

November 2, 2009



## CBSX Trader News Update

### CBSX to Add New Stocks for Trading

TO: Members

SUBJECT: iPath Exchange-Traded Notes

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 Morgan Stanley. Please forward this Information Bulletin to other interested persons within your organization.

The following securities have been approved for trading on CBSX:

<u>Exchange-Traded Funds</u>	<u>Symbol</u>
iPath Optimized Currency Carry Exchange-Traded Notes	ICI

### **Background Information on the Fund**

Barclays Bank PLC (the "Issuer") has issued iPath Optimized Currency Carry Exchange-Traded Notes ("Notes") linked to the Barclays Intelligent Carry Index (the "Index"). The Notes were priced at \$50 each and mature on January 28, 2038.

The Notes do not guarantee any return of principal at maturity and do not pay any interest during their term. Instead, investors will receive a cash payment at maturity or upon early redemption based on the performance of the Index less an investor fee.

The Index is designed to reflect the total return of an "Intelligent Carry Strategy", which, through an objective and systematic methodology, seeks to capture the returns that are potentially available from a strategy of investing in

high-yielding currencies with the exposure financed by borrowings in low-yielding currencies (sometimes referred to as the “carry trade”). The pool of currencies to which the Index may apply these strategies is commonly referred to as the “G10 currencies” and includes the U.S. dollar (USD), the euro (EUR), the Japanese yen (JPY), the Canadian dollar (CAD), the Swiss franc (CHF), the British pound sterling (GBP), the Australian dollar (AUD), the New Zealand dollar (NZD), the Norwegian krone (NOK) and the Swedish krona (SEK) (together, the “index constituent currencies”). The Index is composed of ten cash-settled currency forward agreements, one for each index constituent currency, as well as a “Hedged USD Overnight Index” which is intended to reflect the performance of a risk-free U.S. dollar-denominated asset. The Index is maintained and calculated by Barclays Capital (the “index sponsor”), a division of Barclays Bank PLC, and is denominated in U.S. dollars.

If held to maturity, the Notes will issue a cash payment at maturity equal to (1) the principal amount of the Notes times (2) the Index Factor on the Final Valuation Date minus (3) the Investor Fee on the Final Valuation Date.

The Index Factor on any given day will be equal to the closing value of the Index on that day divided by the Initial Index Level. The Initial Index Level is the closing value of the Index on the inception date (January 31, 2008). The Final Valuation Date is Thursday, January 21, 2038.

The Investor Fee is equal to 0.65% per year times the principal amount of the Notes times the Index Factor, calculated on a daily basis in the following manner: the Investor Fee on the inception date will equal zero. On each subsequent calendar day until maturity or early redemption, the Investor Fee will increase by an amount equal to (1) 0.65% times (2) the principal amount of the Notes times (3) the Index Factor on that day (or, if such day is not a trading day, the Index Factor on the immediately preceding trading day) divided by (4) 365.

Please see the prospectus for the Notes for more details regarding the calculations.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

### **Dissemination of Fund Data**

The Consolidated Tape Association will disseminate real time trade and quote information for the Funds to Tape B.

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

Exchange 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.

## **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.

## **Principal Risks**

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. 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), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, commodity risk, sector/industry risk and currency risk.

## **Trading Hours**

The values of any security 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.