



## Investors Exchange Product Information Circular 2016 – 0967

**Date:** September 14, 2016

**Re:** First Trust Funds

This Information Circular is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Investors Exchange (“IEX” or the “Exchange”) as UTP Derivative Securities pursuant to IEX Rule 16.160. Compliance and supervisory personnel should note that, among other things, this Information Circular discusses the need to deliver a prospectus to customers purchasing shares of the exchange-traded funds. Please forward this Information Circular to interested persons within your organization.

<b><u>Securities (the “Fund”)</u></b>	<b><u>Symbol</u></b>
First Trust Germany AlphaDEX Fund	FGM
First Trust Canada AlphaDEX Fund	FCAN
First Trust Australia AlphaDEX Fund	FAUS
First Trust United Kingdom Kong AlphaDEX Fund	FKU
First Trust Taiwan AlphaDEX Fund	FTW
First Trust Hong Kong AlphaDEX Fund	FHK
First Trust Switzerland AlphaDEX Fund	FSZ

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in these new products pursuant to the Exchange’s unlisted trading privileges, as well as to provide certain characteristics and features of the products. For a more complete description of the Issuer, the securities and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website or examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange.

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in these new products pursuant to the Exchange’s unlisted trading privileges, as well as to provide certain characteristics and features of the Shares. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange. The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the “Issuer Disclosure Materials.”

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

As more fully explained in the Registration Statement (File Nos. 333-171759 and 811-22519), the Funds are



registered under the Investment Company Act of 1940 (the “1940 Act”) as open-end management investment companies and are exchange-traded “index funds” (“ETFs”).

**First Trust Germany AlphaDEX(R) Fund** seeks investment results that correspond generally to the price and yield (before the Fund’s fees and expense) of an equity index called the Defined Germany Index (the “Index”). The Index, like each of the other Indexes described below, is in the “Defined Index Series,” a family of custom enhanced indices developed, maintained and sponsored by Standard & Poor’s Financial Services LLC (“S&P” or the “Index Provider”). The Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Germany BMI Index (the “Base Index”) that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX(R) selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in Germany. The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. As of January 5, 2012, the Index was comprised of 40 securities.

**First Trust Canada AlphaDEX(R) Fund** seeks investment results that correspond generally to the price and yield (before the Fund’s fees and expense) of an equity index called the Defined Canada Index (the “Index”). The Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Canada BMI Index (the “Base Index”) that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX(R) selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in Canada. The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. As of January 5, 2012, the Index was comprised of 40 securities.

**First Trust Australia AlphaDEX(R) Fund** seeks investment results that correspond generally to the price and yield (before the Fund’s fees and expense) of an equity index called the Defined Australia Index (the “Index”). The Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Australia BMI Index (the “Base Index”) that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX(R) selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in Australia. The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. As of January 5, 2012, the Index was comprised of 40 securities.

**First Trust United Kingdom AlphaDEX(R) Fund** seeks investment results that correspond generally to the price and yield (before the Fund’s fees and expense) of an equity index called the Defined United Kingdom Index (the “Index”). The Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P United Kingdom BMI Index (the “Base Index”) that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX(R) selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in United Kingdom. The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. As of January 5, 2012, the Index was comprised of 75 securities.

**First Trust Taiwan AlphaDEX(R) Fund** seeks investment results that correspond generally to the price and yield (before the Fund’s fees and expense) of an equity index called the Defined Taiwan Index (the “Index”). The Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Taiwan BMI Index (the “Base Index”) that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX(R) selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in Taiwan.



The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. As of January 5, 2012, the Index was comprised of 40 securities.

**First Trust Hong Kong AlphaDEX(R) Fund** seeks investment results that correspond generally to the price and yield (before the Fund's fees and expense) of an equity index called the Defined Hong Kong Index (the "Index"). The Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Hong Kong BMI Index (the "Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX(R) selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in Hong Kong. The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. As of January 5, 2012, the Index was comprised of 40 securities.

**First Trust Switzerland AlphaDEX(R) Fund** seeks investment results that correspond generally to the price and yield (before the Fund's fees and expense) of an equity index called the Defined Switzerland Index (the "Index"). The Index is a modified equal-dollar weighted index designed by S&P to objectively identify and select securities from the S&P Switzerland BMI Index (the "Base Index") that may generate positive alpha relative to traditional passive-style indices through the use of the AlphaDEX(R) selection methodology. The Base Index is a comprehensive, rules-based index designed to measure stock market performance in Switzerland. The companies for the Base Index are selected based on these rules: (1) all publicly listed equities with float adjusted market values of \$100 million or more; and (2) annual dollar value traded of at least \$50 million. S&P creates and maintains the Base Index. Additional information regarding the Base Index is set forth under "Index Information." Alpha is an indication of how much an investment outperforms or underperforms on a risk-adjusted basis relative to its benchmark. As of January 5, 2012, the Index was comprised of 40 securities.

With respect to each of the Funds, First Trust seeks a correlation of 0.95 or better (before fees and expenses) between the Fund's performance and the performance of the respective Index; a figure of 1.00 would represent perfect correlation. First Trust will regularly monitor each Fund's tracking accuracy and will seek to maintain an appropriate correlation.

The Funds intend to invest entirely in the Indexes; however there may also be instances in which the Funds may be overweighted in certain stocks in the Indexes, purchase securities not in the Indexes that are appropriate to substitute for certain securities in the Indexes or utilize various combinations of the above techniques in seeking to track the Indexes.

First Trust Advisors L.P. serves as the investment advisor for the Funds. First Trust Portfolios L.P. is the distributor for the Funds. Brown Brothers Harriman & Co. is the administrator, custodian and fund accounting and transfer agent for the Funds.

As described more fully in the Funds' prospectus ("Prospectus") and Statement of Additional Information ("SAI"), market prices may differ to some degree from the net asset value ("NAV") of the shares. Unlike mutual funds, each Fund issues and redeems Shares on a continuous basis, at its NAV, only in large specified blocks each consisting of 50,000 Shares (each block of Shares issued and redeemed, called a "Creation Unit" and collectively, the "Creation Units"). Each Fund's Creation Units are issued and redeemed principally in-kind for securities included in the applicable Fund.

Dividends from net investment income, if any, are declared and paid quarterly by each Fund. Each Fund distributes its net realized capital gains, if any, to shareholder at least annually.



The Depository Trust Company (“DTC”) will serve as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The NAV per Share of the Funds will be determined as of the close of trading (normally, 4:00 p.m. Eastern Time (“ET”)) on each day that the New York Stock Exchange (“NYSE”) and NYSE Arca are open for business. NAVs will be available from the Distributor and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

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

### **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 a Fund’s performance to not match the performance of its 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, small-cap risk and foreign securities risk.

### **Exchange Rules Applicable to Trading in the Shares**

Trading in the Shares on IEX is subject to IEX trading rules.

### **Trading Hours**

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during the Regular Trading Session.

The Shares will trade on IEX between 8:00 a.m. and 5:00 p.m. Please note that trading in the Shares during the Exchange’s Pre-Market and Post-Market Sessions (“Extended Market Sessions”) may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, (3) higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

### **Dissemination of Data**

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



Name	Listing Market	Trading Symbol	IOPV Symbol	NAV Symbol
First Trust Germany AlphaDEX Fund	NYSE Arca	FGM	FGM.IV	FGM.NV
First Trust Canada AlphaDEX Fund	NYSE Arca	FCAN	FCAN.IV	FCAN.NV
First Trust Australia AlphaDEX Fund	NYSE Arca	FAUS	FAUS	FAUS.NV
First Trust United Kingdom AlphaDEX Fund	NYSE Arca	FKU	FKU.NV	FKU.NV
First Trust Taiwan AlphaDEX Fund	NYSE Arca	FTW	FTW.NV	FTW.NV
First Trust Hong Kong AlphaDEX Fund	NYSE Arca	FHK	FHK.NV	FHK.NV
First Trust Switzerland AlphaDEX Fund	NYSE Arca	FSZ	FSZ.NV	FSZ.NV

### **Delivery of a Prospectus**

IEX Members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Fund. Prospectuses may be obtained through the Funds' website. The prospectus for the Fund does not contain all of the information set forth in the Funds' Registration Statement (including the exhibits to the Registration Statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to its Registration Statement.

In the event that the Fund relies upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the 1940 Act and in the future make available a written product description, Exchange Rules require that Exchange Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Issuer of the Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, Exchange Members 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 an IEX 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 [the UTP Derivative Securities] has been prepared by the [open-ended management investment company name] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [the UTP Derivative Securities].”

An IEX member carrying an omnibus account for a non-member broker-dealer 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 IEX member under this rule.

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

### **Suitability**

Trading in the securities on the Exchange will be subject to the provisions of IEX Rule 3.170 and other applicable suitability rules. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

### **Trading Halts**

The Exchange will halt trading in the Shares of a security in accordance with the Exchange’s Rules. The grounds for a halt include a halt because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, a halt for other regulatory reasons or due to other conditions or circumstances deemed to be detrimental to the maintenance of a free and orderly market.

### **Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations**

The Securities and Exchange Commission (the “SEC”) has issued letters granting exemptive, interpretive and no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 for exchange-traded securities listed and traded on a registered national securities exchange that meet certain criteria.

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

### **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M prohibit any “distribution participant” and its “affiliated purchasers” 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.



The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Fund to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of Shares of the above-mentioned Fund (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Fund for redemption does not constitute a bid for or purchase of any of the Fund's securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of Shares.

#### **Rule 10b-10 (Customer Confirmations for Creation or Redemption of Fund Shares)**

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing Creation Unit Aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust for the Fund to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemption is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c); and
- 3) Except for the identity, number, and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

#### **Rule 10b-17 (Untimely Announcement of Record Dates)**

The SEC has granted an exemption from the requirements of Rule 10b-17 that will cover transactions in the Shares.

#### **Section 11(d)(1); Rule 11d1-2 (Customer Margin)**

The SEC has taken a no-action position under Section 11(d)(1) that will permit broker-dealers that do not create Shares but engage in both proprietary and customer transactions in such Shares exclusively in the secondary market to extend or maintain or arrange for the extension or maintenance of credit on the Shares, in connection with such secondary market transactions. For broker-dealers that engage in the creation of Shares, the SEC has also taken a no-action position under Rule 11d1-2 that will cover the extension or maintenance or the arrangement for the extension or maintenance of credit on the Shares



that have been owned by the persons to whom credit is provided for more than 30 days.

#### **Rule 14e-5**

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Fund (1) to redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase Fund Shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- 1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchase; or
- 2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- 3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

#### **SEC Rule 15c1-5 and 15c1-6 (Disclosure of Control and interest in Distributions)**

The SEC has taken a no-action position under Rule 15c1-5 that will permit a broker-dealer to execute transactions in Shares without disclosing any control relationship with an issuer of a component security. In addition, the SEC has taken a no-action position under Rule 15c1-6 that will permit a broker dealer to execute transactions in the Shares without disclosing its participation or interest in a primary or secondary distribution of a component security.

**This Information Circular is not a statutory prospectus. IEX Members should consult the prospectus for a security and the security's website for relevant information.**

Please contact IEX Regulation at 646-343-2000 with any inquiries regarding this Information Circular.