Research Circular #RS12-499

DATE: September 27, 2012
TO: Permit Holders
FROM: Scott Speer

RE: **ProShares UltraShort Gold ("GLL")**
1-for-4 Reverse ETF Split
Ex-Distribution Date: October 5, 2012

ProShares UltraShort Gold ("GLL") has announced a 1-for-4 reverse ETF split, in which each outstanding share of GLL will automatically be converted into **0.25** of a share of "New" GLL. **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 GLL 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 GLL options will be adjusted to require the receipt or delivery of: **25 shares of ProShares UltraShort Gold (New "GLL").** 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 **GLL1**. Premiums for the adjusted GLL1 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 GLL 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**			
GLL	5.00	2012-10-20	C/P	=>	GLL1	5.00	2012-10-20	C/P
GLL	6.00	2012-10-20	C/P	=>	GLL1	6.00	2012-10-20	C/P
GLL	7.00	2012-10-20	C/P	=>	GLL1	7.00	2012-10-20	C/P
GLL	8.00	2012-10-20	C/P	=>	GLL1	8.00	2012-10-20	C/P
GLL	9.00	2012-10-20	C/P	=>	GLL1	9.00	2012-10-20	C/P
GLL	10.00	2012-10-20	C/P	=>	GLL1	10.00	2012-10-20	C/P
GLL	11.00	2012-10-20	C/P	=>	GLL1	11.00	2012-10-20	C/P
GLL	12.00	2012-10-20	C/P	=>	GLL1	12.00	2012-10-20	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
GLL	13.00	2012-10-20	C/P	=>	GLL1	13.00	2012-10-20	C/P
GLL	14.00	2012-10-20	C/P	=>	GLL1	14.00	2012-10-20	C/P
GLL	15.00	2012-10-20	C/P	=>	GLL1	15.00	2012-10-20	C/P
GLL	16.00	2012-10-20	C/P	=>	GLL1	16.00	2012-10-20	C/P
GLL	17.00	2012-10-20	C/P	=>	GLL1	17.00	2012-10-20	C/P
GLL	18.00	2012-10-20	C/P	=>	GLL1	18.00	2012-10-20	C/P
GLL	19.00	2012-10-20	C/P	=>	GLL1	19.00	2012-10-20	C/P
GLL	20.00	2012-10-20	C/P	=>	GLL1	20.00	2012-10-20	C/P
GLL	21.00	2012-10-20	C/P	=>	GLL1	21.00	2012-10-20	C/P
GLL	22.00	2012-10-20	C/P	=>	GLL1	22.00	2012-10-20	C/P
GLL	23.00	2012-10-20	C/P	=>	GLL1	23.00	2012-10-20	C/P
GLL	24.00	2012-10-20	C/P	=>	GLL1	24.00	2012-10-20	C/P
GLL	25.00	2012-10-20	C/P	=>	GLL1	25.00	2012-10-20	C/P
GLL	26.00	2012-10-20	C/P	=>	GLL1	26.00	2012-10-20	C/P
GLL	27.00	2012-10-20	C/P	=>	GLL1	27.00	2012-10-20	C/P
GLL	28.00	2012-10-20	C/P	=>	GLL1	28.00	2012-10-20	C/P
GLL	29.00	2012-10-20	C/P	=>	GLL1	29.00	2012-10-20	C/P
GLL	30.00	2012-10-20	C/P	=>	GLL1	30.00	2012-10-20	C/P
GLL	31.00	2012-10-20	C/P	=>	GLL1	31.00	2012-10-20	C/P
GLL	32.00	2012-10-20	C/P	=>	GLL1	32.00	2012-10-20	C/P
GLL	33.00	2012-10-20	C/P	=>	GLL1	33.00	2012-10-20	C/P
GLL	34.00	2012-10-20	C/P	=>	GLL1	34.00	2012-10-20	C/P
GLL	35.00	2012-10-20	C/P	=>	GLL1	35.00	2012-10-20	C/P
GLL	4.00	2012-11-17	C/P	=>	GLL1	4.00	2012-11-17	C/P
GLL	5.00	2012-11-17	C/P	=>	GLL1	5.00	2012-11-17	C/P
GLL	6.00	2012-11-17	C/P	=>	GLL1	6.00	2012-11-17	C/P
GLL	7.00	2012-11-17	C/P	=>	GLL1	7.00	2012-11-17	C/P
GLL	8.00	2012-11-17	C/P	=>	GLL1	8.00	2012-11-17	C/P
GLL	9.00	2012-11-17	C/P	=>	GLL1	9.00	2012-11-17	C/P
GLL	10.00	2012-11-17	C/P	=>	GLL1	10.00	2012-11-17	C/P
GLL	11.00	2012-11-17	C/P	=>	GLL1	11.00	2012-11-17	C/P
GLL	12.00	2012-11-17	C/P	=>	GLL1	12.00	2012-11-17	C/P
GLL	13.00	2012-11-17	C/P	=>	GLL1	13.00	2012-11-17	C/P
GLL	14.00	2012-11-17	C/P	=>	GLL1	14.00	2012-11-17	C/P
GLL	15.00	2012-11-17	C/P	=>	GLL1	15.00	2012-11-17	C/P
GLL	16.00	2012-11-17	C/P	=>	GLL1	16.00	2012-11-17	C/P
GLL	17.00	2012-11-17	C/P	=>	GLL1	17.00	2012-11-17	C/P
GLL	18.00	2012-11-17	C/P	=>	GLL1	18.00	2012-11-17	C/P
GLL	19.00	2012-11-17	C/P	=>	GLL1	19.00	2012-11-17	C/P
GLL	20.00	2012-11-17	C/P	=>	GLL1	20.00	2012-11-17	C/P
GLL	21.00	2012-11-17	C/P	=>	GLL1	21.00	2012-11-17	C/P
GLL	22.00	2012-11-17	C/P	=>	GLL1	22.00	2012-11-17	C/P
GLL	23.00	2012-11-17	C/P	=>	GLL1	23.00	2012-11-17	C/P
GLL	24.00	2012-11-17	C/P	=>	GLL1	24.00	2012-11-17	C/P
GLL	5.00	2013-01-19	C/P	=>	GLL1	5.00	2013-01-19	C/P
GLL	6.00	2013-01-19	C/P	=>	GLL1	6.00	2013-01-19	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
GLL	7.00	2013-01-19	C/P	=>	GLL1	7.00	2013-01-19	C/P
GLL	8.00	2013-01-19	C/P	=>	GLL1	8.00	2013-01-19	C/P
GLL	9.00	2013-01-19	C/P	=>	GLL1	9.00	2013-01-19	C/P
GLL	10.00	2013-01-19	C/P	=>	GLL1	10.00	2013-01-19	C/P
GLL	11.00	2013-01-19	C/P	=>	GLL1	11.00	2013-01-19	C/P
GLL	12.00	2013-01-19	C/P	=>	GLL1	12.00	2013-01-19	C/P
GLL	13.00	2013-01-19	C/P	=>	GLL1	13.00	2013-01-19	C/P
GLL	14.00	2013-01-19	C/P	=>	GLL1	14.00	2013-01-19	C/P
GLL	15.00	2013-01-19	C/P	=>	GLL1	15.00	2013-01-19	C/P
GLL	16.00	2013-01-19	C/P	=>	GLL1	16.00	2013-01-19	C/P
GLL	17.00	2013-01-19	C/P	=>	GLL1	17.00	2013-01-19	C/P
GLL	18.00	2013-01-19	C/P	=>	GLL1	18.00	2013-01-19	C/P
GLL	19.00	2013-01-19	C/P	=>	GLL1	19.00	2013-01-19	C/P
GLL	20.00	2013-01-19	C/P	=>	GLL1	20.00	2013-01-19	C/P
GLL	21.00	2013-01-19	C/P	=>	GLL1	21.00	2013-01-19	C/P
GLL	22.00	2013-01-19	C/P	=>	GLL1	22.00	2013-01-19	C/P
GLL	23.00	2013-01-19	C/P	=>	GLL1	23.00	2013-01-19	C/P
GLL	24.00	2013-01-19	C/P	=>	GLL1	24.00	2013-01-19	C/P
GLL	25.00	2013-01-19	C/P	=>	GLL1	25.00	2013-01-19	C/P
GLL	26.00	2013-01-19	C/P	=>	GLL1	26.00	2013-01-19	C/P
GLL	27.00	2013-01-19	C/P	=>	GLL1	27.00	2013-01-19	C/P
GLL	28.00	2013-01-19	C/P	=>	GLL1	28.00	2013-01-19	C/P
GLL	29.00	2013-01-19	C/P	=>	GLL1	29.00	2013-01-19	C/P
GLL	30.00	2013-01-19	C/P	=>	GLL1	30.00	2013-01-19	C/P
GLL	31.00	2013-01-19	C/P	=>	GLL1	31.00	2013-01-19	C/P
GLL	32.00	2013-01-19	C/P	=>	GLL1	32.00	2013-01-19	C/P
GLL	33.00	2013-01-19	C/P	=>	GLL1	33.00	2013-01-19	C/P
GLL	34.00	2013-01-19	C/P	=>	GLL1	34.00	2013-01-19	C/P
GLL	35.00	2013-01-19	C/P	=>	GLL1	35.00	2013-01-19	C/P
GLL	5.00	2013-04-20	C/P	=>	GLL1	5.00	2013-04-20	C/P
GLL	6.00	2013-04-20	C/P	=>	GLL1	6.00	2013-04-20	C/P
GLL	7.00	2013-04-20	C/P	=>	GLL1	7.00	2013-04-20	C/P
GLL	8.00	2013-04-20	C/P	=>	GLL1	8.00	2013-04-20	C/P
GLL	9.00	2013-04-20	C/P	=>	GLL1	9.00	2013-04-20	C/P
GLL	10.00	2013-04-20	C/P	=>	GLL1	10.00	2013-04-20	C/P
GLL	11.00	2013-04-20	C/P	=>	GLL1	11.00	2013-04-20	C/P
GLL	12.00	2013-04-20	C/P	=>	GLL1	12.00	2013-04-20	C/P
GLL	13.00	2013-04-20	C/P	=>	GLL1	13.00	2013-04-20	C/P
GLL	14.00	2013-04-20	C/P	=>	GLL1	14.00	2013-04-20	C/P
GLL	15.00	2013-04-20	C/P	=>	GLL1	15.00	2013-04-20	C/P
GLL	16.00	2013-04-20	C/P	=>	GLL1	16.00	2013-04-20	C/P
GLL	17.00	2013-04-20	C/P	=>	GLL1	17.00	2013-04-20	C/P
GLL	18.00	2013-04-20	C/P	=>	GLL1	18.00	2013-04-20	C/P
GLL	19.00	2013-04-20	C/P	=>	GLL1	19.00	2013-04-20	C/P
GLL	20.00	2013-04-20	C/P	=>	GLL1	20.00	2013-04-20	C/P
GLL	21.00	2013-04-20	C/P	=>	GLL1	21.00	2013-04-20	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares			
GLL	22.00	2013-04-20	C/P	=>	GLL1	22.00	2013-04-20	C/P
GLL	23.00	2013-04-20	C/P	=>	GLL1	23.00	2013-04-20	C/P
GLL	24.00	2013-04-20	C/P	=>	GLL1	24.00	2013-04-20	C/P
GLL	25.00	2013-04-20	C/P	=>	GLL1	25.00	2013-04-20	C/P
GLL	26.00	2013-04-20	C/P	=>	GLL1	26.00	2013-04-20	C/P
GLL	27.00	2013-04-20	C/P	=>	GLL1	27.00	2013-04-20	C/P
GLL	28.00	2013-04-20	C/P	=>	GLL1	28.00	2013-04-20	C/P
GLL	29.00	2013-04-20	C/P	=>	GLL1	29.00	2013-04-20	C/P
GLL	30.00	2013-04-20	C/P	=>	GLL1	30.00	2013-04-20	C/P

*** Any additional GLL 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 Gold options, new GLL series with a contract unit of 100 shares will be introduced on Monday, October 8, 2012. The GLL series will be added for October, November, January, and April expirations 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 GLL 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