



REGULATORY INFORMATION BULLETIN

RB-10-17
February 2, 2010

TO: ETP Holders

SUBJECT: PIMCO Short-Term Municipal Bond Strategy Fund ETF

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 exchange-traded fund (“Fund”) issued by the PIMCO ETF Trust (“Trust”). Please forward this Information Bulletin to other interested persons within your organization.

The following security has been approved for listing on NYSE Arca and will commence trading on February 2, 2010:

<u>Exchange-Traded Fund</u>	<u>Symbol</u>
PIMCO Short-Term Municipal Bond Strategy Fund ETF	SMMU

Background Information on the Fund

As more fully explained in the Registration Statement (No. 811-22250), the Trust is registered under the Investment Company Act of 1940 as an open-end management investment company. The Fund will be actively managed and does not seek to track the performance of an underlying index.

The Fund’s investment objective is to seek attractive tax-exempt income consistent with preservation of capital. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in a diversified portfolio of debt securities whose interest is, in the opinion of bond counsel for the issuer at the time of issuance, exempt from federal income tax (“Municipal Bonds”). Municipal Bonds generally are issued by or on behalf of states and local governments and their agencies, authorities and other instrumentalities. The Fund does not intend to invest in securities whose interest is subject to the federal alternative minimum tax. The Fund may only invest in U.S. dollar-denominated investment grade debt securities, rated Baa or higher by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by the Trust to be of comparable quality. The Fund may invest 25% or more of its total assets in Municipal Bonds that finance similar projects, such as those relating to education, health care, housing, transportation, and utilities, and 25% or more of its total assets in industrial development bonds. The average portfolio duration of this Fund normally varies based on the Trust’s forecast for interest rates and is not expected to exceed three years.

PIMCO serves as the investment manager and advisor for the Fund. Allianz Global Investors Distributors LLC is the distributor for the Fund. State Street Bank & Trust Co. is the custodian and transfer agent for the Fund.

As described more fully in the Fund's prospectus ("Prospectus") and Statement of Additional Information ("SAI"), the Fund issues and redeems ETF shares at NAV only in large blocks of shares typically 100,000 shares or multiples thereof ("Creation Units"). These transactions are usually in exchange for a basket of securities or a designated amount of cash. As a practical matter, only institutions or large investors purchase or redeem Creation Units. Except when aggregated in Creation Units, shares of the Fund are not redeemable securities. Creations and redemptions must be made by an Authorized Participant or through a firm that is either a member of the Continuous Net Settlement System of the National Securities Clearing Corporation ("NSCC") or a Depository Trust Company participant, and in each case, must have executed an agreement with the Distributor with respect to creations and redemptions of Creation Unit aggregations.

The Fund distributes substantially all of its net investment income to shareholders in the form of dividends. The Fund intends to declare and distribute income dividends monthly to shareholders of record. In addition, the Fund distributes any net capital gains it earns from the sale of portfolio securities to shareholders no less frequently than annually. Net short-term capital gains may be paid more frequently. Dividend payments are made through DTC participants and indirect participants to beneficial owners then of record with proceeds received from a Fund.

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 Fund 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. NAV 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 Fund's Shares. For a more complete description of the Fund and the underlying index, visit www.pimcoetfs.com.

Principal Risks

Interested persons are referred to the Prospectus for a description of risks associated with an investment in the Shares. These risks include fixed income risk, municipal bond risk, and the risk that the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Fund's holdings. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

Exchange Rules Applicable to Trading in 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.

Trading Hours

The value of the Portfolio Indicative Value for the Shares will be disseminated to data vendors every 15 seconds during the Exchange's Core Trading Session or from 9:30 a.m. ET until 4:00 p.m. ET. The Shares will trade on NYSE Arca in the Opening, Core and Late Trading Session or from 4:00 a.m. ET until 8:00 p.m. ET in accordance with NYSE Arca Equities Rule 7.34(a). The trading increment for the Fund's Shares will be \$0.01.

Extended Hours Trading

ETP Holders are reminded of NYSE Arca Equities Rule 7.34(e) regarding Customer Disclosure and that trading in the Fund's Shares during the Exchange's Opening and Late Trading Sessions may result in additional trading risks which include: (1) that the current underlying Portfolio Indicative Value may not be updated during the Opening and Late Sessions, (2) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (3) higher volatility in the Opening or Late Trading Sessions may impact pricing, (4) wider spreads may occur in the Opening or Late Trading Sessions, and (5) since the Portfolio Indicative Value is not calculated or widely disseminated during the Opening and Late Trading Sessions, an investor who is unable to calculate an implied value for an ETF in those sessions may be at a disadvantage to market professionals.

Suitability

ETP Holders are reminded of their obligations under NYSE Arca Equities Rule 9.2(a)-(b) whereby the ETP holder 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. ETP Holders 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.

Trading Halts

The Exchange will halt trading in the Shares for a regulatory halt similar to a halt based on NYSE Arca Equities Rule 7.12 and/or a halt because dissemination of the Portfolio Indicative Value of the Shares has ceased. Further, the Exchange will halt trading in the Shares in accordance with NYSE Arca Equities Rule 7.12 ("Trading Halts Due to Extraordinary Market Volatility"). The Shares will be traded following a trading halt in accordance with NYSE Arca Equities Rule 7.35(f) ("Re-Opening After Trading Halts").

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, ETP Holders are required to deliver a Prospectus to all purchasers of newly-issued Shares (i.e., during the initial public offering). ETP Holders 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.

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, NYSE Arca Equities Rule 5.2(j)(3) Commentary .01(h) requires that ETP Holders 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 ETP Holder 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 ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

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

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

The Commission has issued a letter dated November 10, 2009, (the "No- Action Letter") granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for the Fund. See Letter to W. John McGuire, Morgan, Lewis & Bockius dated November 10, 2009 from Josephine A. Tao, Assistant Director, SEC Division of Trading and Markets. ETP Holders are referred to the No-Action Letter for a complete description of the relief granted.

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.

Rules 101 and 102 of Regulation M

Based on representations made by the issuer in the letter requesting no-action relief, the Division confirmed in the No-Action Letter that the Trust is excepted under paragraph (c)(4) of Rule 101 of Regulation M with respect to the New Series thus permitting persons who may be deemed to be participating in a distribution of Shares of each of the New Series to bid for or purchase such Shares during their participation in such distribution.

In addition the Division confirmed the interpretation of Rule 101 of Regulation M that a redemption of Creation Unit size aggregations of Shares of the New Shares and the receipt of Portfolio Securities in exchange therefor by a participant in a distribution of Shares of the New Shares would not constitute an "attempt to induce any person to bid for or purchase a covered security, during the applicable restricted period" within the meaning of Regulation M, therefore would not violate Regulation M.

Based on representations made by the issuer in the letter requesting no-action relief, the Division confirmed in the No-Action Letter that the Trust is excepted under paragraph (d)(4) of Rule 102 of Regulation M with respect to the New Series, thus permitting the New Series to redeem Shares of each of the New Series during the continuous offering of such shares.

Rule 10b-17

Rule 10b-17, with certain exceptions, requires an issuer of a class of publicly traded securities to give notice of certain specified actions (for example, a dividend distribution, stock split, or rights offering) relating to such class of securities in accordance with Rule 10b-17(b).

Based on representations made by the issuer in the letter requesting no-action relief, the Commission granted an exemption from the requirements of Rule 10b-17 to the Trust with respect to the transactions in the Shares.

Inquiries regarding this Information Bulletin should be directed to Timothy J. Malinowski, Director, ETFs and Indexes, at (312) 442-7886.

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