

ETF Transaction Flow Chart

Resulting Exposure:

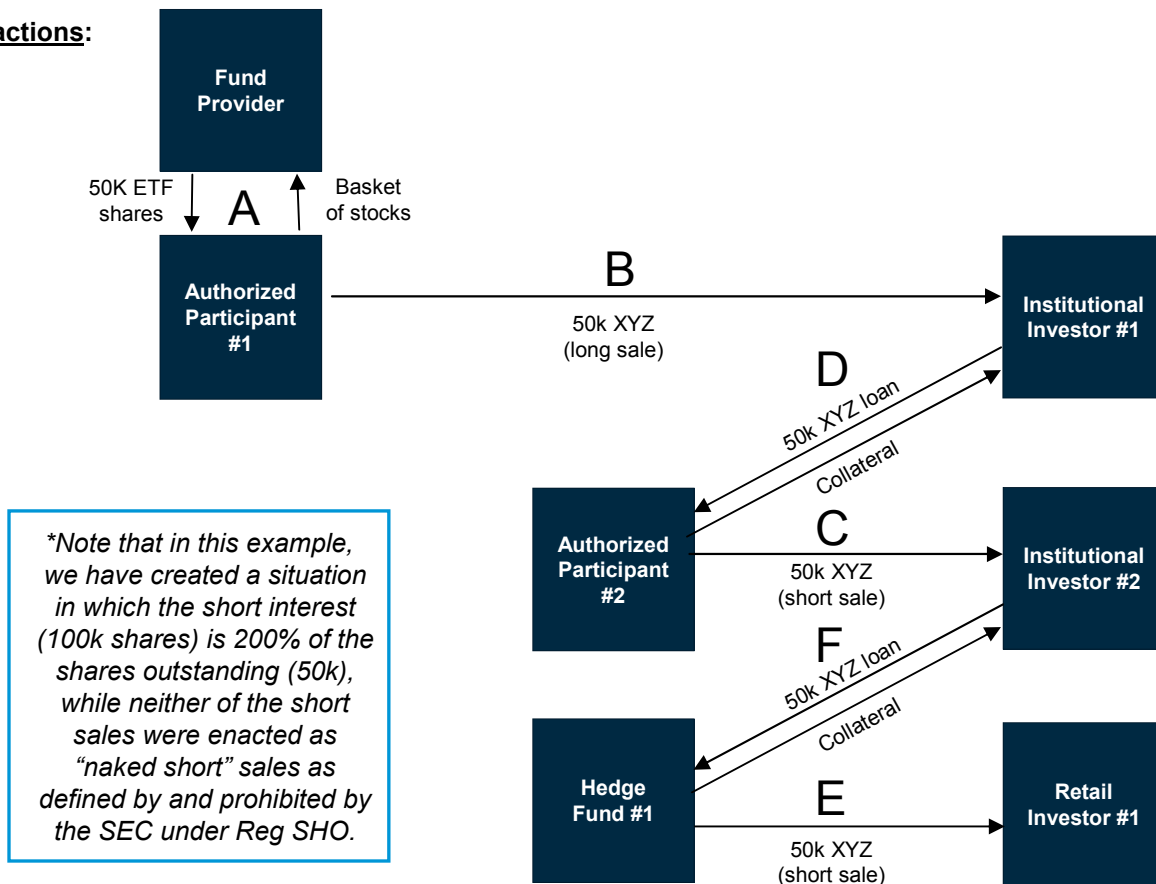
FLAT

SHORT

LONG

Net Position: 50k shares outstanding + 100k short interest = 150k long shares

Transactions:



- Authorized Participant #1 creates 50k shares of XYZ ETF (1 unit) by buying a basket of stocks and delivering them to the fund provider in exchange for 50k shares.
- Institutional Investor #1 buys 50k shares of XYZ from Authorized Participant #1.
- Institutional Investor #2 buys 50k shares of XYZ from Authorized Participant #2, who sells short.
- Authorized Participant #2 borrows the 50k of XYZ shares from Institutional Investor #1 in exchange for collateral posted to the Institutional Investor's prime broker and governed by FINRA regulation.
- Retail Investor #1 buys 50k shares of XYZ from Hedge Fund #1, who is now selling short.
- Hedge Fund #1 borrows the 50k shares from Institutional Investor #2 in exchange for collateral posted by the Hedge Fund's prime broker to the Institutional Investor's prime broker, and governed by FINRA regulation.



Susquehanna Financial Group, LLLP