	C/P	=>	TBT1	10.00	2012-11-17	C/P
TBT	11.00	2012-11-17	C/P	=>	TBT1	11.00	2012-11-17	C/P
TBT	12.00	2012-11-17	C/P	=>	TBT1	12.00	2012-11-17	C/P
TBT	13.00	2012-11-17	C/P	=>	TBT1	13.00	2012-11-17	C/P
TBT	14.00	2012-11-17	C/P	=>	TBT1	14.00	2012-11-17	C/P
TBT	15.00	2012-11-17	C/P	=>	TBT1	15.00	2012-11-17	C/P
TBT	16.00	2012-11-17	C/P	=>	TBT1	16.00	2012-11-17	C/P
TBT	17.00	2012-11-17	C/P	=>	TBT1	17.00	2012-11-17	C/P
TBT	18.00	2012-11-17	C/P	=>	TBT1	18.00	2012-11-17	C/P
TBT	19.00	2012-11-17	C/P	=>	TBT1	19.00	2012-11-17	C/P
TBT	20.00	2012-11-17	C/P	=>	TBT1	20.00	2012-11-17	C/P
TBT	21.00	2012-11-17	C/P	=>	TBT1	21.00	2012-11-17	C/P
TBT	22.00	2012-11-17	C/P	=>	TBT1	22.00	2012-11-17	C/P
TBT	23.00	2012-11-17	C/P	=>	TBT1	23.00	2012-11-17	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
TBT	24.00	2012-11-17	C/P	=>	TBT1	24.00	2012-11-17	C/P
TBT	25.00	2012-11-17	C/P	=>	TBT1	25.00	2012-11-17	C/P
TBT	26.00	2012-11-17	C/P	=>	TBT1	26.00	2012-11-17	C/P
TBT	27.00	2012-11-17	C/P	=>	TBT1	27.00	2012-11-17	C/P
TBT	28.00	2012-11-17	C/P	=>	TBT1	28.00	2012-11-17	C/P
TBT	29.00	2012-11-17	C/P	=>	TBT1	29.00	2012-11-17	C/P
TBT	30.00	2012-11-17	C/P	=>	TBT1	30.00	2012-11-17	C/P
TBT	31.00	2012-11-17	C/P	=>	TBT1	31.00	2012-11-17	C/P
TBT	32.00	2012-11-17	C/P	=>	TBT1	32.00	2012-11-17	C/P
TBT	1.00	2012-12-22	C/P	=>	TBT1	1.00	2012-12-22	C/P
TBT	2.00	2012-12-22	C/P	=>	TBT1	2.00	2012-12-22	C/P
TBT	3.00	2012-12-22	C/P	=>	TBT1	3.00	2012-12-22	C/P
TBT	4.00	2012-12-22	C/P	=>	TBT1	4.00	2012-12-22	C/P
TBT	5.00	2012-12-22	C/P	=>	TBT1	5.00	2012-12-22	C/P
TBT	6.00	2012-12-22	C/P	=>	TBT1	6.00	2012-12-22	C/P
TBT	7.00	2012-12-22	C/P	=>	TBT1	7.00	2012-12-22	C/P
TBT	8.00	2012-12-22	C/P	=>	TBT1	8.00	2012-12-22	C/P
TBT	9.00	2012-12-22	C/P	=>	TBT1	9.00	2012-12-22	C/P
TBT	10.00	2012-12-22	C/P	=>	TBT1	10.00	2012-12-22	C/P
TBT	11.00	2012-12-22	C/P	=>	TBT1	11.00	2012-12-22	C/P
TBT	12.00	2012-12-22	C/P	=>	TBT1	12.00	2012-12-22	C/P
TBT	13.00	2012-12-22	C/P	=>	TBT1	13.00	2012-12-22	C/P
TBT	14.00	2012-12-22	C/P	=>	TBT1	14.00	2012-12-22	C/P
TBT	15.00	2012-12-22	C/P	=>	TBT1	15.00	2012-12-22	C/P
TBT	16.00	2012-12-22	C/P	=>	TBT1	16.00	2012-12-22	C/P
TBT	17.00	2012-12-22	C/P	=>	TBT1	17.00	2012-12-22	C/P
TBT	18.00	2012-12-22	C/P	=>	TBT1	18.00	2012-12-22	C/P
TBT	19.00	2012-12-22	C/P	=>	TBT1	19.00	2012-12-22	C/P
TBT	20.00	2012-12-22	C/P	=>	TBT1	20.00	2012-12-22	C/P
TBT	21.00	2012-12-22	C/P	=>	TBT1	21.00	2012-12-22	C/P
TBT	22.00	2012-12-22	C/P	=>	TBT1	22.00	2012-12-22	C/P
TBT	23.00	2012-12-22	C/P	=>	TBT1	23.00	2012-12-22	C/P
TBT	24.00	2012-12-22	C/P	=>	TBT1	24.00	2012-12-22	C/P
TBT	25.00	2012-12-22	C/P	=>	TBT1	25.00	2012-12-22	C/P
TBT	26.00	2012-12-22	C/P	=>	TBT1	26.00	2012-12-22	C/P
TBT	27.00	2012-12-22	C/P	=>	TBT1	27.00	2012-12-22	C/P
TBT	28.00	2012-12-22	C/P	=>	TBT1	28.00	2012-12-22	C/P
TBT	29.00	2012-12-22	C/P	=>	TBT1	29.00	2012-12-22	C/P
TBT	30.00	2012-12-22	C/P	=>	TBT1	30.00	2012-12-22	C/P
TBT	31.00	2012-12-22	C/P	=>	TBT1	31.00	2012-12-22	C/P
TBT	32.00	2012-12-22	C/P	=>	TBT1	32.00	2012-12-22	C/P
TBT	33.00	2012-12-22	C/P	=>	TBT1	33.00	2012-12-22	C/P
TBT	34.00	2012-12-22	C/P	=>	TBT1	34.00	2012-12-22	C/P
TBT	35.00	2012-12-22	C/P	=>	TBT1	35.00	2012-12-22	C/P
TBT	36.00	2012-12-22	C/P	=>	TBT1	36.00	2012-12-22	C/P
TBT	37.00	2012-12-22	C/P	=>	TBT1	37.00	2012-12-22	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
TBT	5.00	2013-01-19	C/P	=>	TBT1	5.00	2013-01-19	C/P
TBT	6.00	2013-01-19	C/P	=>	TBT1	6.00	2013-01-19	C/P
TBT	7.00	2013-01-19	C/P	=>	TBT1	7.00	2013-01-19	C/P
TBT	8.00	2013-01-19	C/P	=>	TBT1	8.00	2013-01-19	C/P
TBT	9.00	2013-01-19	C/P	=>	TBT1	9.00	2013-01-19	C/P
TBT	10.00	2013-01-19	C/P	=>	TBT1	10.00	2013-01-19	C/P
TBT	11.00	2013-01-19	C/P	=>	TBT1	11.00	2013-01-19	C/P
TBT	12.00	2013-01-19	C/P	=>	TBT1	12.00	2013-01-19	C/P
TBT	13.00	2013-01-19	C/P	=>	TBT1	13.00	2013-01-19	C/P
TBT	14.00	2013-01-19	C/P	=>	TBT1	14.00	2013-01-19	C/P
TBT	15.00	2013-01-19	C/P	=>	TBT1	15.00	2013-01-19	C/P
TBT	16.00	2013-01-19	C/P	=>	TBT1	16.00	2013-01-19	C/P
TBT	17.00	2013-01-19	C/P	=>	TBT1	17.00	2013-01-19	C/P
TBT	18.00	2013-01-19	C/P	=>	TBT1	18.00	2013-01-19	C/P
TBT	19.00	2013-01-19	C/P	=>	TBT1	19.00	2013-01-19	C/P
TBT	20.00	2013-01-19	C/P	=>	TBT1	20.00	2013-01-19	C/P
TBT	21.00	2013-01-19	C/P	=>	TBT1	21.00	2013-01-19	C/P
TBT	22.00	2013-01-19	C/P	=>	TBT1	22.00	2013-01-19	C/P
TBT	23.00	2013-01-19	C/P	=>	TBT1	23.00	2013-01-19	C/P
TBT	24.00	2013-01-19	C/P	=>	TBT1	24.00	2013-01-19	C/P
TBT	25.00	2013-01-19	C/P	=>	TBT1	25.00	2013-01-19	C/P
TBT	26.00	2013-01-19	C/P	=>	TBT1	26.00	2013-01-19	C/P
TBT	27.00	2013-01-19	C/P	=>	TBT1	27.00	2013-01-19	C/P
TBT	28.00	2013-01-19	C/P	=>	TBT1	28.00	2013-01-19	C/P
TBT	29.00	2013-01-19	C/P	=>	TBT1	29.00	2013-01-19	C/P
TBT	30.00	2013-01-19	C/P	=>	TBT1	30.00	2013-01-19	C/P
TBT	31.00	2013-01-19	C/P	=>	TBT1	31.00	2013-01-19	C/P
TBT	32.00	2013-01-19	C/P	=>	TBT1	32.00	2013-01-19	C/P
TBT	33.00	2013-01-19	C/P	=>	TBT1	33.00	2013-01-19	C/P
TBT	34.00	2013-01-19	C/P	=>	TBT1	34.00	2013-01-19	C/P
TBT	35.00	2013-01-19	C/P	=>	TBT1	35.00	2013-01-19	C/P
TBT	36.00	2013-01-19	C/P	=>	TBT1	36.00	2013-01-19	C/P
TBT	37.00	2013-01-19	C/P	=>	TBT1	37.00	2013-01-19	C/P
TBT	38.00	2013-01-19	C/P	=>	TBT1	38.00	2013-01-19	C/P
TBT	39.00	2013-01-19	C/P	=>	TBT1	39.00	2013-01-19	C/P
TBT	40.00	2013-01-19	C/P	=>	TBT1	40.00	2013-01-19	C/P
TBT	45.00	2013-01-19	C/P	=>	TBT1	45.00	2013-01-19	C/P
TBT	50.00	2013-01-19	C/P	=>	TBT1	50.00	2013-01-19	C/P
TBT	55.00	2013-01-19	C/P	=>	TBT1	55.00	2013-01-19	C/P
TBT	60.00	2013-01-19	C/P	=>	TBT1	60.00	2013-01-19	C/P
TBT	1.00	2013-03-16	C/P	=>	TBT1	1.00	2013-03-16	C/P
TBT	2.00	2013-03-16	C/P	=>	TBT1	2.00	2013-03-16	C/P
TBT	3.00	2013-03-16	C/P	=>	TBT1	3.00	2013-03-16	C/P
TBT	4.00	2013-03-16	C/P	=>	TBT1	4.00	2013-03-16	C/P
TBT	5.00	2013-03-16	C/P	=>	TBT1	5.00	2013-03-16	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
TBT	6.00	2013-03-16	C/P	=>	TBT1	6.00	2013-03-16	C/P
TBT	7.00	2013-03-16	C/P	=>	TBT1	7.00	2013-03-16	C/P
TBT	8.00	2013-03-16	C/P	=>	TBT1	8.00	2013-03-16	C/P
TBT	9.00	2013-03-16	C/P	=>	TBT1	9.00	2013-03-16	C/P
TBT	10.00	2013-03-16	C/P	=>	TBT1	10.00	2013-03-16	C/P
TBT	11.00	2013-03-16	C/P	=>	TBT1	11.00	2013-03-16	C/P
TBT	12.00	2013-03-16	C/P	=>	TBT1	12.00	2013-03-16	C/P
TBT	13.00	2013-03-16	C/P	=>	TBT1	13.00	2013-03-16	C/P
TBT	14.00	2013-03-16	C/P	=>	TBT1	14.00	2013-03-16	C/P
TBT	15.00	2013-03-16	C/P	=>	TBT1	15.00	2013-03-16	C/P
TBT	16.00	2013-03-16	C/P	=>	TBT1	16.00	2013-03-16	C/P
TBT	17.00	2013-03-16	C/P	=>	TBT1	17.00	2013-03-16	C/P
TBT	18.00	2013-03-16	C/P	=>	TBT1	18.00	2013-03-16	C/P
TBT	19.00	2013-03-16	C/P	=>	TBT1	19.00	2013-03-16	C/P
TBT	20.00	2013-03-16	C/P	=>	TBT1	20.00	2013-03-16	C/P
TBT	21.00	2013-03-16	C/P	=>	TBT1	21.00	2013-03-16	C/P
TBT	22.00	2013-03-16	C/P	=>	TBT1	22.00	2013-03-16	C/P
TBT	23.00	2013-03-16	C/P	=>	TBT1	23.00	2013-03-16	C/P
TBT	24.00	2013-03-16	C/P	=>	TBT1	24.00	2013-03-16	C/P
TBT	25.00	2013-03-16	C/P	=>	TBT1	25.00	2013-03-16	C/P
TBT	26.00	2013-03-16	C/P	=>	TBT1	26.00	2013-03-16	C/P
TBT	27.00	2013-03-16	C/P	=>	TBT1	27.00	2013-03-16	C/P
TBT	28.00	2013-03-16	C/P	=>	TBT1	28.00	2013-03-16	C/P
TBT	29.00	2013-03-16	C/P	=>	TBT1	29.00	2013-03-16	C/P

2014 LEAPS

TBT	4.00	2014-01-18	C/P	=>	TBT1	4.00	2014-01-18	C/P
TBT	5.00	2014-01-18	C/P	=>	TBT1	5.00	2014-01-18	C/P
TBT	6.00	2014-01-18	C/P	=>	TBT1	6.00	2014-01-18	C/P
TBT	7.00	2014-01-18	C/P	=>	TBT1	7.00	2014-01-18	C/P
TBT	8.00	2014-01-18	C/P	=>	TBT1	8.00	2014-01-18	C/P
TBT	9.00	2014-01-18	C/P	=>	TBT1	9.00	2014-01-18	C/P
TBT	10.00	2014-01-18	C/P	=>	TBT1	10.00	2014-01-18	C/P
TBT	11.00	2014-01-18	C/P	=>	TBT1	11.00	2014-01-18	C/P
TBT	12.00	2014-01-18	C/P	=>	TBT1	12.00	2014-01-18	C/P
TBT	13.00	2014-01-18	C/P	=>	TBT1	13.00	2014-01-18	C/P
TBT	14.00	2014-01-18	C/P	=>	TBT1	14.00	2014-01-18	C/P
TBT	15.00	2014-01-18	C/P	=>	TBT1	15.00	2014-01-18	C/P
TBT	16.00	2014-01-18	C/P	=>	TBT1	16.00	2014-01-18	C/P
TBT	17.00	2014-01-18	C/P	=>	TBT1	17.00	2014-01-18	C/P
TBT	18.00	2014-01-18	C/P	=>	TBT1	18.00	2014-01-18	C/P
TBT	19.00	2014-01-18	C/P	=>	TBT1	19.00	2014-01-18	C/P
TBT	20.00	2014-01-18	C/P	=>	TBT1	20.00	2014-01-18	C/P
TBT	21.00	2014-01-18	C/P	=>	TBT1	21.00	2014-01-18	C/P
TBT	22.00	2014-01-18	C/P	=>	TBT1	22.00	2014-01-18	C/P
TBT	23.00	2014-01-18	C/P	=>	TBT1	23.00	2014-01-18	C/P
TBT	24.00	2014-01-18	C/P	=>	TBT1	24.00	2014-01-18	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
2014 LEAPS								
TBT	25.00	2014-01-18	C/P	=>	TBT1	25.00	2014-01-18	C/P
TBT	26.00	2014-01-18	C/P	=>	TBT1	26.00	2014-01-18	C/P
TBT	27.00	2014-01-18	C/P	=>	TBT1	27.00	2014-01-18	C/P
TBT	28.00	2014-01-18	C/P	=>	TBT1	28.00	2014-01-18	C/P
TBT	29.00	2014-01-18	C/P	=>	TBT1	29.00	2014-01-18	C/P
TBT	30.00	2014-01-18	C/P	=>	TBT1	30.00	2014-01-18	C/P
TBT	35.00	2014-01-18	C/P	=>	TBT1	35.00	2014-01-18	C/P

*** Any additional TBT series that are added prior to the effective time of the Reverse Split will also be adjusted in the manner described above.**

New Unadjusted Series

To facilitate the maintenance of a fair and orderly market in ProShares UltraShort 20+ Year Treasury options, new TBT series with a contract unit of 100 shares will be introduced on Monday, October 8, 2012. The TBT series will be added for October, November, December, January, and March expirations at exercise prices nearest the money. Also, new TBT LEAP series with a contract unit of 100 shares will be introduced on October 8, 2012, for the January 2014 expiration at exercise prices nearest the money.

GTC Order Conversion

On Thursday, October 4, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the TBT order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

Immediately after the close, the book staff will return a final written report listing the orders that are converted or canceled to all firms. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

http://www.cboe.com/ContractAdjustments