

Investors Exchange Product Information Circular 2024 - 0384

Date: September 17, 2024

Re: Intelligent Livermore ETF

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.

Exchange-Traded Fund / Symbol

Intelligent Livermore ETF

LIVR

Issuer/Trust: EA Series Trust

Issuer/Trust Website: <https://eftsite.alphaarchitect.com/>

Primary List Exchange: Nasdaq

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.

Background Information on the Funds

EA Series Trust (the “Trust”) is a management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust consists of separate exchange-traded funds (each, a “Fund”). This circular refers only to the Fund listed above. The shares of the Fund are referred to herein as “Shares.” Empowered Funds, LLC dba EA Advisers (the “Adviser”) serves as the investment adviser for the Fund.

The Fund uses Intelligent Alpha’s (the “Sub-Adviser”) proprietary AI-powered stock selection strategy to create an intelligent equal weight portfolio of US large cap stocks. Intelligent Alpha’s AI-powered stock selection process uses three steps:

Step 1: Human initiation. A human analyst (the “Analyst”) establishes the intended strategy for the underlying portfolio including the target investment universe, the portfolio size, the intended concentration level, and any specific factors or themes to be highlighted in the portfolio (e.g. dividends, quality). The Analyst then defines and collects data from a third-party data source (e.g., Factset) to be used in quantitative analysis by artificial intelligence (“AI”) that is relevant to stocks in the universe given the intended strategy. Finally, the Analyst defines a philosophy for the AI to use for qualitative analysis of stocks in the universe given the intended strategy.

First, a large language model, which is a type of AI algorithm that uses deep learning techniques and massively large data sets to understand, summarize, generate and predict new content, is consulted to identify 4-6 major trading trends inspired by the greatest traders in the world. The Analyst will define the list of famous traders and investors for the AI. A major trading trend is a clearly defined and articulated trading view expressed by the trader. The AI will analyze numerous information sources (such as 13F filings, public statements, and interviews) regarding the identified traders and trends when conducting its overall analysis. Based on the identified trends (e.g., short U.S. small cap securities) the AI may select, and the Analyst may include, at the Analyst's discretion, leveraged or inverse leveraged index ETFs to represent the trend as part of the portfolio.

After identifying the trends, the AI Models (defined below) are asked to weight the trends for use in a portfolio. Next, given the trading trends identified, a proprietary curated universe of global equity securities with a market capitalization of over \$1 billion at the time of the AI's review is created. Global equity securities are common stocks (not including depository receipts) of companies that are located throughout the world and that are listed on a regulated stock exchange. Given that universe, a selection set of companies in the universe with sufficient data (generally at least 50% of the data sought by the Analyst) about revenue growth, earnings, free cash flow, price to earnings ratio, beta and other financial metrics are collected by the Analyst. The Analyst also defines an investor philosophy for the AI, which, for the Fund, is built on the ideas of the world's greatest traders with an eye toward momentum in price, strong fundamentals and strong macro trends (the "Philosophy"). The Philosophy is part of the instruction set that is provided by Analyst to the AI as described in subsequent steps.

Step 2: AI portfolio creation. The Analyst gathers the details, information and Philosophy set forth in Step 1 and translates them into an instruction set to be submitted to three leading large language models (the "AI Models") for portfolio creation. The AI Models represent the Fund's AI investment committee. Each AI Model is similarly instructed to review the data and instructions to create a portfolio of up to 20-30 stocks each, including weights for each position. Each AI Model has its own discretion in creating its portfolio, which is reviewed by the Analyst in Step 3.

The submission of the data and Philosophy initiates the process for each AI Model to review the instruction set and create a portfolio. The Analyst works with each AI Model to create a their respective portfolios of up 20-30 stocks, including weights. The portfolios are each adjusted for the relevant thematic weights of the trends established in Step 1.

Step 3: Analyst portfolio review. After the three AI Models create their respective portfolios, the Analyst reviews each portfolio to ensure that it adheres to the intended strategy, which is established as part of Step 1, and any applicable regulatory requirements. Any stocks that are included in the AI Models that do not fit the universe or intended strategy are excluded with the weight of any removed stocks redistributed pro rata across the particular AI portfolio. Determination of whether a stock fits the Fund's strategy is at the final discretion of the Analyst. Any ETFs that are selected by the AI will be the most liquid representation of the trend identified by the AI and will be included in the in the portfolio at the Analyst's discretion. There is no limit on how much of the portfolio can be represented by ETFs.

The Analyst then aggregates the three weighted AI-powered portfolios into a single portfolio where each of the individual portfolios created by the AI make up one-third of the Fund's overall portfolio. Each position in the portfolio is equal weighted.

A portfolio review is initiated by the Analyst via the same process described above. The frequency and timing of portfolio review is at the discretion of the Analyst. The new resultant portfolio at the end of the process will replace the existing portfolio at the time of the review.

The Fund typically rebalances quarterly in February, May, August, and November; however, the Analyst has discretion to review more or less frequently.

As described more fully in the Trust's prospectus and Statement of Additional Information ("SAI"), the Fund issues and redeems Shares at net asset value ("NAV") only in large blocks of shares, respectively, (each block of Shares called a "Creation Unit") or multiples thereof. Each Creation Unit consists of 10,000 shares. As a practical matter, only brokerdealers or large institutional investors with creation and redemption agreements (called Authorized Participants) can purchase or redeem these Creation Units. Except when aggregated in Creation Units, the Shares may not be redeemed with the Fund.

Dividends from net investment income, if any, are declared and paid annually by the Fund. Distributions of net realized securities gains, if any, generally are declared and paid annually.

Shares are held in book-entry form, which means that no share certificates are issued. The Depository Trust Company or its nominee is the record owner of all outstanding Shares and is recognized as the owner of all Shares for all purposes

The NAV of the Fund is generally determined as of the close of trading (normally 4:00 p.m., Eastern Time) on each day the New York Stock Exchange is open for business. The NAV of the Fund is calculated by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of outstanding shares of the Fund, generally rounded to the nearest cent.

The registration statement for the Fund describes the various fees and expenses for the Shares. For a more complete description of the Fund and the underlying indexes, visit the Fund's website.

Purchases and Redemptions in Creation Unit Size

IEX Members are hereby informed that procedures for purchases and redemptions of Shares in Creation Units are described in the Trust's Prospectus and SAI and that Shares are not individually redeemable but are redeemable only in Creation Unit aggregations or multiples thereof.

Principal Risks

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include: Investor Trend Risk, Foreign Investment Risk, Small- and Mid-Capitalization Companies Risk, Large-Capitalization Companies Risk, AI Model Risk, Machine Learning Risk, Investment Risk, Equity Investing Risk, ETF Risks, Management Risk, Underlying Fund Risk, Leveraged, Inverse, and Inverse-Leveraged ETF Risk, High Portfolio Turnover Risk, Rebalance Risk, Securities Lending Risk, New Fund Risk, New Fund Risk, New Sub-Adviser Risk, and Geopolitical/Natural Disaster Risks.

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.

Delivery of a Prospectus

Exchange 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 Fund's 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 Exchange 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 such Exchange member under this rule. Upon request of a customer, Exchange 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 Funds’ 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 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

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund Shares and secondary market transactions therein. (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

This Information Circular is not a statutory prospectus. 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.