

June 2, 2009



## **CBSX Trader News Update**

### **CBSX to Add New Stocks for Trading**

TO: Members

SUBJECT: Claymore Exchange-Traded Fund Trust

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses the need to deliver a prospectus to customers purchasing shares ("Shares") of the one (1) exchange-traded fund ("Fund") listed below issued by Claymore. Please forward this Information Bulletin to other interested persons within your organization.

The following securities have been approved for trading on CBSX:

Exchange-Traded Funds	Symbol
Claymore/BBD High Income Index ETF	LVL

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

The Claymore Exchange-Traded Fund Trust (the "Trust") is a management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust consists of several separate exchange-traded "index funds" (the "Funds"). The investment objective of each of the Funds is to replicate as closely as possible, before fees and expenses, the performance of a specified market index. This circular relates to the Claymore/BBD High Income Index ETF ("BBD"). The shares of the Funds are referred to herein as "Shares." Claymore Advisors, LLC (the "Adviser") is the investment adviser for the Funds.

BBD, using a low cost "passive" or "indexing" investment approach, seeks results that correspond generally to the performance, before fees and expenses, of an

equity index called the Benchmarks By Design High Income Index (the "BBD Index"). The BBD Index is comprised of approximately 110 to 150 securities selected, based on investment and other criteria, from a universe of U.S. listed common stocks and American depositary receipts paying dividends, real estate investment trusts, master limited partnerships, closed-end funds and traditional preferred stocks. The securities in the universe are selected using a proprietary methodology developed by the index provider, Benchmarks By Design. BBD will normally invest at least 90% of its total assets in securities that comprise the BBD Index.

The Funds have adopted a policy that requires the Funds to provide shareholders with at least 60 days notice prior to any material change in their investment policy or the underlying index. The Board of Trustees of the Trust may change the Funds' investment strategy and other policies without shareholder approval, except as otherwise indicated.

The Adviser seeks a correlation over time of 0.95 or better between each Fund's performance and the performance of its underlying index. A figure of 1.00 would represent perfect correlation.

The Funds generally will invest in all of the stocks comprising the underlying index in proportion to their weightings in the index. However, under various circumstances, it may not be possible or practicable to purchase all of the stocks in the underlying index in those weightings. In those circumstances, the Funds may purchase a sample of the stocks in the underlying index in proportions expected by the Adviser to replicate generally the performance of the index as a whole. There may also be instances in which the Adviser may choose to overweight another stock in the underlying index, purchase (or sell) securities not in the underlying index which the Adviser believes are appropriate to substitute for one or more index components, or utilize various combinations of other available investment techniques, in seeking to accurately track the underlying index. In addition, from time to time stocks are added to or removed from the underlying index. The Funds may sell stocks that are represented in the underlying index or purchase stocks that are not yet represented in the underlying index in anticipation of their removal from or addition to the underlying index.

As described more fully in the Trust's prospectus and Statement of Additional Information ("SAI"), the Funds issue and redeem Shares at net asset value ("NAV") only in blocks of 50,000 Shares (each block of Shares called a "Creation Unit") or multiples thereof. As a practical matter, only broker-dealers or large institutional investors with creation and redemption agreements and called Authorized Participants can purchase or redeem these Creation Units. Except

when aggregated in Creation Units, the Shares may not be redeemed with the Funds.

Income dividends, if any, are distributed to shareholders annually. Net capital gains are distributed at least annually.

Shares are held in book-entry form, which means that no stock certificates are issued. The Depository Trust Company ("DTC") or its nominee is the record owner of all outstanding Shares of the Funds and is recognized as the owner of all Shares for all purposes.

The NAV per Share for each Fund is determined once daily as of the close of the New York Stock Exchange (the "NYSE"), usually 4:00 p.m. Eastern Time, each day the NYSE is open for trading. NAV per Share is determined by dividing the value of the Fund's portfolio securities, cash and other assets (including accrued interest), less all liabilities (including accrued expenses), by the total number of shares outstanding.

The registration statement for the Funds describes the various fees and expenses for the Funds' Shares. For a more complete description of the Funds and the underlying Indexes, visit the Funds' website at [www.claymore.com](http://www.claymore.com).

### **Exchange Rules Applicable to Trading 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.

### **Purchases and Redemptions in Creation Unit Size**

CBSX members are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the Trust's prospectus and SAI, and that Shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

### **Principal Risks**

Interested persons are referred to the discussion in the prospectus for the Funds of the principal risks of an investment in the Funds. These include tracking error risk (factors causing the Fund's performance to not match the performance of the underlying index), market trading risk (for example, trading halts, trading above or below net asset value), stock market risk, investment style risk, sector risk, investment approach risk, concentration risk, non-diversification risk, issuer-

specific risk, management risk, small and medium-size company risk, REIT risk, preferred stock risk, credit risk, and social investment risk.

### **Trading Hours**

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on the CBSX from 8:15 a.m. CT until 3:00 p.m. CT. The trading increment for the Fund's Shares will be \$0.01.

### **Extended Hours Trading**

Members are reminded that trading in the Fund's Shares prior to 8:30 a.m. may result in additional trading risks which include: (1) that the current underlying index value may not be updated, (2) the intraday indicative value may not be updated, (3) lower liquidity may impact pricing, (4) higher volatility may impact pricing, (5) wider spreads may occur, and (6), since the intraday indicative value is not calculated or widely disseminated, an investor who is unable calculate an implied value for an ETF in those sessions may be at a disadvantage to market professionals.

### **Trading Halts**

The Exchange will halt trading in the Shares based on Rule 52.3 and/or because dissemination of the intraday indicative value of the Shares and/or the underlying value of the index has ceased.

### **Suitability**

Members are reminded of their obligation under Rule 53.6 whereby the Member shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an investment in the Shares is suitable for the customer. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

### **Delivery of a Prospectus**

Consistent with the requirements of the Securities Act and the rules thereunder, investors purchasing Shares in the initial public offering and anyone purchasing Shares directly from a Fund (by delivery of the designated securities) must receive a Prospectus. In addition, Members are required to deliver a Prospectus to all purchasers of newly-issued Shares (i.e. during the initial public offering).

Members purchasing shares from a Fund for resale to investors will deliver a Prospectus to such investors.

Prospectuses may be obtained through 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 Commission. For further information about a Fund, please refer to the Registration Statement.

In the event that a Fund relies upon an order by the Commission exempting the Shares from certain Prospectus delivery requirements under Section 24(d) of the 1940 Act and makes available a written product description, the Exchange requires that Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust, no later than the time a confirmation of the first transaction in the Shares, is delivered to such purchaser. In addition, ETP Holders 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 a Member 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 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 Member carrying an omnibus account for a non-Member 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 Members under this rule.

Upon request of a customer, Members shall also provide a copy of the Prospectus.

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

Inquiries regarding this Information Bulletin should be directed to David Reed, 866.458.2279.