



**Information Circular 10-317**

Date: July 20, 2010  
To: ETP Holders  
From: James C. Yong  
Chief Regulatory Officer  
Re: BARCLAYS ETN+ INVERSE S&P 500<sup>®</sup> VIX SHORT-TERM FUTURES ETN TO BEGIN TRADING ON NSX

Pursuant to Regulatory Circular 08-005, we are issuing this Information Circular to advise you that the following security (the "Note") has been approved for trading on the National Stock Exchange, Inc. ("NSX" or the "Exchange") as a UTP Derivative Securities product pursuant to NSX Rule 15.9:

<b>Security:</b>	<b>Symbol:</b>
Barclays ETN+ Inverse S&P 500 <sup>®</sup> VIX Short-Term Futures <sup>™</sup> ETN	<b>XXV</b>

**Commencement of Trading:** July 21, 2010

**Issuer:** Barclays Bank PLC

**Issuer Website:** [www.barx-is.com](http://www.barx-is.com)

**Primary Listing Exchange:** NYSE Arca

**Primary Exchange Circular:** RB-10-89 (July 19, 2010)

**Issuer Registration Statement:** No. 333-145845

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Notes. For a more complete description of the Issuer, the Notes and the underlying market instruments or indexes, visit the Issuer Website, consult the prospectus or prospectuses available on the Issuer Website (the "Prospectus"), examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange (which as of the date hereof is set forth above as the "Primary Exchange Circular"). The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the "Issuer Disclosure Materials."

The Primary Exchange Circular cited above contains the following information:

## **Background on the Securities**

As more fully explained in the Registration Statement (No. 333-145845) for The Barclays ETN+ Inverse S&P 500<sup>®</sup> VIX Short-Term Futures<sup>™</sup> Exchange Traded Notes (the “ETNs”) that Barclays Bank PLC may issue from time to time are linked to the inverse performance of the S&P 500<sup>®</sup> VIX Short-Term Futures<sup>™</sup> Index Excess Return (the “Index”). The ETNs do not pay any interest during their term and do not guarantee any return of principal at maturity or upon redemption. Investor will receive a cash payment at maturity or upon redemption based on a participation in the inverse performance of the Index, plus accrued interest, less accrued fees (and, in the case of optional redemption, a redemption charge) applied by Barclays Bank PLC.

The Index is designed to reflect the returns that are potentially available through an unleveraged investment in one-month and two-month futures contracts (“VIX futures”) on the CBOE Volatility Index<sup>®</sup> (the “VIX Index”) that targets a constant weighted average futures maturity of one month. The calculation of the spot level of the VIX Index is based on prices of put and call options on the S&P 500<sup>®</sup> Index. VIX futures reflect the implied volatility of the S&P 500<sup>®</sup> Index at various points along the volatility forward curve and provide investors the ability to invest in forward volatility based on their view of the future direction of movement of the VIX Index.

## **Payment at Maturity**

If investors hold their ETNs to maturity, investors will receive a cash payment per ETN equal to the closing indicative note value on the final valuation date.

## **Optional Redemption**

Subject to the notification requirements set forth under “Specific Terms of the ETNs—Optional Redemption Procedures” of the pricing supplement, investors may redeem their ETNs on any optional redemption date during the term of the ETNs, subject to an intervening automatic termination event. If investors redeem their ETNs, investors will receive a cash payment per ETN equal to the closing indicative note value on the applicable valuation date minus the redemption charge. Investors must redeem at least 50,000 ETNs at one time in order to exercise their right to redeem their ETNs on any optional redemption date.

## **Redemption Charge**

The redemption charge is a one-time charge imposed upon optional redemption and is equal to 0.05% times the closing indicative note value on the applicable valuation date. The redemption charge is intended to allow Issuer to recoup the brokerage and other transaction costs that it will incur in connection with redeeming the ETNs. The proceeds Issuer receives from the redemption charge may be greater or less than such costs.

The ETNs will initially be issued in denominations of \$20.

For a more complete description of the Securities and the payment at maturity, early repurchase provisions, early repurchase mechanics, valuation, fees and risk factors, and

consult the prospectus (“Prospectus”).

### **Publication of Index Values**

The value of the Index at the close of trading on each index business day will be published by Bloomberg under the ticker symbol: SPVXSP

### **Intraday Indicative Note Value**

The intraday indicative note value for each ETN on any valuation date will equal (a) the principal amount per ETN plus (b) the intraday inverse index performance amount plus (c) the accrued interest on the immediately preceding calendar day minus (d) the accrued fees on the immediately preceding calendar day; provided that if such calculation results in a negative value, the intraday indicative note value will be \$0. The intraday indicative note value will be published by NYSE Arca every 15 seconds on each valuation date under the ticker symbol “XXV.IV”. As the intraday indicative note value is calculated using the accrued fees and the accrued interest on the immediately preceding calendar day, the intraday indicative note value published at any time during a given trading day will not reflect the interest or fees that may have accrued over the course of such trading day.

### **Investment Risks**

The ETNs are unsecured indebtedness of Barclays Bank PLC and are not secured debt. The ETNs are riskier than ordinary unsecured debt securities. The return on the ETNs is linked to the inverse performance of the Index. Investing in the ETNs is not equivalent to directly taking short positions in the futures included in the Index or the Index itself.

If periods of high market volatility occur during the term of the ETNs, in particular in connection with rapid market downturns and stress events, the level of the Index may increase at a precipitous rate, which may result in triggering an automatic termination event. If the historical frequency of precipitous increases in market volatility persist, it is highly likely that an automatic termination event will occur. Other risks include changing prices of the VIX futures contracts, index risk, hedging activity risk, stock market risk and interest rate risk. See the Prospectus, available at [www.barx-is.com](http://www.barx-is.com), for additional risk information.

### **Prospectus Delivery**

ETP Holders are advised to consult the “Supplemental Plan of Distribution” in the Prospectus regarding prospectus delivery requirements.

### **No-Action Relief Under Federal Securities Regulations**

The Securities and Exchange Commission has issued no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 (the “Exchange Act”), regarding trading in iPath Exchange Traded Notes (SEC Letter dated July 27, 2006) and iPath Exchange-Traded Notes (SEC Letter dated May 30, 2006) for securities with structures similar to that of the securities described herein (the “Letters”). As what follows is only a summary of the relief outlined in the Letters, the Exchange also advises interested members to consult the

Letters, available at [www.sec.gov](http://www.sec.gov), for more complete information regarding the matters covered therein.

**BECAUSE WHAT FOLLOWS IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN THE NO-ACTION LETTER(S) REFERENCED ABOVE, THE EXCHANGE ADVISES INTERESTED PARTIES TO CONSULT THE NO-ACTION LETTER(S) FOR MORE COMPLETE INFORMATION REGARDING THE MATTERS COVERED THEREIN AND THE APPLICABILITY OF THE RELIEF GRANTED IN RESPECT OF TRADING IN THE NOTES. INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS.**

### **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits a “distribution participant” and the issuer or selling security holder, in connection with a distribution of securities, from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Rule 101 of Regulation M against persons who may be deemed to be participating in a distribution of the notes to bid for or purchase the notes during their participation in such distribution.

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder. Rule 100 of Regulation M defines “distribution” to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Rule 102 of Regulation M against Barclays and its affiliated purchasers who bid for or purchase or redeem notes during the continuous offering of the notes.

### **Section 11(d)(1) of the Exchange Act; Exchange Act Rule 11d1-2**

Section 11(d)(1) of the Exchange Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he or she participated as a member of a selling syndicate or group within thirty days prior to such transaction.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Section 11(d)(1) of the Exchange Act against broker-dealers who treat the notes, for purposes of Rule 11d1-2, as “securities issued by a registered . . . open-end

investment company as defined in the Investment Company Act” and thereby, extend credit or maintain or arrange for the extension or maintenance of credit on the notes that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

### **NSX Rules Applicable to Trading in the Notes**

The Notes are considered equity securities, thus rendering trading in the Notes subject to the Exchange's existing rules governing the trading of equity securities. The Notes are also a UTP Derivative Securities product as specified in NSX Rule 15.9, and as such are subject to the additional provisions specific to that NSX Rule. In particular, ETP Holders are reminded of their obligations under the following NSX Rules:

1. Trading Hours: This product will trade during the regular trading hours of the Exchange (between 9:30 am to 4:00 pm ET), during pre-market hours (8:00 am to 9:29:59 am ET) and during post-market hours (4:00:01 pm to 6:30 pm ET). Please note that trading in the Notes during the Exchange's pre-market and post-market hours may result in additional trading risks which include: (1) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (2) higher volatility in the Opening or Late Trading Sessions may impact pricing, (3) wider spreads may occur in the Opening or Late Trading Sessions. The minimum trading increment is \$.01.

2. Recommendations To Customers: NSX Rule 3.7 provides that the ETP Holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Notes or recommending a transaction in the Notes that an investment in the Notes is suitable for the customer.

3. Customer Requests for a Prospectus: NSX Rule 15.9B(3)(d) provides that, upon request of a customer, an ETP Holder shall provide a prospectus for the particular series of UTP Derivative Securities.

4. Trading Halts: NSX Rule 15.9B(4) provides that, in addition to the Exchange's authority to suspend or halt trading under NSX Rules 11.20 (Trading Halts Due To Extraordinary Market Volatility), 12.11 (Trading Suspensions) and 15.7 (Suspension and/or Delisting By Exchange), if a temporary interruption occurs in the calculation or wide dissemination of the intraday indicative value (or similar value) or the value of the underlying index or instrument and the listing market halts trading in the product, the Exchange, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in that product on the Exchange. The Notes will be traded following a trading halt in accordance with Interpretations and Policy .03 of NSX Rule 11.20.

In addition, for a UTP Derivative Securities product where a net asset value is disseminated, if the primary listing exchange notifies the Exchange that the net asset value is not being disseminated to all market participants at the same time, the Exchange will immediately halt trading in such security. The Exchange may resume trading in the UTP Derivative Security only when the net asset value is disseminated to all market participants at the same time or trading in the UTP Derivative Security resumes on the listing market.

**THIS INFORMATION CIRCULAR IS NOT A STATUTORY PROSPECTUS. ETP**

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**HOLDERS SHOULD CONSULT THE ISSUER DISCLOSURE MATERIALS (AS DEFINED ABOVE) FOR ALL RELEVANT INFORMATION RESPECTING THE NOTES.**

Inquiries regarding this Information Circular should be directed to James C. Yong, Chief Regulatory Officer, at (312) 786-8893.