

CBOE Research Circular #RS13-318

Date: June 7, 2013

To: Permit Holders
From: Scott Speer
RE: ProShares UltraShort MSCI EAFE ("EFU")
 1-for-4 Reverse ETF Split
Ex-Distribution Date: June 10, 2013

ProShares UltraShort MSCI EAFE ("EFU") has announced a 1-for-4 reverse ETF split, in which each outstanding share of EFU will automatically be converted into one-fourth of a share of "New" EFU. **The ex-date for the reverse ETF split is Monday, June 10, 2013.**

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding EFU option series as of Monday, June 10, 2013, at 8:30 A.M. Chicago time will be adjusted to reflect this 1-for-4 reverse ETF split. All EFU options will be adjusted to require the receipt or delivery of: **(A) 25 shares of "New" ProShares UltraShort MSCI EAFE ("EFU")**. 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 **EFU1**. Premiums for the adjusted EFU1 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. Monday, June 10, 2013, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

Adjusted Exercise Prices

On Monday, June 10, 2013, the ex-distribution date, trading in EFU 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				ADJUSTED SERIES*			
100 Shares				25 Shares			
EFU	5.00	2013-06-22	C/P =>	EFU1	5.00	2013-06-22	C/P
EFU	6.00	2013-06-22	C/P =>	EFU1	6.00	2013-06-22	C/P
EFU	7.00	2013-06-22	C/P =>	EFU1	7.00	2013-06-22	C/P
EFU	8.00	2013-06-22	C/P =>	EFU1	8.00	2013-06-22	C/P
EFU	9.00	2013-06-22	C/P =>	EFU1	9.00	2013-06-22	C/P
EFU	10.00	2013-06-22	C/P =>	EFU1	10.00	2013-06-22	C/P
EFU	11.00	2013-06-22	C/P =>	EFU1	11.00	2013-06-22	C/P
EFU	12.00	2013-06-22	C/P =>	EFU1	12.00	2013-06-22	C/P
EFU	13.00	2013-06-22	C/P =>	EFU1	13.00	2013-06-22	C/P
EFU	14.00	2013-06-22	C/P =>	EFU1	14.00	2013-06-22	C/P
EFU	15.00	2013-06-22	C/P =>	EFU1	15.00	2013-06-22	C/P
EFU	16.00	2013-06-22	C/P =>	EFU1	16.00	2013-06-22	C/P
EFU	17.00	2013-06-22	C/P =>	EFU1	17.00	2013-06-22	C/P
EFU	18.00	2013-06-22	C/P =>	EFU1	18.00	2013-06-22	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares				
EFU	19.00	2013-06-22	C/P	=>	EFU1	19.00	2013-06-22	C/P	
EFU	20.00	2013-06-22	C/P	=>	EFU1	20.00	2013-06-22	C/P	
EFU	21.00	2013-06-22	C/P	=>	EFU1	21.00	2013-06-22	C/P	
EFU	22.00	2013-06-22	C/P	=>	EFU1	22.00	2013-06-22	C/P	
EFU	23.00	2013-06-22	C/P	=>	EFU1	23.00	2013-06-22	C/P	
EFU	24.00	2013-06-22	C/P	=>	EFU1	24.00	2013-06-22	C/P	
EFU	25.00	2013-06-22	C/P	=>	EFU1	25.00	2013-06-22	C/P	
EFU	3.00	2013-07-20	C/P	=>	EFU1	3.00	2013-07-20	C/P	
EFU	4.00	2013-07-20	C/P	=>	EFU1	4.00	2013-07-20	C/P	
EFU	5.00	2013-07-20	C/P	=>	EFU1	5.00	2013-07-20	C/P	
EFU	6.00	2013-07-20	C/P	=>	EFU1	6.00	2013-07-20	C/P	
EFU	7.00	2013-07-20	C/P	=>	EFU1	7.00	2013-07-20	C/P	
EFU	8.00	2013-07-20	C/P	=>	EFU1	8.00	2013-07-20	C/P	
EFU	9.00	2013-07-20	C/P	=>	EFU1	9.00	2013-07-20	C/P	
EFU	10.00	2013-07-20	C/P	=>	EFU1	10.00	2013-07-20	C/P	
EFU	11.00	2013-07-20	C/P	=>	EFU1	11.00	2013-07-20	C/P	
EFU	12.00	2013-07-20	C/P	=>	EFU1	12.00	2013-07-20	C/P	
EFU	13.00	2013-07-20	C/P	=>	EFU1	13.00	2013-07-20	C/P	
EFU	14.00	2013-07-20	C/P	=>	EFU1	14.00	2013-07-20	C/P	
EFU	15.00	2013-07-20	C/P	=>	EFU1	15.00	2013-07-20	C/P	
EFU	16.00	2013-07-20	C/P	=>	EFU1	16.00	2013-07-20	C/P	
EFU	17.00	2013-07-20	C/P	=>	EFU1	17.00	2013-07-20	C/P	
EFU	18.00	2013-07-20	C/P	=>	EFU1	18.00	2013-07-20	C/P	
EFU	19.00	2013-07-20	C/P	=>	EFU1	19.00	2013-07-20	C/P	
EFU	20.00	2013-07-20	C/P	=>	EFU1	20.00	2013-07-20	C/P	
EFU	21.00	2013-07-20	C/P	=>	EFU1	21.00	2013-07-20	C/P	
EFU	22.00	2013-07-20	C/P	=>	EFU1	22.00	2013-07-20	C/P	
EFU	23.00	2013-07-20	C/P	=>	EFU1	23.00	2013-07-20	C/P	
EFU	7.00	2013-08-17	C/P	=>	EFU1	7.00	2013-08-17	C/P	
EFU	8.00	2013-08-17	C/P	=>	EFU1	8.00	2013-08-17	C/P	
EFU	9.00	2013-08-17	C/P	=>	EFU1	9.00	2013-08-17	C/P	
EFU	10.00	2013-08-17	C/P	=>	EFU1	10.00	2013-08-17	C/P	
EFU	11.00	2013-08-17	C/P	=>	EFU1	11.00	2013-08-17	C/P	
EFU	12.00	2013-08-17	C/P	=>	EFU1	12.00	2013-08-17	C/P	
EFU	13.00	2013-08-17	C/P	=>	EFU1	13.00	2013-08-17	C/P	
EFU	14.00	2013-08-17	C/P	=>	EFU1	14.00	2013-08-17	C/P	
EFU	15.00	2013-08-17	C/P	=>	EFU1	15.00	2013-08-17	C/P	
EFU	16.00	2013-08-17	C/P	=>	EFU1	16.00	2013-08-17	C/P	
EFU	17.00	2013-08-17	C/P	=>	EFU1	17.00	2013-08-17	C/P	
EFU	18.00	2013-08-17	C/P	=>	EFU1	18.00	2013-08-17	C/P	
EFU	19.00	2013-08-17	C/P	=>	EFU1	19.00	2013-08-17	C/P	
EFU	20.00	2013-08-17	C/P	=>	EFU1	20.00	2013-08-17	C/P	
EFU	21.00	2013-08-17	C/P	=>	EFU1	21.00	2013-08-17	C/P	

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 25 Shares				
EFU	22.00	2013-08-17	C/P	=>	EFU1	22.00	2013-08-17	C/P	
EFU	23.00	2013-08-17	C/P	=>	EFU1	23.00	2013-08-17	C/P	
EFU	24.00	2013-08-17	C/P	=>	EFU1	24.00	2013-08-17	C/P	
EFU	25.00	2013-08-17	C/P	=>	EFU1	25.00	2013-08-17	C/P	
EFU	26.00	2013-08-17	C/P	=>	EFU1	26.00	2013-08-17	C/P	
EFU	27.00	2013-08-17	C/P	=>	EFU1	27.00	2013-08-17	C/P	
EFU	5.00	2013-11-16	C/P	=>	EFU1	5.00	2013-11-16	C/P	
EFU	6.00	2013-11-16	C/P	=>	EFU1	6.00	2013-11-16	C/P	
EFU	7.00	2013-11-16	C/P	=>	EFU1	7.00	2013-11-16	C/P	
EFU	8.00	2013-11-16	C/P	=>	EFU1	8.00	2013-11-16	C/P	
EFU	9.00	2013-11-16	C/P	=>	EFU1	9.00	2013-11-16	C/P	
EFU	10.00	2013-11-16	C/P	=>	EFU1	10.00	2013-11-16	C/P	
EFU	11.00	2013-11-16	C/P	=>	EFU1	11.00	2013-11-16	C/P	
EFU	12.00	2013-11-16	C/P	=>	EFU1	12.00	2013-11-16	C/P	
EFU	13.00	2013-11-16	C/P	=>	EFU1	13.00	2013-11-16	C/P	
EFU	14.00	2013-11-16	C/P	=>	EFU1	14.00	2013-11-16	C/P	
EFU	15.00	2013-11-16	C/P	=>	EFU1	15.00	2013-11-16	C/P	
EFU	16.00	2013-11-16	C/P	=>	EFU1	16.00	2013-11-16	C/P	
EFU	17.00	2013-11-16	C/P	=>	EFU1	17.00	2013-11-16	C/P	
EFU	18.00	2013-11-16	C/P	=>	EFU1	18.00	2013-11-16	C/P	
EFU	19.00	2013-11-16	C/P	=>	EFU1	19.00	2013-11-16	C/P	
EFU	20.00	2013-11-16	C/P	=>	EFU1	20.00	2013-11-16	C/P	
EFU	21.00	2013-11-16	C/P	=>	EFU1	21.00	2013-11-16	C/P	
EFU	22.00	2013-11-16	C/P	=>	EFU1	22.00	2013-11-16	C/P	
EFU	23.00	2013-11-16	C/P	=>	EFU1	23.00	2013-11-16	C/P	
EFU	24.00	2013-11-16	C/P	=>	EFU1	24.00	2013-11-16	C/P	
EFU	25.00	2013-11-16	C/P	=>	EFU1	25.00	2013-11-16	C/P	

*** Any additional EFU 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 ProShares UltraShort MSCI EAFE options, new EFU series with a contract unit of 100 shares will be introduced on Tuesday, June 11, 2013. The EFU series will be added for June, July, August, and November expirations at exercise prices nearest the money.

GTC Order Conversion

On Friday, June 7, 2013, immediately after the CBOE close, the system will convert or cancel all resting orders in the EFU 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



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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 following this reverse ETF split 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>