

# Direxion Shares: News

## Reverse Split Q & A:

### Direxion Daily Emerging Markets Bear 3x (EDZ)

The Board of Trustees of Direxion Shares ETF Trust has approved a reverse split of the issued and outstanding shares of the **Direxion Daily Emerging Markets Bear 3X Shares**.

Symbol	Fund	Index/Benchmark	Cusip
EDZ	Daily Emerging Markets Bear 3x Shares	MSCI Emerging Markets Index	25459W 409

After the close of the markets on March 3, 2010 (the "Record Date"), the Fund will effect a one for ten reverse split of its issued and outstanding shares. As a result of this reverse split, every ten shares of the Fund will be exchanged for one share. Accordingly, the number of the Fund's issued and outstanding shares will decrease by approximately 90%. In addition, the per share net asset value ("NAV") and next day's opening market price of the Fund will be approximately ten-times higher. Shareholders of record on the Record Date will participate in the reverse split. Shares of the Fund will begin trading on NYSE Arca, Inc. on a split-adjusted basis on Thursday, March 4, 2010 (the "Effective Date").

#### Split Schedule

Record Date	3/3/10
Payable Date*	3/9/10
Effective Date	3/4/10

**\*Payable date is approximate and not guaranteed.**

The next day's opening market value of the Fund's issued and outstanding shares, and thus *a shareholder's investment value, will not be affected by the reverse split*. The table below illustrates the effect of a hypothetical one for ten reverse split anticipated for the Fund:

#### Hypothetical Example of 1-for-10 reverse split:

Period	# of Shares Owned	Hypothetical NAV	Total Market Value
Pre-Split	100	\$5	\$500
Post-Split	10	\$50	\$500

#### **Q: Will this affect the total value of my investment in EDZ?**

**A:** No. A reverse split simply means there will be a reduction in the number of the ETF's shares outstanding and a proportionate increase in the ETF's price per share. This means you will own less shares, however, the price per share will be proportionately higher and as a result, your investment value **will not** change.

**Q: How many shares will I receive after the reverse split?**

**A:** The Direxion Daily Emerging Markets Bear 3x Shares (EDZ) will effect a 1-for-10 reverse split. This means, for every 10 shares an investor owns of EDZ, they will receive 1 share. **Please note:** As a result, the share price will be adjusted proportionately higher.

**Q: Will the reverse split create a taxable event for me?**

**A:** For shareholders that hold a number of shares that is not an exact multiple of 10, the reverse split will result in the creation of fractional shares. However, fractional shares cannot trade on the New York Stock Exchange (NYSE) Arca (or any other exchange on which Direxion Shares trade). Thus, each Fund will redeem for cash a shareholder's fractional shares at that Fund's split-adjusted NAV on the Record Date (3/3/10) of the reverse split. This transaction may cause shareholders to recognize gains or losses, which would generate a taxable event, otherwise, the reverse split will not result in a taxable transaction for holders of The Funds' shares. No transaction fee will be imposed on shareholders for such redemption.

**Q: Will the reverse split affect trading availability or liquidity? :**

**A:** Shares of EDZ are expected to trade with normal availability and liquidity on March 3<sup>rd</sup> and 4<sup>th</sup>. We do not expect the reverse split to affect availability or liquidity.

**Q: Why has Direxion Shares decided to reverse split EDZ?**

**A:** Direxion believes it is in our shareholders' best interest to do so. Direxion expects the costs associated with trading EDZ to decrease due to the reverse split. The bid-ask spread is expected to decline as a percentage of the price paid per share. For instance, a penny spread on a \$5 stock is 20 basis points<sup>1</sup> (.2%), while a penny spread on a \$50 stock is 2 basis points (.02%). Further, commissions charged by brokers who assess their clients on a per share basis will be smaller as investors will need to buy or sell fewer shares to meet their investment goals. In short, Direxion believes that the reverse splits will adjust the share prices to a more cost efficient level for the Funds' shareholders.

**Q: What will happen if I sell EDZ before the Ex-Date?**

**A:** If you sell prior to Ex-Date, you have traded before the reverse split was put into effect, therefore the transaction would be at a pre-reverse split price and quantity.

**Q: Will a reverse split affect limit and GTC orders?**

**A:** Yes. Reverse splits will cancel limit and GTC orders. Investors should replace these orders and adjust them to the post split price. Please note, reverse splits may also affect orders for options as well.

<sup>1</sup> A basis point can be summarized as follows: 1% change = 100 basis points. 0.01% = 1 basis point

Please note:

*Direxion Shares has attempted to notify all trading platforms with details of the impending reverse split. We encourage you to contact your broker or trading platform with any questions associated with the reverse splits of EDZ.*

**Disclosure:**

Shares of DirexionShares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 PM Eastern time (when NAV is normally determined), and do not represent the returns you would receive if you traded shares at other times.

***An investor should consider the investment objectives, risks, charges, and expenses of Direxion Shares carefully before investing. The prospectus contains this and other information about Direxion Shares. To obtain a prospectus, please visit [www.direxionshares.com](http://www.direxionshares.com). The prospectus should be read carefully before investing.***

Investing in the funds may be more volatile than investing in broadly diversified funds. The use of leverage by a fund increases the risk to the fund. The more a fund invests in leveraged instruments the more the leverage will magnify gains or losses on those investments. There is no assurance that the Funds will achieve their objectives and an investment in a Fund could lose money. No single Fund is a complete investment program. The funds are not designed to track the underlying index over a longer period of time.

The Funds are not suitable for all investors. The Funds should be utilized only by sophisticated investors who (a) understand the risks associated with the use of leverage, (b) understand the consequences of seeking daily leveraged investment results, (c) understand the risk of shorting and (d) intend to actively monitor and manage their investments on a daily basis. Investors who do not understand the Funds or do not intend to manage the Funds on a daily basis should not buy the Funds.

The risks associated with the funds are detailed in the prospectus which include: adverse market condition risk, adviser's investment strategy risk, aggressive investment techniques risk, concentration risk, counterparty risk, credit and lower quality debt securities risk, equity securities risk, currency exchange risk, daily correlation risk, daily rebalancing and market volatility risk, depository receipt risk, foreign and emerging markets securities risk, sector securities risk, interest rate risk, inverse correlation risk, leverage risk, market risk, non diversification risk, shorting risk, small and mid cap company risk, tracking error risk, and special risks of exchange traded funds.

*Foreside Fund Services, LLC. distributor for Direxion Shares*