



"Bringing Exchange Traded Currencies to the World's Stock Exchanges"

ETFS Foreign Exchange Limited

*(Incorporated and registered in Jersey under the Companies
(Jersey) Law 1991 (as amended) with registered number 103518)*

Prospectus for the issue of Collateralised Currency Securities

comprising:

USD Developed Market Currency Securities	LSE Code	USD Emerging Market Currency Securities	LSE Code	EUR Developed Market Currency Securities	LSE Code	GBP Developed Market Currency Securities	LSE Code
ETFS Long AUD Short USD	LAUD	ETFS Long BRL Short USD	LBRL	ETFS Long AUD Short EUR	EUAU	ETFS Long AUD Short GBP	GBAU
ETFS Short AUD Long USD	SAD	ETFS Short BRL Long USD	SBRL	ETFS Short AUD Long EUR	AUEU	ETFS Short AUD Long GBP	AUGB
ETFS 2x Long AUD Short USD	LAU2	ETFS Long CNY Short USD	LCNY	ETFS 3x Long AUD Short EUR	EAU3	ETFS 3x Long AUD Short GBP	AUP3
ETFS 2x Short AUD Long USD	SAU2	ETFS Short CNY Long USD	SCNY	ETFS 3x Short AUD Long EUR	AUE3	ETFS 3x Short AUD Long GBP	SAP3
ETFS 3x Long AUD Short USD	LAU3	ETFS Long CZK Short USD	LCZK	ETFS Long CAD Short EUR	ECAD	ETFS Long CAD Short GBP	GBCA
ETFS 3x Short AUD Long USD	SAU3	ETFS Short CZK Long USD	SCZK	ETFS Short CAD Long EUR	CADE	ETFS Short CAD Long GBP	CAGB
ETFS Long CAD Short USD	LCAD	ETFS Long HUF Short USD	LHUF	ETFS 3x Long CAD Short EUR	ECA3	ETFS 3x Long CAD Short GBP	CAP3
ETFS Short CAD Long USD	SCAD	ETFS Short HUF Long USD	SHUF	ETFS 3x Short CAD Long EUR	CAE3	ETFS 3x Short CAD Long GBP	PCA3
ETFS 2x Long CAD Short USD	LCA2	ETFS Long ILS Short USD	LILS	ETFS Long CHF Short EUR	EUCH	ETFS Long CHF Short GBP	GBCH
ETFS 2x Short CAD Long USD	SCA2	ETFS Short ILS Long USD	SILS	ETFS Short CHF Long EUR	CHEU	ETFS Short CHF Long GBP	CHGB
ETFS 3x Long CAD Short USD	LCA3	ETFS Long INR Short USD	LINR	ETFS 2x Long CHF Short EUR	EUC2	ETFS 3x Long CHF Short GBP	CHP3
ETFS 3x Short CAD Long USD	SCA3	ETFS Short INR Long USD	SINR	ETFS 2x Short CHF Long EUR	CHE2	ETFS 3x Short CHF Long GBP	PCH3
ETFS Long CHF Short USD	LCHF	ETFS Long MXN Short USD	LMXN	ETFS 3x Long CHF Short EUR	ECH3	ETFS Long EUR Short GBP	GBUR
ETFS Short CHF Long USD	SCHF	ETFS Short MXN Long USD	SMXN	ETFS 3x Short CHF Long EUR	CHE3	ETFS Short EUR Long GBP	URGB
ETFS 2x Long CHF Short USD	LCH2	ETFS Long SGD Short USD	LSGD	ETFS Long GBP Short EUR	EUGB	ETFS 3x Long EUR Short GBP	EUP3
ETFS 2x Short CHF Long USD	SCH2	ETFS Short SGD Long USD	SSGD	ETFS Short GBP Long EUR	GBEU	ETFS 3x Short EUR Long GBP	SUP3
ETFS 3x Long CHF Short USD	LCH3	ETFS Long ZAR Short USD	LZAR	ETFS 2x Long GBP Short EUR	EUG2	ETFS Long JPY Short GBP	GBJP
ETFS 3x Short CHF Long USD	SCH3	ETFS Short ZAR Long USD	SZAR	ETFS 2x Short GBP Long EUR	GBE2	ETFS Short JPY Long GBP	JPGB
ETFS Long EUR Short USD	LEUR			ETFS 3x Long GBP Short EUR	EGB3	ETFS 3x Long JPY Short GBP	JPP3
ETFS Short EUR Long USD	SEUR			ETFS 3x Short GBP Long EUR	GBE3	ETFS 3x Short JPY Long GBP	SYP3
ETFS 2x Long EUR Short USD	LEU2			ETFS Long JPY Short EUR	EUJP	ETFS Long NOK Short GBP	GBNO
ETFS 2x Short EUR Long USD	SEU2			ETFS Short JPY Long EUR	JPEU	ETFS Short NOK Long GBP	NOGB
ETFS 3x Long EUR Short USD	LEU3			ETFS 2x Long JPY Short EUR	EUJ2	ETFS 3x Long NOK Short GBP	NOP3
ETFS 3x Short EUR Long USD	SEU3			ETFS 2x Short JPY Long EUR	JPE2	ETFS 3x Short NOK Long GBP	SOP3
ETFS Long GBP Short USD	LGBP			ETFS 3x Long JPY Short EUR	EJP3	ETFS Long NZD Short GBP	GBNZ
ETFS Short GBP Long USD	SGBP			ETFS 3x Short JPY Long EUR	JPE3	ETFS Short NZD Long GBP	NZGB
ETFS 2x Long GBP Short USD	LGB2			ETFS Long NOK Short EUR	EUNO	ETFS 3x Long NZD Short GBP	NZP3
ETFS 2x Short GBP Long USD	SGB2			ETFS Short NOK Long EUR	NOEU	ETFS 3x Short NZD Long GBP	SNP3
ETFS 3x Long GBP Short USD	LGB3			ETFS 2x Long NOK Short EUR	EUN2	ETFS Long SEK Short GBP	GBSK
ETFS 3x Short GBP Long USD	SGB3			ETFS 2x Short NOK Long EUR	NOE2	ETFS Short SEK Long GBP	SKGB
ETFS Long JPY Short USD	LJPY			ETFS 3x Long NOK Short EUR	ENO3	ETFS 3x Long SEK Short GBP	SEP3
ETFS Short JPY Long USD	SJPY			ETFS 3x Short NOK Long EUR	NOE3	ETFS 3x Short SEK Long GBP	SKP3
ETFS 2x Long JPY Short USD	LJP2			ETFS Long NZD Short EUR	EUNZ	ETFS Long USD Short GBP	GBUS
ETFS 2x Short JPY Long USD	SJP2			ETFS Short NZD Long EUR	NZEU	ETFS Short USD Long GBP	USGB
ETFS 3x Long JPY Short USD	LJP3			ETFS 3x Long NZD Short EUR	ENZ3	ETFS 3x Long USD Short GBP	USP3
ETFS 3x Short JPY Long USD	SJP3			ETFS 3x Short NZD Long EUR	NZE3	ETFS 3x Short USD Long GBP	PUS3
ETFS Long NOK Short USD	LNOK			ETFS Long SEK Short EUR	EUSE		
ETFS Short NOK Long USD	SNOK			ETFS Short SEK Long EUR	SEEU		
ETFS 2x Long NOK Short USD	LNO2			ETFS 2x Long SEK Short EUR	EUS2		
ETFS 2x Short NOK Long USD	SNO2			ETFS 2x Short SEK Long EUR	SEE2		
ETFS 3x Long NOK Short USD	LNO3			ETFS 3x Long SEK Short EUR	ESE3		
ETFS 3x Short NOK Long USD	SNO3			ETFS 3x Short SEK Long EUR	SEE3		
ETFS Long NZD Short USD	LNZD			ETFS Long USD Short EUR	EUUS		
ETFS Short NZD Long USD	SNZD			ETFS Short USD Long EUR	USEU		
ETFS 2x Long NZD Short USD	LNZ2			ETFS 3x Long USD Short EUR	EUS3		
ETFS 2x Short NZD Long USD	SNZ2			ETFS 3x Short USD Long EUR	USE3		
ETFS 3x Long NZD Short USD	LNZ3						
ETFS 3x Short NZD Long USD	SNZ3						
ETFS Long SEK Short USD	LSEK						
ETFS Short SEK Long USD	SSEK						
ETFS 2x Long SEK Short USD	LSE2						
ETFS 2x Short SEK Long USD	SSE2						
ETFS 3x Long SEK Short USD	LSE3						
ETFS 3x Short SEK Long USD	SSE3						
Basket Securities	LSE						
Currency Securities	Code						
ETFS Long G10 Short EUR	LEUB						
ETFS Short G10 Long EUR	SEUB						
ETFS Long G10 Short GBP	LGBB						
ETFS Short G10 Long GBP	SGBB						
ETFS Long G10 Short USD	LUSB						
ETFS Short G10 Long USD	SUSB						

ETFS Foreign Exchange Limited (the **Issuer**) has established a programme under which it may from time to time issue collateralised exchange traded currency securities (**Collateralised Currency Securities**) linked to the performance of Currency Indices on the terms set out herein. Initially each class of Collateralised Currency Security issued will be denominated in US Dollars (a **USD**

Collateralised Currency Security), Euros (a **Euro Collateralised Currency Security**) or GBP (a **GBP Collateralised Currency Security**). Collateralised Currency Securities are constituted by a Trust Instrument entered into between the Issuer and The Law Debenture Trust Corporation p.l.c., (the **Trustee**) appointing the Trustee as trustee for the Security Holders of each class. Each class of Collateralised Currency Securities is secured by the Class Collateral Pool applicable to that class which includes the Issuer's rights over Eligible Collateral held in one or more segregated Custody Accounts.

The classes of Collateralised Currency Securities which are being made available under the Programme are set out under the heading *Collateralised Currency Securities available for issue* in Part 3 (*Description of the Programme*). The Issuer reserves the right to increase the number and classes of Collateralised Currency Securities that may be issued and to issue USD Collateralised Currency Securities, Euro Collateralised Currency Securities and GBP Collateralised Currency Securities in any proportions. Whenever any Collateralised Currency Securities are issued, a pricing supplement (**Final Terms**) specifying the number and class of such Collateralised Currency Securities will be delivered to the UK Listing Authority.

Collateralised Currency Securities are complex, structured products involving a significant degree of risk and may not be suitable or appropriate for all types of investor. It is advisable that any person wishing to invest seeks appropriate financial, tax and other advice from an independent financial advisor with appropriate regulatory authorisation and qualifications and an investment in Collateralised Currency Securities is only suitable for persons who understand the economic risk of an investment in Collateralised Currency Securities and are able to bear the risk for an indefinite period of time. A prospective investor should be aware that their entire investment in Collateralised Currency Securities may be lost.

Collateralised Currency Securities are limited recourse debt securities which have no specified maturity date and do not bear interest. The amount payable by the Issuer to Security Holders on redemption of a class of Collateralised Currency Securities will be the Price (less in the case of CNY Securities and INR Securities, any Additional Redemption Fee which would be payable on such Pricing Day) of such Collateralised Currency Securities at such time (except where the Price is lower than the Principal Amount) and may be more or less than the amount paid by Security Holders for such Collateralised Currency Securities.

Collateralised Currency Securities are priced by reference to the MSFXSM Indices (**Currency Indices**). The Currency Indices are total return indices and are calculated and published by Morgan Stanley & Co. LLC (**MS&CO**) in accordance with the MSFXSM Indices Manual (the **Manual**) (as more fully described herein). The Issuer has been granted a licence to price Collateralised Currency Securities based on the Currency Indices and all references to such indices are used with the permission of MS&CO.

The Price of each class of Collateralised Currency Securities will be calculated on each Pricing Day by reference to the change in the level of the relevant Currency Index and will also include a Daily Adjustment to reflect the Management Fee and the Daily Spread payable in respect of the Collateralised Currency Securities of that class.

Each class of Collateralised Currency Security will be linked to unfunded Currency Transactions entered into by the Issuer with one or more Currency Transaction Counterparties, in each case pursuant to a Facility Agreement and an ISDA Master Agreement. The initial Currency Transaction Counterparty is Morgan Stanley & Co. International plc (**MSIP**). The Issuer may in the future appoint further Currency Transaction Counterparties in respect of one or more classes of Collateralised Currency Securities.

A Daily Payment Amount will be calculated in respect of a Currency Transaction on each Pricing Day to reflect the change in the relevant Currency Index since the immediately preceding Pricing Day and will become payable on the next following Repo Day (provided that the Issuer may make payment on the second following Repo Day in certain circumstances, as more fully described herein).

Accordingly, the Issuer's credit exposure to any Currency Transaction Counterparty in respect of Currency Transactions is intended to be limited on any day to the Daily Payment Amounts due but not settled as at such day.

The Issuer and MSIP, as the initial Currency Transaction Counterparty, pursuant to the Facility Agreement agree to enter into daily repurchase agreements denominated in US Dollars (**USD Repos**),

Euros (**Euro Repos**) and GBP (**GBP Repos**) on each Repo Day. The terms of each Repo will require the Issuer to (i) on each Repo Day use substantially all monies held by it attributable to USD Collateralised Currency Securities (the **USD Repo Amount**), Euro Collateralised Currency Securities (the **Euro Repo Amount**) and GBP Collateralised Currency Securities (the **GBP Repo Amount**) to purchase Eligible Collateral from MSIP with a Value at least equivalent to such purchase price and (ii) on the next following Repo Day transfer equivalent Eligible Collateral to MSIP against payment of the USD Repo Amount, Euro Repo Amount and the GBP Repo Amount. As each Repo is scheduled to be settled on the next following Repo Day any risk in the reduction in the Value of the Eligible Collateral held by the Issuer will be minimised. The Repos are governed by the Global Master Repurchase Agreement entered into by the Issuer and MSIP.

All Eligible Collateral shall be held by the Issuer in one or more segregated accounts with a Custodian or, as the case may be, the Collateral Administrator. The Issuer will establish separate accounts in respect of its dealings with each Currency Transaction Counterparty. The Custodian, the Account Bank or, as the case may be, the Collateral Administrator of each account will agree not to exercise any rights of set-off, consolidation or combination over or between such account and any other obligation owed to it. The Issuer has established Custody Accounts (which include a Collateral Receiver Account) with The Bank of New York Mellon in respect of its dealings with MSIP (over each of which BONY has a lien to secure obligations of the Issuer to it).

The Issuer shall enter into a separate Security Deed with respect to each Currency Transaction Counterparty (a **Relevant Currency Transaction Counterparty**). Pursuant to the terms of each Security Deed (as defined below) the Issuer will grant to the Security Trustee security over all the Issuer's assets relating to the Relevant Currency Transaction Counterparty including its rights in the Facility Agreement, the ISDA Master Agreement, the Global Master Repurchase Agreement and all Eligible Collateral held by it in a Relevant Issuer Account (such property constituting a **Counterparty Collateral Pool**). The Security Trustee will hold the security over such Counterparty Collateral Pool on trust for the Secured Parties which shall include, *inter alia*, (i) Security Holders holding Collateralised Currency Securities in respect of which such Relevant Currency Transaction Counterparty is a Currency Transaction Counterparty and (ii) the Relevant Currency Transaction Counterparty, in respect of its claims under the Relevant ISDA Master Agreement, the Relevant Global Master Repurchase Agreement and the Relevant Facility Agreement. Pursuant to each Security Deed all monies received by the Security Trustee upon realisation of a Counterparty Collateral Pool shall be distributed to such Secured Parties in accordance with the Priority Waterfall – see Part 8 (*Description of Security*).

The Security Holders of each class of Collateralised Currency Securities will have recourse to each Counterparty Collateral Pool that relates to a Currency Transaction Counterparty that has entered into a Corresponding Currency Transaction in respect of that class of Collateralised Currency Securities (the **Gross Class Collateral Pool**). Since Security Holders rank behind the Trustee, the Security Trustee and the Relevant Currency Transaction Counterparty (in respect of its claims under the Relevant ISDA Master Agreement, the Relevant Global Master Repurchase Agreement and the Relevant Facility Agreement) in the Priority Waterfall, each class of Collateralised Currency Securities is secured by the Class Collateral Pool applicable to such class (as more fully described herein).

The only assets available to the Issuer to enable it to meet its liabilities to Security Holders upon redemption of a class of Collateralised Currency Securities are its interests in the Class Collateral Pool applicable to such class.

Although Collateralised Currency Securities are secured on the assets referred to above, Collateralised Currency Securities themselves are limited recourse obligations of the Issuer alone and are not obligations of any other person, including the Trustee, the Security Trustee, any Index Provider or Currency Transaction Counterparty (including MSIP, MS&CO or any other member of the Morgan Stanley Group). The obligations of the Issuer to Security Holders are not guaranteed by any other person, including the Trustee, the Security Trustee, any Index Provider or Currency Transaction Counterparty (including MSIP, MS&CO or any other member of the Morgan Stanley Group).

If the net proceeds from the enforcement of a Class Collateral Pool are not sufficient to make all payments then due in respect of Collateralised Currency Securities of the relevant class, the obligations of the Issuer will be limited to such net proceeds, and the other assets of the Issuer will not be available to meet any shortfall. The Issuer will not be obliged to make any payment in excess of such net

proceeds and no debt shall be owed by the Issuer in respect of such shortfall and the indebtedness of the Issuer in respect of such shortfall shall be extinguished.

A copy of this document, which comprises a base prospectus relating to the Collateralised Currency Securities of each class in compliance with Article 3 of Directive 2003/71/EC and the Prospectus Rules made under sections 73A and 84 of FSMA, has been filed with the FSA and made available to the public at the Registered Office of the Issuer in accordance with Article 14 of Directive 2003/71/EC. Collateralised Currency Securities will be available to be issued on a continuing basis during the period of 12 months from the date of this document.

Application has been made to the UK Listing Authority for all Collateralised Currency Securities issued within 12 months of the date of this document to be admitted to the Official List and to the London Stock Exchange, which operates a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive) and for all such Collateralised Currency Securities to be admitted to trading on the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List (as maintained by the FSA in accordance with section 74(1) of FSMA)).

Certain classes of Collateralised Currency Securities are also listed and/or traded on certain other markets – see *General* in Part 15 (*Additional Information*).

Applications for new Collateralised Currency Securities may only be made by Authorised Participants. Collateralised Currency Securities may only be redeemed by Authorised Participants, except where there are no Authorised Participants or where the Issuer has announced by RIS in respect of a particular Pricing Day, or until further announcement or generally, that Redemptions by Security Holders who are not Authorised Participants will be permitted. All other investors must buy and sell Collateralised Currency Securities on the London Stock Exchange (or other exchanges if Collateralised Currency Securities are listed or traded thereon). The procedures for applying for and redeeming Collateralised Currency Securities are set out in this document.

An investment in Collateralised Currency Securities involves a significant degree of risk. In addition to the other information contained in this document the risk factors set out in the section headed “Risk Factors” herein should be carefully considered by prospective investors before deciding whether to invest in Collateralised Currency Securities. It should be remembered that the price of securities can go down as well as up.

Investors in CNY Securities and INR Securities should also carefully consider, in addition to the general risk factors in the Prospectus, the provisions relating to the Additional Redemption Fee set out in Part 5 (*Description of Collateralised Currency Securities*) and to the Additional Closing Fee set out in Part 6 (*Description of Currency Transactions*) of this Prospectus.

Prospective Security Holders should be aware that the value of Collateralised Currency Securities can go down as well as up, and that they could lose the entire value of their investment.

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer, which has taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Trustee, the Security Trustee, MSIP or MS&CO nor any other member of the Morgan Stanley Group has separately verified the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by the Trustee, the Security Trustee, MSIP, MS&CO or any other member of the Morgan Stanley Group as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with Collateralised Currency Securities or their distribution. Each person applying for Collateralised Currency Securities in accordance with this Prospectus acknowledges that (i) such person has not relied on the Trustee, the Security Trustee, MSIP or MS&CO, nor on any person affiliated with any of them in connection with its investment decision or its investigation of the accuracy of the information contained herein; (ii) Collateralised Currency Securities are direct, limited recourse obligations of the Issuer alone and not obligations of any other person, including the Trustee, the Security Trustee, MSIP or MS&CO or any other member of the Morgan Stanley Group; and (iii) the

obligations of the Issuer to Security Holders under the Collateralised Currency Securities are not guaranteed by any other person, including the Trustee, the Security Trustee, MSIP or MS&CO or any other member of the Morgan Stanley Group.

Neither MSIP nor any other member of the Morgan Stanley Group has structured Collateralised Currency Securities or provided any advice or information in respect of Collateralised Currency Securities (subject to a limited exception for information provided by MSIP in relation to itself) nor accepts any responsibility in respect of this Prospectus or any other disclosure document or advertising materials in connection with the Collateralised Currency Securities.

Since the Collateralised Currency Securities are secured on assets which constitute obligations of five or fewer obligors, the Issuer is required under the Prospectus Rules to include in this Prospectus so far as it is aware or is able to ascertain from information published by MSIP, such information relating to MSIP as is required by Annex VIII of the Prospectus Regulation (Regulation Number 809/ 2004/EC). The Issuer has included the information in Part 13 (*Description of Currency Transaction Counterparties*) based upon information made available to it by MSIP. The Issuer confirms that such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by MSIP, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not made any independent verification of information contained in this Prospectus relating to MSIP or any other member of the Morgan Stanley Group. Save to the extent information is provided to the Issuer by MSIP, the Issuer may not be in a position to update such information and accordingly does not represent that the information contained in this Prospectus relating to MSIP is accurate as of any date subsequent to the date hereof. MSIP does not accept any responsibility or liability to investors (a) for the information contained in this Prospectus or (b) for updating such information and makes no representation, warranty or undertaking, express or implied, with respect to such information.

The arrangements entered into by MSIP with the Issuer in relation to the Currency Transactions do not preclude or restrict the ability of MSIP, MS&CO or any other member of the Morgan Stanley Group from entering into any contracts or entering into any transactions with the Issuer, any Authorised Participant or any other person in the ordinary course of its business or otherwise. In addition, members of the Morgan Stanley Group trade in currency markets and may do so whether or not such trading could have an adverse effect on the Price of the Collateralised Currency Securities.

The Authorised Participants have not separately verified the information contained in this Prospectus. None of the Authorised Participants makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or to the suitability of Collateralised Currency Securities for any investor. Neither this Prospectus nor any financial statements or any other information is intended to provide the basis of any credit or other evaluation of the Issuer or any Currency Transaction Counterparty (including MSIP). None of the Authorised Participants undertakes to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor or potential investor in Collateralised Currency Securities of any information coming to the attention of any of the Authorised Participants.

Neither this Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase Collateralised Currency Securities or other securities issued by the Issuer and should not be considered as a recommendation by the Issuer, the Authorised Participants, MSIP or MS&CO or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase Collateralised Currency Securities. Each person contemplating making an investment in Collateralised Currency Securities must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment, and it is advisable that such persons obtain their own independent accounting, tax and legal advice and should consult their own professional investment advisers to ascertain the suitability of Collateralised Currency Securities as an investment, and should conduct such independent investigation and analysis regarding the risks, security arrangements and cash-flows associated with Collateralised Currency Securities as they deem appropriate, in order to evaluate the merits and risks of an investment in Collateralised Currency Securities. A prospective investor who is in any doubt whatsoever as to the risks involved in investing in Collateralised Currency Securities should consult its independent professional advisers.

No Guarantee

No member of the Morgan Stanley Group or any other person has guaranteed the performance of the Issuer's obligations, and no Security Holder has any direct rights of enforcement against any such person. The Issuer has rights under the Currency Transactions, the ISDA Master Agreement, the Facility Agreement, the Global Master Repurchase Agreement and the Collateral Administration Agreement and these rights form part of the security for the classes of Collateralised Currency Securities secured by the Security Deed relating to MSIP.

Neither MSIP nor any of its Affiliates has structured Collateralised Currency Securities or provided any advice or information in respect of Collateralised Currency Securities (subject to a limited exception for information provided by MSIP in relation to itself) nor accepts any responsibility in respect of this Prospectus or any other disclosure document or advertising materials in connection with the Collateralised Currency Securities.

No Representation

None of the Issuer, ManJer or any Affiliate of ManJer, the Authorised Participants, MSIP, any Affiliate of MSIP (including, without limitation, MS&CO), the Security Trustee or the Trustee makes any representations as to (i) the suitability of any Collateralised Currency Securities for any particular investor; (ii) the appropriate accounting treatment or possible tax consequences of an investment in any Collateralised Currency Securities; or (iii) the expected performance of any Collateralised Currency Securities, either in absolute terms or relative to competing investments.

The distribution of the Prospectus and any Final Terms and the offering, sale and delivery of Collateralised Currency Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Collateralised Currency Securities and on the distribution of this Prospectus or any Final Terms, see *Selling Restrictions* in Part 15 (*Additional Information*).

Collateralised Currency Securities have not been and will not be registered under the United States Securities Act of 1933 as amended (the **Securities Act**), or under the securities laws of any states of the United States. Collateralised Currency Securities may not be directly or indirectly offered, sold, taken up, delivered or transferred in or into the United States or to any US person (as defined in Regulation S under the Securities Act) (a **US Person**). The Issuer has not registered, and does not intend to register, as an investment company under the United States Investment Company Act of 1940, as amended (the **Investment Company Act**). Accordingly, Collateralised Currency Securities may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US Person. Collateralised Currency Securities offered and sold outside the United States may be offered to persons who are not US Persons in reliance upon Regulation S under the Securities Act. Each of the Authorised Participants has, pursuant to its Authorised Participant Agreement with the Issuer, undertaken not to offer or sell the Collateralised Currency Securities within the United States or to any US Person, nor will it engage in any "directed selling efforts" (as such term is defined by Regulation S under the Securities Act) with respect to the Collateralised Currency Securities.

Prohibited US Persons and Prohibited Benefit Plan Investors who notwithstanding the foregoing acquire Collateralised Currency Securities should note the provisions in the Conditions under the heading *Compulsory Redemption for cause* (Condition 7.5).

A copy of this document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to the circulation of this document. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 3 of the Collective Investment Funds (Unclassified Funds)(Prospectuses)(Jersey) Order 1995 to the marketing of Collateralised Currency Securities by means of this document. It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

Nothing in this document or anything communicated to holders or potential holders of Collateralised Currency Securities or other obligations by the Issuer is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for Collateralised Currency Securities or the exercise of any rights attached thereto for the purposes of the Jersey Financial Services (Jersey) Law 1998, as amended.

If at any time the Issuer is required to prepare a supplementary prospectus pursuant to Section 87G of FSMA, the Issuer will either prepare and make available an appropriate amendment or supplement to this document which will constitute a supplementary prospectus as required by Section 87G of FSMA or prepare and make available a further base prospectus in compliance with Article 3 of Directive 2003/71/EC and the Prospectus Rules made under sections 73A and 84 of FSMA. Subject to the terms of the Collateralised Currency Securities, the Issuer may issue other securities which if offered to the public, or admitted to trading on any market, in any jurisdiction may be the subject of a separate prospectus or listing particulars or other offering document.

Collateralised Currency Securities are participating securities in CREST, a paperless multi-currency electronic settlement procedure enabling securities (including debt securities) to be evidenced otherwise than by written instrument, and transferring such securities electronically with effective delivery versus payment. Accordingly, to the extent that the Collateralised Currency Securities are issued in Uncertificated Form, settlement of transactions in the Collateralised Currency Securities will take place within the CREST system.

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PART 1

SUMMARY

ETFS Foreign Exchange Limited

Programme for the Issue of Collateralised Currency Securities

Prospectus Summary

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A - E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and Warnings		
A.1	Standard warning disclosure	<p>Warning that:</p> <ul style="list-style-type: none">• this summary should be read as an introduction to the base prospectus of ETFS Foreign Exchange Limited dated 19 October 2012 (the “Prospectus”);• any decision to invest in the Collateralised Currency Securities should be based on consideration of the Prospectus as a whole by the investor;• where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;• civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Collateralised Currency Securities.
A.2	Disclosure of consent for use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries	<p>The Issuer has consented to this Prospectus, and has accepted responsibility for the content of this Prospectus, with respect to subsequent resales or final placement by way of public offer of the Collateralised Currency Securities by any financial intermediary in any of Austria, Denmark, Finland, France, Germany, Ireland, Italy, Portugal, the Netherlands, Norway, Spain, Sweden and the United Kingdom by any financial intermediary which is an investment firm within the meaning of MiFID and which is authorised in accordance with MiFID in any member state. Such consent applies to any such resale or final placement by way of public offer during the period of 12 months from the date of this Prospectus unless such consent is withdrawn prior to that date by notice published on the Issuer's website. Other than the right of the Issuer</p>

		<p>to withdraw the consent, no other conditions are attached to the consent described in this paragraph.</p> <p>In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made. Any financial intermediary using this Prospectus for the purpose of any offering must state on its website that it uses this Prospectus in accordance with the consent given and the conditions attached thereto.</p>
Section B – Issuer		
B.1	Legal and commercial name	ETFS Foreign Exchange Limited (the “ Issuer ”).
B.2	Domicile/Legal form/ Legislation/Country of incorporation	The Issuer is a public company incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 103518.
B.16	Direct/indirect control of the Issuer	The shares in the Issuer are held entirely by ETFS Holdings (Jersey) Limited (“ HoldCo ”), a holding company incorporated in Jersey. The shares in HoldCo are directly owned by ETF Securities Limited (“ ETFSL ”) which is also incorporated in Jersey. The Issuer is neither directly or indirectly owned or controlled by any other party to the programme.
B.20	Special purpose vehicle	The Issuer has been established as a special purpose vehicle for the purpose of issuing the Collateralised Currency Securities as asset-backed securities.
B.21	Principal activities and overview of the parties	<p>The principal activity of the Issuer is issuing several classes of debt security (the “Collateralised Currency Securities”) which are backed by (i) unfunded collateralised derivative contracts (the “Currency Transactions”) providing exposure to movements in indices calculated and published by Morgan Stanley & Co. LLC which track movements in different exchange rates (and which incorporate a corresponding return on collateral) (the “Currency Indices” or “MSFXSM Indices”); and (ii) cash received from Authorised Participants upon creation of the Collateralised Currency Securities or under the terms of the Currency Transactions and invested in collateral (the “Collateral”) held in accounts of the Issuer at The Bank of New York Mellon (“BNYM”). The Issuer has established a programme under which different classes of Collateralised Currency Securities may be issued from time to time. Collateralised Currency Securities are designed to give investors exposure to the foreign exchange performance of various developed market and emerging market currencies or currency index baskets against the US Dollar, GBP or Euro by tracking the MSFXSM Indices.</p> <p>The Currency Indices form part of the basis of the pricing of the Collateralised Currency Securities (which are priced according to the Formula). The Collateralised Currency Securities are therefore designed to give investors a “total return”.</p> <p>Collateralised Currency Securities can be created and redeemed on a daily basis by financial institutions (“Authorised Participants”) who (i) have entered into an agreement entitled “Authorised Participant Agreement” with the Issuer; (ii) have certified to the Issuer as to their status under the Financial Services and Markets Act 2000 (“FSMA”); and (iii) have certified to the Issuer that they are not collective investment schemes</p>

		<p>regulated under Council Directive No. 85/611/EEC as undertakings for collective investment in transferable securities. Other holders of Collateralised Currency Securities may also redeem Collateralised Currency Securities if there are no Authorised Participants. All other parties may buy and sell Collateralised Currency Securities through trading on an exchange or market on which the Collateralised Currency Securities are admitted to trading.</p> <p>The Issuer achieves a return based on the movements of the relevant Currency Indices by holding corresponding Currency Transactions with one or more currency transaction counterparties (“Currency Transaction Counterparties”). The terms of the Currency Transactions purchased or to be purchased from the relevant Currency Transaction Counterparties are or will be governed by (i) an agreement entitled Facility Agreement (the “Facility Agreement”); and (ii) an agreement entitled “ISDA Master Agreement” (the “ISDA”). Under the terms of the Currency Transactions amounts are payable between the Issuer and the relevant Currency Transaction Counterparties to reflect movements in the relevant Currency Indices (the “Daily Payment Amounts”).</p> <p>The Issuer has entered into a Facility Agreement (the “MSIP Facility Agreement”) and an ISDA Master Agreement (the “MSIP ISDA”) with Morgan Stanley & Co. International plc (“MSIP”) as initial Currency Transaction Counterparty.</p> <p>The Collateralised Currency Securities are also backed by the Collateral. Any cash received by the Issuer on the issue of Collateralised Currency Securities or under the terms of the Currency Transactions is used to purchase assets as collateral from MSIP under the terms of an agreement between the Issuer and MSIP dated 5 November 2009 and entitled “Global Master Repurchase Agreement” or “Repo”). The Collateral is held in accounts in the Issuer’s name at BNYM. The operation of those accounts is governed by the terms of (i) a custody agreement between the Issuer and BNYM (the “Custody Agreement”); and (ii) a collateral administration master agreement between the Issuer and BNYM (the “Collateral Administration Agreement”). If the Issuer is required to pay any amounts (i) to MSIP under the Currency Transactions; or (ii) to an Authorised Participant upon redemption of Collateralised Currency Securities then under the terms of the Repo it will sell an appropriate proportion of the Collateral to MSIP and use the proceeds of such sale to fund the payments.</p> <p>Collateralised Currency Securities are constituted under an agreement entitled the “Trust Instrument” between the Issuer and the Law Debenture Trust Corporation p.l.c. as trustee (the “Trustee”) of all rights and entitlements under the Trust Instrument for any person identified on the registers as holding the Collateralised Currency Securities (the “Security Holders”).</p> <p>The Issuer will enter into a security deed with a security trustee in respect of each Currency Transaction Counterparty. The Issuer has entered into a document entitled “Security Deed” dated 5 November 2009 with The Law Debenture Trust Corporation p.l.c. acting as security trustee (the “Security Trustee”) and MSIP (the “MSIP Security Deed”) under which the Issuer grants security over the assets described in C.8 as</p>
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		<p>the “Secured Assets” to the Security Trustee. Under the trust the Security Trustee holds the proceeds of the Secured Assets on trust to be applied for the benefit of various parties in the following order of priority (the “Priority Waterfall”):</p> <ul style="list-style-type: none">– first, the Trustee and Security Trustee;– second, MSIP;– third, the Security Holders;– fourth, ManJer; and– fifth, the Issuer. <p>The proceeds available to Security Holders are applied (after the Trustee, Security Trustee and MSIP have been paid out) proportionately under the trust so that for each class of Security Holder a pro-rata share of the remaining proceeds is available.</p> <p>The Issuer is a special purpose company whose only assets are the Collateral and Currency Transactions and corresponding rights under the Facility Agreement, ISDA and Repo and so the ability of the Issuer to meet its obligations in relation to Collateralised Currency Securities will be wholly dependent on its receipt of payments under Currency Transactions from Currency Transaction Counterparties and its ability to sell the Collateral under the Repo to MSIP.</p> <p>ETFS Management Company (Jersey) Limited (“ManJer”), a company which is wholly-owned by ETFSL, supplies, or will arrange the supply of, all management and administration services to the Issuer and pays all the management and administration costs of the Issuer in return for a fee payable by the Issuer.</p>																																																																								
B.22	No financial statements	Not applicable; financial statements have been made up as at the date of this Prospectus.																																																																								
B.23	Key historical financial information	<table><tr><th colspan="2"></th><th colspan="2">As at 31 December 2011</th></tr><tr><th></th><th>Note</th><th>2011 USD</th><th>2010 USD</th></tr><tr><td colspan="4">Current Assets</td></tr><tr><td>Cash and Cash Equivalents</td><td></td><td>1,475</td><td>2</td></tr><tr><td>Trade and Other Receivables</td><td>6</td><td>157,098</td><td>588,312</td></tr><tr><td>Currency Transactions</td><td>7</td><td>331,538,318</td><td>282,117,870</td></tr><tr><td>Amounts Receivable Awaiting Settlement</td><td>7</td><td>726,633</td><td>409,742</td></tr><tr><td>Total Assets</td><td></td><td>332,423,524</td><td>283,115,926</td></tr><tr><td colspan="4">Current Liabilities</td></tr><tr><td>Currency Securities</td><td>8</td><td>331,538,318</td><td>282,117,870</td></tr><tr><td>Amounts Payable Awaiting Settlement</td><td>8</td><td>726,633</td><td>409,742</td></tr><tr><td>Trade and Other Payables</td><td>9</td><td>156,789</td><td>559,830</td></tr><tr><td>Total Liabilities</td><td></td><td>332,421,740</td><td>283,087,442</td></tr><tr><td colspan="4">Equity</td></tr><tr><td>Stated Capital</td><td>10</td><td>3</td><td>3</td></tr><tr><td>Retained Profits</td><td></td><td>1,781</td><td>28,481</td></tr><tr><td>Total Equity</td><td></td><td>1,784</td><td>28,484</td></tr><tr><td>Total Equity and Liabilities</td><td></td><td>332,423,524</td><td>283,115,926</td></tr></table>			As at 31 December 2011			Note	2011 USD	2010 USD	Current Assets				Cash and Cash Equivalents		1,475	2	Trade and Other Receivables	6	157,098	588,312	Currency Transactions	7	331,538,318	282,117,870	Amounts Receivable Awaiting Settlement	7	726,633	409,742	Total Assets		332,423,524	283,115,926	Current Liabilities				Currency Securities	8	331,538,318	282,117,870	Amounts Payable Awaiting Settlement	8	726,633	409,742	Trade and Other Payables	9	156,789	559,830	Total Liabilities		332,421,740	283,087,442	Equity				Stated Capital	10	3	3	Retained Profits		1,781	28,481	Total Equity		1,784	28,484	Total Equity and Liabilities		332,423,524	283,115,926
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B.24	Material adverse change	Not applicable; there has been no material adverse change in the prospects of the Issuer since the date of its last audited financial statements for year ended 31 December 2011.
B.25	Underlying assets	<p>The underlying for the Collateralised Currency Securities of each class, on which they are secured, is the Facility Agreement and ISDA pursuant to which the Currency Transactions are purchased (to the extent attributable to that class), the Collateral and the Repo pursuant to which the Collateral is purchased in respect of that class.</p> <p>Collateral provided under the Repo will be comprised of fixed income securities, money-market funds and equities.</p> <p>The Currency Transactions, Facility Agreement, ISDA, Collateral and Repo have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Collateralised Currency Securities. When a Collateralised Currency Security is created or redeemed a matching amount of Collateral is purchased or sold under the Repo and matching Currency Transactions are entered into with a Currency Transaction Counterparty under the Facility Agreement and the ISDA.</p> <p>The Issuer will decline applications for Collateralised Currency Securities if it cannot for any reason purchase corresponding Currency Transactions from one or more Currency Transaction Counterparties or Collateral from MSIP.</p> <p>Under the Facility Agreement there are limits, both daily and in aggregate, on the quantity of Currency Transactions that can be created or cancelled at any time. Creations and redemptions of Collateralised Currency Securities are subject to both daily limits and total aggregate limits, to match the limits on Currency Transactions.</p> <p>MSIP, as the initial Currency Transaction Counterparty, is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London, E14 4QA. The principal activity of MSIP is the provision of financial services to corporations, governments and financial institutions. MSIP is authorised and regulated by the U.K. Financial Services Authority.</p>
B.26	Investment management	Not applicable; there is no active management of the underlying assets.
B.27	Further securities backed by same assets	Further Collateralised Currency Securities of any class may be issued but each time a Collateralised Currency Security of any class is issued corresponding Currency Transactions of the same class will be created and Collateral will be purchased and will form part of the corresponding assets as the "Secured Assets". Such newly issued Collateralised Currency Securities will be fungible with all existing Collateralised Currency Securities of the same class and will be backed by the same Secured Assets.
B.28	Structure of the transaction	Collateralised Currency Securities are constituted by the Trust Instrument. Under the terms of the Trust Instrument, the Trustee acts as Trustee for the Security Holders of each class of Collateralised Currency Security.

		<p>The obligations of the Issuer in respect of each class of Collateralised Currency Security are secured by a charge over the equivalent class of Currency Transactions under the Facility Agreement and ISDA.</p> <p>A diagrammatic representation of the principal aspects of the structure as currently in place appears below:</p> <p>The diagram illustrates the principal aspects of the structure. At the top, 'ManJer' is connected to 'Trustee and Security Trustee' via a 'Trust Instrument Security Deed' and to 'Issuer' via a 'Services Agreement'. 'Trustee and Security Trustee' is connected to 'Security Holders' via 'Collateralised Currency Securities'. 'Security Holders' is connected to 'Issuer' via 'Authorized Participant Agreements'. 'Issuer' is connected to 'Morgan Stanley & Co International plc' via 'ISDA Master Currency Transactions' and 'Daily payment amounts'. 'Issuer' is connected to 'Authorised Participants' via 'Creation and redemption payments'. 'Authorised Participants' is connected to 'Issuer' via 'Market-making'. 'Morgan Stanley & Co International plc' is connected to 'BONY (Collateral Administrator)' via a 'Global Master Repurchase Agreement'. 'BONY (Collateral Administrator)' is connected to 'Counterparty Account' and 'Issuer Account' via 'Repos settlement'. 'Counterparty Account' is connected to 'Issuer Account' via 'Repos settlement'. 'BONY (Collateral Administrator)' is connected to 'Issuer' via 'Transfer of Eligible Collateral'. 'BONY (Collateral Administrator)' is connected to 'Counterparty Account' via 'Payment of USD Repo Amounts, EUR Repo Amounts and GBP Repo Amounts'.</p>
B.29	Description of the flow of funds	<p>Authorised Participants will approach the Issuer with requests to create or redeem Collateralised Currency Securities at the price calculated on the relevant day in accordance with the Formula. The Issuer will then purchase or sell an equivalent amount of Collateral under the Repo and create or cancel an equivalent number of Currency Transactions with MSIP, as applicable.</p> <p>Application moneys for all Collateralised Currency Securities must be paid by Authorised Participants directly to MSIP, via CREST. Legal title is transferred by means of the CREST system and evidenced by an entry on the register of Security Holders maintained by the Issuer's registrar – Computershare Investor Services (Jersey) Limited. If an Authorised Participant does not make payment for the full amount of Collateralised Currency Securities applied for on the due date for payment or the following business day, the Issuer may elect by notice to the Authorised Participant to cancel the application.</p> <p>A Security Holder who is also an Authorised Participant may, at any time subject to conditions, by lodging a redemption request (in such form as the Issuer will determine from time to time) with the Issuer, require the redemption of all or any of its Collateralised Currency Securities at the price on the day such redemption request is submitted. A Security Holder who is not also an Authorised Participant may only require the redemption of any of its Collateralised Currency Securities if, at the time, there are no Authorised Participants and the Security Holder submits a valid redemption request on such day. Payment on the redemption of a Collateralised Currency Security will be made by MSIP directly to the relevant Authorised Participant redeeming the Collateralised Currency Security, via CREST.</p>
B.30	Originators of the securitised assets	<p>The Currency Transactions entered up to the date hereof have been with MSIP and going forward may be with any Currency Transaction Counterparty appointed from time to time.</p> <p>This Prospectus will be updated should an additional Currency Transaction Counterparty be appointed.</p>

		<p>MSIP is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London, E14 4QA. The principal activity of MSIP is the provision of financial services to corporations, governments and financial institutions. MSIP is authorised and regulated by the U.K. Financial Services Authority.</p>
SECTION C – Securities		
C.1	Type and class of securities being offered	<p>The Issuer has created 5 types of Collateralised Currency Securities (“USD Developed Market Currency Securities”, “Basket Securities”, “USD Emerging Market Currency Securities”, “EUR Developed Market Currency Securities” and “GBP Developed Market Currency Securities”) each of which has been issued in multiple classes. Each class of Collateralised Currency Securities give investors exposure to the foreign exchange performance of a developed market or emerging market currency or currency index basket against the US Dollar, GBP or Euro by tracking a specific MSFXSM Index.</p> <p>The return on the Collateralised Currency Securities is linked, in each case, to the performance of the related MSFXSM Index. The MSFXSM Index for each class will consist of, or a combination of, the following characteristics:</p> <ul style="list-style-type: none"> • a long exposure to daily movements in a foreign exchange rate of a currency versus GBP, EUR or USD (such that if the currency strengthens versus the GBP, EUR or USD on a particular day then the value of the Collateralised Currency Security increases by a corresponding amount) plus an interest rate differential between those two currencies; • a short exposure to daily movements in a foreign exchange rate of a currency versus GBP, EUR or USD (such that if the currency weakens versus the GBP, EUR or USD on a particular day then the value of the Collateralised Currency Security decreases by a corresponding amount) minus an interest rate differential between those two currencies; • an exposure to 2 times the daily movements in a foreign exchange rate of a currency versus GBP, EUR or USD (such that if the currency strengthens versus the GBP, EUR or USD on a particular day then the value of the Collateralised Currency Security correspondingly increases by twice such amount) plus twice the interest rate differential between those two currencies; • an exposure to -2 times the daily movements in a foreign exchange rate of a currency versus GBP, EUR or USD (such that if the currency weakens versus the GBP, EUR or USD on a particular day then the value of the Collateralised Currency Security correspondingly decreases by twice such amount) minus twice the interest rate differential between those two currencies; • an exposure to 3 times the daily movements in a foreign exchange rate of a currency versus GBP, EUR or USD (such that if the currency strengthens versus the GBP,

		<p>EUR or USD on a particular day then the value of the Collateralised Currency Security correspondingly increases by three times such amount) plus 3 times the interest rate differential between those two currencies; and</p> <ul style="list-style-type: none">an exposure to -3 times the daily movements in a foreign exchange rate of a currency versus GBP, EUR or USD (such that if the currency weakens versus the GBP, EUR or USD on a particular day then the value of the Collateralised Currency Security correspondingly decreases by three times such amount) minus 3 times the interest rate differential between those two currencies, <p>in each case plus an adjustment for the risk free interest rate which accrues to a fully collateralised position in the relevant underlying forward contract.</p> <p>Collateralised Currency Securities are designed to give investors a “total return” similar to that which could be achieved from a fully collateralised position in currency forward transactions which are rolled on a regular basis without having to manage a currency forward position and which receives a daily yield from that collateral. Unlike managing forwards positions, Collateralised Currency Securities involve no rolling, margin calls, expiry or futures brokerage.</p> <p>Issue specific summary:</p> <table><tr><td>Class</td><td>•</td></tr><tr><td>LSE Code</td><td>•</td></tr><tr><td>ISIN</td><td>•</td></tr><tr><td>Aggregate number of Collateralised Currency Securities of that class</td><td>•</td></tr></table>	Class	•	LSE Code	•	ISIN	•	Aggregate number of Collateralised Currency Securities of that class	•
Class	•									
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ISIN	•									
Aggregate number of Collateralised Currency Securities of that class	•									
C.2	Currency	<p>Collateralised Currency Securities are denominated in U.S. Dollars, Euro or Sterling.</p> <p>Issue specific summary:</p> <p>[The Collateralised Currency Securities being issued pursuant to the Final Terms are denominated in •].</p>								
C.5	Restrictions on transfer	<p>Not applicable; the Collateralised Currency Securities are freely transferable.</p>								
C.8	Rights	<p>Collateralised Currency Securities constitute direct and unconditional payment obligations of the Issuer which rank <i>pari passu</i> among themselves.</p> <p>Each Collateralised Currency Security carries the right on redemption to payment of the higher of (i) the Principal Amount for that class; and (ii) the price of that class of that Collateralised Currency Security on the applicable day determined using the Formula.</p> <p>Collateralised Currency Securities are constituted under the Trust Instrument. The Trustee holds all rights and entitlements under the Trust Instrument on trust for the Security Holders. The Issuer, the Trustee, the Security Trustee and a Currency Transaction Counterparty have entered or will enter into a</p>								

		<p>Security Deed and the rights and entitlements held by the Security Trustee under the Security Deed are held by the Security Trustee on trust for the Security Holders, the Trustee and the relevant Currency Transaction Counterparty. Under the terms of the Security Deed, the Issuer grants security over the following assets (the “Secured Assets”) in the ways set out below:</p> <ul style="list-style-type: none"> • over its interests under the Facility Agreement, the ISDA (after the exercise of and subject to close out netting and set off rights), the Repo (after the exercise of and subject to close out netting and set off rights), Collateral Administration Agreement, Custody Agreement and each Authorised Participant Agreement (together, the “Assigned Agreements”) (which it assigns by way of security); and • over its interests in (i) the Assigned Agreements (after the exercise of and subject to netting and set-off rights therein); and (ii) the accounts at BNYM in which the Collateral is held and all of its rights, title and interest in securities held in or cash balances credited to those accounts (which it charges to the Security Trustee). <p>Under the trust the Security Trustee holds the proceeds of the Secured Assets on trust for various parties subject to the Priority Waterfall referred to in B.21. The proceeds available to Security Holders are applied (after the Trustee, Security Trustee and the relevant Currency Transaction Counterparty have been paid out) proportionately under the trust so that for each class of Security Holder a pro-rata share of the remaining proceeds is available.</p>
C.11	Admission	<p>Application has been made to the UK Listing Authority for all Collateralised Currency Securities issued within 12 months of the date of this Prospectus to be admitted to the Official List and to the London Stock Exchange, which operates a Regulated Market, and for all such Collateralised Currency Securities to be admitted to trading on the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List). It is the Issuer’s intention that all Collateralised Currency Securities issued after the date of this document will also be admitted to trading on the Main Market.</p> <p>Certain of the Collateralised Currency Securities have also been admitted to listing on the Regulated Market (General Standard) of the Frankfurt Stock Exchange and on the ETFplus market of Borsa Italiana S.p.A.</p> <p>No application has been or is currently being made for any other classes of Collateralised Currency Securities to be admitted to listing or trading on any exchange or market outside the UK but the Issuer may cause such application to be made in respect of the Collateralised Currency Securities of any or all classes on any such exchanges or markets in its discretion.</p> <p><i>Issue specific summary:</i></p> <p>Application has been made for the Collateralised Currency Securities being issued pursuant to the Final Terms to trading on the Main Market of the London Stock Exchange, which is</p>

		<p>part of its Regulated Market for listed securities (being securities admitted to the Official List).</p> <p>[Such Collateralised Currency Securities are also admitted to listing on [Regulated Market (General Standard) of the Frankfurt Stock Exchange/ETF plus market of Borsa Italiana S.p.A]].</p>
C.12	Minimum denomination	<p>Each Collateralised Currency Security has a Principal Amount. For Collateralised Currency Securities denominated in US Dollars the Principal Amount is US\$1. For Collateralised Currency Securities denominated in Euros the Principal Amount is €1. For Collateralised Currency Securities denominated in Pounds Sterling the Principal Amount is £1.</p> <p>Issue specific summary:</p> <p>Class of Collateralised Currency Security •</p> <p>Principal Amount (minimum denomination) •</p>
C.15	Value of the investment is affected by the value of the underlying instruments	<p>The price of each Collateralised Currency Security (“Price”) reflects movements in the underlying MSFXSM Index and is calculated in accordance with the following formula (the “Formula”):</p> $P_{(i,t)} = P_{(i,t-1)} \times \left(\frac{I_{i,t}}{I_{i,t-1}} - DA_{i,t} \right)$ <p>where:</p> <p>i refers to the class of Collateralised Currency Security;</p> <p>t refers to the day on which the price is being calculated (the “Pricing Day”);</p> <p>t-1 refers to the last day on which a price was calculated prior to Pricing Day t;</p> <p>P_{i,t} is the price of a Collateralised Currency Security of class i on Pricing Day t;</p> <p>P_{i,t-1} is the price of a Collateralised Currency Security of class i on Pricing Day t-1;</p> <p>I_{i,t} is the closing level of the relevant MSFXSM Index applicable to a Collateralised Currency Security of class i in respect of Pricing Day t;</p> <p>I_{i,t-1} is the closing level of the relevant MSFXSM Index applicable to a Collateralised Currency Security of class i in respect of day t-1;</p> <p>DA_{i,t} is the daily adjustment in respect of a Collateralised Currency Security of class i on Pricing Day t which accounts for the fees applicable to that class of Collateralised Currency Security.</p> <p>This pricing formula reflects (a) the movement in the relevant MSFXSM Index since the last day on which a price was calculated; (b) the management fee payable to ManJer; and (c) fees payable by the Issuer to MSIP reflecting the cost to MSIP of selling Currency Transactions to the Issuer. The deduction of</p>

		the fees payable to ManJer and MSIP are reflected in the daily adjustment referenced in the pricing formula.
C.16	Expiration/Maturity date	Not applicable; the Collateralised Currency Securities are undated securities and have no specified maturity date and no expiry date.
C.17	Settlement	<p>CREST</p> <p>The Issuer is a participating issuer in CREST, a paperless system for the settlement of transfers and holding of securities.</p> <p>Settlement of creations and redemptions</p> <p>On creation or redemption of the Collateralised Currency Securities, settlement will occur (provided certain conditions are met) on the third business day following receipt of the relevant creation or redemption request on a delivery versus payment basis within CREST.</p> <p>Settlement systems</p> <p>For the purpose of good delivery of the Collateralised Currency Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft (“Clearstream”) will issue, for each series and the relevant number of Collateralised Currency Securities, a Global Bearer Certificate (each a “Global Bearer Certificate”) in the German language created under German law. Whenever the number of Collateralised Currency Securities represented by the Global Bearer Certificate of a class changes, Clearstream will amend the relevant Global Bearer Certificate accordingly.</p> <p>All Collateralised Currency Securities traded on the Borsa Italiana S.p.A. are eligible for settlement through the normal Monte Titoli S.p.A. settlement systems on the deposit accounts opened with Monte Titoli S.p.A.</p> <p>Issue specific summary:</p> <p>[For the purpose of good delivery of the Collateralised Currency Securities being issued pursuant to the Final Terms on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft (“Clearstream”) will issue, for each series and the relevant number of Collateralised Currency Securities, a Global Bearer Certificate (each a “Global Bearer Certificate”) in the German language created under German law. Whenever the number of Collateralised Currency Securities represented by the Global Bearer Certificate of a class changes, Clearstream will amend the relevant Global Bearer Certificate accordingly.]</p> <p>[The Collateralised Currency Securities issued pursuant to the Final Terms are where traded on the Borsa Italiana S.p.A. eligible for settlement through the normal Monte Titoli S.p.A. settlement systems on the deposit accounts opened with Monte Titoli S.p.A.]</p>
C.18	Description of return	<p>Price</p> <p>The Price of each Collateralised Currency Security reflects movements in the relevant underlying MSFXSM Index and is calculated in accordance with the Formula and therefore the return for a specified class will be based on the performance of the relevant MSFXSM Index.</p>

		<p>This Formula reflects (a) the movement in the relevant MSFXSM Index since the last day on which a price was calculated; (b) the management fee payable to ManJer; and (c) fees payable by the Issuer to the relevant Currency Transaction Counterparty reflecting the cost to the relevant Currency Transaction Counterparty of selling Currency Transactions to the Issuer. The deduction of the fees payable to ManJer and the relevant Currency Transaction Counterparty are reflected in the daily adjustment referenced in the Formula.</p> <p>The price of each class of Collateralised Currency Security will be calculated by the Issuer as at the end of each pricing day by reference to the relevant MSFXSM Index (after the futures market prices for that day have been published) and posted on the Issuer's website at http://www.etfsecurities.com/fxl.</p> <p>The Collateralised Currency Securities do not bear interest. The return for an investor (as determined by the Formula) is the difference between the Price at which a Collateralised Currency Security is created and the Price (determined by the same Formula) at which it is redeemed.</p>
C.19	Final price/exercise price	<p>Prices for each class of Collateralised Currency Security are calculated on each pricing day in accordance with the Formula and redemptions of Collateralised Currency Securities will be at the relevant price (determined by the Formula) on the day on which the redemption request is received.</p>
C.20	Type of underlying and where information on underlying can be found	<p>The Collateralised Currency Securities are backed by the Currency Transactions and the Collateral.</p> <p>The Currency Transactions provide a return linked to the relevant underlying MSFXSM Index. Information on the MSFXSM Indices can be found at http://www.morganstanley.com/institutional/research/msfx.html.</p> <p>Details of the Collateral held by the Issuer are published in the Issuer's website at www.etfsecurities.com/fxl.</p> <p>Issue specific summary:</p> <p>The Currency Transactions provide a return linked to [•] further information on which can be found at [•].</p>
SECTION D – Risks		
D.2	Key risks of Issuer and obligor	<p>Although Collateralised Currency Securities are secured by the Collateral, the value of such Collateralised Currency Securities and the ability of the Issuer to pay any redemption amounts remains partly dependent on the receipt of amounts due from the relevant Currency Transaction Counterparty under the Facility Agreement, the ISDA and the Repo.</p> <p>There can be no assurance that MSIP, any other Currency Transaction Counterparty or any other entity will be able to fulfill their payment obligations under the relevant Currency Transactions, Facility Agreement, ISDA or Repo. Consequently, there can be no assurance that the Issuer will be able to redeem Collateralised Currency Securities at their redemption price.</p>

D.6	Key risks of securities	<ul style="list-style-type: none"> • Investors in Collateralised Currency Securities may lose the value of their entire investment or part of it. • Exchange rates can be highly volatile and therefore the value of Collateralised Currency Securities may fluctuate widely. • Currency Indices which track the exchange rates of emerging markets may be more exposed to the risk of swift political change and economic downturns than their industrialised counterparties. • Collateralised Currency Securities do not contain tax gross-up provisions and therefore Security Holders bear the risk of any withholding tax imposed on the payment of Redemption Amounts. • Neither MSIP nor any other party has guaranteed the performance of the Issuer's obligations and no Security Holder has any direct rights of enforcement against any such person. • Although Collateralised Currency Securities are backed among other things by the Collateral, there is no guarantee that if realised it would produce sufficient value to cover the Issuer's obligations to Security Holders. • Proceeds from the enforcement of any Security Deed will be applied by the Security Trustee in accordance with the Priority Waterfall. Security Holders rank behind the Security Trustee, the Trustee and MSIP (in respect of such MSIP's claims under the Facility Agreement, the ISDA and the Repo) in the Priority Waterfall. • If the price of any class of Collateralised Currency Security (less any applicable additional redemption fee) falls below 5 times the Principal Amount of such class, the Issuer may, at any time for so long as the price (less, any applicable additional redemption fee) remains below 5 times the Principal Amount upon no less than two days' notice by regulatory information service announcement, elect to redeem the Collateralised Currency Securities of that class which may result in an investment in Collateralised Currency Securities being redeemed earlier than desired. Affected investors may therefore find that their Collateralised Currency Securities are redeemed at a price lower than if they were able to continue holding the Collateralised Currency Securities. • Investors are dependent on there being Authorised Participants making a market in Collateralised Currency Securities in order to minimise tracking error and to provide investors with liquidity. There can, however, be no assurance that there will at all times be an Authorised Participant to deal with the Issuer in creating and redeeming Collateralised Currency Securities. If the Authorised Participant Agreements are terminated for any reason, it may be prejudicial to the ability of investors to sell Collateralised Currency Securities, or to sell them at a price close to the relevant price, or sell them within a short time period.
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		<ul style="list-style-type: none"> An investor's potential loss is limited to the amount of the investor's investment. <p>Issue specific summary:</p> <ul style="list-style-type: none"> [Investing in Collateralised Currency Securities which track a leveraged Currency Index is riskier since leveraged Currency Indices adjust by two or three times the exposure of corresponding non leveraged Currency Indices. The return of Collateralised Currency Securities which are short or leveraged can be different to the return provided by non-leveraged Collateralised Currency Securities for periods greater than one day.]
SECTION E – Offer		
E.2b	Offer and use of proceeds	Not applicable; the reasons for the offer and use of proceeds are not different from making profit and/or hedging.
E.3	Terms and conditions of the offer	The Collateralised Currency Securities are being made available by the Issuer for subscription only to Authorised Participants who have submitted a valid application and will only be issued once the subscription price has been paid to MSIP. An Authorised Participant must also pay the Issuer a creation fee of £500. Any applications for Collateralised Currency Securities made by 2.00 p.m. London time on a business day will generally enable the Authorised Participant to be registered as the holder of Collateralised Currency Securities within three business days.
E.4	Material or conflicting interests	<p>Mr Tuckwell and Mr Ross (who are directors of the Issuer) are also directors of ManJer and each of the directors of the Issuer are also directors of HoldCo – the sole shareholder of the Issuer. While these roles could potentially lead to conflicts of interest, the directors do not believe that there are any actual or potential conflicts of interest between the duties which the directors and/or members of the administrative, management and supervisory bodies of the Issuer owe to the Issuer, and the private interests and/or other duties that they have.</p> <p>The directors of the Issuer also hold directorships of other issuers of exchange traded commodities also owned by HoldCo.</p>
E.7	Expenses	The Issuer charges a fee of £500 per creation or redemption carried out directly with the Issuer. It also charges (i) a Daily Adjustment amount under the Formula which comprises an amount payable to MSIP and a Management Fee which will vary per class of Collateralised Currency Security and (ii) in the event of the redemption of ETFS Long CNY Short USD Collateralised Currency Securities, ETFS Short CNY Long USD Collateralised Currency Securities, ETFS Long INR Short USD Collateralised Currency Securities and ETFS Short INR Long USD Collateralised Currency Securities, an additional redemption fee reflecting the cost to the Issuer of closing the corresponding Currency Transaction with MSIP on the date of the redemption of the relevant Collateralised Currency Securities. The amount of the additional redemption fee for such classes of Collateralised Currency Securities is estimated to be 0.105 per cent. of the price at which the Collateralised Currency Securities are redeemed.

		<p>The Issuer estimates the expenses charged by an authorised offeror in connection with the sale of Collateralised Currency Securities to an investor will be 0.15 per cent. of the value of the Collateralised Currency Securities sold to such investor.</p> <p><i>Issue Specific Summary</i></p> <p>The Issuer charges the following costs to investors:-</p> <ul style="list-style-type: none"> • £500 per creation or redemption carried out directly with the Issuer. • A Management Fee of [•] per cent. per annum based on the value of all Collateralised Currency Securities outstanding by way of application of the Daily Adjustment. • A fee payable to MSIP of [•] by way of application of the Daily Adjustment. • An additional redemption fee of [•]. <p>No other costs will be charged to investors by the Issuer.</p> <p>The Issuer estimates the expenses charged by an authorised offeror in connection with the sale of Collateralised Currency Securities to an investor will be 0.15 per cent. of the value of the Collateralised Currency Securities sold to such investor.</p>
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PART 2

RISK FACTORS

An investment in Collateralised Currency Securities involves a significant degree of risk. Prior to making an investment decision, prospective purchasers should carefully read the entire Prospectus. In addition to the other information contained in this document, the following risk factors, which constitute all of the principal risks known to the Issuer, should be carefully considered by prospective investors before deciding whether to invest in Collateralised Currency Securities. A Security Holder may lose some or all of their investment in Collateralised Currency Securities for reasons other than those set out below (for example, reasons not currently considered by the Issuer to be material or based on circumstances or facts of which the Issuer is not currently aware).

Exchange Rate and Currency Index Risk Factors

Exchange Rate Volatility

In recent years, rates of exchange between currencies have become more volatile and this volatility may continue in the future, particularly in relation to emerging or developing nations' currencies. Historic fluctuations in a particular exchange rate are not necessarily indicative of future movements in that exchange rate and a significant movement in an exchange rate can occur in a very short period of time. Factors that may influence the rate of exchange between currencies may include, without limitation, changing supply and demand for a particular currency, government and monetary authority policy and intervention, interest rate levels between two countries and the differential between such levels, global or regional political, economic or financial events that effect foreign exchange markets and a country's debt level and trade deficit.

Any change in the spot exchange rate of a Currency against the Euro, GBP or USD (as relevant) on an Index Business Day will have either a positive or a negative impact on a Currency Index depending on whether that index tracks the particular exchange rate on a long/leveraged long basis or on a short/leveraged short basis. Accordingly exchange rate volatility on a particular day will have a positive impact on the level of certain Currency Indices and a negative impact on the level of other Currency Indices and, in each case, a corresponding positive or negative impact on the Price of the Collateralised Currency Securities (before fees and expenses) that track those particular Currency Indices. Such impact will be magnified where a Currency Index tracks an exchange rate on a leveraged long or a leveraged short basis.

Government Policy and Intervention

Currency exchange rates can either float or be fixed by sovereign governments. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to other currencies. However, governments of other nations may, from time to time, prevent their currencies from floating freely by using a variety of techniques, such as intervention by a country's central bank, restrictions on local exchanges or markets, limitations on foreign investment in a country, other regulatory controls or taxes or changes in interest rates to influence the exchange rates of their currencies. These events and actions can be unpredictable and may cause unexpected volatility and instability with respect to a particular exchange rate with a substantial and adverse effect on the performance of certain Currency Indices and, consequently, on the Price of the relevant Collateralised Currency Securities.

Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a specified currency. Even if there are no actual exchange controls, it is possible that a currency may become unavailable. Again such an event may have a substantial and adverse effect on the performance of certain Currency Indices which track an exchange rate referable to the relevant Currency and, consequently, on the Price of the relevant Collateralised Currency Securities (see also *Index Event and Hedging Disruption/Change of Law* below).

Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders (see also *Index Event and Hedging Disruption/Change of Law* below).

Changes in the level of the Index Constituent Indices may offset each other

Movements in the exchange rates of the Currencies relevant to each Index Constituent Index applicable to a Basket Security may not correlate to each other, thus affecting the level of the relevant Diversified Developed Market Index, and the price of such Basket Securities.

Emerging Market Risks

Certain Currency Indices track the exchange rates of emerging market countries. Emerging market countries may be more exposed to the risk of swift political change and economic downturns than their industrialised counterparts. In recent years many emerging market countries have undergone significant political, economic and social change. In many cases, far-reaching political changes have resulted in constitutional and social tensions and, in some cases, instability and reactions against market reforms. With respect to any emerging or developing nation, there is the possibility of nationalisation, expropriation or confiscation, political changes, government regulation and social instability. There can be no assurance that future political changes will not adversely affect the economic conditions of an emerging or developing market nation, the currency of which is tracked by one or more Currency Indices. Political or economic instability is likely to have an adverse effect on the performance of certain Currency Indices, and, consequently, the Price of the Collateralised Currency Securities.

Non Deliverable Forward (NDF) Risks

The governments of certain emerging market economies have restricted the trading of their currencies and therefore it is not possible for foreign parties to own and trade these currencies for speculative purposes. In order to allow hedging and trading by foreign parties in these markets, a derivatives market has developed which allows parties to receive the equivalent US Dollar return on these currencies. These derivatives are called Non-Deliverable Forward Contracts or NDFs. An NDF sets an exchange rate for the currency at some time in the future. The exchange rate at which the NDF settles is the spot rate set by a central bank in the relevant emerging market. The NDF is then settled at maturity between the two parties by the payment of an amount equal to the net profit/loss. That net settlement occurs in a predetermined convertible currency, typically US Dollars. Unlike a Deliverable Forward, no local currency is exchanged nor delivered.

NDF prices may reflect market expectations and supply and demand factors that may not or cannot be fully manifested in onshore currency product prices in a country with capital controls. The difference between onshore currency forward prices, where they are available, and NDFs can vary in periods of heightened investor caution or concern over potential change in the exchange rate regime or a perceived increase in onshore country risk. NDF prices can also be affected by various other factors, including the perceived probability of changes in foreign exchange controls or the relevant legal or regulatory regime in the relevant emerging market economies, speculative positioning, conditions in local onshore interest rate markets, the relationship between the offshore and onshore currency forward markets and central bank policies among other things. When international investors have restricted access to a country's onshore interest rate markets or deposits in local currency, the NDF prices for that currency may be based primarily on the expected future level of the local exchange rate. As a result, NDF prices may not correlate to actual exchange rate movements or exchange rate movements in the future. Additionally, because NDFs are used to provide access to market participants where access to the local onshore currency market is limited or restricted, the level of local interest rates may also not be reflected in NDF prices.

The NDF markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, if a majority of market participants share the same view, then excess buying or selling pressure may result in the bid-offer spreads of such NDF widening. These circumstances or any other event that causes a material disruption in, or otherwise causes the NDF market to cease to exist could adversely affect the value of a Currency Index or otherwise cause that Currency Index to cease to be published and this could affect the value of Collateralised Currency Securities or result in the relevant classes of Collateralised Currency Securities being compulsorily redeemed.

Currency Liquidity

Currencies and derivatives contracts on currencies may be difficult to buy or sell, particularly under adverse market conditions. Reduced liquidity on any Pricing Day would likely have an impact on the spot exchange rate of a Currency and therefore on the Closing Level of any related Currency Indices.

This would have a corresponding effect on the Price of the relevant Collateralised Currency Securities (see also *Index Event and Hedging Disruption/Change of Law* below).

Double Long and Double Short Currency Indices

Collateralised Currency Securities which track Double Long Currency Indices or Double Short Currency Indices provide a leveraged exposure representing twice the Daily Currency Exposure to the corresponding Long Currency Index or Short Currency Index. Accordingly, investing in Double Leveraged Long Collateralised Currency Securities or Double Leveraged Short Collateralised Currency Securities is more risky than investing in Collateralised Currency Securities which track the equivalent Long Currency Indices or Short Currency Indices.

Triple Long and Triple Short Currency Indices

Collateralised Currency Securities which track Triple Long Currency Indices or Triple Short Currency Indices provide a leveraged exposure representing three times the Daily Currency Exposure to the corresponding Long Currency Index or Short Currency Index. Accordingly, investing in Triple Leveraged Long Collateralised Currency Securities or Triple Leveraged Short Collateralised Currency Securities is more risky than investing in Collateralised Currency Securities which track the equivalent Long Currency Indices or Short Currency Indices on an unleveraged basis.

Future performance of Currency Indices

The level of the Currency Index which a class of Collateralised Currency Security tracks may go down as well as up. Furthermore, the level of the Currency Index at any specific date may not reflect its prior or future performance. There can be no assurance as to the future performance of a Currency Index. Accordingly, before investing in the Collateralised Currency Securities, prospective investors should carefully consider whether an investment based on the performance of the Currency Index is suitable for them and in all cases an investor in Collateralised Currency Securities should carry out its own detailed review of the Currency Index.

Index Event and Hedging Disruption/Change of Law

A Currency Index may become subject to disruption, including (without limitation):

- adjustments to the relevant underlying exchange rates (e.g. a rate being split into dual or multiple exchange rates; or a relevant Currency being discontinued or removed from circulation);
- events or conditions (including changes of law, regulation or tax) that (i) result in the reduction or removal of liquidity in any Currency that generally makes it impossible, illegal or impracticable for market participants, or hinders, disrupts or impairs them from (a) converting a Currency, (b) effecting currency transactions or obtaining market values in respect of such Currency, (c) obtaining a firm quote for an exchange rate in respect of such Currency, or (d) obtaining the relevant exchange rate by reference to the applicable price sources, or (ii) leads to or may lead to a currency peg regime;
- a declaration of a banking moratorium, suspension of payments by banks in the country of any Currency or the declaration of capital or currency controls;
- force majeure events specified by an Index Provider, as a result of which a Currency Index becomes unavailable;
- changes to the method of calculating the value of any Currency where (in the view of an Index Provider) the conventional market quotation value for that Currency no longer fairly represents the value of that Currency;
- an Index Provider concluding there is a material difference between a Currency exchange rate, as determined by the rate source specified for the relevant Currency Index and another market source;
- the Closing Level or a Currency Index being unavailable and/or unpublished on a relevant source or screen on any Pricing Day;
- the Closing Level or a Currency Index being (or a Currency Transaction Counterparty determining that it is) manifestly incorrect;

- a Currency Transaction Counterparty determining that it is unable to obtain, hold, modify or unwind a hedge position in relation to a Currency Transaction or realise, recover or remit the proceeds of any such hedge position;
- a change of law, tax or regulation which gives rise to a materially increased cost for a Currency Transaction Counterparty in performing its obligations in relation to any Currency Transaction,

(and including the occurrence of any “adjustment events” or “market disruption events” as defined in the Manual or the Hedging Disruption / Change of Law event as specified in the Master Confirmation Agreement (see *Master Confirmation Agreement* in Part 9 (*Summary of Transaction Documents*)).

If any such event or disruption occurs a Currency Transaction Counterparty may have the right to terminate the Currency Transaction relevant to that Currency Index and the Issuer may need to exercise its rights to initiate a Compulsory Redemption of some or all Collateralised Currency Securities of the relevant class. In this eventuality, the amount which a Security Holder may receive in respect of that Redemption may be lower than the Redemption Amount (see *No Recourse Except to the Issuer and the Class Collateral Pool* below).

Further, reference sources for any of the rates or inputs used in a methodology for any Currency Index may be changed by an Index Sponsor pursuant to the manual relevant to that Currency Index, for example, if that Index Sponsor determines that the reference source (i) is no longer available, (ii) is replaced by another source or (iii) is manifestly incorrect and no longer reflects accurate market data.

Conflict of Interest

MSIP is the initial Currency Transaction Counterparty and the Currency Indices are published and calculated by MS&CO. MS&CO calculates and publishes the Currency Indices in accordance with the Manual. The Manual, however, allows MS&CO some discretion as to how such calculations are made. In particular, MS&CO has discretion in selecting among methods of how to calculate the Currency Indices in the event the regular means of determining the value of the exchange rate of the relevant Currency Index is unavailable at the time such determination is scheduled to take place and has even more discretion in the case of a force majeure event relating to a Currency Index. There can be no assurance that any determinations made by MS&CO will not affect the value of certain Currency Indices and therefore the Price of the relevant Collateralised Currency Securities. Since determinations made by MS&CO may affect the level of the Daily Payment Amounts payable by MSIP under the Currency Transactions, a potential conflict of interest may exist between MS&CO and MSIP.

Collateralised Currency Securities Risk Factors

Change of Currency Index

The Facility Agreement allows for a change in the Currency Index used to Price the Collateralised Currency Securities. MSIP and the Issuer may agree to use a different currency index provided that, amongst other things, Security Holders are given a minimum of 30 days' notice of the intended change.

Tracking Error and Liquidity Risk

At any time, the price at which Collateralised Currency Securities trade on the London Stock Exchange (or any other exchange or market on which they may be quoted or traded) may not reflect accurately the Price of Collateralised Currency Securities. The application and redemption procedures for Collateralised Currency Securities and the role of certain Authorised Participants as market-makers are intended to minimise this potential difference or “tracking error”. However, the market price of Collateralised Currency Securities will be a function of supply and demand amongst investors wishing to buy and sell Collateralised Currency Securities and the bid/offer spread that market-makers are willing to quote for Collateralised Currency Securities.

Although MSIP has agreed to enter into Currency Transactions with an initial aggregate Volume of up to US\$5,000,000,000 (subject to daily and class-specific limits), if demand for each of the Collateralised Currency Securities exceeds this amount and the Issuer is not able to create more Currency Transactions, or if the demand for issue of Collateralised Currency Securities exceeds the daily or the class-specific Volume limits, then Collateralised Currency Securities may trade at a premium to their underlying value (the Price). Investors who pay a premium risk losing the premium if demand for Collateralised Currency Securities abates or the Issuer is able to source more Currency Transactions.

Collateralised Currency Securities could trade at a discount to the Price if the Issuer has received redemption requests in excess of the Redemption Limits (which are or include daily limits).

Collateralised Currency Securities have a limited trading record. There can be no assurance as to the depth of the secondary market (if any) in Collateralised Currency Securities, which will affect their liquidity and market price.

Currency

The Price of Collateralised Currency Securities will be calculated in the Relevant Currency. To the extent that a Security Holder values Collateralised Currency Securities in another currency, that value may be affected by changes in the exchange rate between the Relevant Currency and that other currency.

Taxation and no gross up

Each Security Holder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Collateralised Currency Securities. In the event that any withholding tax or deduction for tax is imposed on payments on the Collateralised Currency Securities, the Security Holders will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Compulsory Redemption shall occur as a result of any such withholding or deduction.

Returns from Short Collateralised Currency Securities or Leveraged Collateralised Currency Securities do not equal the Leverage Factor

The returns from Short Collateralised Currency Securities and Leveraged Collateralised Currency Securities are designed to provide a short or leveraged exposure to daily changes in currency exchange rates. However, this does not mean that the return will be proportionate to such level of leverage. For example, buying Triple Long Currency Securities or Triple Short Currency Securities does not mean the return in respect of such Collateralised Currency Securities will be three times that of an unleveraged long or short Currency Security. This is because, among other things, on a daily basis the Leverage Factor will be applied to the Daily Currency Exposure and not the Collateral Yield and, over time, there may be volatility in the relevant currency exchange rates which may impact the return.

Trading hours (Basket Securities)

The Basket Securities (and relevant Currency Indices) will trade only during regular trading hours on the exchanges on which they are listed, if at all. The interbank market for the Index Constituent Indices and the US Dollar is a global around-the-clock market. For example, application has been made to the UK Listing Authority for the Basket Securities to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange (**LSE**), and the Basket Securities will trade only during the hours that the LSE is open. To the extent that the LSE is closed while the markets for the Index Constituent Indices and the US Dollar remain open, significant price and rate movements may take place in the underlying foreign exchange markets that will not be reflected immediately in the price of the Basket Securities (or the level of the relevant Currency Indices).

Redemption/Creation Notices for CNY Securities and INR Securities to be delivered by different Creation Notice Deadline

As described in Part 5 (*Description of Collateralised Currency Securities*) of this Prospectus, the delivery of an Index Creation Notice or a Redemption Form in respect of CNY Securities or INR Securities must have been received on the London Business Day immediately preceding a Pricing Day. This means that the Currency Securities to which such Index Creation Notice or Redemption Form relates will normally be priced on the Pricing Day immediately following the London Business Day on which such notices are received. As a result of this, there is market risk on movements between the London Business Day on which an Index Creation Notice or Redemption Form is delivered and the Pricing Date for the relevant Currency Securities.

Additional Closing Fee may increase in proportion to the increase in the number of Redemptions of CNY Securities or INR Securities

Additional Redemption Fees are payable on the Redemption of CNY Securities and INR Securities which are calculated by reference to the Additional Closing Fees incurred by the Issuer in connection with Closing Corresponding Currency Transactions. The Additional Closing Fees payable by the Issuer to MSIP in respect of a Redemption of CNY Securities or INR Securities are linked to the bid/offer spreads in the non-deliverable currency forward markets. Spreads in the non-deliverable currency forward markets may widen if there is an increase in selling/trading activity in such markets. Accordingly, the Redemption Amount payable to a Security Holder in respect of a redemption of CNY Securities or INR Securities could be significantly reduced where the bid/offer spreads of the relevant non-deliverable currency forwards markets widen. If as a result of trading activity in the underlying currency market, a Security Holder seeks to require the Redemption of CNY Securities or INR Securities, that same trading activity may in itself cause bid/offer spreads to widen, so as to reduce the Redemption Amount.

The Issuer may change the Additional Closing Fee or the Additional Redemption Fee at any time

The Issuer has the power, by supplemental agreement, instrument or deed, to amend the Conditions, the Trust Instrument, any Security Deed or amend or novate any of the Trustee Consent Documents if that amendment relates to an Additional Closing Fee or Additional Redemption Fee (including but not limited to an amendment to the definitions of those terms or the basis on which Additional Closing Fees or Additional Redemption Fees may be incurred or become payable in respect of CNY Securities or INR Securities and CNY Transactions or INR Transactions, as applicable).

Additional Redemption Fees (which are calculated by reference to Additional Closing Fees) reduce the amount an investor in CNY Securities or INR Securities will obtain on Redemption of those Collateralised Currency Securities. As a result, any changes that the Issuer introduces which relate to Additional Redemption Fees or Additional Closing Fees may have a negative impact on the overall return available to an investor on Redemption of CNY Securities or INR Securities.

Additional Closing Fees and Additional Redemption Fees are calculated by reference to the Price of securities on Rebalancing Dates for NDFs

The Additional Closing Fee is calculated as at the Pricing Day on which a Redemption of CNY Transactions or INR Transactions is priced (**Redemption Date**). The fee is calculated by reference to a notional "closing volume" which is calculated by reference to the number of underlying CNY Securities or INR Securities being Redeemed and (normally) the Price of those Securities (normally) as at the immediately preceding Rebalancing Date (**Relevant Rebalancing Date**) and not the Price of those securities on the Redemption Date.

Where the Price of CNY Securities or INR Securities goes down between the Relevant Rebalancing Date and the Redemption Date, the Additional Closing Fee would be calculated against a notional closing volume which is greater than the actual closing volume of the underlying Redemption. The increase in the Additional Closing Fee would be passed through to the Security Holder Redeeming CNY Securities or INR Securities in the Additional Redemption Fee.

For example, an investor who buys CNY Securities or INR Securities on March 1st of any given year, and requests Redemption of such CNY Securities or INR Securities on 15th of March, would find that the Additional Closing Fee (and therefore the Additional Redemption Fee) could be calculated against a notional closing volume set by reference to the Price of those securities on 25th February of that year (which would normally be the Rebalancing Date immediately preceding 15th March).

As a consequence of this, if the Price of CNY Securities or INR Securities on 26th February is the same as on 15th March the notional closing volume against which the Additional Closing Fee (and therefore the Additional Redemption Fee) is calculated would reflect the actual underlying volume of such CNY Securities or INR Securities. If the Price were to decrease in that period, however, the notional closing volume would be greater than the actual closing volume and therefore the Additional Closing Fee and Additional Redemption Fee would be calculated by reference to a higher notional closing volume than the actual closing volume.

As a result (given that the Additional Redemption Fee is deducted from the Redemption Amount), investors overall return from an investment in CNY Securities or INR Securities may be adversely affected.

Trading Currency

The Issuer has applied for certain Collateralised Currency Securities to be admitted to trading on the London Stock Exchange in currencies other than the Relevant Currency.

The Price of Collateralised Currency Securities will be calculated in the Relevant Currency. To the extent that a Security Holder values Collateralised Currency Securities in another currency, that value may be affected by changes in the exchange rate between the Relevant Currency and that other currency.

Trading Collateralised Currency Securities in a currency other than the Relevant Currency will be at the risk of the Security Holder, as the Issuer only undertakes to provide returns in the currency in which the Collateralised Currency Securities are denominated. This risk may prove particularly relevant in times where there is increased volatility in the FX markets. In addition, this risk may prove more acute when taking a short position against a particular Relevant Currency than when taking a long position against such Relevant Currency.

Currency Transaction Counterparty Credit Risk and Default

Although Collateralised Currency Securities are secured by the applicable Class Collateral Pool, the value of such Collateralised Currency Securities and the ability of the Issuer to pay the Redemption Amount remains partly dependent on the receipt of amounts due from a Currency Transaction Counterparty under the ISDA Master Agreement and (if applicable) the Global Master Repurchase Agreement, and may be affected by the deterioration of the credit and/or a downgrade in the credit rating of such Currency Transaction Counterparty. Such deterioration/downgrade in the credit or credit rating of a Currency Transaction Counterparty could cause some or all classes of Collateralised Currency Securities to trade at a discount to the Price.

The obligations of a Currency Transaction Counterparty under a Facility Agreement, the ISDA Master Agreement and (if applicable) the Global Master Repurchase Agreement will rank only as an unsecured claim against such Currency Transaction Counterparty. There can be no assurance that a Currency Transaction Counterparty will be able to fulfil its payment and/or delivery obligations under an ISDA Master Agreement and/or Global Master Repurchase Agreement.

The Issuer will not operate any risk-spreading policies and has initially only entered into a Facility Agreement, ISDA Master Agreement and Global Master Repurchase Agreement with MSIP. The Issuer may, but is not required to, enter into other Facility Agreements, ISDA Master Agreements and (if applicable) Global Master Repurchase Agreements with other Currency Transaction Counterparties.

If at any given time there are two or more Currency Transaction Counterparties and one of them, the Affected Counterparty, has its credit rating downgraded or is subject to a Counterparty Event of Default then under the splitting mechanism discussed under the heading *Consolidation and division* in Part 5 (*Description of Collateralised Currency Securities*), the Issuer can separate the credit exposure to the Affected Counterparty by issuing to the relevant Security Holders new Collateralised Currency Securities supported only by the Counterparty Collateral Pool applicable to such Affected Counterparty. There can be no assurance that the Issuer will be able to redeem such new Collateralised Currency Securities at their Price or even at all, and such new Collateralised Currency Securities may not be admitted to trading on any exchange.

Realisation of Eligible Collateral by the Issuer

If a Currency Transaction Counterparty defaults on its obligation to repurchase equivalent Eligible Collateral pursuant to a Global Master Repurchase Agreement, the Issuer may exercise its rights under the relevant Global Master Repurchase Agreement to realise such Eligible Collateral. The Eligible Collateral may not be of sufficient value to cover all Redemption Amounts payable to Security Holders because (i) the Issuer may not be able to realise all or some of the Eligible Collateral at the prices they were valued (ii) all or part of the Eligible Collateral may be denominated in a different currency to certain Redemption Amounts or Relevant Repo Amounts or (iii) there may be additional costs associated with

the realisation of the Eligible Collateral. In addition there can be no certainty as to the timeliness of any such realisation.

Credit Risk on Custodian and Collateral Administrator

The Issuer will hold assets comprised in the Counterparty Collateral Pool relevant to its dealings with MSIP in the BONY Accounts, which together form the Relevant Issuer Account relevant to MSIP. Where the Issuer holds cash in any of these accounts, that cash will not be held on trust or as client money for the Issuer, but will comprise unsecured debt obligations of the Custodian and Collateral Administrator to the Issuer. In the event of the insolvency of the Custodian or Collateral Administrator, the Issuer would be an unsecured creditor in respect of any cash standing to its credit in the Relevant Issuer Account.

The Issuer is dependent on the Collateral Administrator to perform the Core Functions. If the Collateral Administrator does not do so, the Issuer may be unable to perform its obligations under the MSIP ISDA Master Agreement and the MSIP Global Master Repurchase Agreement or to perform its obligations to make payments in respect of Redemptions. Similarly, the Issuer is dependent on the Custodian performing its functions under the BONY Custody Agreement to be able to make payments in respect of Redemptions.

If the Collateral Administrator fails to perform its Core Functions for a continuous period of 5 Repo Days, the obligations of the parties under the MSIP ISDA Master Agreement may be terminated on the payment of a final Daily Payment Amount in respect of each Currency Transaction at that time and may be accelerated under the MSIP Global Master Repurchase Agreement as at that point.

The Issuer has the power to initiate a Compulsory Redemption of some or all affected Collateralised Currency Securities in this situation. In this eventuality, the amount which a Security Holder may receive in respect of that Redemption may be lower than the Redemption Amount (see *No Recourse Except to the Issuer and the Class Collateral Pool* below).

Further, in the Security Deed relating to the Counterparty Collateral Pool relating to MSIP, the Issuer will grant an assignment by way of security over its rights under the Assigned Agreements, including its rights under the Custody Agreement and the Collateral Administration Agreement, and will grant security over assets in the Custody Account and the Collateral Receiver Account. Eligible Collateral in the form of securities held by BONY (as Custodian and Collateral Administrator) may be held by BONY with sub-custodians in various jurisdictions pursuant to separate agreements. BONY will not be responsible for the acts, omissions, insolvency or dissolution of a sub-custodian and no separate security is taken over BONY's interests under these sub-custody arrangements. As a result the insolvency of BONY or of any sub-custodian may affect the effectiveness of the security arrangements and therefore the ability of the Issuer to meet its obligations under the Collateralised Currency Securities.

Activities of Currency Transaction Counterparties and Authorised Participants

A Currency Transaction Counterparty and any of its affiliates may be an active trader in the currency markets. These trading activities may present a conflict between the interests of holders of the Collateralised Currency Securities and the interests that a Currency Transaction Counterparty and its affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the value of a Currency Index, could be adverse to the interests of the holders of the Collateralised Currency Securities of such class. Moreover, Currency Transaction Counterparties and/or their respective affiliates have or may have published and in the future would be expected to publish research reports with respect to some or all of the Currency Indices. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Collateralised Currency Securities and currencies generally. The research should not be viewed as a recommendation or endorsement of the Collateralised Currency Securities in any way and investors must make their own independent investigation of the merits of this investment. Any such activities of a Currency Transaction Counterparty or its affiliates may affect the value of the Currency Indices and, therefore, the market value of the Collateralised Currency Securities. In addition, the Authorised Participants or their Affiliates also trade in various sectors of the currency markets.

These activities could give rise to conflicts of interest which are adverse to the interests of Security Holders and could affect the Price of Collateralised Currency Securities.

Only Authorised Participants May Apply for or Redeem Collateralised Currency Securities

Only Authorised Participants may deal with the Issuer in applying for or requiring the Redemption of Collateralised Currency Securities, save in relation to redemptions where at any time there are no Authorised Participants or where the Issuer has announced by RIS in respect of a particular Pricing Day, or until further announcement or generally, that Redemptions by Security Holders who are not Authorised Persons will be permitted. The Issuer has agreed to use reasonable endeavours to ensure that there are at least two Authorised Participants. There can, however, be no assurance that there will at all times be an Authorised Participant to deal with the Issuer in applying for or redeeming Collateralised Currency Securities.

Under the Facility Agreement, MSIP as Currency Transaction Counterparty has the right to give notice (with immediate or delayed effect) that an Authorised Participant has ceased to be acceptable to it in certain circumstances, including if MSIP deems such person to be unacceptable to it as an Authorised Participant for compliance or reputational reasons. As a result of any exercises of such right there could at any time be no Authorised Participants, with the result that no Collateralised Currency Securities could be created. In such event it may also be difficult or impossible to sell Collateralised Currency Securities on the London Stock Exchange (or other exchanges if Collateralised Currency Securities are listed or traded thereon) at a price close to the Price therefor or within a reasonable time period, although Security Holders will be entitled to redeem their Collateralised Currency Securities.

Early Redemption of Collateralised Currency Securities

The Issuer may, at any time, upon not less than 30 days' notice (or seven days' notice in the event that the Facility Agreement is terminated) by RIS announcement to the Security Holders, redeem all or some Collateralised Currency Securities of a particular class. The Issuer will be required to redeem all or some of the Collateralised Currency Securities upon notice from the Trustee, which the Trustee shall give in certain circumstances where a Defaulted Obligation, a Counterparty Event of Default or an Issuer Insolvency Event has occurred and the Trustee has been instructed by a specified portion of the holders of Collateralised Currency Securities and indemnified. The Issuer will also be required to redeem all or some of the Collateralised Currency Securities where a Currency Transaction Counterparty has given instructions to the Security Trustee to enforce security over the Counterparty Collateral Pool.

MS&CO may cease to publish a Currency Index. If so, all Collateralised Currency Securities of the class relating to that Currency Index may be redeemed.

The Conditions provide that the amount payable upon a Redemption of a Collateralised Currency Security of a particular class by way of the submission of an Index Redemption Form will be the higher of the Principal Amount for that class and the Price of such Collateralised Currency Security on the applicable Pricing Day less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee. As each class of Collateralised Currency Security is a limited recourse security as described in Condition 3.2, it is in the interests of the Security Holders of each class to ensure that the Price for that class does not fall below its Principal Amount. The Issuer will aim to avoid the Price of a class of Collateralised Currency Security falling below its Principal Amount: (i) by, where necessary, seeking the sanction of Security Holders by Extraordinary Resolution to reduce the Principal Amount of a class of Collateralised Currency Security to a level less than its Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee); and/or (ii) if on any Pricing Day the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee) of any class of Collateralised Currency Security falls to 5 times the Principal Amount of such Collateralised Currency Security or below, the Issuer may, at any time for so long as the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee) remains below such amount, upon not less than two days' notice by RIS announcement, elect to redeem the Collateralised Currency Securities of that class. This right will cease once an Extraordinary Resolution is passed to reduce the Principal Amount such that the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee) is more than 10 times the Principal Amount subject to any further fall in the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee) of any class of Collateralised Currency Securities to 5 times the revised Principal Amount or below.

The Issuer may, at any time by not less than seven nor more than 14 Pricing Days' written notice, redeem any Collateralised Currency Securities held by Prohibited US Persons or Prohibited Benefit Plan Investors, held by Security Holders who have not provided appropriate certifications as to their status in accordance with the Conditions or in certain other circumstances specified in the Conditions.

MSIP has only agreed to provide Currency Transactions to the Issuer for five and a half years from 5 November 2009. If MSIP does not agree to provide Currency Transactions beyond such date and no other Currency Transaction Counterparty has been appointed, then the Currency Transactions will expire and unless MSIP is replaced by a new Currency Transaction Counterparty the Issuer may elect to redeem the outstanding Collateralised Currency Securities.

Consequently, an investment in Collateralised Currency Securities may be redeemed earlier than desired by a Security Holder.

General Market Risk

General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and, therefore, the market price of Collateralised Currency Securities, and may have different effects on each class of the Collateralised Currency Securities.

No Recourse Except to the Issuer and the Class Collateral Pool

Collateralised Currency Securities will be obligations solely of the Issuer. In particular, Collateralised Currency Securities will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Security Trustee, the Registrar, any member of the Morgan Stanley Group, any direct or indirect shareholder of the Issuer or any of the Authorised Participants. The Issuer is a special purpose company established for the purpose of issuing exchange traded currency securities.

If the net proceeds of realisation of the Class Collateral Pool, following enforcement of the relevant Security Deed (and the payment of all prior ranking claims), are less than the aggregate amount payable in such circumstances by the Issuer in respect of Collateralised Currency Securities of that class, the obligations of the Issuer in respect of such Collateralised Currency Securities will be limited to the net proceeds of realisation of that Class Collateral Pool. In such circumstances the assets (if any) of the Issuer attributable to other Counterparty Collateral Pools will not be available for payment of such shortfall, the rights of the relevant Security Holders to receive any further amounts in respect of such obligations shall be extinguished and none of the Security Holders or the Trustee may take any further action to recover such amounts.

Any claims made against the Issuer will be satisfied in order of the Priority Waterfall – see Part 8 (*Description of Security*).

Limited Enforcement Rights

The Security Trustee shall enforce the security constituted by one or more Security Deeds on behalf of a Security Holder only if it is directed to do so by the Trustee or a Currency Transaction Counterparty in the circumstances set out below and indemnified. The Trustee shall instruct the Security Trustee to enforce only if:

- (a) a Defaulted Obligation (other than where an Issuer Insolvency Event or a Counterparty Event of Default in respect of a Corresponding Currency Transaction Counterparty for such class has occurred and is continuing at such time) has occurred and is continuing and if so directed in writing by Security Holders of the Relevant Exposed Classes holding not less than 10 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of such Relevant Exposed Classes;
- (b) a Counterparty Event of Default has occurred and is continuing, and as a result any Redemption Notice in respect of Collateralised Currency Securities of any class issued on any of 30 continuous Pricing Days would have been invalid pursuant to Condition 6.8(g) or 6.17(c) or the Issuer has suspended Redemptions in relation to such class for a period of 30 Pricing Days, and if so directed in writing by Security Holders of the Relevant Affected Classes holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of those Relevant Affected Classes;

- (c) an Issuer Insolvency Event has occurred and is continuing and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the written notice) of all the Collateralised Currency Securities of all the classes then outstanding,

in each case subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction.

Each Currency Transaction Counterparty has an independent right to require the Security Trustee to enforce the security constituted by the Security Deed applicable to such Currency Transaction Counterparty where a CTC Enforcement Event has occurred and is continuing. There is no obligation on the Currency Transaction Counterparty to take account of the interests of Security Holders when exercising such right.

Security is subject to the Priority Waterfall

All monies received by the Security Trustee on the realisation of the security constituted by any Security Deed over a Counterparty Collateral Pool will be applied by the Security Trustee in accordance with the Priority Waterfall. Security Holders rank below the Trustee, the Security Trustee and the relevant Currency Transaction Counterparty (in respect of its claims under the Relevant ISDA Master Agreement, the Relevant Global Master Repurchase Agreement and the Relevant Facility Agreement) in such Priority Waterfall. In addition, a Relevant Issuer Account may be subject to the prior lien of a Custodian or Collateral Administrator. Accordingly, if the Issuer owes the Trustee, the Security Trustee, the Custodian, the Collateral Administrator and/or the relevant Currency Transaction Counterparty amounts that are not contemplated in the ordinary course, this may result in a shortfall in a Class Counterparty Pool and adversely affect the ability of the Issuer to pay the Redemption Amount in full.

Realisation of the Security by the Security Trustee

When the Security Trustee realises all or part of the security over any Gross Class Collateral Pool for any class of Collateralised Currency Securities, the amount realised may be insufficient to cover the Issuer's obligations to pay the relevant Compulsory Redemption Amount after having paid all prior ranking claims in the Priority Waterfall and as a result Security Holders may receive and be entitled to receive less than that Compulsory Redemption Amount (see *No Recourse Except to the Issuer and the Class Collateral Pool* above).

Further, the process of realisation could, in some circumstances, take a substantial period of time and Security Holders may receive and be entitled to receive the Compulsory Redemption Amount (or such lesser amount to which they are entitled as a result of the limited recourse nature of the Collateralised Currency Securities) only at the end of that substantial period.

Factors which may affect the level of recovery or realisation by a Security Trustee include (but are not limited to):

- **Currency conversion risk.** Assets may be realised in a variety of currencies which do not match the Relevant Currency, in particular because (a) where an ISDA Master Agreement is terminated on the occurrence of an Event of Default, the Early Termination Amount determined under that agreement will be payable in one currency only (and in the case of the MSIP ISDA Master Agreement, this currency is US Dollars); (b) where the obligations under a Global Master Repurchase Agreement are accelerated on the occurrence of an Event of Default, the resulting net payment obligation is payable in one currency only (and in the case of the MSIP Global Master Repurchase Agreement, this currency is US Dollars); (c) the amounts payable under other agreements (such as Facility Agreements) may be payable in particular currencies; and (d) the assets comprising Eligible Collateral in any Gross Class Collateral Pool may be denominated in a variety of currencies, including but not limited to, the Relevant Currencies.
- **Liquidation Risk.** The Security Trustee may not be able to realise Eligible Collateral assets at the prices they were valued when they were delivered, because of movements in market prices, liquidity and other factors in the markets for those Eligible Collateral assets.
- **Market Risk and timing of enforcement action.** Enforcement action may take place after the effective date of termination and close-out of an ISDA Master Agreement or after the date on which an Event of Default occurs under the Global Master Repurchase Agreement. As a result

the value of Eligible Collateral (and of any relevant currency exchange rate) may be subject to market movement between such date(s) and the date of realisation. The Issuer may agree with a Currency Transaction Counterparty that Eligible Collateral should be provided to a value which, on the day it is provided, is higher by a proportion (the haircut) than the value of the obligations to which it relates, but there is no guarantee that any such haircut would be sufficient to address market movements in all situations.

- **Default by Currency Transaction Counterparty or Collateral Administrator.** A Currency Transaction Counterparty and/or Collateral Administrator may be in breach of all or any of its obligations under any agreement to which it is a party, including obligations to make payments to or deliver assets to the Issuer.
- **Prior claims.** The assets comprising any Gross Class Collateral Pool may be subject to prior claims of any prior secured party (and the Custody Agreement and Collateral Administration Agreement provide for liens in favour of the Custodian and Collateral Administrator over the Custody Account and the Collateral Receiver Account which would take effect prior to the security constituted by the Security Deed). (see *Security is subject to the Priority Waterfall* above).
- **Calculations:** The Security Trustee and the Trustee, in the first instance, is dependent on the Issuer to perform the calculation referred to in Condition 13.5. However, if the Issuer is insolvent it may not be in a position to do so and if the Issuer does not perform the calculation, the Security Trustee and the Trustee may perform such calculation or engage an Investment Advisor to do so. If within 5 days of the realisation of the relevant assets neither the Issuer nor an Investment Advisor has made that calculation then the Security Trustee may distribute on such basis as it considers (in its absolute discretion) to be a pro rata basis without liability to Security Holders.

Ability to enforce, and manner of enforcement of the security by the Security Trustee

In certain circumstances, it may be possible for the Issuer to apply to the English courts to be placed in administration or for a stay of enforcement against it. If this occurs, this may affect the ability of the Security Trustee to enforce the security, or the manner of its enforcement.

Characterisation of the Security

In each Security Deed the Issuer will grant security over the relevant Counterparty Collateral Pool governed by English law which is expressed to take effect as fixed security. A court, however, may hold that such security constitutes floating security. To the extent English law were applicable, in these circumstances any preferential creditors and liquidation or administration expenses in respect of the Issuer would be payable in priority of the beneficiaries under the Priority Waterfall. In such circumstances, this could reduce the amount available under each Class Collateral Pool to make payments to Security Holders.

Recognition of Security in other Jurisdictions

The laws of certain jurisdictions may affect some or all of the assets comprising a Counterparty Collateral Pool. In the event that the laws of a jurisdiction do not recognise the security granted by the Security Deed, such security may not be effective in relation to assets deemed located in that jurisdiction and/or such assets may be subject to claims which would otherwise rank after claims secured by the Security Deed.

The Issuer will take the following steps to perfect the security granted under the Security Deed relating to the Counterparty Collateral Pool relating to MSIP: (a) the Issuer will notify BONY of the security so granted in writing; (b) the Issuer, BONY, MSIP and the Security Trustee will enter into an agreement restricting BONY's ability to make cash payments from the Custody Account or the Collateral Receiver Account in circumstances inconsistent with the Issuer's covenants under clause 25 of the Security Deed; (c) the Issuer's grant of the security interest is to be expressly acknowledged in the Custody Agreement and the Collateral Administration Agreement with provision made under those contracts for BONY to act on the instructions of the Security Trustee enforcing the security.

The Issuer may take further steps if required in order to perfect such security under English law. However the security so granted may not be recognised or perfected under the laws of other

jurisdictions in which some or all of the assets comprising a Counterparty Collateral Pool may be deemed to be located.

Change of Law

The Conditions are expressed to be governed by Jersey law. No assurance can be given as to the impact of any possible judicial decision or change to Jersey law or administrative practice after the date of issue of the Collateralised Currency Securities.

Index Calculations by MS&CO

The Issuer is not affiliated with MS&CO in any way (except for the licensing arrangements described in this Prospectus) and has no ability to control or predict its actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the Currency Indices. The policies of MS&CO concerning the calculation of the level of the Currency Indices could adversely affect the value of the Currency Indices and, therefore, the market value of the Collateralised Currency Securities.

PART 3

DESCRIPTION OF THE PROGRAMME

Introduction

The Issuer is making available for issue 160 classes of Collateralised Currency Securities which enable investors to gain exposure to foreign exchange rate movements without the need to open foreign currency bank accounts or to trade in spot, OTC derivative or futures contracts, and to buy and sell that exposure through the trading of a security admitted to trading on the London Stock Exchange.

The pricing of each class of Collateralised Currency Securities is based on the applicable Currency Index published by MS&CO and calculated in accordance with the Manual. A copy of the Manual can be downloaded from the following internet address: <http://www.morganstanley.com/institutional/research/msfx.html>.

The Currency Indices consist of 160 tradable indices relating to:

- nine Developed Market Currencies and nine Emerging Market Currencies, each valued relative to the US Dollar;
- nine Developed Market Currencies valued relative to the Euro;
- nine Developed Market Currencies valued relative to GBP; and
- six Diversified Developed Market Indices, valued relative to the US Dollar, the Euro or GBP.

The Currency Indices are total return indices reflecting the performance of a fully collateralised currency transaction in the related Currency which is rolled on a regular basis. For indices priced off Deliverable Forward Contracts total return is made up of the Daily Currency Exposure plus the Daily Collateral Yield. For each pair of Currencies and each Basket there is both a Long Currency Index and a Short Currency Index. For the Developed Market Currency pairs, there are also leveraged Currency Indices which reflect a leveraged exposure to the Daily Currency Exposure of two times (2x), in the case of the Double Long Currency Indices, three times (3x), in the case of the Triple Long Currency Indices, minus two times (-2x), in the case of the Double Short Currency Indices or minus three times (-3x), in the case of the Triple Short Currency Indices. Further information in relation to the Currency Indices is set out in Part 4 (*Description of Currency Indices*).

Collateralised Currency Securities linked to the performance of Currency Indices valued relative to the US Dollar will be denominated in US Dollars, Collateralised Currency Securities linked to the performance of Currency Indices valued relative to the Euro will be denominated in Euros and Collateralised Currency Securities linked to the performance of Currency Indices valued relative to GBP will be denominated in GBP.

Each class of Collateralised Currency Securities will be linked to unfunded Currency Transactions entered into with one or more Currency Transaction Counterparties. Each Currency Transaction will be linked to the performance of the relevant Currency Index and a Daily Payment Amount will be calculated on each Pricing Day to reflect the movements in the relevant Currency Index since the preceding Pricing Day. The Daily Payment Amount will normally be payable (by either the Issuer or the Currency Transaction Counterparty) no later than the Repo Day following such Pricing Day (provided that the Issuer may make payment on the second Repo Day following such Pricing Day in certain circumstances) and therefore the Issuer's credit exposure to any Currency Transaction Counterparty in respect of any Currency Transaction is intended to be limited on any day to the Daily Payment Amounts (if any) due from the Currency Transaction Counterparty but not settled as at such day.

The Issuer has entered into a Facility Agreement with MSIP as the initial Currency Transaction Counterparty. Pursuant to the terms of the MSIP Facility Agreement, the Issuer and MSIP agree to enter into daily repurchase transactions on each Repo Day requiring the Issuer to apply an amount equal to substantially all monies held by it attributable to the Collateralised Currency Securities to purchase Eligible Collateral from MSIP with a Value at least equal to such purchase price. Each Repo will be settled on the next following Repo Day which will minimise any risk in the reduction in the Value of the Eligible Collateral held by the Issuer.

The Currency Transactions, the Repos and the other assets comprising the relevant Counterparty Collateral Pool, together, have characteristics that demonstrate capacity to produce funds to service any amounts payable by the Issuer on the Redemption of the Collateralised Currency Securities.

The Issuer will establish and maintain one or more segregated Custody Accounts in respect of its dealings with each Currency Transaction Counterparty. The Issuer and each Currency Transaction Counterparty will settle obligations under Currency Transactions and, if applicable, Repos by making (i) payments of Daily Payment Amounts and Relevant Repo Amounts and (ii) deliveries of Eligible Collateral, into and out of the Custody Accounts established in respect of that Currency Transaction Counterparty.

The Issuer will enter into a separate Security Deed with the Security Trustee, the Trustee, ManJer and each Currency Transaction Counterparty to secure, *inter alia*, its obligations to such Currency Transaction Counterparty and Security Holders relevant to that Currency Transaction Counterparty. Under each Security Deed the Issuer will grant to the Security Trustee security over the assets of the Issuer which relate to such Currency Transaction Counterparty including its rights to securities and cash held in the Custody Accounts applicable to that Currency Transaction Counterparty and rights under the Relevant Facility Agreement, the Relevant ISDA Master Agreement (after the exercise of and subject to the close out netting and set off rights), Custody Agreement, Collateral Administration Agreement, each Relevant Authorised Participant Agreement and, if applicable, the Relevant Global Master Repurchase Agreement (after the exercise of and subject to the close out netting and set off rights). The property secured by such Security Deed shall constitute a Counterparty Collateral Pool. As at the date of this Prospectus, the Issuer has entered into a Security Deed with The Law Debenture Trust Corporation p.l.c. as Security Trustee and Trustee, MSIP and ManJer in respect of the Counterparty Collateral Pool applicable to MSIP.

The Security Holders of each class of Collateralised Currency Securities will have recourse to each Counterparty Collateral Pool that relates to a Currency Transaction Counterparty that has entered into a Corresponding Currency Transaction in respect of that class of Collateralised Currency Securities (the **Gross Class Collateral Pool**). Pursuant to each Security Deed all monies received by the Security Trustee upon realisation of a Counterparty Collateral Pool shall be distributed to the Secured Parties in accordance with the Priority Waterfall. Security Holders rank behind the Trustee, the Security Trustee and the relevant Currency Transaction Counterparty (in respect of such Currency Transaction Counterparty's claims under the Relevant ISDA Master Agreement, the Relevant Global Master Repurchase Agreement and the Relevant Facility Agreement) in the Priority Waterfall and accordingly, each class of Collateralised Currency Securities is secured by the Class Collateral Pool applicable to such class (as more fully described herein).

Additional Collateralised Currency Securities of any class can be created by the Issuer. Collateralised Currency Securities may be applied for and redeemed on any Pricing Day, but only Authorised Participants may give the requisite notices to require, subject to certain conditions, the Issuer to issue or redeem Collateralised Currency Securities. A Security Holder who is not an Authorised Participant may only require the Issuer to redeem Collateralised Currency Securities in the event that, on any given Redemption Date, there are no Authorised Participants or where the Issuer has announced by RIS in respect of a particular Pricing Day, or until further announcement or generally, that Security Holders who are not Authorised Participants may require the Issuer to redeem.

Collateralised Currency Securities are intended to provide investors with the following:

- exposure to the world's currency markets;
- exposure to total return indices which comprise:
 - exposure to changes in foreign exchange rates; and
 - exposure to local interest rates (to the extent they are captured in the prices of the currency forward contracts);
- obligations of the Issuer that are collateralised by, among other things, currency swaps and Eligible Collateral held in a segregated Custody Account with the Custodian;
- limited credit exposure to any Currency Transaction Counterparty;
- pricing which is transparent, based on Currency Indices published by MS&CO which in turn are based on generally available prices for designated forward contracts;

- long, short, leveraged long and leveraged short exposure to Developed Market Currency pairs;
- long and short exposure to Emerging Market Currency pairs which may otherwise be difficult to achieve due to restrictions on trading certain currencies;
- long and short exposure to a basket of Developed Market Currencies; and
- long, short or leveraged exposure simply by purchasing securities admitted to trading on the London Stock Exchange without the need to trade in currency derivatives or open bank accounts in different currencies (which may in turn be subject to varying degrees of credit risk).

Collateralised Currency Securities confer no right to receive Currencies. Rather, they are purely financial instruments which entitle Security Holders to a payment in the Relevant Currency on redemption.

Collateralised Currency Securities available for issue

Basket Securities

Details of the Currency Index being tracked and the LSE Code for each class of Basket Security available for issue are set out below:

Basket Security	Currency Index tracked	LSE Code
ETFS Long G10 Short EUR	Short Euro/Diversified Basket Index (EUR, TR)	LEUB
ETFS Short G10 Long EUR	Long Euro/Diversified Basket Index (EUR, TR)	SEUB
ETFS Long G10 Short GBP	Short Pound/Diversified Basket Index (GBP, TR)	LGBB
ETFS Short G10 Long GBP	Long Pound/Diversified Basket Index (GBP, TR)	SGBB
ETFS Long G10 Short USD	Short Dollar/Diversified Basket Index (USD, TR)	LUSB
ETFS Short G10 Long USD	Long Dollar/Diversified Basket Index (USD, TR)	SUSB

USD Developed Market Currency Securities

Details of the Currency Index being tracked and the LSE Code for each class of USD Developed Market Currency Security available for issue are set out below:

USD Developed Market Currency Security	Currency Index tracked	LSE Code
ETFS Long AUD Short USD	Long Australian Dollar Index (TR)	LAUD
ETFS Short AUD Long USD	Short Australian Dollar Index (TR)	SAD
ETFS 2x Long AUD Short USD	Double Long Australian Dollar Index (TR)	LAU2
ETFS 2x Short AUD Long USD	Double Short Australian Dollar Index (TR)	SAU2
ETFS 3x Long AUD Short USD	Triple Long Australian Dollar Index (TR)	LAU3
ETFS 3x Short AUD Long USD	Triple Short Australian Dollar Index (TR)	SAU3
ETFS Long CAD Short USD	Long Canadian Dollar Index (TR)	LCAD
ETFS Short CAD Long USD	Short Canadian Dollar Index (TR)	SCAD
ETFS 2x Long CAD Short USD	Double Long Canadian Dollar Index (TR)	LCA2
ETFS 2x Short CAD Long USD	Double Short Canadian Dollar Index (TR)	SCA2
ETFS 3x Long CAD Short USD	Triple Long Canadian Dollar Index (TR)	LCA3
ETFS 3x Short CAD Long USD	Triple Short Canadian Dollar Index (TR)	SCA3
ETFS Long CHF Short USD	Long Swiss Franc Index (TR)	LCHF
ETFS Short CHF Long USD	Short Swiss Franc Index (TR)	SCHF
ETFS 2x Long CHF Short USD	Double Long Swiss Franc Index (TR)	LCH2
ETFS 2x Short CHF Long USD	Double Short Swiss Franc Index (TR)	SCH2
ETFS 3x Long CHF Short USD	Triple Long Swiss Franc Index (TR)	LCH3
ETFS 3x Short CHF Long USD	Triple Short Swiss Franc Index (TR)	SCH3
ETFS Long EUR Short USD	Long Euro Index (TR)	LEUR
ETFS Short EUR Long USD	Short Euro Index (TR)	SEUR
ETFS 2x Long EUR Short USD	Double Long Euro Index (TR)	LEU2
ETFS 2x Short EUR Long USD	Double Short Euro Index (TR)	SEU2
ETFS 3x Long EUR Short USD	Triple Long Euro Index (TR)	LEU3
ETFS 3x Short EUR Long USD	Triple Short Euro Index (TR)	SEU3
ETFS Long GBP Short USD	Long British Pound Index (TR)	LGBP
ETFS Short GBP Long USD	Short British Pound Index (TR)	SGBP
ETFS 2x Long GBP Short USD	Double Long British Pound Index (TR)	LGB2
ETFS 2x Short GBP Long USD	Double Short British Pound Index (TR)	SGB2
ETFS 3x Long GBP Short USD	Triple Long British Pound Index (TR)	LGB3
ETFS 3x Short GBP Long USD	Triple Short British Pound Index (TR)	SGB3
ETFS Long JPY Short USD	Long Japanese Yen Index (TR)	LJPY
ETFS Short JPY Long USD	Short Japanese Yen Index (TR)	SJPY
ETFS 2x Long JPY Short USD	Double Long Japanese Yen Index (TR)	LJP2
ETFS 2x Short JPY Long USD	Double Short Japanese Yen Index (TR)	SJP2
ETFS 3x Long JPY Short USD	Triple Long Japanese Yen Index (TR)	LJP3
ETFS 3x Short JPY Long USD	Triple Short Japanese Yen Index (TR)	SJP3

ETFS Long NOK Short USD	Long Norwegian Krone Index (TR)	LNOK
ETFS Short NOK Long USD	Short Norwegian Krone Index (TR)	SNOK
ETFS 2x Long NOK Short USD	Double Long Norwegian Krone Index (TR)	LNO2
ETFS 2x Short NOK Long USD	Double Short Norwegian Krone Index (TR)	SNO2
ETFS 3x Long NOK Short USD	Triple Long Norwegian Krone Index (TR)	LNO3
ETFS 3x Short NOK Long USD	Triple Short Norwegian Krone Index (TR)	SNO3
ETFS Long NZD Short USD	Long New Zealand Dollar Index (TR)	LNZD
ETFS Short NZD Long USD	Short New Zealand Dollar Index (TR)	SNZD
ETFS 2x Long NZD Short USD	Double Long New Zealand Dollar Index (TR)	LNZ2
ETFS 2x Short NZD Long USD	Double Short New Zealand Dollar Index (TR)	SNZ2
ETFS 3x Long NZD Short USD	Triple Long New Zealand Dollar Index (TR)	LNZ3
ETFS 3x Short NZD Long USD	Triple Short New Zealand Dollar Index (TR)	SNZ3
ETFS Long SEK Short USD	Long Swedish Krona Index (TR)	LSEK
ETFS Short SEK Long USD	Short Swedish Krona Index (TR)	SSEK
ETFS 2x Long SEK Short USD	Double Long Swedish Krona Index (TR)	LSE2
ETFS 2x Short SEK Long USD	Double Short Swedish Krona Index (TR)	SSE2
ETFS 3x Long SEK Short USD	Triple Long Swedish Krona Index (TR)	LSE3
ETFS 3x Short SEK Long USD	Triple Short Swedish Krona Index (TR)	SSE3

USD Emerging Market Currency Securities

Details of the Currency Index being tracked and the LSE Code for each class of USD Emerging Market Currency Security available for issue are set out below:

USD Emerging Market Currency Security	Currency Index tracked	LSE Code
ETFS Long BRL Short USD	Long Brazilian Real Index (TR)	LBRL
ETFS Short BRL Long USD	Short Brazilian Real Index (TR)	SBRL
ETFS Long CNY Short USD	Long Chinese Renminbi Index (TR)	LCNY
ETFS Short CNY Long USD	Short Chinese Renminbi Index (TR)	SCNY
ETFS Long CZK Short USD	Long Czech Koruna Index (TR)	LCZK
ETFS Short CZK Long USD	Short Czech Koruna Index (TR)	SCZK
ETFS Long HUF Short USD	Long Hungarian Forint Index (TR)	LHUF
ETFS Short HUF Long USD	Short Hungarian Forint Index (TR)	SHUF
ETFS Long ILS Short USD	Long Israeli Shekel Index (TR)	LILS
ETFS Short ILS Long USD	Short Israeli Shekel Index (TR)	SILS
ETFS Long INR Short USD	Long Indian Rupee Index (TR)	LINR
ETFS Short INR Long USD	Short Indian Rupee Index (TR)	SINR
ETFS Long MXN Short USD	Long Mexican Peso Index (TR)	LMXN
ETFS Short MXN Long USD	Short Mexican Peso Index (TR)	SMXN
ETFS Long SGD Short USD	Long Singapore Dollar Index (TR)	LSGD
ETFS Short SGD Long USD	Short Singapore Dollar Index (TR)	SSGD
ETFS Long ZAR Short USD	Long South African Rand Index (TR)	LZAR
ETFS Short ZAR Long USD	Short South African Rand Index (TR)	SZAR

EUR Developed Market Currency Securities

Details of the Currency Index being tracked and the LSE Code for each class of EUR Developed Market Currency Security available for issue are set out below:

EUR Developed Market Currency Security	Currency Index tracked	LSE Code
ETFS Long AUD Short EUR	Long Australian Dollar/Euro Index (TR)	EUAU
ETFS Short AUD Long EUR	Short Australian Dollar/Euro Index (TR)	AUEU
ETFS 3x Long AUD Short EUR	Triple Long Australian Dollar/Euro Index (TR)	EAU3
ETFS 3x Short AUD Long EUR	Triple Short Australian Dollar/Euro Index (TR)	AUE3
ETFS Long CAD Short EUR	Long Canadian Dollar/Euro Index (TR)	ECAD
ETFS Short CAD Long EUR	Short Canadian Dollar/Euro Index (TR)	CADE
ETFS 3x Long CAD Short EUR	Triple Long Canadian Dollar/Euro Index (TR)	ECA3
ETFS 3x Short CAD Long EUR	Triple Short Canadian Dollar/Euro Index (TR)	CAE3
ETFS Long CHF Short EUR	Long Swiss Franc/Euro Index (TR)	EUCH
ETFS Short CHF Long EUR	Short Swiss Franc/Euro Index (TR)	CHEU
ETFS 2x Long CHF Short EUR	Double Long Swiss Franc/Euro Index (TR)	EUC2
ETFS 2x Short CHF Long EUR	Double Short Swiss Franc/Euro Index (TR)	CHE2
ETFS 3x Long CHF Short EUR	Triple Long Swiss Franc/Euro Index (TR)	ECH3
ETFS 3x Short CHF Long EUR	Triple Short Swiss Franc/Euro Index (TR)	CHE3
ETFS Long GBP Short EUR	Long British Pound/Euro Index (TR)	EUGB
ETFS Short GBP Long EUR	Short British Pound/Euro Index (TR)	GBEU
ETFS 2x Long GBP Short EUR	Double Long British Pound/Euro Index (TR)	EUG2
ETFS 2x Short GBP Long EUR	Double Short British Pound/Euro Index (TR)	GBE2
ETFS 3x Long GBP Short EUR	Triple Long British Pound/Euro Index (TR)	EGB3
ETFS 3x Short GBP Long EUR	Triple Short British Pound/Euro Index (TR)	GBE3
ETFS Long JPY Short EUR	Long Japanese Yen/Euro Index (TR)	EUJP

ETFS Short JPY Long EUR	Short Japanese Yen/Euro Index (TR)	JPEU
ETFS 2x Long JPY Short EUR	Double Long Japanese Yen/Euro Index (TR)	EUJ2
ETFS 2x Short JPY Long EUR	Double Short Japanese Yen/Euro Index (TR)	JPE2
ETFS 3x Long JPY Short EUR	Triple Long Japanese Yen/Euro Index (TR)	EJP3
ETFS 3x Short JPY Long EUR	Triple Short Japanese Yen/Euro Index (TR)	JPE3
ETFS Long NOK Short EUR	Long Norwegian Krone/Euro Index (TR)	EUNO
ETFS Short NOK Long EUR	Short Norwegian Krone/Euro Index (TR)	NOEU
ETFS 2x Long NOK Short EUR	Double Long Norwegian Krone/Euro Index (TR)	EUN2
ETFS 2x Short NOK Long EUR	Double Short Norwegian Krone/Euro Index (TR)	NOE2
ETFS 3x Long NOK Short EUR	Triple Long Norwegian Krone/Euro Index (TR)	ENO3
ETFS 3x Short NOK Long EUR	Triple Short Norwegian Krone/Euro Index (TR)	NOE3
ETFS Long NZD Short EUR	Long New Zealand Dollar/Euro Index (TR)	EUNZ
ETFS Short NZD Long EUR	Short New Zealand Dollar/Euro Index (TR)	NZEU
ETFS 3x Long NZD Short EUR	Triple Long New Zealand Dollar/Euro Index (TR)	ENZ3
ETFS 3x Short NZD Long EUR	Triple Short New Zealand Dollar/Euro Index (TR)	NZE3
ETFS Long SEK Short EUR	Long Swedish Krona/Euro Index (TR)	EUSE
ETFS Short SEK Long EUR	Short Swedish Krona/Euro Index (TR)	SEEU
ETFS 2x Long SEK Short EUR	Double Long Swedish Krona/Euro Index (TR)	EUS2
ETFS 2x Short SEK Long EUR	Double Short Swedish Krona/Euro Index (TR)	SEE2
ETFS 3x Long SEK Short EUR	Triple Long Swedish Krona/Euro Index (TR)	ESE3
ETFS 3x Short SEK Long EUR	Triple Short Swedish Krona/Euro Index (TR)	SEE3
ETFS Long USD Short EUR	Long US Dollar/Euro Index (TR)	EUUS
ETFS Short USD Long EUR	Short US Dollar/Euro Index (TR)	USEU
ETFS 3x Long USD Short EUR	Triple Long US Dollar/Euro Index (TR)	EUS3
ETFS 3x Short USD Long EUR	Triple Short US Dollar/Euro Index (TR)	USE3

GBP Developed Market Currency Securities

Details of the Currency Index being tracked and the LSE Code for each class of GBP Developed Market Currency Security available for issue are set out below:

GBP Developed Market Currency Security	Currency Index tracked	LSE Code
ETFS Long AUD Short GBP	Long Australian Dollar/GBP Index (TR)	GBAU
ETFS Short AUD Long GBP	Short Australian Dollar/GBP Index (TR)	AUGB
ETFS 3x Long AUD Short GBP	Triple Long Australian Dollar/GBP Index (TR)	AUP3
ETFS 3x Short AUD Long GBP	Triple Short Australian Dollar/GBP Index (TR)	SAP3
ETFS Long CAD Short GBP	Long Canadian Dollar/GBP Index (TR)	GBCA
ETFS Short CAD Long GBP	Short Canadian Dollar/GBP Index (TR)	CAGB
ETFS 3x Long CAD Short GBP	Triple Long Canadian Dollar/GBP Index (TR)	CAP3
ETFS 3x Short CAD Long GBP	Triple Short Canadian Dollar/GBP Index (TR)	PCA3
ETFS Long CHF Short GBP	Long Swiss Franc/GBP Index (TR)	GBCH
ETFS Short CHF Long GBP	Short Swiss Franc/GBP Index (TR)	CHGB
ETFS 3x Long CHF Short GBP	Triple Long Swiss Franc/GBP Index (TR)	CHP3
ETFS 3x Short CHF Long GBP	Triple Short Swiss Franc/GBP Index (TR)	PCH3
ETFS Long EUR Short GBP	Long Euro/GBP Index (TR)	GBUR
ETFS Short EUR Long GBP	Short Euro/GBP Index (TR)	URGB
ETFS 3x Long EUR Short GBP	Triple Long Euro/GBP Index (TR)	EUP3
ETFS 3x Short EUR Long GBP	Triple Short Euro/GBP Index (TR)	SUP3
ETFS Long JPY Short GBP	Long Japanese Yen/GBP Index (TR)	GBJP
ETFS Short JPY Long GBP	Short Japanese Yen/GBP Index (TR)	JPGB
ETFS 3x Long JPY Short GBP	Triple Long Japanese Yen/GBP Index (TR)	JPP3
ETFS 3x Short JPY Long GBP	Triple Short Japanese Yen/GBP Index (TR)	SY3P
ETFS Long NOK Short GBP	Long Norwegian Krone/GBP Index (TR)	GBNO
ETFS Short NOK Long GBP	Short Norwegian Krone/GBP Index (TR)	NOGB
ETFS 3x Long NOK Short GBP	Triple Long Norwegian Krone/GBP Index (TR)	NOP3
ETFS 3x Short NOK Long GBP	Triple Short Norwegian Krone/GBP Index (TR)	SOP3
ETFS Long NZD Short GBP	Long New Zealand Dollar/GBP Index (TR)	GBNZ
ETFS Short NZD Long GBP	Short New Zealand Dollar/GBP Index (TR)	NZGB
ETFS 3x Long NZD Short GBP	Triple Long New Zealand Dollar/GBP Index (TR)	NZP3
ETFS 3x Short NZD Long GBP	Triple Short New Zealand Dollar/GBP Index (TR)	SNP3
ETFS Long SEK Short GBP	Long Swedish Krona/GBP Index (TR)	GBSK
ETFS Short SEK Long GBP	Short Swedish Krona/GBP Index (TR)	SKGB
ETFS 3x Long SEK Short GBP	Triple Long Swedish Krona/GBP Index (TR)	SEP3
ETFS 3x Short SEK Long GBP	Triple Short Swedish Krona/GBP Index (TR)	SKP3
ETFS Long USD Short GBP	Long US Dollar/GBP Index (TR)	GBUS
ETFS Short USD Long GBP	Short US Dollar/GBP Index (TR)	USGB
ETFS 3x Long USD Short GBP	Triple Long US Dollar/GBP Index (TR)	USP3
ETFS 3x Short USD Long GBP	Triple Short US Dollar/GBP Index (TR)	PUS3

Currency Indices

All Collateralised Currency Securities are priced off the MSFXSM Indices calculated and published by MS&CO. These Currency Indices are total return indices that aim to replicate a fully collateralised investment in a Currency priced against either the US Dollar, the Euro or GBP. In addition, there are six basket indices valued relative to the USD, the Euro and the GBP which relate to the nine Currency Indices that constitute the relevant Developed Market Index.

The Currency Indices consist of 160 tradable indices relating to:

- nine Developed Market Currencies and nine Emerging Market Currencies, each valued relative to the US Dollar;
- nine Developed Market Currencies valued relative to the Euro;
- nine Developed Market Currencies valued relative to GBP; and
- six Diversified Developed Market Indices, valued relative to the US Dollar, the Euro or GBP

Each such Currency pair and Basket has both a Long Currency Index and a Short Currency Index, and the Currency Pairs related to Developed Market Currencies also have leveraged versions, being a Double Long Currency Index, a Triple Long Currency Index, a Double Short Currency Index and a Triple Short Currency Index. The leveraged exposure available varies across the Developed Market Currency pairs. Further information in relation to the Currency Indices is set out in Part 4 (*Description of Currency Indices*).

The Currency Indices are total return indices reflecting the performance of a fully collateralised position in Forward Contracts which are rolled on a regular basis. Rolling is daily in the case of Currency Indices priced off Deliverable Forward Contracts while it is monthly (in the case of BRL) or every two months (in the case of CNY and INR) for Non Deliverable Forward Contracts. The total return is made up of the Daily Currency Exposure plus the Daily Collateral Yield.

The Daily Currency Exposure for Currency Indices priced off Deliverable Forward Contracts is equivalent to the daily price change from investing in one (or in the case of Diversified Developed Market Indices, of up to nine) uncollateralised Forward Contracts comprising the following two elements:

- the daily change in the rate of exchange of a Currency against the US Dollar (for USD Currency Pairs), the Euro (for Euro Currency Pairs) or GBP (for GBP Currency Pairs); or in the case of the Diversified Developed Market Indices, the daily change in the weighted average rates of exchange of the Index Constituent Indices against the US Dollar (for USD Baskets), Euro (for Euro Baskets) or GBP (for GBP Baskets); and
- for each Currency Pair, an interest rate differential reflecting the difference between (i) the interbank benchmark interest rate applicable to the Currency which is not the Relevant Currency and (ii) the inter-bank benchmark interest rate applicable to US Dollars, Euros or GBP; or, for each Basket, a weighted average interest rate differential reflecting, for the Currency Pair corresponding to each Index Constituent Index, the difference between (i) the interbank benchmark interest rate applicable to the Currency which is not the Relevant Currency and (ii) the inter-bank benchmark interest rate applicable to US Dollars, Euros or GBP.

The extent to which the full value of either the rate of exchange between the two currencies or the interest rate differential is reflected in currency forward prices will depend on the liquidity and convertibility of each Currency.

The Daily Collateral Yield is the risk free interest rate which accrues to a fully collateralised position in a Forward Contract and is calculated by reference to the One-Month T-Bill rate in the case of Currency Indices valued relative to the US Dollar, the Euro Overnight Index Average rate (EONIA) in the case of Currency Indices valued relative to the Euro or the Sterling Overnight Interbank Average Rate (SONIA) in the case of Currency Indices valued relative to GBP.

For Deliverable Currencies, the Currency Index should replicate a US Dollar, Euro or GBP investment in that Currency. Since Deliverable Currencies are generally both convertible and liquid, an arbitrage possibility exists should the return from the relevant Currency Index not match the return a local

resident might earn from investing in the local spot market and receiving the local benchmark interest rate return for that Currency.

For Non-Deliverable Currencies, the Currency Index will track a US Dollar investment in the Non-Deliverable Forward Contract (or NDF). However, since there is difficulty investing in the local markets for such Currencies an NDF may not replicate an investment in the local spot market for that Currency since it is more difficult to arbitrage any pricing differentials. Therefore, where currency and capital controls exist, non-local investors may not get the full benefit of the benchmark interest rate for that Non-Deliverable Currency.

Further information in relation to the Currency Indices is set out in Part 4 (*Description of Currency Indices*).

Pricing and Trading of Collateralised Currency Securities

The Price of each class of Collateralised Currency Securities will be calculated on each Pricing Day by reference to the change in the level of the relevant Currency Index and will also include a Daily Adjustment to reflect (i) the Management Fee in respect of that class and (ii) the Daily Spread payable in respect of the Currency Transactions of that class.

The pricing formula is set out under the heading *Pricing of Collateralised Currency Securities* in Part 5 (*Description of Collateralised Currency Securities*).

Publication of Pricing Information

The Price for each class of Collateralised Currency Security will be calculated by or on behalf of the Issuer as at the end of each Pricing Day (after the official closing level for the Currency Index applicable to such Collateralised Currency Security has been published for that day) and prior to trading commencing on the following Pricing Day.

The Price for each class of Collateralised Currency Security will be posted on the Issuer's website at <http://www.etfsecurities.com/fxl>.

Listing and Trading

The Issuer has applied to the UK Listing Authority for all Collateralised Currency Securities issued within 12 months of the date of this Prospectus to be admitted to the Official List and to the London Stock Exchange, which operates a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) and for all such Collateralised Currency Securities to be admitted to trading on the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List (as maintained by the FSA in accordance with section 74(1) of FSMA)). However, an active secondary market on the Main Market may not develop in respect of all classes of Collateralised Currency Securities.

Certain classes of Collateralised Currency Securities are also listed and/or traded on certain other markets - see *General* in Part 15 (*Additional Information*).

Currency Transaction Counterparties

The Issuer's obligations in respect of each class of Collateralised Currency Securities will be linked to Currency Transactions entered into with one or more Currency Transaction Counterparties.

In order to become a Currency Transaction Counterparty an entity must have entered into a Facility Agreement with the Issuer. At the date of this Prospectus the Issuer has entered into a Facility Agreement only with MSIP (the **MSIP Facility Agreement**). MSIP has agreed in the MSIP Facility Agreement, subject as provided therein, to enter into Currency Transactions governed by an ISDA Master Agreement and Repos governed by a Global Master Repurchase Agreement (the **MSIP Global Master Repurchase Agreement**).

Further information about MSIP is set out in Part 13 (*Description of Currency Transaction Counterparties*).

The Issuer may appoint additional Currency Transaction Counterparties in the future. Should the Issuer appoint an additional Currency Transaction Counterparty, this Prospectus shall be updated accordingly.

Currency Transactions

Currency Transactions are entered into on an unfunded basis.

Each class of Currency Transaction will be referenced to the same Currency Index as the equivalent class of Collateralised Currency Securities and a Daily Payment Amount will be calculated (in the Relevant Currency) in respect of each Pricing Day depending on the change in the level of the relevant Currency Index since the preceding Pricing Day. If the level of the relevant Currency Index:

- increases since the preceding Pricing Day, the Currency Transaction Counterparty will incur an obligation to pay a Daily Payment Amount to the Issuer; and
- decreases since the preceding Pricing Day, the Issuer will incur an obligation to pay a Daily Payment Amount to the Currency Transaction Counterparty.

For each class of Currency Transaction, a Daily Payment Amount will normally be payable on each Repo Day that a Currency Transaction is outstanding. Where Daily Payment Amounts in respect of Currency Transactions of different classes with the same Currency Transaction Counterparty in the same Relevant Currency are payable on the same day the amounts will be netted so that a single amount in US Dollars, a single amount in Euros and a single amount in GBP will in each case be due by either the Currency Transaction Counterparty or the Issuer on such day.

The Volume of any Currency Transaction on a Pricing Day will be the product of (i) the Price of the corresponding class of Collateralised Currency Securities on such Pricing Day and (ii) an underlying number representing both (x) the amount of Collateralised Currency Securities in respect of which a Currency Transaction has been created but which have not yet settled and (y) the number of Collateralised Currency Securities of the corresponding class in issue underlying that Currency Transaction (and in respect of which the Currency Transaction is not required to be reduced to reflect a Redemption of any such securities or the cancellation of an application for the Creation of such securities on the grounds of settlement failure by an Authorised Participant). Where Collateralised Currency Securities are Created or Redeemed the Issuer shall effect an increase or reduction in the Volume of the relevant Currency Transaction in accordance with the provisions of the relevant Facility Agreement.

Additional information about Currency Transactions is set out in Part 6 (*Description of Currency Transactions*).

Daily Repurchase Transactions

The MSIP Facility Agreement provides that a USD Repo, a Euro Repo and a GBP Repo will automatically be entered into between the Issuer and MSIP on each Repo Day which is not a Collateral Administrator Suspension Day.

The terms of each Repo require that:

- on the Repo Day (i) the Issuer purchases from MSIP Eligible Collateral for a purchase price equal to the Relevant Repo Amount and (ii) MSIP transfers to the Issuer such Eligible Collateral with a Value on such Repo Day at least equivalent to the Relevant Repo Amount; and
- on the next following Repo Day (i) MSIP repurchases from the Issuer equivalent Eligible Collateral for a repurchase price equal to the purchase price, and (ii) the Issuer transfers to MSIP such equivalent Eligible Collateral.

Eligible Collateral must satisfy the eligibility criteria set out in the Eligible Collateral Agreement. The eligibility criteria may be changed from time to time by agreement of the Issuer, MSIP and the Collateral Administrator. The Issuer shall give Security Holders at least 30 calendar days' notice of any material change to the Eligible Collateral Agreement or, if the Trustee consents on the basis that such amendment is not materially prejudicial to the interests of Security Holders, at least 5 calendar days' notice.

Further information about the Repos is set out in Part 7 (*Description of Daily Repurchase Transactions and Collateral Administration*).

Additional Redemption Fee for CNY Securities and INR Securities

The MSIP Facility Agreement provides that an additional closing fee (the **MSIP Additional Closing Fee**) is payable by the Issuer to MSIP on the next following Repo Day (which is not a Collateral Administrator Suspension Day) where MSIP closes any CNY Transaction or any INR Transaction. Other Currency Transaction Counterparties may decide to charge an Additional Closing Fee in respect of CNY Transactions and INR Transactions. Such Additional Closing Fees may be calculated on a different basis to the MSIP Additional Closing Fee (see *Additional Closing Fee* in Part 6 (*Description of Currency Transactions*)).

In order to enable the Issuer to fund the payment of any Additional Closing Fee payable to a Currency Transaction Counterparty the Conditions provide that each CNY Security and INR Security carries the right on Redemption to payment of the higher of:

- the Principal Amount for such CNY Security or INR Security; and
- the Price of that CNY Security or INR Security on the applicable Pricing Day less any Additional Redemption Fee.

The Additional Redemption Fee is an amount calculated as the average of all applicable Additional Closing Fees incurred by the Issuer on the Pricing Date which is relevant to the Index Redemption Form in connection with the Closing of any Corresponding Currency Transaction (see *Additional Redemption Fee* in Part 5 (*Description of Collateralised Currency Securities*)).

Accounts and Collateral Administration

It is a term of the Conditions that the Issuer must establish and maintain one or more segregated Custody Accounts in respect of its dealings with each Currency Transaction Counterparty and may establish a Cash Account in the Relevant Currency in respect of its dealings with such person.

The Issuer shall procure that any Custodian and/or Account Bank:

- shall not have or seek to exercise any rights of set-off, consolidation or combination between any of the Relevant Issuer Accounts (and any other account(s) or any other rights or obligations owed by or to the Issuer); and
- shall not have or seek to exercise any right to use, reuse or rehypothecate any Eligible Collateral (other than cash) held in such Relevant Issuer Account or to otherwise transfer or appropriate any such asset.

The Issuer has in respect of its dealing with MSIP entered into a custody agreement (the **Custody Agreement**) and a collateral administration master agreement (the **Collateral Administration Agreement**) with BONY, acting as both Custodian and Collateral Administrator. Pursuant to the terms of the Custody Agreement and Collateral Administration Agreement:

- the Issuer has established the BONY Custody Account and the Collateral Receiver Account (together, the **BONY Accounts**) and the Issuer has granted a lien in respect of each such BONY Account over all cash and securities in such BONY Account to secure obligations and liabilities to BONY under (i) the Custody Agreement, the Liquidity Facility or (ii) the Collateral Administration Agreement (as applicable);
- the Issuer has authorised BONY to transfer (provided BONY receives matching instructions from MSIP) Relevant Repo Amounts and Eligible Collateral from the Collateral Receiver Account to the Counterparty Account (as relevant) to satisfy the Issuer's obligations under the MSIP Global Master Repurchase Agreement;
- BONY shall determine whether any securities transferred from the Counterparty Account to the Collateral Receiver Account constitute Eligible Collateral.

MSIP as Currency Transaction Counterparty has also entered into corresponding collateral management arrangements with the Collateral Administrator and has established a corresponding custody account (the **Counterparty Account**).

Further information about collateral management is set out in Part 7 (*Description of Daily Repurchase Transactions and Collateral Administration*).

Security

A security structure has been established to provide security for the payment obligations of the Issuer to, *inter alia*, (i) Currency Transaction Counterparties and (ii) Security Holders upon redemption of Collateralised Currency Securities.

The Issuer shall enter into a Security Deed with the Security Trustee in respect of each Currency Transaction Counterparty pursuant to which it shall:

- assign by way of security its interests under the Relevant Facility Agreement, Relevant ISDA Master Agreement (after the exercise of and subject to the close out netting and set off rights), Relevant Global Master Repurchase Agreement (after the exercise of and subject to the close out netting and set off rights), Collateral Administration Agreement, Custody Agreement and each Relevant Authorised Participant Agreement (together, the **Assigned Agreements**); and
- charge to the Security Trustee its interest in (i) the Assigned Agreements (after the exercise of and subject to the netting and set-off rights therein) and (ii) any Relevant Issuer Account and all of its rights, title and interest in any securities held in or cash balances standing to the credit of such Relevant Issuer Account.

The property secured by such Security Deed shall constitute a Counterparty Collateral Pool. The Security Holders of each class of Collateralised Currency Securities will have recourse to each Counterparty Collateral Pool that relates to a Currency Transaction Counterparty that has entered into a Corresponding Currency Transaction in respect of that class of Collateralised Currency Securities. The Currency Transactions, Facility Agreement, ISDA, Collateral and Repo have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Collateralised Currency Securities.

In the event that the Security Trustee is required to enforce the security constituting a Counterparty Collateral Pool, it shall apply any monies received by it as a result of such realisation in accordance with the following Priority Waterfall:

- (a) FIRST in payment of all amounts then due to the Security Trustee and the Trustee and unpaid (including to any attorneys, managers, agents, delegates or other person appointed by either of them) in respect of each class to which such Counterparty Collateral Pool is relevant under the terms of the relevant Security Deed and the Trust Instrument (as determined by the Security Trustee in its absolute discretion), and to payment of any remuneration and expenses of any receiver and the costs of realisation of the security constituted by the relevant Security Deed then unpaid for the avoidance of doubt, excluding any Redemption Amounts owed to the Trustee under the Trust Instrument;
- (b) SECONDLY in or towards payment or discharge of all amounts then due and unpaid by the Issuer to the Currency Transaction Counterparty to which such Counterparty Collateral Pool relates under the Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement with such Currency Transaction Counterparty;
- (c) THIRDLY in or towards payment of all amounts then due and unpaid in respect of the Collateralised Currency Securities to which such Counterparty Collateral Pool is relevant on a *pro rata* basis as described below;
- (d) FOURTHLY in or towards payment or performance of all amounts then due and unpaid by the Issuer under the Services Agreement to ManJer (or any Affiliate of the Issuer with which the Issuer has entered into a Services Agreement);
- (e) FIFTHLY in payment of the balance (if any) to the Issuer (without prejudice to or liability in respect to, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

Pro Rata Basis

The Issuer has covenanted in the Trust Instrument in favour of the Trustee and in each Security Deed in favour of each Security Trustee on any Compulsory Redemption Date that it will calculate the proportionate entitlement of each class of Collateralised Currency Securities to payments to such class from the proceeds of the assets in the relevant Counterparty Collateral Pool as at the Compulsory

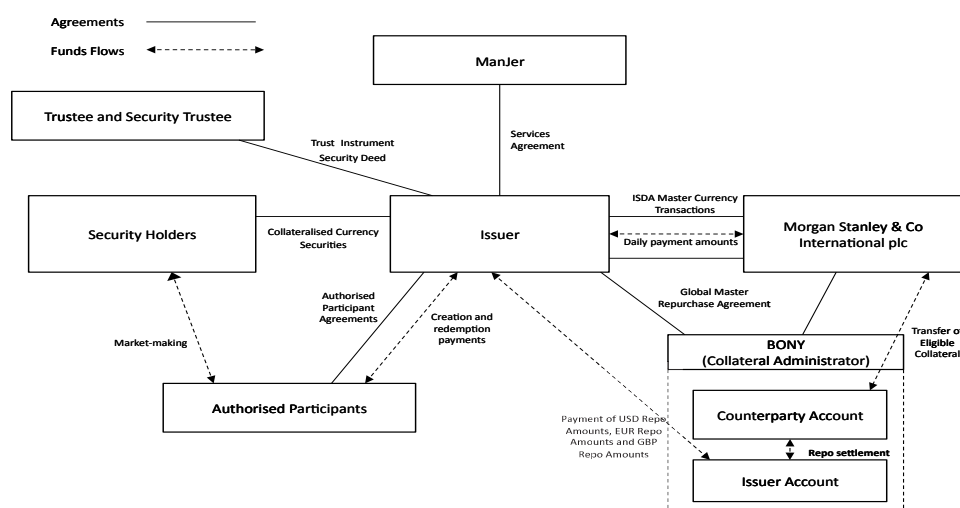
Redemption Date for such class in accordance with the formula set out in Condition 13.5 in Part 11 (*Terms and Conditions of Collateralised Currency Securities*).

Accordingly, each class of Collateralised Currency Securities is secured by the Class Collateral Pool applicable to such class (as more fully described herein).

Structure Diagram

The Collateralised Currency Securities are constituted by the Trust Instrument. Under the terms of the Trust Instrument, the Trustee acts as the Trustee for the Security Holders. The security constituting each Class Collateral Pool consists of (i) an assignment by the Issuer of the Assigned Agreements and (ii) a charge to the Security Trustee of its interest in the Assigned Agreements and any Relevant Issuer Account, and of its rights, title and interest in any securities held in or cash balances standing to the credit of such Relevant Issuer Account. The security structure is established to provide security for payment obligations of the Issuer to the parties identified in the Priority Waterfall.

A diagrammatic representation of the principal aspects of the structure relating to the Collateralised Currency Securities as currently in place with MSIP as the only Currency Transaction Counterparty appears below.



Applications and Redemptions

Authorised Participants can require the Issuer to issue or redeem Collateralised Currency Securities at any time, subject to conditions including the Creation Limits and Redemption Limits. The issue and redemption mechanism is intended to ensure that Collateralised Currency Securities have sufficient liquidity and that the price at which they trade on the London Stock Exchange tracks the relevant Price formula. Only an Authorised Participant may apply for or (unless there are at any given time no Authorised Participants or the Issuer has announced by RIS, that Redemptions by Security Holders who are not Authorised Participants will be permitted) require the Issuer to redeem Collateralised Currency Securities. All other persons must buy and sell Collateralised Currency Securities through trading on the London Stock Exchange or other exchanges on which the Collateralised Currency Securities may be admitted to trading in the future.

The Issuer has agreed to use reasonable endeavours to ensure that there are at least two Authorised Participants.

Collateralised Currency Securities can only be issued or redeemed if the corresponding Currency Transactions can be created or closed. There are limits on the creation and closing of Currency Transactions, which means that there are corresponding limits on the issue and redemption of Collateralised Currency Securities.

Further Information

Information regarding United Kingdom, Jersey, Dutch, German, French, Italian, Danish, Spanish, Swedish, Austrian, Finnish, Portuguese, Irish and Norwegian taxation in respect of the Programme and Collateralised Currency Securities is set out in Part 15 (*Additional Information*) below. If an investor is in any doubt about the tax position, it should consult a professional adviser.

Your attention is drawn to the remainder of this document which contains further information relating to the Programme and Collateralised Currency Securities.

PART 4

DESCRIPTION OF CURRENCY INDICES

MSFXSM Indices

Collateralised Currency Securities will be priced by reference to certain MSFXSM Indices calculated and published by MS&CO. These Currency Indices provide long, short and leveraged benchmarks for investments in respect of a wide range of Currencies, comprised of Developed Market Currencies, Emerging Market Currencies and currency index baskets.

The Currency Indices are designed as tradable benchmarks for daily foreign exchange rate performance between Currencies. The majority of the Currency Indices reflect the spot performance of one Currency against another Currency rolled daily using Spot Next Currency Forwards or Tom Next Currency Forward Contracts (each a **Forward Contract**) (see *Deliverable Currencies* below). These Forward Contracts are rolled on the day of maturity (to prevent physical delivery of Currencies) and a Forward Contract which expires the following day is purchased with the proceeds.

Certain Emerging Market Currencies (CNY, INR and BRL) however track Forward Contracts with longer maturities (**Non-Deliverable Forward Contracts**) as these are potentially the most liquid for these Currencies (see *Non-Deliverable Currencies* below). The methodology which MS&CO uses in order to calculate the Currency Indices is set out in the Manual, which at the date of this Prospectus is available at <http://www.morganstanley.com/institutional/research/msfx.html> (the **MSFX Website**).

The Currency Indices consist of 160 tradable indices relating to:

- nine Developed Market Currencies and nine Emerging Market Currencies, each valued relative to the US Dollar (each a USD Currency Pair);
- nine Developed Market Currencies valued relative to the Euro (each a Euro Currency Pair);
- nine Developed Market Currencies valued relative to GBP (each a GBP Currency Pair); and
- six Diversified Developed Market Indices, valued relative to the US Dollar, the Euro or GBP.

The MSFX Website provides simulated historical values of each of the Currency Indices on a daily basis from the beginning of 2002 using the calculation methodology set out in the MSFXSM Manual by way of an Excel data file, enabling users to calculate historic performance and volatility.

The Currency Indices are total return indices reflecting the performance of a fully collateralised position in Forward Contracts which are rolled on a regular basis. Rolling is daily in the case of Currency Indices priced off Deliverable Forward Contracts while it is monthly (in the case of BRL) or every two months (in the case of CNY and INR) for Non-Deliverable Forward Contracts. The total return is made up of the Daily Currency Exposure plus the Daily Collateral Yield.

The Daily Currency Exposure for Currency Indices priced off Deliverable Forward Contracts is equivalent to the daily price change from investing in one (or in the case of Diversified Developed Market Indices, of up to nine) uncollateralised Forward Contracts comprising the following two elements:

- the daily change in the rate of exchange of a Currency against the US Dollar (for USD Currency Pairs), the Euro (for Euro Currency Pairs) or GBP (for GBP Currency Pairs); or in the case of the Diversified Developed Market Indices, the daily change in the weighted average rates of exchange of the Index Constituent Indices against the US Dollar (for USD Baskets), Euro (for Euro Baskets) or GBP (for GBP Baskets); and
- for each Currency Pair, an interest rate differential reflecting the difference between (i) the interbank benchmark interest rate applicable to the Currency which is not the Relevant Currency and (ii) the inter-bank benchmark interest rate applicable to US Dollars, Euros or GBP; or, for each Basket, a weighted average interest rate differential reflecting, for the Currency Pair corresponding to each Index Constituent Index, the difference between (i) the interbank benchmark interest rate applicable to the Currency which is not the Relevant Currency and (ii) the inter-bank benchmark interest rate applicable to US Dollars, Euros or GBP.

The extent to which the full value of either the rate of exchange between the two currencies or the interest rate differential is reflected in currency forward prices will depend on the liquidity and convertibility of each Currency.

The Daily Collateral Yield is the risk free interest rate which accrues to a fully collateralised position in a Forward Contract and is calculated by reference to the One-Month T-Bill rate in the case of Currency Indices valued relative to the US Dollar, the Euro Overnight Index Average rate (EONIA) in the case of Currency Indices valued relative to the Euro or the Sterling Overnight Interbank Average Rate (SONIA) in the case of Currency Indices valued relative to GBP.

The following table shows the types of Currency Indices available for each Currency as at the date of this Prospectus.

Currency	Long Currency Index	Short Currency Index	Double Long Currency Index	Double Short Currency Index	Triple Long Currency Index	Triple Short Currency Index
DIVERSIFIED DEVELOPED MARKET						
(BASKETS)						
G10 (EUR)	✓	✓				
G10 (GBP)	✓	✓				
G10 (USD)	✓	✓				
USD DEVELOPED MARKET						
CURRENCY PAIRS						
(AUD) Australian dollar	✓	✓	✓	✓	✓	✓
(CAD) Canadian dollar	✓	✓	✓	✓	✓	✓
(CHF) Swiss franc	✓	✓	✓	✓	✓	✓
(EUR) European Union euro	✓	✓	✓	✓	✓	✓
(GBP) British pound	✓	✓	✓	✓	✓	✓
(JPY) Japanese yen	✓	✓	✓	✓	✓	✓
(NOK) Norwegian krone	✓	✓	✓	✓	✓	✓
(NZD) New Zealand dollar	✓	✓	✓	✓	✓	✓
(SEK) Swedish krona	✓	✓	✓	✓	✓	✓
USD EMERGING MARKET						
CURRENCY PAIRS						
(BRL) Brazilian real	✓	✓				
(CNY) Chinese renminbi (yuan)	✓	✓				
(CZK) Czech koruna	✓	✓				
(HUF) Hungarian forint	✓	✓				
(ILS) Israeli shekel	✓	✓				
(INR) Indian rupee	✓	✓				
(MXN) Mexican peso	✓	✓				
(SGD) Singapore dollar	✓	✓				
(ZAR) South African rand	✓	✓				
EUR DEVELOPED MARKET						
CURRENCY PAIRS						
(AUD) Australian dollar	✓	✓			✓	✓
(CAD) Canadian dollar	✓	✓			✓	✓
(CHF) Swiss franc	✓	✓	✓	✓	✓	✓
(GBP) British pound	✓	✓	✓	✓	✓	✓
(JPY) Japanese yen	✓	✓	✓	✓	✓	✓
(NOK) Norwegian krone	✓	✓	✓	✓	✓	✓
(NZD) New Zealand dollar	✓	✓			✓	✓
(SEK) Swedish Krona	✓	✓	✓	✓	✓	✓
(USD) United States dollar	✓	✓			✓	✓
GBP DEVELOPED MARKET						
CURRENCY PAIRS						
(AUD) Australian dollar	✓	✓			✓	✓
(CAD) Canadian dollar	✓	✓			✓	✓
(CHF) Swiss franc	✓	✓			✓	✓
(EUR) European Union euro	✓	✓			✓	✓
(JPY) Japanese yen	✓	✓			✓	✓
(NOK) Norwegian krone	✓	✓			✓	✓
(NZD) New Zealand dollar	✓	✓			✓	✓
(SEK) Swedish krona	✓	✓			✓	✓
(USD) United States dollar	✓	✓			✓	✓

The Currency Indices (other than the Triple Long Currency Indices and the Triple Short Currency Indices) were first published in July 2009 using simulated historical data calculated back to 4 January

2002 (the **Initial Calculation Date**). On the Initial Calculation Date the level of each Currency Index (other than the Triple Long Currency Indices and the Triple Short Currency Indices) was set at 100 and has been and is to be increased or decreased each day pursuant to the calculation methodology set out in the Manual. The Triple Long Currency Indices and the Triple Short Currency Indices were first published on 25 October 2010 using simulated historical data calculated back to 4 January 2002 with an index level on 4 January 2010 of 100.

The Currency Indices were created by and are calculated and disseminated daily on a real time basis by or for MS&CO using an objective and systematic methodology that uses generally available data sources that reflect actual quotes or trades by market participants.

The MSFXSM Indices Committee currently comprises 3 independent MS&CO employees and is responsible for overseeing the methodology and calculation of the Currency Indices, monitoring the effectiveness of the Currency Indices as a measure of the related foreign exchange rate performance and determining the need for changes in the composition or methodology of any Currency Index. The MSFXSM Indices Committee also reviews any significant market events or conditions that may affect the Currency Indices and may recommend that MS&CO revises the methodology or makes changes to the Currency Indices as it reasonably deems to be necessary in response to such events or conditions. All decisions with respect to the composition, calculation and operation of the Currency Indices will be made by MS&CO after consultation with the MSFXSM Indices Committee.

Any changes implemented by MS&CO which are reflected in the Manual and which affect the Currency Indices will be notified to Security Holders through an RIS made as soon as reasonably practicable after the change is notified to the Issuer.

MS&CO is expected to use commercially reasonable efforts to calculate and transmit for publication an official closing level for each Currency Index at or at a reasonable time after 4.30 p.m. London time on any Index Business Day.

Deliverable Currencies

All Currencies listed above other than CNY, INR and BRL are deliverable currencies (**Deliverable Currencies**) meaning that the currency forward transactions reflected in the relevant Currency Indices are transactions which would normally result in an actual exchange of currencies if held to maturity (**Deliverable Forward Contracts**). For each Deliverable Currency, the related Currency Index will replicate the return from holding a constant long or short position in the related Currency by rolling a Forward Contract in such Currency each day on the day which the Forward Contract is scheduled to expire.

Non-Deliverable Currencies

Currently, the governments of China, India and Brazil restrict the trading of their currencies and therefore foreign parties may not own and trade these currencies for speculative purposes. In order to allow hedging and trading by foreign parties in respect of these Currencies, a market has developed in derivatives that allows parties to receive a US Dollar return on positions in such Currencies (each a **Non-Deliverable Currency**). These derivatives are called non-deliverable forward contracts (**Non-Deliverable Forward Contracts** or **NDFs**). An NDF sets an exchange rate for the currency at some time in the future. The exchange rate at which the NDF typically settles is the spot rate set by the People's Bank of China for CNY, the spot rate set by the Reserve Bank of India for INR and the spot rate set by the Central Bank of Brazil for BRL. For each Non-Deliverable Currency, the Currency Indices will replicate the return from holding a constant long or short position in the relevant NDF by rolling the NDF every two months (for CNY and INR) or monthly (for BRL).

How the Currency Indices operate

All Currency Indices include exposure to both (i) a multiple of the Daily Currency Exposure and (ii) the Daily Collateral Yield. Depending on whether the exposure to the currency is long, short, double long, double short, triple long or triple short, the relevant Currency Index will be exposed to a multiple of the Daily Currency Exposure of either one times (1x), minus one times (-1x), two times (2x), minus two times (-2x), three times (3x) or minus three times (-3x). Each Currency Index also incorporates one times the Daily Collateral Yield on a daily basis to reflect the interest return which is earned on a fully

collateralised position in Forward Contracts. A summary of each exposure and the multiple thereof are provided in the following table.

Currency Index	Daily Currency Exposure	Daily Collateral Yield
Long Currency Index	1x	1x
Short Currency Index	-1x	1x
Double Long Currency Index	2x	1x
Double Short Currency Index	-2x	1x
Triple Long Currency Index	3x	1x
Triple Short Currency Index	-3x	1x

A description of how the Diversified Developed Market Indices operate is contained under the heading *Diversified Developed Market Indices* below.

Long Currency Indices

Long Currency Indices track one times (1x) the Daily Currency Exposure. Each Long Currency Index provides a Daily Collateral Yield which is referenced to the One-Month T-Bill rate (for USD Currency Indices), EONIA (for Euro Currency Indices) or SONIA (for GBP Currency Indices).

Accordingly, the Daily Currency Exposure will:

- increase on a particular day where the value of the Currency increases in value relative to the US Dollar (for USD Currency Indices), the Euro (for Euro Currency Indices) or GBP (for GBP Currency Indices) or will decrease where the value of the Currency decreases in value relative to the US Dollar, the Euro or GBP; and
- adjust up or down daily to reflect the interest rate differential for the Currency Pair, to the extent it is reflected in the Forward Contract price. The index will be adjusted upwards if the overnight interest rate in the Currency is greater than the US Dollar (or Euro or GBP) overnight interest rate and downwards if the overnight interest rate in the Currency is less than the US Dollar (or Euro or GBP) overnight interest rate.

Long Currency Indices will also adjust upwards by the Daily Collateral Yield.

The return from holding a Long Currency Index is therefore similar to that which an investor might receive if they were to sell US Dollars (or Euros or GBP) and buy foreign Currency and earn interest at the local risk free interest rate of that Currency. Thus a Long Currency Index (before fees and adjustments) will generally outperform changes in the relevant spot exchange rate (provided that the implied local Currency interest rate is greater than zero).

Short Currency Indices

Short Currency Indices track minus one times (-1x) the Daily Currency Exposure. Each Short Currency Index provides a Daily Collateral Yield which is referenced to the One-Month T-Bill rate (for USD Currency Indices), EONIA (for Euro Currency Indices) or SONIA (for GBP Currency Indices).

Accordingly, the Daily Currency Exposure will:

- increase on a particular day where the value of the Currency decreases in value relative to the US Dollar (for USD Currency Indices), the Euro (for Euro Currency Indices) or GBP (for GBP Currency Indices) or will decrease where the value of the Currency increases in value relative to the US Dollar, the Euro or GBP; and
- adjust up or down daily to reflect the interest rate differential for the Currency Pair, to the extent it is reflected in the Forward Contract price. The index will be adjusted upwards if the overnight interest rate in the Currency is less than the US Dollar (or Euro or GBP) overnight interest rate and downwards if the overnight interest rate in the Currency is greater than the US Dollar (or Euro or GBP) overnight interest rate.

Short Currency Indices will also adjust upwards by the Daily Collateral Yield.

The return from holding a Short Currency Index is therefore similar to (i) investing in US Dollars (or Euros or GBP) in the risk-free rate (being the **Collateral Yield**); (ii) borrowing the relevant foreign

Currency and paying interest at the local overnight interest rate of that Currency; and (iii) using such borrowed Currency to purchase US Dollars (or Euros or GBP) whereby those US Dollars (or Euros or GBP) would be invested to earn interest at the overnight US Dollar (or Euro or GBP) inter-bank interest rate. A Short Currency Index (before fees and adjustments) should outperform a short position in the relevant spot exchange rate provided that the local Currency interest rate is less than the Collateral Yield plus the overnight US Dollar (or Euro or GBP) inter-bank interest rate.

Double Long Currency Indices and Double Short Currency Indices

Double Long Currency Indices and Double Short Currency Indices reflect a leveraged exposure to the Daily Currency Exposure of two times (2x), in the case of the Double Long Currency Indices, or minus two times (-2x), in the case of the Double Short Currency Indices.

Each Double Long Currency Index and Double Short Currency Index provides the same Daily Collateral Yield as the corresponding Long Currency Index or Short Currency Index.

Since each Currency Index includes an adjustment for the Daily Collateral Yield, the return of a Short Currency Index will not equal minus one times the daily return of the Long Currency Index and the return of a Double Long (Short) Currency Index will not equal two times (minus two times) the daily return of the Long Currency Index.

Triple Long Currency Indices and Triple Short Currency Indices

Triple Long Currency Indices and Triple Short Currency Indices reflect a leveraged exposure to the Daily Currency Exposure of three times (3x), in the case of the Triple Long Currency Indices, or minus three times (-3x), in the case of the Triple Short Currency Indices.

Each Triple Long Currency Index and Triple Short Currency Index provides the same Daily Collateral Yield as the corresponding Long Currency Index or Short Currency Index.

Since each Currency Index includes an adjustment for the Daily Collateral Yield, the return of a Short Currency Index will not equal minus one times the daily return of the long Currency Index and the return of a Triple Long (Short) Currency Index will not equal three times (minus three times) the daily return of the Long Currency Index.

The returns from Short Collateralised Currency Securities and Leveraged Collateralised Currency Securities are designed to provide a specific exposure to daily changes in currency exchange rates. Over periods of greater than one day they do not necessarily provide Security Holders with a return equivalent to the return from the unleveraged long or short Currency Securities multiplied by the relevant Leverage Factor for example: buying Triple Long Currency Securities or Triple Short Currency Securities does not mean the return in respect of such Collateralised Currency Securities will be three times that of an unleveraged long or short Currency Security. It is possible for the Short Collateralised Currency Securities and Leveraged Collateralised Currency Securities to “outperform” or “underperform” the relevant unleveraged or short Currency Securities multiplied by the relevant Leverage Factor. This is because among other things, on a daily basis the Leverage Factor will be applied to the Daily Currency Exposure and not the Collateral Yield and, over time, there may be volatility in the relevant currency exchange rates which may impact the return.

Diversified Developed Market Indices

Diversified Developed Market Indices track the performance of the Euro, GBP or US Dollar against a basket of nine indices consisting of the Relevant Developed Market Indices (the **Index Constituent Indices**) excluding the Currency Index for the Relevant Currency. Diversified Developed Market Indices include exposure of either one times (1x) or minus one times (-1x) the Daily Currency Exposure for each of the Index Constituent Indices. The notional amounts of each of the Index Constituent Indices included in each Diversified Developed Market Index reflect a weighted average of the value of the Index Constituent Indices. The variations in the Diversified Developed Market Indices reflect the sum of the daily changes in the market value, whether positive or negative, of a long or short position in the Index Constituent Indices. Each Diversified Developed Market Index will rebalance at the end of each Index-Good Day according to the weights set out in the Manual.

The Currency Indices are the exclusive property of MS&CO. MS&CO and the MS&CO index names are service mark(s) of MS&CO or its Affiliates and have been licensed for use for certain purposes by the Issuer.

THE COLLATERALISED CURRENCY SECURITIES ARE NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MS&CO, ANY AFFILIATE OF MS&CO OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX OTHER THAN ANY SALE BY ANY AFFILIATE OF MS&CO IN ITS ROLE AS AN AUTHORISED PARTICIPANT. THE CURRENCY INDICES ARE THE EXCLUSIVE PROPERTY OF MS&CO. MS&CO AND THE CURRENCY INDEX NAMES ARE SERVICE MARK(S) OF MS&CO OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY THE ISSUER. NEITHER MS&CO, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE COLLATERALISED CURRENCY SECURITIES OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL SECURITIES GENERALLY OR IN THE COLLATERALISED CURRENCY SECURITIES PARTICULARLY OR THE ABILITY OF ANY CURRENCY INDEX TO TRACK CORRESPONDING CURRENCY EXCHANGE RATE PERFORMANCE. MS&CO OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE CURRENCY INDICES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MS&CO WITHOUT REGARD TO THE COLLATERALISED CURRENCY SECURITIES OR THE ISSUER OR OWNER OF THE COLLATERALISED CURRENCY SECURITIES. NEITHER MS&CO, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR SECURITY HOLDERS INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE CURRENCY INDICES. NEITHER MS&CO, ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THE COLLATERALISED CURRENCY SECURITIES TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THE COLLATERALISED CURRENCY SECURITIES MAY BE REDEEMED FOR CASH. NEITHER MS&CO, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY CURRENCY INDEX HAS ANY OBLIGATION OR LIABILITY TO THE SECURITY HOLDERS IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THE COLLATERALISED CURRENCY SECURITIES.

ALTHOUGH MS&CO SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE CURRENCY INDICES FROM SOURCES WHICH MS&CO CONSIDERS RELIABLE, NEITHER MS&CO, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY CURRENCY INDEX WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY CURRENCY INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MS&CO, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY ANY PERSON OR ENTITY FROM THE USE OF ANY CURRENCY INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MS&CO, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY CURRENCY INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NEITHER MS&CO, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND MS&CO, ANY OF ITS AFFILIATES AND ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY CURRENCY INDEX HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY CURRENCY INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MS&CO, ANY OF ITS AFFILIATES OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY CURRENCY INDEX HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

PART 5

DESCRIPTION OF COLLATERALISED CURRENCY SECURITIES

The following is a description of the rights attaching to Collateralised Currency Securities. The Terms and Conditions of the Collateralised Currency Securities are set out in Part 11 (Terms and Conditions of Collateralised Currency Securities) of this Prospectus. Copies of the Trust Instrument, by which Collateralised Currency Securities will be constituted, are available for inspection as set out under the heading Documents Available for Inspection in Part 15 (Additional Information) of this Prospectus.

Pricing of Collateralised Currency Securities

A Collateralised Currency Security entitles an Authorised Participant (subject to certain conditions) to require the redemption of the Collateralised Currency Security at the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee as set out under *Additional Redemption Fee* below) of that Collateralised Currency Security calculated on the relevant Pricing Day (day T) and to receive such amount, in the Relevant Currency, on the Redemption Payment Date (normally day T+3).

Collateralised Currency Securities will be priced on each Pricing Day and such price will reflect the movement in the applicable Currency Index since the immediately preceding Pricing Day and a Daily Adjustment.

Not all classes of Collateralised Currency Securities have the same Pricing Days (because the Currency Indices have different Index Business Days). Consequently there will be days on which Prices are calculated and published for some classes of Collateralised Currency Securities but not others.

The Price for each class of Collateralised Currency Security, for each Pricing Day for that class, will be an amount in the Relevant Currency calculated using the following formula (calculated to 7 decimal places with 0.00000005 rounded upwards):

$$P_{i,t} = P_{i,t-1} \times \left(\frac{I_{i,t}}{I_{i,t-1}} - DA_{i,t} \right)$$

where:

i refers to the class of such Collateralised Currency Security;

t refers to such Pricing Day;

$t-1$ refers to the Pricing Day immediately preceding Pricing Day t ;

$P_{i,t}$ is the Price of a Collateralised Currency Security of class i on Pricing Day t ;

$P_{i,t-1}$ is the Price of a Collateralised Currency Security of class i on Pricing Day $t-1$;

$I_{i,t}$ is the Closing Level of the Currency Index applicable to a Collateralised Currency Security of class i in respect of Pricing Day t ;

$I_{i,t-1}$ is the Closing Level of the Currency Index applicable to a Collateralised Currency Security of class i in respect of Pricing Day $t-1$;

$DA_{i,t}$ is the daily adjustment in respect of a Collateralised Currency Security of class i on Pricing Day t , calculated in accordance with the following formula:

$$DA_{i,t} = \left(\frac{MF_{i,t}}{D} + DS_{i,t} \right) \times N_t$$

where:

$MF_{i,t}$ is the Management Fee (expressed as a percentage) in respect of Collateralised Currency Securities of class i on calendar day t ;

$DS_{i,t}$ is the Daily Spread in respect of Collateralised Currency Securities of class i on Pricing Day t ;

- D refers to the number of days in the calendar year in which calendar day t falls;
- N_t refers to the number of calendar days from and including the Pricing Day immediately preceding Pricing Day t to but excluding Pricing Day t .

Prices will be calculated for each class of Collateralised Currency Security following the end of each day which is a Pricing Day for that Collateralised Currency Security, and posted on the Issuer's website at <http://www.etfsecurities.com/fxl> on the following Pricing Day. As the closing level of a Currency Index fluctuates, the Price of Collateralised Currency Securities of the corresponding class will also fluctuate in accordance with the formula set out above.

The Price of the Collateralised Currency Securities will be affected by the movements and performance of the relevant Currency Index. The Currency Indices are calculated and published by MS&CO (on the MSFX Website) and further details are included in Part 4. How the Price of the relevant Collateralised Currency Security precisely affects the Collateralised Currency Security will be calculated in accordance with the above formula in this Part 5.

Where an Index Provider subsequently amends a Closing Level of a Currency Index in respect of a Pricing Day, there shall be no obligation on the Issuer to amend or recalculate the Price of the corresponding class of Collateralised Currency Securities for such Pricing Day.

Collateralised Currency Securities will be priced and settled in the Relevant Currency (currently US Dollars, Euros or GBP).

48 classes of Euro Collateralised Currency Securities, 74 classes of USD Collateralised Currency Securities and 38 classes of GBP Collateralised Currency Securities are available for issue under the Programme. These are shown in the first column of the tables under the heading *Collateralised Currency Securities available for issue* in Part 3 (*Description of the Programme*). At the date of this Prospectus the Issuer has issued:

Long EUR Currency Securities

- ETFS 3x Long AUD Short EUR
- ETFS 3x Long CAD Short EUR
- ETFS 3x Long CHF Short EUR
- ETFS 3x Long GBP Short EUR
- ETFS 3x Long JPY Short EUR
- ETFS 3x Long USD Short EUR
- ETFS Long AUD Short EUR
- ETFS Long CAD Short EUR
- ETFS Long CHF Short EUR
- ETFS Long GBP Short EUR
- ETFS Long JPY Short EUR
- ETFS Long NOK Short EUR
- ETFS Long NZD Short EUR
- ETFS Long SEK Short EUR
- ETFS Long USD Short EUR

Short EUR Currency Securities

- ETFS 3x Short AUD Long EUR
- ETFS 3x Short CAD Long EUR
- ETFS 3x Short CHF Long EUR
- ETFS 3x Short GBP Long EUR
- ETFS 3x Short JPY Long EUR
- ETFS 3x Short USD Long EUR
- ETFS Short AUD Long EUR
- ETFS Short CAD Long EUR
- ETFS Short CHF Long EUR
- ETFS Short GBP Long EUR
- ETFS Short JPY Long EUR
- ETFS Short NOK Long EUR
- ETFS Short NZD Long EUR
- ETFS Short SEK Long EUR
- ETFS Short USD Long EUR

Long GBP Currency Securities

- ETFS 3x Long AUD Short GBP
- ETFS 3x Long EUR Short GBP
- ETFS 3x Long JPY Short GBP
- ETFS 3x Long USD Short GBP
- ETFS Long AUD Short GBP
- ETFS Long CAD Short GBP
- ETFS Long CHF Short GBP
- ETFS Long EUR Short GBP
- ETFS Long JPY Short GBP
- ETFS Long NOK Short GBP
- ETFS Long NZD Short GBP
- ETFS Long SEK Short GBP
- ETFS Long USD Short GBP

Short GBP Currency Securities

- ETFS 3x Short AUD Long GBP
- ETFS 3x Short EUR Long GBP
- ETFS 3x Short JPY Long GBP
- ETFS 3x Short USD Long GBP
- ETFS Short AUD Long GBP
- ETFS Short CAD Long GBP
- ETFS Short CHF Long GBP
- ETFS Short EUR Long GBP
- ETFS Short JPY Long GBP
- ETFS Short NOK Long GBP
- ETFS Short NZD Long GBP
- ETFS Short SEK Long GBP
- ETFS Short USD Long GBP

Long USD Developed Market Currency Securities

- ETFS 3x Long AUD Short USD
- ETFS 3x Long EUR Short USD
- ETFS 3x Long GBP Short USD
- ETFS 3x Long JPY Short USD
- ETFS Long AUD Short USD
- ETFS Long CAD Short USD
- ETFS Long CHF Short USD
- ETFS Long EUR Short USD
- ETFS Long GBP Short USD
- ETFS Long JPY Short USD
- ETFS Long NOK Short USD
- ETFS Long NZD Short USD
- ETFS Long SEK Short USD

Short USD Developed Market Currency Securities

- ETFS 3x Short AUD Long USD
- ETFS 3x Short EUR Long USD
- ETFS 3x Short GBP Long USD
- ETFS 3x Short JPY Long USD
- ETFS Short AUD Long USD
- ETFS Short CAD Long USD
- ETFS Short CHF Long USD
- ETFS Short EUR Long USD
- ETFS Short GBP Long USD
- ETFS Short JPY Long USD
- ETFS Short NOK Long USD
- ETFS Short NZD Long USD
- ETFS Short SEK Long USD

Long USD Emerging Market Currency Securities

Short USD Emerging Market Currency Securities

The Issuer reserves the right to issue further classes of Collateralised Currency Securities on any later date.

The Conditions provide that the amount payable upon Redemption of Collateralised Currency Securities of a particular class will be the higher of (i) the Principal Amount for that class, and (ii) the Price of that Collateralised Currency Security on the applicable Pricing Day less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee.

As each class of Collateralised Currency Security is a limited recourse security as described in Condition 3.2, it is in the interests of the Security Holders of each class to ensure that the Price for that class does not fall below its Principal Amount. The Issuer will aim to avoid the Price of a class of Collateralised Currency Security falling below its Principal Amount: (i) by, where necessary, seeking the sanction of Security Holders by Extraordinary Resolution to reduce the Principal Amount of a class of Collateralised Currency Security to a level less than its Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee which would be payable on such Pricing Day); and/or (ii) if on any Pricing Day the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee which would be payable on such Pricing Day) of any class of Collateralised Currency Security falls to 5 times the Principal Amount of such Collateralised Currency Security or below, the Issuer may, at any time for so long as the Price remains below such amount, upon not less than two days' notice by RIS announcement elect to redeem the Collateralised Currency Securities of that class. This right will cease once an Extraordinary Resolution is passed to reduce the Principal Amount such that the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee which would be payable on such Pricing Day) is more than 10 times the Principal Amount subject to any further fall in the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee which would be payable on such Pricing Day) of any class of Collateralised Currency Securities to 5 times the reduced Principal Amount or below.

If the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee which would be payable on such Pricing Day) of a class of Collateralised Currency Security falls below its Principal Amount, the Issuer may suspend Redemptions of that class of Collateralised Currency Security and may terminate any such suspension (giving notice in each case via RIS announcement) for a period of 30 days, and thereafter provided that notice of a meeting has been issued convening a meeting for a date not more than 30 days after the date of the notice for the purpose of considering an Extraordinary Resolution which will have the effect of reducing the Principal Amount to a level less than the Price, the suspension to expire when the meeting (or any adjournment thereof) concludes or, if the Extraordinary Resolution is passed and makes alternative provision, in accordance with the Extraordinary Resolution. Any suspension will not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Index Redemption Form lodged on a Pricing Day when the right to Redeem Collateralised Currency Securities of that class is suspended will be invalid.

Management Fee and Spread

The Price of each class of Collateralised Currency Securities is calculated with reference to ManJer's Management Fee and the Daily Spread under the Currency Transactions of the same class.

The Management Fee for each class of Collateralised Currency Securities is a rate per annum payable by the Issuer to ManJer. The Spread for each class of Collateralised Currency Securities is a daily rate per annum, which will be as agreed from time to time by each Currency Transaction Counterparty and the Issuer and set out in the Daily Adjustment Agreement.

As at the date of this Prospectus, the Management Fee per annum and Daily Spread for all classes of:

- (i) Long USD Developed Market Currency Securities, Short USD Developed Market Currency Securities, Long EUR Currency Securities, Short EUR Currency Securities, Long GBP Currency Securities and Short GBP Currency Securities is 0.39 per cent. and 0.0016438 per cent. respectively;
- (ii) CNY Securities and INR Securities is 0.59 per cent. and 0.0023288 per cent. respectively;
- (iii) Basket Securities is 0.49 per cent. and 0.0020548 per cent. respectively; and
- (iv) Triple Leveraged Collateralised Currency Securities is 0.98 per cent. and 0.0023288 per cent. respectively.

The Daily Adjustment applicable to each class of Collateralised Currency Security in issue on each day will be posted by the Issuer on its website, at <http://www.etfsecurities.com/fxl>.

Consolidation and division

Circumstances may arise where the Issuer might wish to divide the Gross Class Collateral Pool applicable to a particular class of Collateralised Currency Security.

For example, if a class of Collateralised Currency Securities (the **Relevant Class**) was linked to corresponding Currency Transactions from two or more different Currency Transaction Counterparties and therefore secured by separate Counterparty Collateral Pools and one of the Currency Transaction Counterparties (the **Affected Counterparty**) had either a significant credit rating downgrade or was subject to a Counterparty Event of Default, it may be necessary or desirable, in order to ensure that the value of the Collateralised Currency Securities reflects the value of the relevant Currency Index, for the Counterparty Collateral Pool attributable to the Affected Counterparty (the **Affected CTC Collateral Pool**) to be excluded from the assets backing the Relevant Class and transferred to a new class with proportionate adjustments being made to the Price of each such class. This could be effected by the Issuer creating and issuing to the holders of securities of the Relevant Class new Collateralised Currency Securities secured by the Affected CTC Collateral Pool on a one-for-one basis with the Price for each class being adjusted accordingly.

A Security Holder would therefore receive, for each Collateralised Currency Security which it held of the Relevant Class, an additional Collateralised Currency Security of the new class and the Price of each class would be adjusted so that, in aggregate, they would be equal to the Price of the Relevant Class before the creation of the new class. For example, if the Currency Transactions from the Affected Counterparty comprised 30 per cent. of the Volume in respect of the Currency Transactions relating to the Relevant Class, then the Price of the Relevant Class following the division would be 70 per cent. of the Price prior to the division and the Price for the new class would be 30 per cent. of the Price prior to the division.

The Issuer may also decide to exercise this right where a Currency Transaction Counterparty decides to enforce the Counterparty Collateral Pool relevant to such Currency Transaction Counterparty following the occurrence of a CTC Enforcement Event (such enforcing Currency Transaction Counterparty being the Affected Counterparty).

The Issuer has the right under the Trust Instrument at any time to effect either a division as described above or a consolidation or division of any class of Collateralised Currency Security, and need not obtain Listing for any such new class of Collateralised Currency Securities. The Issuer will only take such action if it believes it is in the interest of the affected Security Holders to do so.

Authorised Participants

Only Authorised Participants may deal with the Issuer in applying for or requiring the redemption of Collateralised Currency Securities, save where, as noted elsewhere in this document, on the date on which a Redemption Form is lodged there are no Authorised Participants or where the Issuer has announced by RIS in respect of a particular Pricing Day, or until further announcement or generally, that Redemptions by Security Holders who are not Authorised Participants will be permitted. A person can only be an Authorised Participant if it is: (a) a securities house or other market professional approved by the Issuer (in its absolute discretion); and (b) an Authorised Person, an Exempt Person or an Overseas Person. An Authorised Participant must also have entered into: (a) an Authorised Participant Agreement with the Issuer dealing with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for and redeeming Collateralised Currency Securities and (b) a Direct Agreement with MSIP and/or another Currency Transaction Counterparty, under which, amongst other things, the Authorised Participant and MSIP (or other Currency Transaction Counterparty) provide undertakings to each other regarding the settlement of moneys payable for applications and/or listing failures. For the avoidance of doubt, no Direct Agreement shall be entered into where the Authorised Participant and the Currency Transaction Counterparty are the same entity or are Affiliates.

A person will only become an Authorised Participant by signing an Authorised Participant Agreement with the Issuer (the terms of which are summarised in Part 9 (*Summary of Transaction Documents*)). At the date of this Prospectus, there are five Authorised Participants (Morgan Stanley Securities Limited,

ABN AMRO Clearing Bank N.V., Merrill Lynch International, Knight Capital Europe Limited and Susquehanna International Securities Limited). Additional Authorised Participants may be introduced in due course.

Under a Facility Agreement, a Currency Transaction Counterparty has the right to give notice (with immediate effect) that an Authorised Participant has ceased to be acceptable to it in certain circumstances, including if it deems such person to be unacceptable to it as an Authorised Participant for compliance or reputational reasons. As a result of any exercises of such right there could at any time be no Authorised Participants.

The Issuer will use its reasonable endeavours to ensure that there are at least two Authorised Participants. In the event that at any time there are no Authorised Participants, Security Holders will be permitted to require the redemption of Collateralised Currency Securities respectively held by them directly from the Issuer.

Applications and Redemptions

All applications for and redemptions of Collateralised Currency Securities on any Pricing Day or, in the case of CNY Securities and INR Securities, on the Pricing Day following the London Business Day on which the Application Form or Redemption Form is deemed received shall be effected using the pricing formulae described above.

The application and redemption procedures to be followed by Authorised Participants, the Issuer and Currency Transaction Counterparties in respect of Collateralised Currency Securities are set out in the Authorised Participant Agreements, the Conditions and the Facility Agreement and are summarised below. These procedures may be amended at any time by agreement between the relevant parties.

Application Processes

Collateralised Currency Securities may be issued on the Application of an Authorised Participant during the period of 12 months from the date of this document. There is no minimum number of Collateralised Currency Securities that must be applied for (but there is a minimum creation volume for the creation of each class of Currency Transaction on any Pricing Day (the **Minimum Creation Volume**), and if that Minimum Creation Volume is not achieved through applications for corresponding Collateralised Currency Securities, and unless the Currency Transaction Counterparty agrees that creation of a Currency Transaction of that class may nevertheless occur, no Collateralised Currency Securities of that class will be issued). The Issuer will decline Applications if it cannot for any reason create a corresponding Currency Transaction under a Facility Agreement.

The Minimum Creation Volumes applicable to MSIP as the initial Currency Transaction Counterparty relating to each class of Currency Securities are as follows:

Class of Collateralised Currency Security	Minimum Creation Volume
Long USD Developed Market Currency Securities	US\$ 1,000,000
Short USD Developed Market Currency Securities	
USD Baskets	US\$ 500,000
Long USD Emerging Market Currency Securities	
Short USD Emerging Market Currency Securities	
Double Leveraged Long USD Currency Securities	
Double Leveraged Short USD Currency Securities	
Triple Leveraged Long USD Currency Securities	
Triple Leveraged Short USD Currency Securities	
Long EUR Currency Securities	Euro 1,000,000
Short EUR Currency Securities	
Euro Baskets	Euro 500,000
Triple Leveraged Long EUR Currency Securities	
Triple Leveraged Short EUR Currency Securities	
Double Leveraged Long EUR Currency Securities	
Double Leveraged Short EUR Currency Securities	Euro 500,000
GBP Baskets	
Long GBP Currency Securities	GBP 500,000
Short GBP Currency Securities	
Triple Leveraged Long GBP Currency Securities	
Triple Leveraged Short GBP Currency Securities	

Application Moneys for all Collateralised Currency Securities must be paid by Authorised Participants directly to the Issuer via CREST. Legal title to Collateralised Currency Securities will be transferred by means of the CREST system and evidenced by an entry on the Register.

Settlement of Collateralised Currency Securities on issue will only be made against payment in CREST and only after:

- (a) receipt by the Issuer of a valid Application Form;
- (b) the creation of a matching Currency Transaction; and
- (c) Listing in respect of such Collateralised Currency Securities having become effective.

In order to make an Application for the issue of Collateralised Currency Securities an Authorised Participant must either:

- submit an Application Form to the Issuer requesting the issue of Collateralised Currency Securities (**Index Pricing**); or
- agree with a Currency Transaction Counterparty a Pricing Day for (i) the issue of Collateralised Currency Securities and (ii) the creation of the corresponding Currency Transaction (**Agreed Pricing**).

Index Pricing

The following procedures apply when Index Pricing is used in an Application for all classes of Collateralised Currency Security other than CNY Securities and INR Securities:

- an Application for Collateralised Currency Securities using Index Pricing may only be made on a Pricing Day and must be received by the Issuer before 2.00 p.m.;
- the Issuer may (but shall not be obliged to) agree to treat an Application received on a Pricing Day after 2.00 p.m. as being received at 8.00 a.m. on the next following Pricing Day;
- upon receipt and confirmation of a valid Application, the Issuer will send a Creation Notice to the Currency Transaction Counterparty for the purpose of creating a Currency Transaction corresponding to such Application, and will confirm the Currency Transaction Counterparty's receipt of such Creation Notice.

The following procedures apply when Index Pricing is used in an Application for CNY Securities or INR Securities:

- such Application for CNY Securities or INR Securities using Index Pricing may only be made on a London Business Day and must be received by the Issuer before 4.30 p.m. on such London Business Day;
- the Issuer may (but shall not be obliged to) agree to treat an Application received on a London Business Day after 4.30 p.m. as being received at 8.00 a.m. on the next following London Business Day;
- on the Pricing Day immediately following the London Business Day on which such Application is received (**Pricing Day T**) the Issuer will confirm whether the Application is a valid Application;
- upon receipt and confirmation of a valid Application, the Issuer will on the London Business Day before Pricing Day T send a Creation Notice to the Currency Transaction Counterparty for the purpose of creating a CNY Transaction or INR Transaction corresponding to such Application on Pricing Day T, and will confirm the Currency Transaction Counterparty's receipt of such Creation Notice.

The procedures required to be followed when lodging a Redemption Form in respect of CNY Securities or INR Securities are the same as for making an Application for CNY Securities or INR Securities.

Agreed Pricing

There are no restrictions on the number of Collateralised Currency Securities that can be applied for, the time for lodging the Application or the settlement date, other than the requirement for the Issuer to receive the requisite notices from both the Authorised Participant and the Currency Transaction Counterparty not later than noon (London time) one London Business Day prior to the proposed settlement date.

Calculation of Price

In the case of both Agreed Pricing and Index Pricing the Issuer will calculate the Price of all Collateralised Currency Securities to be issued to each Applicant and will confirm such Price with each Applicant by the following London Business Day.

Redemption Processes

A Security Holder who is an Authorised Participant may require the redemption of all or any of its Collateralised Currency Securities using Index Pricing or, if agreed with the Currency Transaction Counterparty, using Agreed Pricing.

A Security Holder who is not an Authorised Participant may only require the redemption of any of its Collateralised Currency Securities using Index Pricing and only if, on a Pricing Day, either there are no Authorised Participants or the Issuer has announced by RIS in respect of a such Pricing Day, or until further announcement or generally, that Security Holders who are not Authorised Participants may require the Issuer to redeem. Payment on redemption to persons who are not Authorised Participants may be subject to their giving to the Issuer and the relevant Currency Transaction Counterparty certain beneficial owner certifications to assess whether such payments should be subject to withholding or deduction for taxes.

Payment of the Redemption Amount will be made by the Issuer directly to the relevant Authorised Participant which has required the Issuer to redeem the Collateralised Currency Securities, via CREST.

The procedures required to be followed when lodging a Redemption Form are the same as for making an Application. Where Collateralised Currency Securities are to be redeemed, the Issuer will close the Currency Transaction corresponding to such Redemption, subject to the Issuer's discretion to elect to satisfy Redemption Forms by transfer of the appropriate number of Collateralised Currency Securities to one or more Applicants from Security Holders seeking redemption.

If the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee which would be payable on the applicable Pricing Day) of a class of Collateralised Currency Security falls below its Principal Amount, the Issuer may suspend Redemptions of that class of Collateralised Currency Security (giving such notice via RIS announcement) for a period of 30 days, and thereafter, provided that notice of a meeting has been issued convening a meeting for a date not more than 30 days after the date of the notice for the purpose of considering an Extraordinary Resolution which will have the effect of reducing the Principal Amount to a level less than the Price, the suspension to expire when the meeting (or any adjournment thereof) concludes or, if the Extraordinary Resolution is passed and makes alternative provision, in accordance with the Extraordinary Resolution. Any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Redemption Form lodged on a Pricing Day when the right to Redeem Collateralised Currency Securities of that class is suspended will be invalid.

If a Counterparty Event of Default has occurred and is continuing and as a result any Redemption Notice in respect of Collateralised Currency Securities of any class issued on any of 30 continuous Pricing Days would have been invalid or the Issuer has suspended Redemptions in relation to such class for a period of 30 Pricing Days, then Security Holders who are not Authorised Participants will not have a right to redeem. However, the Trustee shall, if so directed by Security Holders of the Relevant Affected Classes holding not less than 25 per cent. by Principal Amount of Collateralised Currency Securities of those Relevant Affected Classes, subject to the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, instruct the Security Trustee to enforce the security constituted by the Security Deed relating to the relevant Currency Transaction Counterparty.

Creation Limits and Redemption Limits

There are limits on the Volume of Currency Transactions which can be created or closed at any time (and therefore on the issue or redemption of corresponding Collateralised Currency Securities). The Issuer will reject Application Forms or Redemption Forms to the extent that the acceptance of such would cause the Creation Limits or Redemption Limits to be exceeded, unless the Currency Transaction Counterparty agrees with the Issuer that corresponding Currency Transactions will be created or closed notwithstanding that the Creation Limits or Redemption Limits would be exceeded.

The maximum creation volume applicable to MSIP as the initial Currency Transaction Counterparty in respect of all Currency Transactions is US\$5,000,000,000.

The Volume limits and Daily Creation and Redemption Limits applicable to MSIP as the initial Currency Transaction Counterparty with respect to each class of Collateralised Currency Security are set out in the table below:

USD Collateralised Currency Securities

Class of USD Collateralised Currency Security	Volume Limit USD millions	Daily Creation Limit USD millions	Daily Redemption Limit USD millions
ETFS Long AUD Short USD and ETFS Short AUD Long USD	1,000	100	100
ETFS Long CAD Short USD and ETFS Short CAD Long USD			
ETFS Long CHF Short USD and ETFS Short CHF Long USD			
ETFS Long EUR Short USD and ETFS Short Euro Long USD			
ETFS Long GBP Short USD and ETFS Short GBP Long USD			
ETFS Long JPY Short USD and ETFS Short JPY Long USD			
ETFS Long NZD Short USD and ETFS Short NZD Long USD			
ETFS Long NOK Short USD and ETFS Short NOK Long USD	500	100	100
ETFS Long SEK Short USD and ETFS Short SEK Long USD			

ETFS Long CNY Short USD and ETFS Short CNY Long USD	500	50	50
ETFS Long INR Short USD and ETFS Short INR Long USD	300	50	50
ETFS Long CZK Short USD and ETFS Short CZK Long USD	20	20	20
ETFS Long HUF Short USD and ETFS Short HUF Long USD			
ETFS Long ILS Short USD and ETFS Short ILS Long USD			
ETFS Long MXN Short USD and ETFS Short MXN Long USD			
ETFS Long ZAR Short USD and ETFS Short ZAR Long USD			
ETFS Long BRL Short USD and ETFS Short BRL Long USD	20	20	20
ETFS Long SGD Short USD and ETFS Short SGD Long USD	50	20	20
ETFS 2x Long AUD Short USD and ETFS 2x Short AUD Long USD	500	50	50
ETFS 2x Long CAD Short USD and ETFS 2x Short CAD Long USD			
ETFS 2x Long CHF Short USD and ETFS 2x Short CHF Long USD			
ETFS 2x Long EUR Short USD and ETFS 2x Short EUR Long USD			
ETFS 2x Long GBP Short USD and ETFS 2x Short GBP Long USD			
ETFS 2x Long JPY Short USD and ETFS 2x Short JPY Long USD			
ETFS 2x Long NZD Short USD and ETFS 2x Short NZD Long USD			
ETFS 2x Long NOK Short USD and ETFS 2x Short NOK Long USD	250	50	50
ETFS 2x Long SEK Short USD and ETFS 2x Short SEK Long USD			
ETFS 3x Long AUD Short USD and ETFS 3x Short AUD Long USD			
ETFS 3x Long CAD Short USD and ETFS 3x Short CAD Long USD			
ETFS 3x Long CHF Short USD and ETFS 3x Short CHF Long USD			
ETFS 3x Long EUR Short USD and ETFS 3x Short EUR Long USD			
ETFS 3x Long GBP Short USD and ETFS 3x Short GBP Long USD			
ETFS 3x Long JPY Short USD and ETFS 3x Short JPY Long USD			
ETFS 3x Long NZD Short USD and ETFS 3x Short NZD Long USD			
ETFS Long G10 Short USD and ETFS Short G10 Long USD			
ETFS 3x Long NOK Short USD and ETFS 3x Short NOK Long USD	125	50	50
ETFS 3x Long SEK Short USD and ETFS 3x Short SEK Long USD			

Euro Collateralised Currency Securities

Class of Euro Collateralised Currency Security	Volume Limit Euro millions	Daily Creation Limit Euro millions	Daily Redemption Limit Euro millions
ETFS Long NOK Short EUR and ETFS Short NOK Long EUR	375	75	75
ETFS Long SEK Short EUR and ETFS Short SEK Long EUR			
ETFS Long AUD Short EUR and ETFS Short AUD Long EUR			
ETFS Long CAD Short EUR and ETFS Short CAD Long EUR			
ETFS Long NZD Short EUR and ETFS Short NZD Long EUR			
ETFS Long CHF Short EUR and ETFS Short CHF Long EUR	750	75	75
ETFS Long GBP Short EUR and ETFS Short GBP Long EUR			
ETFS Long JPY Short EUR and ETFS Short JPY Long EUR			
ETFS Long USD Short EUR and ETFS Short USD Long EUR			
ETFS 2x Long CHF Short EUR and ETFS 2x Short CHF Long EUR	375	37.5	37.5
ETFS 2x Long GBP Short EUR and ETFS 2x Short GBP Long EUR			
ETFS 2x Long JPY Short EUR and ETFS 2x Short JPY Long EUR			
ETFS 2x Long NOK Short EUR and ETFS 2x Short NOK Long EUR	187.5	37.5	37.5
ETFS 2x Long SEK Short EUR and ETFS 2x Short SEK Long EUR			
ETFS 3x Long CHF Short EUR and ETFS 3x Short CHF Long EUR			
ETFS 3x Long GBP Short EUR and ETFS 3x Short GBP Long EUR			
ETFS 3x Long JPY Short EUR and ETFS 3x Short JPY Long EUR			
ETFS 3x Long USD Short EUR and ETFS 3x Short USD Long EUR			
ETFS 3x Long AUD Short EUR and ETFS 3x Short AUD Long EUR	100	37.5	37.5
ETFS 3x Long CAD Short EUR and ETFS 3x Short CAD Long EUR			
ETFS 3x Long NOK Short EUR and ETFS 3x Short NOK Long EUR			
ETFS 3x Long NZD Short EUR and ETFS 3x Short NZD Long EUR			
ETFS 3x Long SEK Short EUR and ETFS 3x Short SEK Long EUR			
ETFS Long G10 Short EUR and ETFS Short G10 Long EUR	200	50	50

GBP Collateralised Currency Securities

Class of GBP Collateralised Currency Security	Volume Limit GBP millions	Daily Creation Limit GBP millions	Daily Redemption Limit GBP millions
ETFS Long CHF Short GBP and ETFS Short CHF Long GBP	450	100	100
ETFS Long EUR Short GBP and ETFS Short EUR Long GBP			
ETFS Long JPY Short GBP and ETFS Short JPY Long GBP			
ETFS Long USD Short GBP and ETFS Short USD Long GBP			
ETFS Long AUD Short GBP and ETFS Short AUD Long GBP	225	100	100
ETFS Long CAD Short GBP and ETFS Short CAD Long GBP			
ETFS Long NOK Short GBP and ETFS Short NOK Long GBP			
ETFS Long NZD Short GBP and ETFS Short NZD Long GBP			
ETFS Long SEK Short GBP and ETFS Short SEK Long GBP			
ETFS Long G10 Short GBP and ETFS Short G10 Long GBP	175	50	50
ETFS 3x Long CHF Short GBP and ETFS 3x Short CHF Long GBP	115	20	20
ETFS 3x Long EUR Short GBP and ETFS 3x Short EUR Long GBP			
ETFS 3x Long JPY Short GBP and ETFS 3x Short JPY Long GBP			
ETFS 3x Long USD Short GBP and ETFS 3x Short USD Long GBP			
ETFS 3x Long AUD Short GBP and ETFS 3x Short AUD Long GBP	57.5	20	20
ETFS 3x Long CAD Short GBP and ETFS 3x Short CAD Long GBP			
ETFS 3x Long NOK Short GBP and ETFS 3x Short NOK Long GBP			
ETFS 3x Long NZD Short GBP and ETFS 3x Short NZD Long GBP			
ETFS 3x Long SEK Short GBP and ETFS 3x Short SEK Long GBP			

Compulsory Redemptions

The Issuer may, at any time, upon not less than 30 days' notice by RIS announcement to the Security Holders, redeem all or some Collateralised Currency Securities of a particular class.

In addition, Collateralised Currency Securities may be compulsorily redeemed, either in whole or in part, in the following circumstances as more fully described in the Conditions:

Compulsory Redemption on Termination

The Issuer may nominate a Pricing Day to be a compulsory redemption date (a **Compulsory Redemption Date**) on less than 30 days' notice in respect of all or some of a class of Collateralised Currency Securities where:

- notice is given by a party to a Facility Agreement terminating that Facility Agreement or notifying a Compulsory Closing Date thereunder in respect of one or more Currency Transactions created thereunder;
- a Compulsory Closing Date occurs in respect of a Corresponding Currency Transaction;
- an Early Termination Date has been set in relation to a Corresponding Currency Transaction; or
- a final Daily Payment Amount has become due and payable in relation to a Corresponding Currency Transaction following the occurrence of consecutive Collateral Administration Suspension Days.

Compulsory Redemption on Default

The Trustee shall, where:

- a Defaulted Obligation has occurred and is continuing in respect of Collateralised Currency Securities of any class (other than where an Issuer Insolvency Event or a Counterparty Event of Default in respect of a Corresponding Currency Transaction Counterparty for such class has occurred and is continuing at such time); or
- an Issuer Insolvency Event has occurred and is continuing; or
- a Counterparty Event of Default has occurred and is continuing and as a result any Redemption Notice in respect of Collateralised Currency Securities of any class (the **affected class**) issued on any of 30 continuous Pricing Days would have been invalid pursuant to Condition 6.8(g) or

6.17(c) or the Issuer has suspended Redemptions in relation to such affected class for a period of 30 Pricing Days,

and it is so directed in writing by:

- in the case of a Defaulted Obligation, Security Holders of the Relevant Exposed Classes holding not less than 10 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of such Relevant Exposed Classes as at such date;
- in the case of an Issuer Insolvency Event, Security Holders holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of all the Collateralised Currency Securities of all classes then outstanding; or
- in the case of a Counterparty Event of Default, Security Holders of the Relevant Affected Classes holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of those Relevant Affected Classes as at such date,

subject to the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer that:

- in the case of a Defaulted Obligation, all of the Relevant Exposed Classes of Collateralised Currency Securities outstanding;
- in the case of an Issuer Insolvency Event, all of the Collateralised Currency Securities outstanding;
- in the case of a Counterparty Event of Default, all of the Relevant Affected Classes of Collateralised Currency Securities outstanding,

are required to be Redeemed and nominating a Pricing Day falling not less than 20 Pricing Days (or two Pricing Days in the case of an Issuer Insolvency Event) from the giving of such notice to be a Compulsory Redemption Date.

In addition, if a CTC Enforcement Event has occurred and is continuing and the Relevant Currency Transaction Counterparty has effectively instructed the Security Trustee to enforce the relevant Counterparty Collateral Pool, a Compulsory Redemption Date shall automatically occur in respect of all Relevant Affected Classes.

On the occurrence of a Counterparty Event of Default or CTC Enforcement Event, the Issuer may effect a division of the Gross Class Collateral Pools applicable to one or more classes of Collateralised Currency Securities – see '*Consolidation and Division*' above.

Index Disruption

If, in respect of a class of Collateralised Currency Securities, an Index Event occurs, a Disruption Event occurs in relation to a Corresponding Currency Transaction or an Index Provider gives notice of its intention to discontinue calculation and notification of the Currency Index applicable to such class, the Issuer may exercise its right to redeem all or some of such class of Collateralised Currency Securities.

Fall in Price relative to Principal Amount

The Conditions provide that the amount payable upon a Redemption of a Collateralised Currency Security of a particular class by way of the submission of an Index Redemption Form will be the higher of the Principal Amount for that class and the Price of such Collateralised Currency Security on the applicable Pricing Day less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee. As each class of Collateralised Currency Security is a limited recourse security as described in Condition 3.2, it is in the interests of the Security Holders of each class to ensure that the Price for that class does not fall below its Principal Amount. The Issuer will aim to avoid the Price (less, in the case of the CNY Securities and INR Securities, any Additional Redemption Fee) of a class of Collateralised Currency Security falling below its Principal Amount: (i) by, where necessary, seeking the sanction of Security Holders by Extraordinary Resolution to reduce the Principal Amount of a class of Collateralised Currency Security to a level less than its Price (less, in the case of the CNY Securities

and INR Securities, any Additional Redemption Fee); and/or (ii) if on any Pricing Day the Price (less, in the case of the CNY Securities and INR Securities, any Additional Redemption Fee) of any class of Collateralised Currency Security falls to 5 times the Principal Amount of such Collateralised Currency Security or below, the Issuer may, at any time for so long as the Price (less, in the case of the CNY Securities and INR Securities, any Additional Redemption Fee) remains below such amount upon not less than two days' notice by RIS announcement elect to redeem the Collateralised Currency Securities of that class. This right will cease once an Extraordinary Resolution is passed to reduce the Principal Amount such that the Price (less, in the case of the CNY Securities and INR Securities, any Additional Redemption Fee) is more than 10 times the Principal Amount, subject to any further fall in the Price (less, in the case of the CNY Securities and INR Securities, any Additional Redemption Fee) of any class of Collateralised Currency Securities to 5 times the revised Principal Amount or below.

Compulsory Redemption for cause

The Issuer may, at any time by not less than seven nor more than 14 Pricing Days written notice, redeem any Collateralised Currency Securities held by Prohibited US Persons or Prohibited Benefit Plan Investors, held by Security Holders who have not provided appropriate certifications as to their status in accordance with the Conditions or in certain other circumstances specified in the Conditions.

General

MSIP has only agreed to provide Currency Transactions to the Issuer, subject to earlier termination in accordance with the MSIP Facility Agreement, for five and a half years from the commencement of the MSIP Facility Agreement. If MSIP does not agree to provide Currency Transactions beyond such date, then the Currency Transactions will expire and unless MSIP is replaced by a new Currency Transaction Counterparty or the Currency Transactions are transferred to another (existing) Currency Transaction Counterparty the Issuer will elect to redeem the outstanding Collateralised Currency Securities.

Where a Compulsory Redemption occurs, the Collateralised Currency Securities to be redeemed will be priced in the normal way as set out above, but depending on the number of Collateralised Currency Securities to be redeemed this pricing may occur over a period of more than one day. Details of the circumstances in which this could occur are set out in the Conditions.

The amount Security Holders are entitled to receive on Compulsory Redemption is always subject to the limited recourse provisions of Condition 3.2. On each Compulsory Redemption Date the Issuer shall calculate, in respect of each Collateralised Currency Security being Redeemed, the amount which the holder of such Collateralised Currency Security would be entitled to pursuant to Condition 3.2 after the Security Trustee or Trustee had realised the Class Collateral Pool for such class (the **Entitlement Amount**). To the extent that this Entitlement Amount is less than the amount otherwise payable under the Conditions, the Issuer's obligation to make payment of such amount shall be satisfied by the payment of the Entitlement Amount and no further obligation shall arise.

If at that time Security Holders other than Authorised Participants hold the Collateralised Currency Securities being redeemed, the Redemption Amount payable to those Security Holders will be paid either to accounts of the Issuer secured for the benefit of, among others, the Security Holders of the relevant classes or to the Trustee for the benefit of, among others, such Security Holders, and will be paid to those Security Holders by the Issuer or the Trustee.

Application Fees and Redemption Fees

Application Fees and Redemption Fees will only be payable on the issue and redemption of Collateralised Currency Securities and not by investors who buy and sell Collateralised Currency Securities on the secondary market, including the London Stock Exchange.

The Issuer will charge Authorised Participants an Application Fee of up to £500 (including any applicable VAT) (or such other amount as may be accepted by the Issuer, either generally or on any particular occasion) for each Application, regardless of the number of Collateralised Currency Securities being issued.

The Issuer will also charge Authorised Participants a Redemption Fee of up to £500 (including any applicable VAT) (or such other amount as may be accepted by the Issuer, either generally or on any particular occasion) for each Redemption Form, regardless of the number of Collateralised Currency

Securities being redeemed. In the event of a compulsory redemption or a Security Holder who is not an Authorised Participant submitting a Redemption Form in circumstances where there is no Authorised Participant, as described above, the Issuer will reduce the Redemption Fee to an amount equal to the Issuer's cost in satisfying such Redemption Form, including costs of enquiries under Condition 11 (*Enquiries as to status of Security Holders*) and of giving the redemption notice (but not exceeding £500), and that amount will be charged by the Issuer by way of a deduction from the redemption proceeds due to such Security Holder.

No additional amounts will be charged by the Issuer to an Applicant or a Security Holder in respect of VAT payable in connection with Application Fees or Redemption Fees.

The Issuer may vary the Application Fees and Redemption Fees at any time after giving 30 days' written notice to Authorised Participants and through an RIS announcement.

Additional Redemption Fee

An Additional Redemption Fee will be payable in respect of the redemption of CNY Securities and INR Securities pursuant to an Index Redemption Form.

The Additional Redemption Fee in respect of any class shall be an amount calculated as the average of all applicable Additional Closing Fees incurred by the Issuer on the Pricing Date which is relevant to that Index Redemption Form in connection with the Closing of any Corresponding Currency Transaction, calculated in accordance with the following formula:

$$ARF_{i,t} = \frac{TACF_{i,t}}{NR_{i,t}}$$

Where:

$ARF_{i,t}$	is the Additional Redemption Fee in respect of the Redemption of that Collateralised Currency Security;
$TACF_{i,t}$	is the total amount of the Additional Closing Fees incurred by the Issuer on that Pricing Date in connection with the Closing of any Corresponding Currency Transaction; and
$NR_{i,t}$	is the aggregate number of Collateralised Currency Securities of that class Redeemed as at that Pricing Date.

Additional Closing Fees are payable by the Issuer to MSIP when MSIP closes any CNY Transaction or INR Transaction as described under "*Additional Closing Fee*" in Part 6 (*Description of Currency Transactions*).

Right to Satisfy Applications and Redemptions by Transfer

Notwithstanding the provisions above, the Issuer may, in its discretion, elect to satisfy Application Forms and Redemption Forms by transfer of the appropriate number of Collateralised Currency Securities to one or more Applicants from the Security Holder(s) seeking redemption. For this purpose, a Security Holder seeking redemption will be deemed to have authorised the Issuer to transfer such Security Holder's Collateralised Currency Securities as are the subject of the Redemption Form to a third party, on such Security Holder's behalf, provided that the amount payable by the Authorised Participant shall still be an amount equal to the relevant Price on the applicable Pricing Day (plus the Application Fee) and the amount receivable by the Security Holder shall still be the relevant Price on the applicable Pricing Day (less the Redemption Fee), and the relevant Redemption Payment Date will be the date of the transfer.

Accounts

The Issuer's financial statements will be presented in US Dollars. The value of any assets and liabilities denominated in currencies other than US Dollars are converted into US Dollars at rates quoted by independent sources.

The valuation of the assets and liabilities of the Issuer will be determined under the supervision of the Board.

The Currency Transactions constitute an asset of the Issuer. For the purposes of the valuation of the Issuer's assets, the Currency Transaction will be valued on a mark to market basis as at the date of valuation.

PART 6

DESCRIPTION OF CURRENCY TRANSACTIONS

Each class of Collateralised Currency Securities will be linked to a Corresponding Currency Transaction between the Issuer and a Currency Transaction Counterparty. The Volume of any Currency Transaction shall reflect the number of Collateralised Currency Securities of the corresponding class outstanding (including those yet to be settled). Where Collateralised Currency Securities are issued or Redeemed the Issuer shall effect an increase or reduction in the Volume of the relevant Currency Transactions as described below. In order to enter into a Currency Transaction a Currency Transaction Counterparty must have entered into a Facility Agreement and an ISDA Master Agreement with the Issuer. At the date of this Prospectus, the Issuer has entered into a Facility Agreement and ISDA Master Agreement with MSIP.

Creation and Closing of Currency Transactions

Whenever Collateralised Currency Securities of a class are issued or redeemed, the Issuer will always effect an increase or reduction in the Volume of the Corresponding Currency Transactions in accordance with provisions of the relevant Facility Agreement.

Agreed Pricing

An Authorised Participant may agree with a Currency Transaction Counterparty a Pricing Day for (i) the issue or redemption of Collateralised Currency Securities and (ii) the creation or closing of the Corresponding Currency Transaction. Provided that the Issuer is notified of such agreement in accordance with the provisions of the Facility Agreement the Issuer shall effect an increase or decrease (as relevant) in the Volume of the Corresponding Currency Transaction on such Pricing Day by creating or closing such Corresponding Currency Transaction in accordance with the provisions of the relevant Facility Agreement.

Index Pricing

If the Issuer receives one or more valid Application Forms or Redemption Forms in respect of a class of Collateralised Currency Securities, the Issuer will send to the relevant Currency Transaction Counterparty a Creation Notice or Closing Notice requesting the creation or closing, as the case may be, of the Corresponding Currency Transaction. The Issuer will, in accordance with the provisions of the relevant Facility Agreement, contact the Currency Transaction Counterparty by telephone to seek confirmation of acceptance by the Currency Transaction Counterparty of such Creation Notice or Closing Notice. The Currency Transaction Counterparty will confirm such Creation Notice or Closing Notice provided that it complies with certain formalities (set out in the Facility Agreement) as to form, quantum, procedure, timing and substance. Following such confirmation, the Volume of the Corresponding Currency Transaction will increase or decrease (as relevant) on the relevant Payment Date by creating or closing such Corresponding Currency Transaction in accordance with the provisions of the relevant Facility Agreement.

Elections

Upon an Application Form being lodged for new Collateralised Currency Securities:

- the Issuer will only issue new Collateralised Currency Securities if it can create a Corresponding Currency Transaction under the Facility Agreement; and
- the Issuer may in its absolute discretion elect to satisfy such Application by the transfer of the appropriate number and class of Collateralised Currency Securities from one or more Security Holders seeking redemption. In that event, to the extent of the number and class of Collateralised Currency Securities transferred, no Currency Transaction will be created.

Volume of Currency Transactions

The volume (**Volume**) of each Currency Transaction on any Pricing Day comprises in summary:

- the Volume relating to corresponding settled Collateralised Currency Securities (**Settled Volume**); and
- the Volume relating to corresponding unsettled Collateralised Currency Securities in respect of which a Creation Notice has been received but which are not yet settled (**Unsettled Volume**),

and will be an amount in the Relevant Currency calculated using the following formula:

$$V_{i,t} = VS_{i,t} + VU_{i,t}$$

where:

$$VS_{i,t} = P_{i,t} \times NS_{i,t}$$

$$VU_{i,t} = P_{i,t} \times NU_{i,t}$$

- i refers to the class of such Currency Transaction;
- t refers to such Pricing Day;
- $V_{i,t}$ is the Volume on Pricing Day t of the Currency Transaction of class i ;
- $VS_{i,t}$ is the Settled Volume on Pricing Day t of the Currency Transaction i ;
- $VU_{i,t}$ is the Unsettled Volume on Pricing Day t of the Currency Transaction i ;
- $P_{i,t}$ is the Price of each Currency Security of class i on Pricing Day t ;
- $NS_{i,t}$ refers to the Underlying Number for class i on Pricing Day t ;
- $NU_{i,t}$ refers to the Underlying Unsettled Number for class i on Pricing Day t ;

Daily Payment Amounts

Subject to the provisions of the Relevant ISDA Master Agreement a Daily Payment Amount will be due under each Currency Transaction in respect of each Pricing Day depending on the change in the level of the relevant Currency Index since the preceding Pricing Day.

The Daily Payment Amount will be an amount in the Relevant Currency determined using the following formula:

$$DPA_{i,t} = VS_{i,t-1} \times \left(\frac{I_{i,t}}{I_{i,t-1}} - 1 - S_{i,t} \times \frac{N_t}{365} \right) + \sum_{\Gamma=T}^{t-1} VU_{\alpha_{i,T},\Gamma} \times \left(\frac{I_{i,\Gamma+1}}{I_{i,\Gamma}} - 1 - S_{i,\Gamma+1} \times \frac{N_{\Gamma}}{365} \right)$$

Where:

$$VS_{i,t-1} = P_{i,t-1} \times NS_{i,t-1}$$

- i refers to the class of such Currency Transaction;
- t refers to such Pricing Day;
- $t-1$ refers to the Pricing Day immediately prior to Pricing Day t ;
- T refers to a Pricing Day on which an Equivalent Currency Transaction is created which corresponds to the issue of Underlying Currency Securities for which the

	Underlying Settlement Date (as defined in the MSIP Facility Agreement) falls on Pricing Day t ;
$\alpha_{i,T}$	refers to any increase in the Underlying Creation Number (as defined in the MSIP Facility Agreement) for class i on Pricing Day T to the extent such increase relates to Underlying Securities for which the Underlying Settlement Date (as defined in the MSIP Facility Agreement) falls on Pricing Day t ;
$VU_{\alpha_i, T, \Gamma}$	on Pricing Day Γ is the amount equal to the product of $P_{i, \Gamma}$, and $\alpha_{i, T}$;
$NS_{i, t-1}$	refers to the Underlying Number for class i on Pricing Day $t-1$;
$P_{i, t-1}$	is the Price of each Currency Security of class i on Pricing Day $t-1$;
Γ	is each Pricing Day between Pricing Day T and Pricing Day t ;
$P_{i, \Gamma}$	is the Price of each Currency Security of class i on Pricing Day Γ ;
$l_{i, t}$	is the Closing Level of the Currency Index for class i as displayed on the relevant display page of the Bloomberg service or any successor, at 5pm, London time on Pricing Day t (or, where there is a Disruption Event in respect of class i , such other value of l as determined in accordance with the Master Confirmation Agreement);
$l_{i, t-1}$	is the Closing Level of the Currency Index for class i as displayed on the relevant display page of the Bloomberg service or any successor, at 5pm, London time on Pricing Day $t-1$ (or, where there is a Disruption Event in respect of class i , such other value of l as determined in accordance with the Master Confirmation Agreement);
$l_{i, \Gamma+1}$	is the Closing Level of the Currency Index for class i displayed on the relevant display page of the Bloomberg service or any successor, at 5pm, London time on the Pricing Day immediately following Pricing Day Γ (or, where there is a Disruption Event in respect of class i , such other value of l as determined in accordance with the Master Confirmation Agreement);
$l_{i, \Gamma}$	is the Closing Level of the Currency Index for class i as displayed on the relevant display page of the Bloomberg service or any successor, at 5pm, London time on Pricing Day Γ (or, where there is a Disruption Event in respect of class i , such other value of l as determined in accordance with the Master Confirmation Agreement);
$S_{i, t}$	is the Spread in respect of class i on Pricing Day t ;
$S_{i, \Gamma+1}$	refers to the Spread in respect of class i on the Pricing Day immediately following Pricing Day Γ ;
N_t	Number of calendar days from and including the Pricing Day immediately preceding Pricing Day t to but excluding Pricing Day t ;
N_{Γ}	Number of calendar days between Pricing Day Γ and the immediate previous Pricing Day.

Where there has been a division of the Gross Class Collateral Pool applicable to a class of Collateralised Currency Securities pursuant to Condition 15.5, the Facility Agreement shall provide for corresponding amendments to be made to the calculation of Volume and/or the Daily Payment Amount.

Where the Daily Payment Amount is:

- a positive amount on any Pricing Day, the Currency Transaction Counterparty shall pay such amount to the Issuer; and

- a negative amount on any Pricing Day, the Issuer shall pay the absolute value of such amount to the Currency Transaction Counterparty.

in each case, on the first Repo Day following such Pricing Day. Provided that if:

- at the Wire-Cut Off the funds available to the Issuer are not sufficient to pay the Daily Payment Amount; and
- the cause of such deficiency of available funds is that monies due to be paid on such Repo Day by MSIP to the Issuer pursuant to the MSIP Global Master Repurchase Agreement have not been received by the Issuer by the Wire Cut-Off on such Repo Day;

the Facility Agreement requires the Issuer to use reasonable endeavours to draw an amount under the Daily Payment Amount Facility which would be sufficient to allow it to make payment of such Daily Payment Amount. Where the Issuer determines it is unable to draw under the Daily Payment Amount Facility it shall be entitled to make payment of such Daily Payment Amount on the next following Repo Day. In the MSIP Facility Agreement MSIP has indemnified the Issuer for overnight interest actually incurred by the Issuer when drawing under the Daily Payment Amount Facility subject to certain conditions.

The obligations of the Issuer and the Currency Transaction Counterparty to make such Daily Payment Amount shall be suspended on any Collateral Administration Suspension Day.

Additional Closing Fee

An additional closing fee (the **MSIP Additional Closing Fee**) will be payable by the Issuer to MSIP on the next following Repo Day (which is not a Collateral Administrator Suspension Day) where MSIP closes any CNY Transaction or any INR Transaction.

The MSIP Additional Closing Fee shall be calculated as follows (provided that the MSIP Additional Closing Fee for any such Currency Transaction shall not exceed an amount equivalent to the Price less the Principal Amount in respect of each Underlying Currency Security to which such Currency Transaction relates):-

$$\frac{BO_{C,t}}{BID_{C,t}} \times CV_{i,t}$$

Where:

C	is a non-deliverable forward contract to purchase Chinese Renminbi or Indian Rupees (as applicable) with US\$1 entered into on the next preceding Rebalancing Date with a 3 month settlement period;
t	is such Pricing Day;
Rebalancing Date	has the meaning given to it in the Manual (ie. the first day which is a US business day and a London business day before the first day which is a business day for Chinese Renminbi or Indian Rupees, as applicable, before the last US business day in February, April, June, August, October and December which is also a business day for Chinese Renminbi or Indian Rupees, as applicable).
$BO_{C,t}$	is the interpolated bid/offer spread in respect of contract C as at Pricing Day t , calculated in accordance with Formula A below;
$BID_{C,t}$	is the interpolated bid price in respect of contract C as at Pricing Day t , calculated in accordance with Formula B below;
$CV_{i,t}$	means the 'Closing Volume' of that Closing Fee Transaction as at Pricing Day t , which:

- (a) for a Closing Fee Transaction which arises because a Compulsory Closing Date has been set, is the Compulsory Closing Amount Closed by that transaction; and
- (b) for other Closing Fee Transactions of any class is:

$$P_{i,rb} \times UNR_{i,t}$$

where:

$P_{i,rb}$	is the Price of Collateralised Currency Securities of that class i as at the Rebalancing Date immediately preceding Pricing Day t or if such Rebalancing Date is not a Pricing Day, as at the Pricing Day immediately following such Rebalancing Date provided that where such Rebalancing Date occurs before the first day on which there is a Price for Collateralised Currency Securities of class i , $P_{i,rb}$ shall be US\$50; and
$UNR_{i,t}$	is the number of Collateralised Currency Securities redeemed in the Redemption to which that Closing Fee Transaction relates.

Formula A

$$BO_{C,t} = \frac{BO_{NDF3,t} - BO_{NDF1,t}}{ND_{T3M,t}} \times ND_{C,t} + BO_{NDF1,t}$$

Where:

$NDF_{3,t}$	is the 3-month non-deliverable forward contract displayed on Reuters screen "PYLNDF" as at Pricing Day t for the purchase of Chinese Renminbi or Indian Rupees (as applicable) with US\$1;
$NDF_{1,t}$	is the 1-month non-deliverable forward contract displayed on Reuters screen "PYLNDF" as at Pricing Day t for the purchase of Chinese Renminbi or Indian Rupees (as applicable) with US\$1;
$BO_{NDF3,t}$	is the difference between the bid and offer prices for contract $NDF_{3,t}$ displayed on Reuters screen "PYLNDF" as at Pricing Day t ;
$BO_{NDF1,t}$	is the difference between the bid and offer prices for contract $NDF_{1,t}$ displayed on Reuters screen "PYLNDF" as at Pricing Day t ;
$ND_{C,t}$	is the greater of zero and the number of calendar days from and including the settlement date for contract C to but excluding the settlement date for contract $NDF_{1,t}$, as at Pricing Day t ;
$ND_{T3M,t}$	is the greater of zero and the number of calendar days from and including the settlement date for contract $NDF_{3,t}$ to but excluding the settlement date for contract $NDF_{1,t}$, as at Pricing Day t ;

Formula B

$$BID_{C,t} = \frac{BID_{NDF3,t} - BID_{NDF1,t}}{ND_{T3M,t}} \times ND_{C,t} + BID_{NDF1,t}$$

Where:

$BID_{NDF3,t}$	is the bid price for contract $NDF_{3,t}$ displayed on Reuters screen "PYLNDF" as at Pricing Day t ;
$BID_{NDF1,t}$	is the bid price for contract $NDF_{1,t}$ displayed on Reuters screen "PYLNDF" as at Pricing Day t .

Other Currency Transaction Counterparties may decide to charge an Additional Closing Fee in respect of CNY Transactions and INR Transactions. Such Additional Closing Fees may be calculated on a different basis to the MSIP Additional Closing Fee.

ISDA Master Agreements

All Currency Transactions entered into by the Issuer and a Currency Transaction Counterparty will be governed by an ISDA Master Agreement. All Daily Payment Amounts due on the same day in the same Relevant Currency in respect of an ISDA Master Agreement shall be netted so that a single amount in the Relevant Currency will be payable by either the Currency Transaction Counterparty or the Issuer.

Current Currency Transactions

As at the date of this Prospectus, MSIP is the only Currency Transaction Counterparty and has entered into Corresponding Currency Transactions in respect of the Collateralised Currency Securities currently in issue, being:

Long EUR Currency Securities

- ETFS 3x Long AUD Short EUR
- ETFS 3x Long CAD Short EUR
- ETFS 3x Long CHF Short EUR
- ETFS 3x Long GBP Short EUR
- ETFS 3x Long JPY Short EUR
- ETFS 3x Long USD Short EUR
- ETFS Long AUD Short EUR
- ETFS Long CAD Short EUR
- ETFS Long CHF Short EUR
- ETFS Long GBP Short EUR
- ETFS Long JPY Short EUR
- ETFS Long NOK Short EUR
- ETFS Long NZD Short EUR
- ETFS Long SEK Short EUR
- ETFS Long USD Short EUR

Short EUR Currency Securities

- ETFS 3x Short AUD Long EUR
- ETFS 3x Short CAD Long EUR
- ETFS 3x Short CHF Long EUR
- ETFS 3x Short GBP Long EUR
- ETFS 3x Short JPY Long EUR
- ETFS 3x Short USD Long EUR
- ETFS Short AUD Long EUR
- ETFS Short CAD Long EUR
- ETFS Short CHF Long EUR
- ETFS Short GBP Long EUR
- ETFS Short JPY Long EUR
- ETFS Short NOK Long EUR
- ETFS Short NZD Long EUR
- ETFS Short SEK Long EUR
- ETFS Short USD Long EUR

Long GBP Currency Securities

- ETFS 3x Long AUD Short GBP
- ETFS 3x Long EUR Short GBP
- ETFS 3x Long JPY Short GBP
- ETFS 3x Long USD Short GBP
- ETFS Long AUD Short GBP
- ETFS Long CAD Short GBP
- ETFS Long CHF Short GBP
- ETFS Long EUR Short GBP
- ETFS Long JPY Short GBP
- ETFS Long NOK Short GBP
- ETFS Long NZD Short GBP
- ETFS Long SEK Short GBP
- ETFS Long USD Short GBP

Short GBP Currency Securities

- ETFS 3x Short AUD Long GBP
- ETFS 3x Short EUR Long GBP
- ETFS 3x Short JPY Long GBP
- ETFS 3x Short USD Long GBP
- ETFS Short AUD Long GBP
- ETFS Short CAD Long GBP
- ETFS Short CHF Long GBP
- ETFS Short EUR Long GBP
- ETFS Short JPY Long GBP
- ETFS Short NOK Long GBP
- ETFS Short NZD Long GBP
- ETFS Short SEK Long GBP
- ETFS Short USD Long GBP

Long USD Developed Market Currency Securities

- ETFS 3x Long AUD Short USD
- ETFS 3x Long EUR Short USD
- ETFS 3x Long GBP Short USD
- ETFS 3x Long JPY Short USD
- ETFS Long AUD Short USD
- ETFS Long CAD Short USD
- ETFS Long CHF Short USD
- ETFS Long EUR Short USD
- ETFS Long GBP Short USD
- ETFS Long JPY Short USD
- ETFS Long NOK Short USD
- ETFS Long NZD Short USD
- ETFS Long SEK Short USD

Short USD Developed Market Currency Securities

- ETFS 3x Short AUD Long USD
- ETFS 3x Short EUR Long USD
- ETFS 3x Short GBP Long USD
- ETFS 3x Short JPY Long USD
- ETFS Short AUD Long USD
- ETFS Short CAD Long USD
- ETFS Short CHF Long USD
- ETFS Short EUR Long USD
- ETFS Short GBP Long USD
- ETFS Short JPY Long USD
- ETFS Short NOK Long USD
- ETFS Short NZD Long USD
- ETFS Short SEK Long USD

Long USD Emerging Market Currency Securities

Short USD Emerging Market Currency Securities

MSIP may, but is not necessarily obliged to, enter into Corresponding Currency Transactions in respect of classes of Collateralised Currency Securities that are not in issue as at the date of this Prospectus.

PART 7

DESCRIPTION OF DAILY REPURCHASE TRANSACTIONS AND COLLATERAL ADMINISTRATION

Daily Repurchase Transactions

Pursuant to the terms of the MSIP Facility Agreement, the Issuer and MSIP agree to enter into daily repurchase transactions governed by the MSIP Global Master Repurchase Agreement.

The Issuer will enter into a Repo with MSIP on each Repo Day, being:

- (i) in the case of USD Repos, a day which is both a London Business Day and a New York Business Day;
- (ii) in the case of Euro Repos, a London Business Day on which TARGET2 is open for the settlement of the payment of Euros; and
- (iii) in the case of GBP Repos, a London Business Day.

On each Repo Day the Issuer will pay to MSIP a US Dollar amount (the **USD Repo Amount**), a Euro amount (the **Euro Repo Amount**) or a GBP amount (the **GBP Repo Amount**) in exchange for the transfer by MSIP of Eligible Collateral of a Value equal to or greater than the USD Repo Amount, Euro Repo Amount or GBP Repo Amount. The Repo will mature on the next following Repo Day at which point MSIP will pay back to the Issuer such USD Repo Amount, Euro Repo Amount or GBP Repo Amount in exchange for the transfer by the Issuer of securities that are equivalent to such Eligible Collateral. Upon maturity a new Repo will be entered into with respect to the USD Repo Amount, Euro Repo Amount or GBP Repo Amount on that particular Repo Day. A USD Repo will always be entered into with respect to USD Collateralised Currency Securities, a Euro Repo will always be entered into with respect to Euro Collateralised Currency Securities and a GBP Repo will always be entered with respect to GBP Collateralised Currency Securities.

The USD Repo Amount (or Euro Repo Amount or GBP Repo Amount) will be, in respect of a USD Repo (or Euro Repo or GBP Repo) entered into on any Repo Day (**Day T**), an amount in US Dollars (or Euros or GBP) equal to the greater of zero and the sum (the **Sum**) of:

- (a) where the USD Repo Amount (or Euro Repo Amount or GBP Repo Amount) in respect of the USD Repo (or Euro Repo or GBP Repo) entered into on the next preceding Repo Day (which was not also a Collateral Administrator Suspension Day) pursuant to a Facility Agreement:
 - (i) was greater than zero, such USD Repo Amount (or Euro Repo Amount or GBP Repo Amount); and
 - (ii) was zero, the Sum calculated in respect of such Repo Day; PLUS
- (b) the (positive or negative) Net Adjustment Amount, if any; PLUS
- (c) the (positive or negative) aggregate of each Daily Payment Amount (if any) becoming due and payable under each USD Currency Transaction (or Euro Currency Transaction or GBP Currency Transaction) on Day T **provided** if such aggregate amount is a positive amount, that such amount has been received by the Issuer by the Wire Cut-Off on Day T; PLUS
- (d) if the aggregate of each Daily Payment Amount which became due and payable to the Issuer under each USD Currency Transaction (or Euro Currency Transaction or GBP Currency Transaction) on the Repo Day (which is not a Collateral Administrator Suspension Day) immediately preceding Day T was a positive amount and the Issuer received such amount on such Repo Day but after the Wire Cut-Off on such Repo Day, such amount; LESS
- (e) an amount equal to the aggregate Management Fee Amount for Day T in respect of all outstanding Underlying Currency Securities to which any USD Currency Transaction (or Euro Currency Transaction or GBP Currency Transaction) relates, together with any such Management Fee Amount in respect of any other day from and excluding the immediately preceding Repo Day (which was not also a Collateral Administrator Suspension Day),

and USD Repo Amount, Euro Repo Amount and GBP Repo Amount shall be defined accordingly.

On any given day all US Dollar, Euro and GBP Amounts held by the Issuer will be applied to purchase securities under a Repo (other than amounts required to pay the Management Fee or which have been

recently received in respect of an issue of, or are due to be paid in respect of a Redemption of, Collateralised Currency Securities). As the Repos will mature on the next following Repo Day, the Issuer will only be exposed to any movement in the Value of the Eligible Collateral held in respect of a Repo until that following Repo Day.

The obligations of the Issuer or MSIP to make payments or deliver Eligible Collateral under the Repos shall be suspended on any Collateral Administrator Suspension Day.

Eligible Collateral

Eligible Collateral shall constitute the securities meeting the eligibility criteria set out in the Eligible Collateral Agreement. The Issuer shall give Security Holders at least 30 calendar days' notice of any material change to the Eligible Collateral Agreement or, if the Trustee consents on the basis that such amendment is not materially prejudicial to the interests of Security Holder, at least 5 calendar days' notice.

As at the date of this Prospectus, Eligible Collateral excludes:

- securities or obligations of MSIP or an Affiliate of MSIP or guaranteed by MSIP or an Affiliate of MSIP;
- securities which are ex-dividend or on record date or subject to any other corporate action; and
- securities to which BONY is unable to ascribe a daily market value or price.

Eligible Collateral includes:

Fixed income & money market funds

- units or shares in government or treasury money market funds denominated in US Dollars, Euros or GBP rated no lower than AAA by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or any successor thereto (**S&P**).
- G10 government debt, and government debt of Austria, Australia, Denmark, Finland, Luxembourg, New Zealand, Norway, Portugal, and Spain (provided that the country has a long term issuer rating not lower than "AA" by S&P or "Aa2" by Moody's Investors Service, Inc., or any successor thereto (**Moody's**)) to which the following apply:

Margin percentages:

- Less than 5 years to maturity: 100 %
- 5 to 10 years to maturity: 101%
- 10+ years to maturity: 102%

Jurisdiction concentration limits:

- Max 100% for US
- Max 50% for each of UK, Japan, Germany & France
- Max 25% other countries

- Supranational bonds issued by the International Bank for Reconstruction and Development, the European Investment Bank, the Council of Europe, the Asian Development Bank or the Inter-American Development Bank with a long term issuer rating not lower than "AAA" by S&P or "Aaa" by Moody's to which the following apply:

Margin percentages:

- Less than 5 years to maturity: 100 %
- 5 to 10 years to maturity: 101%
- 10+ years to maturity: 102%

Jurisdiction concentration limit: Max 25%

- Agencies: Unsubordinated bonds issued by the Government National Mortgage Association, provided that these are 100% backed by the US government to which the following applies:

Margin percentage: 102%

JGBs, Italian bonds (including Supranational bonds issued in Italy – IT ISIN) and Portuguese securities will constitute Eligible Collateral only if tax documentation acceptable to BONY has been received from the Issuer and MSIP.

Equities

- Product Type: Common stock, preferred equities, American depositary receipts
- Margin percentage: 105% for main index names, 110% for certain other eligible equities
- Eligible equities must be a member of a specified index
- Max per issuer concentration of 3.3% of Eligible Collateral or \$10m, whichever is the greater
- Max 2.5% issue size of shares outstanding (Free float market cap)
- Max 100% of the 30 day average daily volume (ADV)
- Jurisdiction concentration limits:
 - Max 75% for US
 - Max 25% for each of UK, Japan, Germany & France
 - Max 10% other countries
 - with respect to any pan-European index specified in the Eligible Collateral Agreement, there shall be a look-through to the jurisdictions of the underlying constituents for the purposes of determining the jurisdiction concentration limit

Collateral Administration

The Issuer has in respect of its dealing with MSIP entered into a custody agreement (the **Custody Agreement**) and a collateral administration master agreement (the **Collateral Administration Agreement**) with BONY, acting as both Custodian and Collateral Administrator). Pursuant to the terms of the Custody Agreement and Collateral Administration Agreement:

- the Issuer has established the BONY Custody Account and the Collateral Receiver Account (together, the **BONY Accounts**) and the Issuer has granted a lien in respect of each such BONY Account over all cash and securities in such BONY Account to secure obligations and liabilities to BONY under (i) the Custody Agreement or the Liquidity Facility; or (ii) the Collateral Administration Agreement (as applicable);
- the Issuer has authorised BONY to transfer (provided BONY receives matching instructions from MSIP) Relevant Repo Amounts and Eligible Collateral from the Collateral Receiver Account to the Counterparty Account (as relevant) to satisfy the Issuer's obligations under the MSIP Global Master Repurchase Agreement;
- BONY shall determine whether any securities transferred from the Counterparty Account to the Collateral Receiver Account constitute Eligible Collateral;
- the Issuer has indemnified BONY, subject to the limited recourse provisions, against losses incurred by BONY in respect of the Custody Agreement and the Collateral Administration Agreement;
- the Custody Agreement is expressed to provide that neither BONY nor certain affiliates or sub-custodians of BONY shall be liable for certain specified losses and further that BONY shall not be liable for any other losses in the absence of fraud, wilful default or negligence by it or certain nominee companies. The Collateral Administration Agreement is expressed to provide that BONY shall not be liable for certain losses resulting from its action or inaction in connection with that agreement in the absence of negligence, fraud or wilful default of BONY or certain affiliated companies of BONY.

MSIP, as Currency Transaction Counterparty, has also entered into corresponding collateral management arrangements with the Collateral Administrator and has established a corresponding custody account for the purposes of the MSIP Global Master Repurchase Agreement (the **Counterparty Account**).

PART 8

DESCRIPTION OF SECURITY

The Issuer shall enter into a Security Deed with the Security Trustee in respect of each Currency Transaction Counterparty (a **Relevant Currency Transaction Counterparty**). Each Security Deed will secure the Secured Liabilities for the benefit of the Secured Parties. The Secured Parties include (i) the holders (**Relevant Security Holders**) of each class of Collateralised Currency Securities in respect of which the Relevant Currency Transaction Counterparty is a Currency Transaction Counterparty (**Relevant Securities**) and (ii) the Relevant Currency Transaction Counterparty.

As at the date of this Prospectus the Issuer has entered into one Security Deed in respect of MSIP.

Each Security Deed will contain, *inter alia*, provisions to the following effect:

Assignment and Charge

The Issuer as continuing security for the payment of the Secured Liabilities will:

- assign to the Security Trustee by way of security its interests under the Relevant Facility Agreement, Relevant ISDA Master Agreement (after the exercise of and subject to the close out netting and set off rights), Relevant Global Master Repurchase Agreement (after the exercise of and subject to the close out netting and set off rights), Collateral Administration Agreement, Custody Agreement and each Relevant Authorised Participant Agreement (together, the **Assigned Agreements**);
- charge to the Security Trustee by way of first fixed and floating charge its interest in (i) the Assigned Agreements (after the exercise of and subject to the netting and set-off rights therein) and (ii) any Relevant Issuer Account and all of its rights, title and interest in any securities held in or cash balances standing to the credit of such Relevant Issuer Account.

Although the charge in each Security Deed is expressed to take effect as a fixed charge investors should have regard to the Risk Factor under the heading *Characterisation of the Security* in Part 2 (*Risk Factors*).

Declaration of Trust

The Security Trustee will hold all the property secured pursuant to the Security Deed on trust for and on behalf of the Secured Parties.

Enforcement

The security created by such Security Deed shall constitute a Counterparty Collateral Pool and shall become enforceable if:

- a Defaulted Obligation (other than where an Issuer Insolvency Event or a Counterparty Event of Default in respect of a Corresponding Currency Transaction Counterparty for a class of Relevant Securities, has occurred and is continuing at such time), in respect of which one or more classes of Relevant Securities is a Relevant Exposed Class, has occurred and is continuing;
- a Counterparty Event of Default has occurred and is continuing with respect to the Relevant Currency Transaction Counterparty and, as a result, any Redemption Notice in respect of Relevant Securities of any class issued on any of 30 continuous Pricing Days would have been invalid pursuant to Condition 6.8(g) or 6.17(c) or the Issuer has suspended Redemptions in relation to such class for a period of 30 Pricing Days;
- an Issuer Insolvency Event has occurred and is continuing; or
- a CTC Enforcement Event has occurred and is continuing.

The Security Trustee shall in respect of any Counterparty Collateral Pool:

- (a) if a Defaulted Obligation (other than where an Issuer Insolvency Event or a Counterparty Event of Default in respect of a Corresponding Currency Transaction Counterparty for a class of

Relevant Securities, has occurred and is continuing at such time) in respect of which one or more classes of Relevant Securities is a Relevant Exposed Class has occurred and is continuing and it is so directed in writing by the Trustee acting in accordance with the Trust Instrument;

- (b) if a Counterparty Event of Default has occurred and is continuing with respect to the Relevant Currency Transaction Counterparty and, as a result, any Redemption Notice in respect of Relevant Securities of any class issued on any of 30 continuous Pricing Days would have been invalid pursuant to Condition 6.8(g) or 6.17(c) or the Issuer has suspended Redemptions in relation to such class for a period of 30 Pricing Days and it is so directed in writing by the Trustee acting in accordance with the Trust Instrument;
- (c) if an Issuer Insolvency Event has occurred and is continuing and is so directed in writing by the Trustee acting in accordance with the Trust Instrument; or
- (d) if a CTC Enforcement Event has occurred and is continuing and is so directed in writing by the Relevant Currency Transaction Counterparty,

but in each case subject to:

- (i) in the case of (a), (b) and (c) above, a Compulsory Redemption Date in respect of the Relevant Securities having been set pursuant to Condition 7.2; and
- (ii) the Security Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing,

take such proceedings and/or other action as it may think fit against or in relation to the Issuer or any other person to enforce the Counterparty Collateral Pool.

Priority Waterfall

In the event that the Security Trustee is required to enforce the security constituting a Counterparty Collateral Pool, it shall apply any monies received by it as a result of such realisation in accordance with the following Priority Waterfall:

- (a) FIRST in payment of all amounts then due to the Security Trustee and the Trustee and unpaid (including to any attorneys, managers, agents, delegates or other person appointed by either of them) in respect of each class to which such Counterparty Collateral Pool is relevant under the terms of the Security Deed and the Trust Instrument (as determined by the Security Trustee in its absolute discretion), and to payment of any remuneration and expenses of any receiver and the costs of realisation of the security constituted by the Security Deed then unpaid, (for the avoidance of doubt, excluding any Redemption Amounts owed to the Trustee under the Trust Instrument);
- (b) SECONDLY in or towards payment or discharge of all amounts then due and payable by the Issuer to the Relevant Currency Transaction Counterparty under the Relevant Facility Agreement, Relevant ISDA Master Agreement or Relevant Global Master Repurchase Agreement;
- (c) THIRDLY in or towards payment of all amounts then due and unpaid in respect of the Relevant Securities on a *pro rata* basis as provided below;
- (d) FOURTHLY in or towards payment or performance of all amounts then due and unpaid by the Issuer under the Services Agreement to ManJer (or any Affiliate of the Issuer with which the Issuer has entered into a Services Agreement);
- (e) FIFTHLY in payment of the balance (if any) to the Issuer (without prejudice to or liability in respect to, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

Pro Rata Basis

The Issuer has covenanted in the Trust Instrument in favour of the Trustee and will covenant in each Security Deed in favour of each Security Trustee on any Compulsory Redemption Date that it will calculate the proportionate entitlement of each class of Collateralised Currency Securities to payments to such class from the proceeds of the assets in the relevant Counterparty Collateral Pool as at the Compulsory Redemption Date for such class (in proportion to the relevant Volume and Daily Payment Amount attributable to the Corresponding Currency Transaction of such class as it relates to the aggregate Volumes and Daily Payment Amounts for all classes of Corresponding Currency Transaction with such Currency Transaction Counterparty) in accordance with the following formula:

$$EPA_{i,t} = \frac{V_{j,t-1} + DPA_{j,t}}{\sum_{\lambda=1}^n V_{\lambda,t-1} + \sum_{\lambda=1}^n DPA_{\lambda,t}}$$

$EPA_{i,t}$ the proportionate entitlement in relation to assets in such Counterparty Collateral Pool (after deduction of any amounts payable to the Trustee, the Security Trustee or the Currency Transaction Counterparty in accordance with (a) and (b) above) of Collateralised Currency Securities of class i on day t ;

i refers to a class of Collateralised Currency Security to which the Counterparty Collateral Pool is relevant;

j refers to the Currency Transaction with such Currency Transaction Counterparty which corresponds to class i ;

t refers to the Pricing Day in respect of which such calculation is to be made;

λ refers to any class of Currency Transaction with such Currency Transaction Counterparty;

n refers to the total number of classes of Currency Transactions with such Currency Transaction Counterparty;

$V_{j,t-1}$ refers to the Volume on the Pricing Day immediately preceding Pricing Day t , in relation to Currency Transaction j ;

$V_{\lambda,t-1}$ refers to the Volume on the Pricing Day immediately preceding Pricing Day t in relation to a Currency Transaction with such Currency Transaction Counterparty;

$DPA_{j,t}$ refers to the (positive or negative) Daily Payment Amount in relation to Currency Transaction j calculated as at Pricing Day t less (in the case of a CNY Transaction or INR Transaction) the amount of any Additional Closing Fee which would be payable in respect of a Closing of such Currency Transaction on such Pricing Day;

$DPA_{\lambda,t}$ refers to the (positive or negative) Daily Payment Amount in relation to a Currency Transaction, calculated as at Pricing Day t less (in the case of a CNY Transaction or INR Transaction) the amount of any Additional Closing Fee which would be payable in respect of a Closing of such Currency Transaction on such Pricing Day;

PROVIDED THAT in respect of any class of Collateralised Currency Securities subject to Compulsory Redemption under Condition 7.3 as a result of a Disruption Event and where as a result of such Disruption Event the obligations of the Parties to the Relevant ISDA Master Agreement are modified or substituted with an obligation to pay another amount under the terms of that Relevant ISDA Master Agreement, the proportionate entitlement of such class shall be limited to the proportionate entitlement calculated above in relation to the Adjusted Counterparty Collateral Pool.

Governing Law

The Security Deeds shall be governed by the laws of England. Notwithstanding the submission to the jurisdiction of the English courts contained in the Security Deeds, nothing prevents the Security Trustee from commencing proceedings in any other court of competent jurisdiction.

Notice of Security and related matters

In respect of the security granted under the Security Deed relating to the Counterparty Collateral Pool relating to MSIP: (a) the Issuer has notified BONY of the security so granted in writing; (b) the Issuer, BONY, MSIP and the Security Trustee have entered into an agreement restricting BONY's ability to make cash payments from the Custody Account or the Collateral Receiver Account in circumstances inconsistent with the Issuer's covenants under clause 25 of the Security Deed; (c) the Issuer's grant of the security interest is expressly acknowledged in the Custody Agreement and the Collateral Administration Agreement with provision made under those contracts for BONY to act on the instructions of the Security Trustee enforcing the security.

Under clause 25 of the Security Deed, the Issuer covenants with the Security Trustee (for the benefit of the Secured Parties) that it shall only use securities or amounts credited to the Custody Account and/or Collateral Receiver Account in the manner set out in Condition 13.3 (*Accounts, Security and Application of Moneys*).

PART 9

SUMMARY OF TRANSACTION DOCUMENTS

The following is a summary of the main provisions of the Transaction Documents not disclosed elsewhere in this Prospectus.

MSIP Facility Agreement

The Issuer has entered into an English law governed Facility Agreement with MSIP under which, subject to the provisions thereof:

- the Issuer can create and close on a continuous basis, subject to the Creation Limits and the Redemption Limits and certain other conditions, any class of Currency Transaction; and
- the Issuer and MSIP agree to enter into a Euro Repo, a USD Repo and a GBP Repo on each Repo Day.

The MSIP Facility Agreement will run for at least five and a half years from 5 November 2009 (the **Effective Date**), subject to earlier termination in accordance therewith, and as more fully described below. The Issuer hopes to procure an increase in the total Volume of Currency Transactions available from MSIP, and also to extend the term of the agreement, in the event that demand for Collateralised Currency Securities necessitates such additional capacity.

Compulsory Closing of Currency Transactions

A compulsory closing date (**Compulsory Closing Date**) will occur (or be deemed to occur) in respect of any or all classes of Currency Transactions where:

- MSIP gives not less than one year's notice on or after the date which is four and a half years after the Effective Date of a Compulsory Closing Date in respect of all Currency Transactions;
- the Issuer gives at least 30 days' notice of a Compulsory Closing Date in respect of any class of Currency Transaction where all Collateralised Currency Securities of such class are to be Redeemed;
- the Issuer gives at least 2 days' notice of a Compulsory Closing Date in respect of any class of Currency Transaction where all Collateralised Currency Securities of such class are to be Redeemed pursuant to Condition 7.4 (*Compulsory Redemption on a fall in the Price relative to the Principal Amount*);
- an Early Termination Date occurs or is designated by either MSIP or the Issuer in respect of one or more classes of Currency Transaction pursuant to the terms of the ISDA Master Agreement.

Where notice of a Compulsory Closing Date has been given:

- no Currency Transaction of the relevant class may be created on or after the date on which notice of such Compulsory Closing Date is received by the other party;
- no further Closing Notices may be given in respect of the relevant class of Currency Transaction after the date on which notice of such Compulsory Closing Date is received by the other party;
- all existing Currency Transactions of the relevant class or classes will be closed from the Compulsory Closing Date.

Discontinuance of Repos

The Issuer and MSIP agree that on and from the earlier of the occurrence of an Event of Default under the MSIP Global Master Repurchase Agreement or the occurrence of an Early Termination Date in respect of all (but not some only) Currency Transactions, no further Repos shall automatically be entered into under the Facility Agreement.

Termination

The MSIP Facility Agreement shall terminate following payment or satisfaction in full by both the Issuer and MSIP of all amounts owed in respect of all Currency Transactions closed following a Compulsory

Closing Date in respect of all classes, and satisfaction in full of all obligations owed in respect of Repos entered into under the MSIP Facility Agreement and all other obligations owed under the MSIP Facility Agreement.

Amendments

MSIP may elect to amend the MSIP Facility Agreement if the Issuer enters into a Facility Agreement with another Currency Transaction Counterparty to substantially conform the MSIP Facility Agreement to that new Facility Agreement and for this purpose the consent of the Trustee will not be required.

MSIP ISDA Master Agreement

The Issuer has entered into an English law governed 2002 ISDA Master Agreement and schedule thereto with MSIP. The MSIP ISDA Master Agreement will govern each Currency Transaction entered into pursuant to the MSIP Facility Agreement. The economic terms will be set out in a Master Confirmation Agreement, as supplemented by a transactions confirmation supplement for each Currency Transaction.

Events of Defaults and Termination Events

The occurrence of an Event of Default or Termination Event under the MSIP ISDA Master Agreement would allow the non-defaulting or non-affected party to terminate the Currency Transactions governed by the MSIP ISDA Master Agreement.

The Events of Default in Sections 5(a)(i) to (viii) and Termination Events in Sections 5(b)(i) to (v) of the standard form ISDA Master Agreement apply to both the Issuer and MSIP. In addition, an Event of Default in respect of either the Issuer or MSIP under the Global Master Repurchase Agreement shall be an Event of Default under the ISDA Master Agreement.

Certain Additional Termination Events apply in respect of the Issuer, including:

- If there is a breach by the Issuer of its obligations under certain provisions of the MSIP Facility Agreement and MSIP gives the Issuer written notice of such breach and it is not (where capable of remedy) remedied within 10 calendar days;
- If the terms of the MSIP Security Deed are amended in any way without the consent of MSIP and such amendment has an adverse effect on MSIP's position in the Priority Waterfall; and
- If the Issuer disclaims, repudiates or rejects in whole or in part, or challenges the validity of the MSIP Facility Agreement or MSIP Global Master Repurchase Agreement.

In addition, there are provisions which provide for the automatic occurrence of an Early Termination Date where the Security Trustee has been instructed to take enforcement action against the Counterparty Collateral Pool applicable to MSIP.

MSIP's option to provide collateral on Downgrade

If at any time the long term senior debt credit rating of MSIP ceases to be at least BBB- from Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. (or any successor to the ratings business thereof), and at least Baa3 from Moody's Investors Service Inc. (or any successor to the ratings business thereof) then MSIP may at its discretion within 10 days of such downgrade agree and execute an ISDA Credit Support Annex (Subject to English Law – Unilateral Form – Transfer) such that MSIP will post collateral of a similar credit quality to the Eligible Collateral up to a maximum of 5 per cent. of the then outstanding Volume of all Transactions on the Pricing Day falling immediately prior to the relevant day on which collateral is being posted. Where MSIP does not agree and execute an ISDA Credit Support Annex as described, the Issuer may designate an Early Termination Date in respect of which MSIP shall be the sole Affected Party.

Payment Netting

Multiple Transaction Payment Netting is applicable to the ISDA Master Agreement and therefore all Daily Payments due on any day in the same Relevant Currency shall be netted so that a single amount in US Dollars, a single amount in Euros and a single amount in GBP will be payable by either MSIP or the Issuer on such day.

Master Confirmation Agreement

As of the Effective Date, the Issuer has entered into an English law governed Master Confirmation Agreement with MSIP for the purpose of facilitating the process of entering into and confirming Currency Transactions.

Priority

In the event of any inconsistency between the MSIP ISDA Master Agreement (including the Master Confirmation Agreement) and the Facility Agreement the terms of the MSIP ISDA Master Agreement (including the Master Confirmation Agreement) shall prevail save that in the case of a conflict between any relevant transactions confirmation supplement issued under the Master Confirmation Agreement and the corresponding valid Pricing Notice issued in accordance with the MSIP Facility Agreement as to the economic terms of the relevant Currency Transaction, such valid Pricing Notice shall prevail.

Calculation Agent

MSIP shall act as calculation agent in respect of the Currency Transactions.

Hedging Disruption/Change of Law Termination

If a Hedging Disruption/Change of Law occurs in respect of a Currency Transaction on any Pricing Day, MSIP shall notify the Issuer. The Daily Payment Amount determined by MSIP in respect of such Pricing Day shall be the final Daily Payment Amount payable in respect of such Currency Transaction and each party will be discharged from all obligations for payment of any further Daily Payment Amounts in respect of such Currency Transaction.

Hedging Disruption/Change of Law shall have the meaning given to such term in the Master Confirmation Agreement but shall include:

- any change of law that results in it being impossible for MSIP to hold, acquire or dispose of any hedge position relating to the Currency Transaction or such change in law results in it being impossible or impracticable to convert a Currency (other than a Non-Deliverable Currency) into USD, EUR or GBP, as applicable;
- where MSIP determines it is unable, after using commercially reasonable efforts, to acquire, maintain or dispose of any hedge position relating to the Currency Transaction;
- where there is a change of law which would result in MSIP incurring a materially increased cost in relation to a Currency Transaction and the Issuer does not agree to MSIP's proposal to restructure the Currency Transaction to take account of such increased cost.

Additional Disruption

If an Additional Disruption occurs for a period of 5 consecutive Index Business Days a final Daily Payment Amount will become payable in respect of such Currency Transaction and each party will be discharged from all obligations for payment of any further Daily Payment Amounts in respect of such Currency Transaction. Such final Daily Payment Amount shall be calculated by MSIP in accordance with the provisions of the Master Confirmation Agreement no later than 30 Index Business Days after such Additional Disruption occurred.

Additional Disruption shall have the meaning given to such term in the Master Confirmation Agreement but shall include:

- the occurrence of an Index Event; or
- where the Currency Index is not published or MSIP determines that the level of the Currency Index published is manifestly incorrect.

Collateral Administrator Suspension

If:

- five consecutive Repo Days are also Collateral Administration Suspension Days; or

- the Collateral Administrator suffers an insolvency event and either the Issuer or MSIP gives notice,

then a final Daily Payment Amount (calculated by the Calculation Agent) will become payable in respect all Currency Transactions and each party will be discharged from all obligations for payment of any further Daily Payment Amounts in respect of such Currency Transactions.

Collateral Administration Suspension Day is defined in the MSIP Facility Agreement as a day on which the Collateral Administrator fails to perform any of the Core Functions it is required to perform on that day under the Collateral Administration Agreement or the Custody Agreement or a day in respect of which the Collateral Administrator notifies the Issuer or MSIP that the Collateral Administrator would be unable to perform any such Core Function.

Core Function is defined in the MSIP Facility Agreement as, in respect of any day, the effecting of any payment of cash or transfer of Eligible Collateral or equivalent Eligible Collateral to or from the BONY Accounts where such payment or transfer is scheduled to be made on such day by the Issuer to MSIP or by MSIP to the Issuer under the MSIP ISDA Master Agreement or the MSIP Global Master Repurchase Agreement and to discharge the obligation of the Issuer or MSIP to make any such payment or transfer under any such agreement.

MSIP Global Master Repurchase Agreement

The Issuer has entered into an English law governed 2000 TBMA/ISMA Global Master Repurchase Agreement and the annexes and confirmations thereto with MSIP.

The MSIP Global Master Repurchase Agreement shall govern each Repo automatically entered into by the Issuer and MSIP pursuant to the MSIP Facility Agreement.

No Gross Up

All income payments due to or to be made by the Issuer under the Global Master Repurchase Agreement shall be made subject to any withholding or deduction for or on account of taxes or duties and the Issuer shall not be required to pay any additional amounts in respect thereof.

Events of Default

The Events of Default in paragraph 10(a) of the standard form Global Master Repurchase Agreement apply to both the Issuer and MSIP. The occurrence of an Event of Default or certain Termination Events (including Additional Termination Events) in respect of a party under the ISDA Master Agreement shall also be an Event of Default under the Global Master Repurchase Agreement.

Collateral Administration Agreement

The Issuer and BONY have entered into an English law governed collateral administration master agreement (the **Collateral Administration Agreement**). Pursuant to the terms of the Collateral Administration Agreement:

- the Issuer has established a collateral receiver account with BONY (the **Collateral Receiver Account**);
- the Issuer has granted a lien over all cash and securities in the Collateral Receiver Account to secure any obligations to BONY under the Collateral Administration Agreement;
- the Issuer has authorised BONY to deliver and take delivery of all Eligible Collateral and cash transferred in respect of the Repos entered into under the MSIP Facility Agreement provided that the Issuer and MSIP provide BONY with matching instructions for such transfers;
- BONY has acknowledged that the Collateral Receiver Account is intended to be ring-fenced from other accounts the Issuer holds with BONY and agrees that it has no right to and shall not purport to seek to combine, consolidate or merge the Collateral Receiver Account with any other account or any other liabilities to BONY or set-off from or transfer any cash in any currency in the Collateral Receiver Account against any liability of the Issuer to BONY other than liabilities incurred to BONY in respect of the Collateral Receiver Account;

- the Issuer has indemnified BONY, subject to the limited recourse provisions, on demand for any taxes it may be liable for in respect of any Repos and certain losses that BONY may incur when carrying out its functions under the Collateral Administration Agreement;
- the Collateral Administration Agreement is expressed to provide that BONY shall not be liable for certain losses resulting from its action or inaction in connection with that agreement other than such losses arising out of the negligence, fraud or wilful default of BONY or certain affiliated companies of BONY.

Custody Agreement

The Issuer, ETFSL and BONY have entered into an English law governed custody agreement (the **Custody Agreement**). Pursuant to the terms of the Custody Agreement:

- the Issuer has established with BONY a custody account comprising of a securities account for custody and safekeeping and one or more cash accounts (the **BONY Custody Account**);
- the Issuer has granted a lien over all cash and securities in the BONY Custody Account to secure any obligations to BONY under the Custody Agreement or under the Liquidity Facility;
- BONY has acknowledged that the BONY Custody Account is intended to be ring-fenced from other accounts the Issuer holds with BONY and that it has no right to and shall not purport to seek to combine, consolidate or merge the BONY Custody Account with any other account or any other liabilities to BONY or set-off from or transfer any cash in any currency in the BONY Custody Account against any liability of the Issuer to BONY other than liabilities incurred to BONY in respect of the BONY Custody Account;
- the Issuer has indemnified BONY, subject to the limited recourse provisions, against losses incurred by BONY in respect of the Custody Agreement;
- the Custody Agreement is expressed to provide that neither BONY nor certain affiliates or sub-custodians of BONY shall be liable for certain specified losses and further that BONY shall not be liable for any other losses in the absence of fraud, wilful default or negligence by it or by certain nominee companies.

Trust Instrument

The Issuer and the Trustee have entered into a Jersey law governed trust instrument in respect of the Programme (the **Trust Instrument**).

Each class of Collateralised Currency Securities is constituted by the Trust Instrument and secured by the relevant Security Deeds. The Trust Instrument also contains the Conditions of the Collateralised Currency Securities, provisions for the appointment, remuneration, indemnification and removal of the Trustee, covenants of the Issuer, provisions relating to enforcement of the rights of holders of the Collateralised Currency Securities and the powers and duties of the Trustee.

Security Deed

The Issuer has entered into an English law governed Security Deed with the Security Trustee, the Trustee, MSIP and ManJer in order to constitute a Counterparty Collateral Pool in respect of MSIP. The principal terms of the Security Deed are set out in Part 8 (*Description of Security*) and the Issuer has granted security over the BONY Accounts.

Authorised Participant Agreements

As at the date of this document the Issuer and ETFSL have entered into English law governed Authorised Participant Agreements, as amended, with Morgan Stanley Securities Limited, ABN AMRO Clearing Bank N.V., Merrill Lynch International, Knight Capital Europe Limited and Susquehanna International Securities Limited.

Pursuant to the terms of an Authorised Participant Agreement, the Issuer appoints each Authorised Participant and authorises it to require the issue and redemption of Collateralised Currency Securities.

In addition each Authorised Participant represents, warrants and undertakes to the Issuer that, *inter alia*:

- (a) neither it nor any of its Affiliates (including any person acting on behalf of the Authorised Participant or any of its Affiliates):
 - (i) has knowingly offered or sold or will offer or sell Collateralised Currency Securities within the United States, to a US Person, to a Prohibited U.S. Person or a Prohibited Benefit Plan Investor, whether before, on or after the relevant Application date; or
 - (ii) has engaged or will engage in any “directed selling efforts” with respect to Collateralised Currency Securities.
- (b) in relation to each Member State of the European Economic Area it has not made and will not make an offer of Collateralised Currency Securities to the public in that Member State, except that it may make an offer of Collateralised Currency Securities to the public in that Member State:
 - (i) in the period beginning on the date of publication of a prospectus in relation to those Collateralised Currency Securities which has been approved by the competent authority in that Member State in accordance with the Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
 - (ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
 - (iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, each as shown in its last annual or consolidated accounts; or
 - (iv) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Collateralised Currency Securities to the public** in relation to any Collateralised Currency Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Collateralised Currency Securities to be offered so as to enable an investor to decide to purchase or subscribe for Collateralised Currency Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Member State;

- (c) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Collateralised Currency Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Affiliate of the Issuer;
- (d) it has complied and will comply with all applicable provisions of the FSMA and the United Kingdom financial services regime (including, without limitation, the obligation to treat customers fairly) with respect to anything done by it in relation to any Collateralised Currency Securities in, from or otherwise involving the United Kingdom;
- (e) it will not offer or sell any Collateralised Currency Securities to, and will not conduct any offers, selling efforts, promotions, marketing, advertising or other related activities in respect of any Collateralised Currency Securities in a manner that could denote, hold out or suggest that Collateralised Currency Securities may be suitable for investment by, any persons other than sophisticated, professional or institutional investors (it being agreed that the publication of this Prospectus in accordance with the provisions of the Authorised Participant Agreement and acts done for the purpose of compliance with listing rules, prospectus rules or disclosure and

transparency rules in respect thereof, shall not of themselves be regarded as a breach of this undertaking);

- (f) that it will not offer or sell any Collateralised Currency Securities to persons resident for income tax purposes in Jersey (other than financial institutions in the normal course of business).

Further restrictions on offers and sales of Collateralised Currency Securities and on the distribution of this Prospectus are set out in Part 15 (*Additional Information*) below.

The Authorised Participant Agreements may be terminated by either party thereto at any time upon thirty days' prior written notice to the other party.

Services Agreement

The Issuer and ManJer have entered into a Jersey law governed Services Agreement (the **Services Agreement**). Pursuant to the terms of the Services Agreement, ManJer undertakes to provide or procure the provision of, at its own expense, services required by the Issuer in connection with its obligations under certain Transaction Documents. In consideration for such services the Issuer shall pay ManJer the Management Fee and a Processing Fee.

In relation to amounts expressed to be payable (and not paid) by the Issuer under the Services Agreement and any interest thereon, ManJer's recourse is limited to its rights under the security arrangements.

PART 10

PROCEDURE FOR APPLICATION FOR COLLATERALISED CURRENCY SECURITIES

General

Only Authorised Participants may make an Application for Collateralised Currency Securities. An Authorised Participant who wishes to apply for Collateralised Currency Securities should complete the Application Form in accordance with the instructions thereon and send it to the Registrar.

For those Applicants who wish to hold their Collateralised Currency Securities in Certificated Form, certificates in respect of the Collateralised Currency Securities will be dispatched within 10 Business Days of the Collateralised Currency Securities being issued. For those Applicants who desire to hold their Collateralised Currency Securities in Uncertificated Form, the relevant CREST account will be credited on the day on which the Collateralised Currency Securities are issued against payment. The Issuer considers it preferable that Collateralised Currency Securities be held in Uncertificated Form. Notwithstanding any other provision in this document, the Issuer reserves the right to issue any Collateralised Currency Securities in Certificated Form. In normal circumstances this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Registrar in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account details) are not provided as requested on the Application Form. No temporary documents of title will be issued and, pending despatch of security certificates, transfers will be certified against the register.

By completing and delivering an Application Form the Applicant confirms and agrees that:

- 1 it is not relying on any information or representation other than such as may be contained in this document;
- 2 no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document;
- 3 it is an Authorised Person, an Exempt Person or an Overseas Person;
- 4 it understands that Collateralised Currency Securities are direct, limited recourse obligations of the Issuer alone; and
- 5 it understands that the obligations of the Issuer under Collateralised Currency Securities are not guaranteed by the Trustee, Security Trustee, ManJer or any Affiliate of the Issuer, MS&CO, MSIP or any other member of the Morgan Stanley Group or any other Currency Transaction Counterparty.

Further details on the Application Process are set out under the heading *Applications and Redemptions* in Part 5 (*Description of Collateralised Currency Securities*).

Subscription for Collateralised Currency Securities

All Application Moneys for Collateralised Currency Securities must be paid through CREST in accordance with the procedures set out in the Application Form.

Collateralised Currency Securities in respect of which the Application has been made will not be issued unless the Issuer can effect an increase in the Volume of the Currency Transaction corresponding to such Application in accordance with the provisions of the relevant Facility Agreement.

Settlement on CREST

Collateralised Currency Securities are participating securities in CREST, a paperless multi-currency electronic settlement procedure enabling securities (including debt securities) to be evidenced otherwise than by written instrument, and transferring such securities electronically with effective delivery versus payment. Accordingly, to the extent that the Collateralised Currency Securities are issued in Uncertificated Form, settlement of transactions in the Collateralised Currency Securities will take place within the CREST system.

Settlement and Delivery on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse)

For the purpose of good delivery of the relevant Collateralised Currency Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft (**'Clearstream'**) will issue, for each class and the relevant number of Collateralised Currency Securities, a Global Bearer Certificate (each a **'Global Bearer Certificate'**) in the German language created under German law (**'Collective Safe Custody'**). Global Bearer Certificates have been issued in respect of the Long EUR Currency Securities, the Short EUR Currency Securities, the CNY Securities and the INR Securities.

A non-binding English language translation of the conditions of the Global Bearer Certificates is set out in Part 14 (*Global Bearer Certificates*) and the definitive German language text is annexed hereto in Annexes 1 and 2.

For each Global Bearer Certificate, the relevant number and class of the Collateralised Currency Securities, will be registered in the name of Vidacos Nominees Limited, London, England (the **'Nominee'**) in the Register of Security Holders and credited as underlying stock to a separate safe custody account of Clearstream with Citibank N.A., London, England (the **'Custodian'**). The safe custody account assigned to the relevant Collateralised Currency Securities (the **'Safe Custody Account'**) of each class will be designated "Clearstream Banking Aktiengesellschaft (Clearstream) – Special Safe Custody Account for [long and short EUR Currency Securities] or [long and short USD Currency Securities] Global Bearer Certificate –" followed by the name of the class concerned as set out in Annex 2.

The Global Bearer Certificates will have the following German ISIN Codes:

Type of Global Bearer Certificate	German ISIN Code
ETFS Long CHF Short EUR	DE000A1DFS A1
ETFS Short CHF Long EUR	DE000A1DFS B9
ETFS Long GBP Short EUR	DE000A1DFS C7
ETFS Short GBP Long EUR	DE000A1DFS D5
ETFS Long JPY Short EUR	DE000A1DFS E3
ETFS Short JPY Long EUR	DE000A1DFS F0
ETFS Long NOK Short EUR	DE000A1DFS G8
ETFS Short NOK Long EUR	DE000A1DFS H6
ETFS Long SEK Short EUR	DE000A1DFS J2
ETFS Short SEK Long EUR	DE000A1DFS K0
ETFS Long CNY Short USD	DE000A1EK0 K5
ETFS Short CNY Long USD	DE000A1EK0 L3
ETFS Long INR Short USD	DE000A1EK0 M1
ETFS Short INR Long USD	DE000A1EK0 N9
ETFS Long AUD Short EUR	DE000A1EK0 P4
ETFS Short AUD Long EUR	DE000A1EK0 Q2
ETFS Long CAD Short EUR	DE000A1EK0 R0
ETFS Short CAD Long EUR	DE000A1EK0 S8
ETFS Long NZD Short EUR	DE000A1EK0 T6
ETFS Short NZD Long EUR	DE000A1EK0 U4
ETFS Long USD Short EUR	DE000A1EK0 V2
ETFS Short USD Long EUR	DE000A1EK0 W0

In accordance with the conditions governing each Global Bearer Certificate:

- each co-owner thereof will be entitled, at his expense, to demand at any time that Clearstream arrange for the registration of the co-owner or a third party designated by him, in the relevant Register of Security Holders of the number and class of Collateralised Currency Securities

corresponding to his co-ownership share or any portion thereof in the Global Bearer Certificate of the same class; and

- any registered holder of Collateralised Currency Securities of any relevant class will be entitled, at his expense, to have his Collateralised Currency Securities delivered to the Custodian for crediting to the Safe Custody Account against a corresponding co-ownership share in the Global Bearer Certificate.

Whenever the number of Collateralised Currency Securities represented by the Global Bearer Certificate of any class changes (as a result, for example, of deliveries to the Safe Custody Account, withdrawals from the Safe Custody Account or issues or redemptions of Collateralised Currency Securities), Clearstream has agreed that it will amend the relevant Global Bearer Certificate accordingly.

Unless otherwise agreed, the Issuer will treat the Nominee as one single security holder so far as fractional rights and entitlements are concerned.

Cash Payments and Exercise of Subscription Rights and Other Rights: Cash payments are credited to Clearstream's cash account with the Custodian and paid by Clearstream to the respective co-owners. Any subscription rights or other rights and any fractional rights relating to the Collateralised Currency Securities in the Safe Custody Account will be held by Clearstream at the disposal of HSBC Trinkaus & Burkhardt AG (the **Bank**). Upon the request of the Bank, Clearstream will give instructions to the Custodian for the exercise, purchase or sale of such subscription rights, other rights or fractional rights. In case of any flow of cash amounts resulting out of such transactions, Clearstream will without delay inform the Bank by fax of the net proceeds or the net costs, respectively, and the related value date. The net proceeds or the net costs, respectively, must be credited or debited to the Bank's cash account with Clearstream or as otherwise agreed between Clearstream and the Bank.

Nothing in the foregoing purports to create additional subscription rights in respect of Collateralised Currency Securities and/or amend the Conditions.

Clearstream Banking AG: Clearstream is a company that was incorporated on 12 July 1949 in Frankfurt under the laws of the Federal Republic of Germany. Clearstream is a regulated credit institution under the German Banking Act and licensed as the German Central Securities Depository pursuant to the German Securities Deposit Act, i.e. a professional depository that holds securities for its customers and facilitates the clearance and settlement of securities transactions among them through electronic book-entry transfers between their accounts, thereby eliminating the need for physical movement of the securities. Clearstream also provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Clearstream's customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

Clearstream conducts its business in the legal form of a German stock corporation (*Aktiengesellschaft*), registered in the commercial register at the local court in Frankfurt under number HRB 7500, and with registered office at Neue Börsenstraße 1, D60487 Frankfurt am Main, Federal Republic of Germany.

Supply and Inspection of Documents in Germany

For the duration of the Programme or so long as any Collateralised Currency Securities remain outstanding, copies of the Prospectus (or any replacement prospectus), the German translation of the summary thereto, any supplemental prospectus and all financial information as well as the contracts required to be disclosed by the Issuer pursuant to the applicable rules will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Bank, and a copy of the documents referred above may be requested by contacting the Bank.

Settlement and Delivery on the ETFplus market of the Borsa Italiana S.p.A.

All Collateralised Currency Securities traded on the Borsa Italiana S.p.A. will be recorded in the Register in the name of Monte Titoli S.p.A. and held beneficially for persons who have bought through the Borsa Italiana S.p.A.. For those persons Monte Titoli S.p.A. will maintain its own record of holders (**Italian sub-register**). All Collateralised Currency Securities traded on the Borsa Italiana S.p.A. are

eligible for settlement through the normal Monte Titoli S.p.A. settlement systems on the deposit accounts opened with Monte Titoli S.p.A.. Market makers and other account holders at Monte Titoli S.p.A. will be permitted to transfer securities between the Register and the Italian sub-register and any other sub-registers applicable to other markets to which the Collateralised Currency Securities may be admitted to trading, and thereby be able to move securities between the London Stock Exchange, such other markets and Monte Titoli S.p.A..

For the purposes of discharging any obligations under the Collateralised Currency Securities held through Monte Titoli S.p.A., the Issuer will treat Monte Titoli S.p.A. as the single security holder of such Collateralised Currency Securities and the holders recorded in the Italian sub-register must look to Monte Titoli S.p.A. to receive any and all entitlements under such Collateralised Currency Securities.

Registers

The Registrar will maintain the Registers in Jersey.

PART 11

TERMS AND CONDITIONS OF COLLATERALISED CURRENCY SECURITIES

The issue of Collateralised Currency Securities of the Issuer (each having the Principal Amount stated in paragraph 3 of Part 15 (*Additional Information*)) having an aggregate Principal Amount of up to US\$ 1,000,000,000 for each class denominated in US\$ described in this Prospectus, of up to EUR 1,000,000,000 for each class denominated in Euros described in this Prospectus and of up to GBP 1,000,000,000 for each class denominated in GBP described in this Prospectus, was authorised pursuant to resolutions of the Board passed on 21 August 2009 and 30 October 2009 and the Collateralised Currency Securities are constituted by a Trust Instrument dated 5 November 2009, as amended by supplemental trust instruments dated 14 June 2010 and 31 December 2010 respectively (the **Trust Instrument** which expression includes further deeds or documents supplemental thereto from time to time), which is governed by Jersey law between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Trustee**) (as amended) and secured by one or more security deeds, including a security deed governed by English law dated 5 November 2009 (as amended) between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Security Trustee**).

The following are the conditions applicable to the Collateralised Currency Securities.

The Conditions

The Collateralised Currency Securities are undated, limited recourse, secured debt securities of ETFS Foreign Exchange Limited (the **Issuer**) and are constituted by, issued subject to and have the benefit of, a trust instrument (the **Trust Instrument** which expression includes further deeds or documents supplemental thereto from time to time) dated 5 November 2009 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the **Trustee**) for the holders of Collateralised Currency Securities (the **Security Holders**) and are governed by Jersey law.

The Security Holders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Trust Instrument and the relevant Security Deeds (as defined below) and the Conditions set out below.

1 DEFINED TERMS AND INTERPRETATION

1.1 In these Conditions, the following words and expressions have the following meanings:

Acceptable Credit Rating means a long term senior debt credit rating of at least BBB- from Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. (or any successor to the ratings business thereof), and of at least Baa3 from Moody's Investors Service Inc. (or any successor to the ratings business thereof).

Account Bank means an institution licensed to accept deposits in accordance with applicable law and regulation.

Account Provider is a Custodian, Account Bank or Collateral Administrator with whom the Issuer holds all or part of a Relevant Issuer Account.

Account Provider's Rights are, in respect of any Account Provider (a) any security or right of lien over all or part of a Relevant Issuer Account granted to such Account Provider or (b) any right of set-off over (or to combine, consolidate or merge) any such account, where such security or right is granted under an agreement governing such account.

Additional Closing Fee means, in respect of any Currency Transaction, the Additional Closing Fee (if any) as defined in the Facility Agreement incurred by the Issuer to the Currency Transaction Counterparty in connection with the Closing of such Currency Transaction (and in the case of MSIP, means the "MSIP Additional Closing Fee" as defined in the MSIP Facility Agreement).

Additional Redemption Fee means, in respect of a Redemption of any Collateralised Currency Security of any class pursuant to an Index Redemption Form, an amount calculated as the average of all applicable Additional Closing Fees incurred by the Issuer on the Pricing Date which

is relevant to that Index Redemption Form in connection with the Closing of any Corresponding Currency Transaction, calculated in accordance with the following formula:

$$ARF_{i,t} = \frac{TACF_{i,t}}{NR_{i,t}}$$

Where:

$ARF_{i,t}$ is the Additional Redemption Fee in respect of the Redemption of that Collateralised Currency Security;

$TACF_{i,t}$ is the total amount of the Additional Closing Fees incurred by the Issuer on that Pricing Date in connection with the Closing of any Corresponding Currency Transaction; and

$NR_{i,t}$ is the aggregate number of Collateralised Currency Securities of class i Redeemed as at that Pricing Date.

Adjusted Counterparty Collateral Pool means, in respect of a Counterparty Collateral Pool such Counterparty Collateral Pool excluding any Excess Eligible Collateral Value.

Affiliate means, in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls, directly or indirectly, that person, or any entity directly or indirectly under common control with that person; and for this purpose, **control** of any entity or person means ownership of a majority of the voting power of the entity or person.

Agreed Pricing means the method prescribed under Conditions 6.14 to 6.17 by which an Authorised Participant may agree a Redemption of any Collateralised Currency Security with a Currency Contract Counterparty.

Agreed Creation Notice means a notice given as an “Agreed Creation Notice” pursuant to a Facility Agreement.

Agreed Redemption Form means a notice in the form prescribed from time to time by the Issuer requesting Redemption of Collateralised Currency Securities using Agreed Pricing.

Assigned Agreements means, in relation to a Counterparty Collateral Pool, the Relevant Facility Agreement, Relevant ISDA Master Agreement (after the exercise of and subject to the close out netting and set off rights), Relevant Global Master Repurchase Agreement (after the exercise of and subject to the close out netting and set off rights), Collateral Administration Agreement, Custody Agreement and each Relevant Authorised Participant Agreement entered into by the Issuer which are relevant to such Counterparty Collateral Pool.

authenticated computer instruction shall bear the meaning given to it in the Regulations.

Authorised Participant means a person which has entered into an Authorised Participant Agreement with the Issuer in relation to Collateralised Currency Securities and, for each Currency Transaction Counterparty in respect of which such person is to act as an Authorised Participant:

- (a) such person has entered into a corresponding Direct Agreement with that Currency Transaction Counterparty (save where the person is the same person as the Currency Transaction Counterparty or its Affiliate); and
- (b) which is not an Unacceptable Authorised Participant in respect of that Currency Transaction Counterparty,

and, for the avoidance of doubt, a person can be an Authorised Participant in respect of one Currency Transaction Counterparty but not another.

Authorised Participant Agreement means a written agreement between the Issuer and another person under which such person is appointed to act as an “Authorised Participant”, distribution agent or in a substantially similar function in relation to Collateralised Currency Securities and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied.

Authorised Participant Redemption Limit has the meaning set out in Condition 6.6(b)

Business Day means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York.

Cash Account means a cash account held by the Issuer with an Account Bank.

Certificated or **Certificated Form** means not in Uncertificated Form.

class means a series of fungible Collateralised Currency Securities under which the Issuer's obligations to make payment are determined by reference to the same Currency Index and which have recourse to the same assets.

Class Collateral Pool means, in respect of any class of Collateralised Currency Securities, the Gross Class Collateral Pool for such class subject to the rights of and after deduction of any amounts held for or distributed to the Trustee, the Security Trustee, each Corresponding Currency Transaction Counterparty and the Security Holders of any other class as determined in accordance with the Priority Schedule.

Closing means, in respect of a Currency Transaction, the "Closing" of a Currency Transaction as defined under the Facility Agreement relevant to such Currency Transaction.

Closing Level means, in relation to a Currency Index on any day, the official closing level for such index as published or caused to be published on and in respect of that day by the Index Provider pursuant to or as contemplated by the Manual.

CNY Transaction means a Currency Transaction entered in relation to a class of CNY Securities.

CNY Securities means each of ETFS Long CNY Short USD and ETFS Short CNY Long USD.

Collateral Administration Agreement, in respect of a Currency Transaction Counterparty, has the meaning given to it in the Facility Agreement with that Currency Transaction Counterparty.

Collateral Administrator means, in respect of a Currency Transaction Counterparty, the person specified as such in the Facility Agreement with that Currency Transaction Counterparty.

Collateral Administrator Insolvency means the Collateral Administrator (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in limb (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (6) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (7) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (8) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (9) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in

clauses (1) to (8) above (inclusive); or (10) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Collateral Administrator Suspension Day, in respect of a Currency Transaction Counterparty, has the meaning given to it in the Facility Agreement with that Currency Transaction Counterparty.

Collateralised Currency Securities means 74 classes of Collateralised Currency Securities which have been authorised for issue as further described in the Trust Instrument together with any Further Securities issued pursuant to Condition 15, and “**Collateralised Currency Security**” means any of them.

Compulsory Daily Amount means, in respect of a Compulsory Redemption and a class of Collateralised Currency Securities:

- (a) if the Compulsory Redemption Amount is not more than the Redemption Limit (in each case for that class), the Compulsory Redemption Amount;
- (b) if the Compulsory Redemption Amount is equal to 5 or more times such Redemption Limit, 20 per cent. of the Compulsory Redemption Amount; and
- (c) otherwise, such Redemption Limit.

Compulsory Redemption means a Redemption of Collateralised Currency Securities in accordance with Condition 7.

Compulsory Redemption Amount means on any Pricing Day, in respect of any class of Collateralised Currency Securities subject to Compulsory Redemption, an amount equal to the product of the Compulsory Redemption Number and the Redemption Amount for such class on such Pricing Day provided that in respect of a Compulsory Redemption Date notified pursuant to Condition 7.3 and where the applicable Currency Index has not been published on such Compulsory Redemption Date, the Compulsory Redemption Amount for such class is the amount of the proceeds of the liquidation of the Class Collateral Pool that would be available to meet the claims of holders of Collateralised Currency Securities of the relevant class as determined by the Issuer as at such Compulsory Redemption Date.

Compulsory Redemption Date means a date notified in accordance with Conditions 7.1, 7.2, 7.3, 7.4 or 7.5.

Compulsory Redemption Number means in respect of a Compulsory Redemption Date and a class of Collateralised Currency Securities, where such Compulsory Redemption Date is notified or occurs in accordance with:

- (a) Condition 7.1 and 7.3, the number of Collateralised Currency Securities of that class specified in such notice;
- (b) Condition 7.2 and 7.4, the total number of Collateralised Currency Securities of that class outstanding as at the end of the London Business Day immediately preceding the Compulsory Redemption Date;
- (c) Condition 7.5, the number of Collateralised Currency Securities of that class in respect of which notice was given by the Issuer in accordance with Condition 7.5 with respect to the Security Holder in question.

Compulsory Redemption Price means in respect of any Collateralised Currency Securities of any class Redeemed as of any Pricing Day, the Price on such Pricing Day (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee that would be payable on such Pricing Day) and in respect of any Collateralised Currency Securities Redeemed pursuant to Condition 7.3 where no Price is available, an amount equal to the amount of the proceeds of the liquidation of the Class Collateral Pool for that class that would be available to meet the claims of holders of Collateralised Currency Securities of the relevant class as determined by the Issuer as at such Compulsory Redemption Date divided by the Compulsory Redemption Number.

Conditions means these terms and conditions on and subject to which Collateralised Currency Securities are issued.

Controller means, in relation to any company, a person who:

- (a) holds 10 per cent. or more of the shares in such company;
- (b) is able to exercise significant influence over the management of such company by virtue of his shareholdings in such company;
- (c) holds 10 per cent. or more of the shares in a parent undertaking of such company;
- (d) is able to exercise significant influence over the management of the parent undertaking of such company;
- (e) is entitled to exercise, or control the exercise of, 10 per cent. or more of the voting power in such company;
- (f) is able to exercise significant influence over the management of such company by virtue of his voting power in such company;
- (g) is entitled to exercise, or control the exercise of, 10 per cent. or more of the voting power in the parent undertaking of such company; or
- (h) is able to exercise significant influence over the management of the parent undertaking of such company by virtue of his voting rights.

Corresponding Currency Transaction means, in respect of any class of Collateralised Currency Securities, a Currency Transaction of the class (as defined under the Relevant Facility Agreement) which corresponds to such class of Collateralised Currency Securities.

Corresponding Currency Transaction Counterparty means, in respect of any class of Collateralised Currency Securities, a Currency Transaction Counterparty with whom the Issuer has entered into a Facility Agreement for the creation of Corresponding Currency Transactions and with whom the Issuer has entered into a Currency Transaction in respect of such Class of Collateralised Currency Securities but in respect of a New Class, where a division of a Gross Class Collateral Pool is effected pursuant to Condition 15.5, means a Currency Transaction Counterparty as determined pursuant to Condition 15.5.

Counterparty Collateral Pool means, in respect of any class of Collateralised Currency Securities, for a Corresponding Currency Transaction Counterparty for such class, all of the Issuer's right, title and interest in and to:

- (a) the Relevant Issuer Account and all of its rights, title and interest in any securities held in or cash balances standing to the credit of such Relevant Issuer Account; and
- (b) the Assigned Agreements; and

a Counterparty Collateral Pool (A) **relates** to such Corresponding Currency Transaction Counterparty and (B) is **relevant** to a class of Collateralised Currency Securities where that Counterparty Collateral Pool relates to a Corresponding Currency Transaction Counterparty in respect of such class or (where a division of a Gross Class Collateral Pool is effected pursuant to Condition 15.5) as notified by the Issuer by RIS announcement in respect of such class pursuant to Condition 15.5.

Counterparty Event of Default means, in relation to a Currency Transaction Counterparty, any event occurring in respect of that Currency Transaction Counterparty which is an Event of Default under the ISDA Master Agreement to which such Currency Transaction Counterparty is a party.

CREST means the system of paperless settlement of transfers and the holding of securities in Uncertificated Form administered by Euroclear UK & Ireland Limited.

CTC Enforcement Event, in relation to a Security Deed, has the meaning given to it in that Security Deed (and CTC Enforcement Event **relates** to the Counterparty Collateral Pool the subject of such Security Deed).

Currency Index means in respect of a class of Collateralised Currency Securities, the currency index specified as such in relation to such class in the Trust Instrument.

Currency Transaction means in relation to a Collateralised Currency Security of any class, a transaction between the Issuer and a Currency Transaction Counterparty governed by a Relevant ISDA Master Agreement and created in accordance with a Relevant Facility Agreement in respect of that class.

Currency Transaction Counterparty means the counterparty to a Facility Agreement and ISDA Master Agreement with the Issuer, and includes MSIP.

Custodian means any institution licensed to safeguard and administer investments in accordance with applicable law and regulation.

Custody Account means a securities account (or, as the case may be, securities and cash account) held by the Issuer with a Custodian.

Custody Agreement, in respect of a Currency Transaction Counterparty, has the meaning given to it in the Facility Agreement with that Currency Transaction Counterparty.

Daily Adjustment, in respect of any class of Collateralised Currency Transactions on any Pricing Day, has the meaning given to $DA_{i,t}$ in the formula in Condition 5.2.

Daily Adjustment Agreement means, in respect of any Currency Transaction Counterparty, the agreement specified as such in the Facility Agreement with such Currency Transaction Counterparty.

Daily Payment Amount means, in respect of any Currency Transaction, the Daily Payment Amount (payable under an ISDA Master Agreement) as defined in the Facility Agreement which required the creation of such Currency Transaction provided that (a) where such Currency Transaction is terminated and liquidated under the ISDA Master Agreement governing it, the Daily Payment Amount for the purposes of these Conditions shall be the value determined in respect of such terminated transaction under and in accordance with the provisions of the ISDA Master Agreement and (b) where as a result of a Disruption Event the obligations of the parties to pay the Daily Payment Amount are modified or substituted with an obligation to pay another amount under the terms of that ISDA Master Agreement, such Daily Payment Amount as so modified or such other amount as so substituted.

Daily Payment Amount Facility means any overnight overdraft or overnight loan facility provided to the Issuer by a Collateral Administrator or other financial institution solely for the purpose of settling Daily Payment Amounts and any Additional Closing Fees (if any) where the Issuer has not received payment of an amount under a Repo from a Currency Transaction Counterparty prior to the relevant cut off for making such Daily Payment Amount or Additional Closing Fee (and for these purposes “overnight” refers to an overdraft or loan made on any day for repayment on the next Repo day).

Daily Spread means, in respect of any class of Collateralised Currency Securities, on any day, a percentage amount equal to a volume weighted average of the Spreads in relation to all Corresponding Currency Transactions of such class on such day calculated as a daily rate in accordance with the following formula:

$$DS_{i,t} = \frac{\sum_{u=1}^n V_{i,u,t-1} \times S_{i,u,t}}{\sum_{u=1}^n V_{i,u,t-1}}$$

Where:

$DS_{i,t}$ is the Daily Spread in respect of class i on day t ;

$S_{i,u,t}$ is the Spread in respect of a Currency Transaction of class i on day t under the Daily Adjustment Agreement with Currency Transaction Counterparty u expressed as a daily percentage rate (on the basis of a 365 day year);

$V_{i,u,t-1}$ is the Volume in respect of Currency Transaction i on Pricing Day $t-1$ for Currency Transaction Counterparty u (provided that it does not refer to any Volume which would be calculated as zero (0) on such Pricing Day);

u refers to a Currency Transaction Counterparty that has created a Corresponding Currency Transaction; and

provided, for the avoidance of doubt, that if $DS_{i,t}$ would otherwise equal $\frac{0}{0}$ it shall be regarded as equal to zero (0).

Deemed Redemption Payment Date has the meaning given in Condition 6.5.

Defaulted Obligation means the failure of the Issuer to make or procure any payment in respect of the Redemption of any Collateralised Currency Securities when due, and such failure is not remedied on or before:

- (a) in the case of a failure caused in whole or in part by a Currency Transaction Counterparty to comply with its obligations to the Issuer or such obligations are suspended by reason of force majeure or other circumstances beyond the control of the Issuer, the fourth Repo Day;
- (b) in the case of a failure caused in whole or in part by a Collateral Administrator Insolvency or a failure of a Collateral Administrator to comply with its obligations to the Issuer or such obligations are suspended by reason of force majeure or other circumstances beyond the control of the Issuer, the second Repo Day after the Deemed Redemption Payment Date; and
- (c) in any other case, the second Repo Day,

after receipt of notice requiring remedy of the same provided that (A) if an amount paid by a Currency Transaction Counterparty under the terms of a Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement which will be used by the Issuer to fund the payment of a Redemption Amount is subject to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political sub-division thereof or any authority thereof having power to tax, as required by law (as modified by the practice of any relevant governmental revenue authority) then in effect, and that Currency Transaction Counterparty is not obliged under that Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement to make any additional payment in respect of the withholding or deduction and the net amount is so paid or procured to be paid by the Issuer in respect of that Redemption, that shall not be a Defaulted Obligation and (B) where in respect of a Redemption of any Collateralised Currency Security of any class on any day the Issuer pays an amount equal to the amount which the holder of such Collateralised Currency Security would be entitled pursuant to Condition 3.2 after the Security Trustee or a secured party had realised all of the Class Collateral Pool for such class if such day was a Compulsory Redemption Date for such class, that shall not be a Defaulted Obligation.

Direct Agreement means an agreement entered into between a Currency Transaction Counterparty and an Authorised Participant or a person proposed by the Issuer to become an Authorised Participant providing for direct recourse in respect of certain matters between a Currency Transaction Counterparty and an Authorised Participant.

Disruption Event in relation to any ISDA Master Agreement has the meaning given to it in that ISDA Master Agreement.

Division Fraction has the meaning given to it in Condition 15.6.

Early Termination Date, in respect of an ISDA Master Agreement, has the meaning given to it in that ISDA Master Agreement.

Eligible Collateral means securities and/or cash specified as such in an Eligible Collateral Agreement.

Eligible Collateral Agreement means an agreement between a Currency Transaction Counterparty and the Issuer and, if applicable, a Collateral Administrator relating to the acceptability of securities to be purchased and/or collateral to be provided under any Global Master Repurchase Agreement or other arrangement under which such Currency Transaction Counterparty sells securities and/or provides collateral to the Issuer (and, as at the Effective Date of the MSIP Facility Agreement, the Eligible Collateral Agreement is the Eligible Collateral Agreement between MSIP, the Issuer and the Collateral Administrator in respect of MSIP).

ETFSL means ETF Securities Limited, a company incorporated and registered in Jersey, with registered number 88370.

Euro means the lawful currency of the participating member states of the European Union adopted in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

Euro Collateralised Currency Security means a Collateralised Currency Security denominated in Euros.

Euro Currency Transaction means a Currency Transaction under which the payment obligations of the parties to that transaction are denominated in Euros (other than payment obligations arising in respect of any "Early Termination Amount" under an ISDA Master Agreement).

Euro Repo means a repurchase transaction subject to and governed by a Global Master Repurchase Agreement under which the payment obligations of the parties to such transaction are denominated in Euros (other than in the case of any sum payable pursuant to paragraph 10(c) of such Global Master Repurchase Agreement).

Event of Default means, in respect of an ISDA Master Agreement, an "Event of Default" as defined in that agreement and in respect of a Global Master Repurchase Agreement, an "Event of Default" as defined in that agreement.

Excess Eligible Collateral Value means, in relation to any Eligible Collateral transferred on any day (the transfer date) to the Issuer on any day in accordance with an Eligible Collateral Agreement which applied a discount to the value of such Eligible Collateral on that day, and where after the Trustee or a secured party realises such Eligible Collateral the amount by which the proceeds of such realisation exceed the discounted value of all such Eligible Collateral on the transfer date.

Extraordinary Resolution means in respect of one or more classes of Collateralised Currency Securities either (a) a resolution passed at a meeting of the holders of the Collateralised Currency Securities of such class or classes duly convened and held in accordance with the provisions contained in the Trust Instrument and carried by a majority consisting of not less than 75 per cent. in number of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of the holders of not less than 75 per cent. by Principal Amount of the Collateralised Currency Securities of such class or classes voting on such poll or (b) a resolution in writing of holders of the Collateralised Currency Securities of such class or classes holding not less than 75 per cent. by Principal Amount of the Collateralised Currency Securities of such class or classes.

Facility Agreements means the agreements of that name between the Issuer and different Currency Transaction Counterparties providing for the creation and closing of Currency Transactions including an agreement of that name between the Issuer and MSIP dated 5 November 2009 (the **MSIP Facility Agreement** and, for so long as MSIP is the only Currency Transaction Counterparty, the **Facility Agreement**).

FSA means the Financial Services Authority of the United Kingdom or any successor to such body.

FSMA means the Financial Services and Markets Act 2000.

Further Securities means securities issued by the Issuer in accordance with Condition 15.1.

GBP means the lawful currency of the United Kingdom.

GBP Collateralised Currency Security means a Collateralised Currency Security denominated in GBP.

GBP Currency Transaction means a Currency Transaction under which the payment obligations of the parties to that transaction are denominated in GBP (other than payment obligations arising in respect of any “Early Termination Amount” under an ISDA Master Agreement).

GBP Repo means a repurchase transaction subject to and governed by the Global Master Repurchase Agreement under which the payment obligations of the parties to such transaction are denominated in GBP (other than in the case of any sum payable pursuant to clause 10(c) of such Global Master Repurchase Agreement).

General Notice means any notice given in accordance with these Conditions other than a Pricing Notice.

Global Master Repurchase Agreements means the agreements of that name between the Issuer and the Currency Transaction Counterparties governing Repos including an agreement of that name between the Issuer and MSIP dated 5 November 2009 (the **MSIP GMRA** and, for so long as MSIP is the only Currency Transaction Counterparty, the **GMRA**).

Gross Class Collateral Pool means, in respect of any class of Collateralised Currency Securities, all the assets comprised in each Counterparty Collateral Pool relevant to such class.

Guarantee means in respect of any Currency Transaction Counterparty, any guarantee or other credit support agreement provided by a guarantor or other credit support provider in respect of such Currency Transaction Counterparty's obligations under the relevant Facility Agreement, ISDA Master Agreement and/or Global Master Repurchase Agreement.

Guarantor means in respect of any Currency Transaction Counterparty, any guarantor or other credit support provider who has entered into a Guarantee in respect of such Currency Transaction Counterparty's obligations under the relevant Facility Agreement, ISDA Master Agreement and/or Global Master Repurchase Agreement.

Hedging Disruption Event means, in relation to a class of Collateralised Currency Security, an event circumstance or cause that a Currency Transaction Counterparty reasonably and in good faith, determines has had or would reasonably be expected to have a materially adverse effect on that Currency Transaction Counterparty's ability to hedge its positions in connection with a Corresponding Currency Transaction, including without limitation, any limitation or prohibition associated with acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any hedging transaction in connection with such Corresponding Currency Transaction, in each case whether due to market illiquidity, position limits, illegality, the adoption of or change in any law or other regulatory instrument, lack of availability of hedging transaction market participants or the occurrence or existence of any other circumstance or event.

Index Business Day means in respect of any class, a day on which the Currency Index for such class is scheduled to be published in accordance with the Manual.

Index Creation Notice means a notice given as an “Index Creation Notice” pursuant to a Facility Agreement.

Index Disruption Day means, in respect of any class, an Index Business Day on and in respect of which the Closing Level of the Currency Index applicable to such class is not published or caused to be published by the Index Provider or any day in respect of which either MSIP or the Issuer validly gives notice to the other party under the MSIP ISDA Master Agreement of an “Additional Disruption” which is not also a “Hedging Disruption/Change in law” (as such terms are defined in that ISDA Master Agreement).

Index Event means, in relation to any class of Collateralised Currency Securities, the occurrence of any of the events defined as “adjustment events” or “market disruption events” in the Manual in relation to the Currency Index applicable to such class.

Index Pricing means the method prescribed under Conditions 6.8 to 6.13 by which an Authorised Participant may request a Redemption of any Collateralised Currency Security by submission of a notice to the Issuer.

Index Provider means in respect of any class, any person who calculates and publishes (or causes to be published) the Currency Index to which that class relates.

Index Redemption Form means a notice in the form prescribed from time to time by the Issuer for requesting Redemption of Collateralised Currency Securities using Index Pricing.

INR Transaction means a Currency Transaction entered in relation to a class of INR Securities.

INR Securities means each of ETFS Long INR Short USD and ETFS Short INR Long USD.

Investment Advisor means a person authorised by the FSA with permission under Part IV of FSMA to give investment advice.

Investment Company Act means the Investment Company Act of 1940 of the U.S..

ISDA Master Agreements means the agreements of that name between the Issuer and different Currency Transaction Counterparties governing Currency Transactions including the MSIP ISDA Master Agreement.

Issuer means ETFS Foreign Exchange Limited, a company incorporated and registered in Jersey with registered number 103518.

Issuer Insolvency Event means the Issuer (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) has a declaration made against it declaring the assets of the Issuer *en désastre* pursuant to the Bankruptcy (Désastre) (Jersey) Law 1990, as amended; (5) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in limb (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (6) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (7) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (8) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (9) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (8) above (inclusive); or (10) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts **Provided that** no action taken by the Trustee in respect of a Counterparty Collateral Pool shall constitute an Issuer Insolvency Event save where such action falls within one or more of clauses (1) to (9) and is taken (x) with respect to all Counterparty Collateral Pools in existence at such time and (y) with the intention of distributing the entire proceeds of the liquidation of such Counterparty Collateral Pools.

Issuer's Website means the website having the following internet address: <http://www.etfsecurities.com/fxl> or such other internet address as may be notified by RIS announcement.

Jersey means the Island of Jersey, Channel Islands.

Liability means any loss, damage, cost, charge, claim, demand, expense, judgement, action, proceeding or other liability whatsoever (including, without limitation, in respect of Taxes) and including any VAT or similar Tax charged or chargeable in respect thereof and legal and professional fees and expenses on a full indemnity basis, and Liabilities shall be construed accordingly.

LIBOR means, in respect of any date of determination:

- (a) the rate for overnight deposits in US Dollars which appears on the Reuters LIBOR01 page (or any successor page) as of 11:00 a.m. on the day that is two London Business Days preceding such date of determination; or
- (b) in the event of the unavailability of the Reuters LIBOR01 page (or any successor page), the rate for such determination date will be determined on the basis of the rates at which deposits in US Dollars are offered by four major banks in the London interbank market (**Reference Banks**) at approximately 11:00 a.m. on the day that is two London Business Days preceding the relevant determination date to prime banks in the London interbank market for overnight deposits commencing on that date and in an amount (a **Representative Amount**) that is representative for a single transaction in the relevant market at the relevant time. The Issuer will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for such date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for such determination date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Issuer, at approximately 11:00 a.m., New York City time, on such determination date for loans in US Dollars to leading European banks for overnight deposits commencing on the determination date and in a Representative Amount.

Listing means in respect of any class of Collateralised Currency Securities, the admission of such class to the Official List in accordance with the Listing Rules and the admission to trading of such class on the London Stock Exchange's regulated market (or any such regulated market if the London Stock Exchange has at any time more than one such market) becoming effective.

Listing Failure means the refusal of the UK Listing Authority to admit to the Official List any Collateralised Currency Securities issued or to be issued under the Programme.

Listing Failure Date means, in respect of any Collateralised Currency Security the subject of a Listing Failure, the day which was or would have been the first date on which payment would have been due in respect of the corresponding Currency Transaction pursuant to the terms of the Relevant ISDA Master Agreement.

Listing Rules means the Listing Rules of the UK Listing Authority from time to time, made under section 73A of FSMA.

London Business Day means a day other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

London Stock Exchange means London Stock Exchange plc or its market for listed securities (or any of such markets if the London Stock Exchange has at any time more than one such market), as the context may require.

Management Fee means, in respect of any class of Collateralised Currency Securities, the management fee rate per annum payable by the Issuer to ManJer (or any Affiliate of the Issuer) as set out in the Services Agreement (as the same may be amended from time to time).

ManJer means ETFS Management Company (Jersey) Limited, a company incorporated in Jersey, with registered number 106921.

Manual means in respect of a class of Collateralised Currency Securities, the document which sets out the methodology for the calculation of the Currency Index applicable to that class as specified as such in the Trust Instrument.

Maximum Closing Limit means, in respect of a class of Currency Transactions, a maximum limit on the amount or volume by which a Currency Transaction of such class may be Closed in accordance with a Facility Agreement governing any such Closing as agreed between the parties to such Facility Agreement from time to time.

Minimum Closing Limit means, in respect of a class of Currency Transactions, a minimum limit on the amount or volume by which a Currency Transaction of such class may be Closed in accordance with a Facility Agreement governing any such Closing as agreed between the parties to such Facility Agreement from time to time.

month means calendar month.

MSIP means Morgan Stanley & Co. International plc.

MSIP ISDA Master Agreement means the 2002 ISDA Master Agreement and master confirmation agreement between the Issuer and MSIP dated 5 November 2009 together with each transaction's confirmation supplement thereto.

New Class has the meaning given to it in Condition 15.5.

New York Business Day means a day other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York.

Notice Deadline means:

- (i) in respect of Collateralised Currency Securities other than CNY Securities or INR Securities, on a Pricing Day, the earlier of 2.00 p.m. (London time) or such other time determined by the Issuer as the Notice Deadline in respect of a particular Pricing Day or generally; and
- (ii) in respect of CNY Securities and INR Securities, on a London Business Day, the earlier of 4.30 p.m. (London time) or such other time determined by the Issuer as the Notice Deadline in respect of a particular Pricing Day, London Business Day or generally.

Official List means the official list maintained by the UK Listing Authority for the purpose of Part VI of FSMA.

outstanding means in relation to each class of Collateralised Currency Securities, all the Collateralised Currency Securities of that class issued and in respect of which there is for the time being an entry in the Register other than:

- (a) Collateralised Currency Securities which have been redeemed and cancelled pursuant to the Trust Instrument; and
- (b) Collateralised Currency Securities which have been purchased and cancelled pursuant to the Trust Instrument.

PROVIDED THAT for the purpose of the right to attend and vote at any meeting of the Security Holders or any of them and certain other purposes of the Trust Instrument, Collateralised Currency Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Issuer, (B) a Currency Transaction Counterparty which is not also an Authorised Participant or a Guarantor or an Affiliate of an Authorised Participant or Guarantor, (C) ManJer, (D) any subsidiary of the Issuer or of any such Currency Transaction Counterparty falling under (B), (E) any individual Controller of the Issuer, ManJer or Guarantor or (F) any person controlled by any such persons listed in (A) to (E) above shall (unless and until ceasing to be so held) be deemed not to remain outstanding and accordingly the holders of such Collateralised Currency Securities shall be deemed not to be Security Holders.

Potential Event of Default means, in respect of an ISDA Master Agreement, a “Potential Event of Default” as defined in that ISDA Master Agreement and in relation to a Global Master Repurchase Agreement, an event which with the giving of notice and/or the lapse of time would constitute an Event of Default for the purposes of that Global Master Repurchase Agreement.

Price in respect of any class of Collateralised Currency Securities on any Pricing Day has the meaning given to $P_{i,t}$ in the formula in Condition 5.2 and shall be determined in accordance with such formula and **Pricing** (other than when used in the terms Pricing Date and Pricing Day) shall be construed accordingly.

Pricing Date means:

- (a) in the case of an Agreed Redemption Form which is valid in accordance with Condition 6.17, the day upon which such notice is received or deemed to have been received by the Issuer; or
- (b) in the case of an Index Redemption Form which is valid in accordance with Condition 6.8 in respect of any class other than CNY Securities or INR Securities, the Pricing Day on which the Index Redemption Form is received or deemed to have been received by the Issuer or, in the case of CNY Securities and INR Securities, the Pricing Day next following the London Business Day on which the Index Redemption Form is received or deemed to have been received by the Issuer.

Pricing Day means, in respect of a Currency Transaction of any class, a London Business Day which is an Index Business Day for that class and which is not a Index Disruption Day for that class.

Pricing Notice means a Redemption Form (and any other notice contemplated by these Conditions which the Issuer shall notify by RIS announcement as being a Pricing Notice from time to time).

Principal Amount means in respect of each Collateralised Currency Security the amount specified in clause 2 of the Trust Instrument.

Priority Schedule means the provisions of Condition 13.4.

Programme means the programme for the issue by the Issuer of Collateralised Currency Securities.

Prohibited Benefit Plan Investor means any “employee benefit plan” within the meaning of section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**), subject to Part 4. Subtitle B of Title I of ERISA, any “plan” to which section 4975 of the United States Internal Revenue Code of 1986, (the **Code**) applies (collectively, **Plans**), any entity whose underlying assets include “plan assets” of any of the foregoing Plans within the meaning of 29 C.F.R. Section 2510.3-101 or section 3(42) of ERISA, as they may be modified, by reason of a Plan’s investment in such entity, any governmental or church plan that is subject to any U.S. Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or Section 4975 of the Code, or any person who holds Collateralised Currency Securities on behalf of, for the benefit of or with any assets of any such Plan or entity.

Prohibited US Person means a US Person who is not both a Qualified Purchaser and a Qualified Institutional Buyer, or any person who holds Currency Securities for the benefit of a US Person who is not both a Qualified Purchaser and a Qualified Institutional Buyer.

Qualified Institutional Buyer has the meaning given thereto by Rule 144A under the United States Securities Act of 1933, as amended.

Qualified Purchaser means a “qualified purchaser” as defined under the Investment Company Act.

Redemption means the redemption of Collateralised Currency Securities by the Issuer in accordance with these Conditions (and **Redeem** shall be construed accordingly).

Redemption Account means in respect of Collateralised Currency Securities, a bank account to receive payments in the Relevant Currency of the Redemption Amount in respect of the Redemption of such Collateralised Currency Securities, which account shall be:

- (a) for an Authorised Participant, the bank account notified in writing for such purposes by the Authorised Participant to the Issuer, each Currency Transaction Counterparty and the Trustee from time to time;
- (b) for a Compulsory Redemption of Collateralised Currency Securities or where there are no Authorised Participants, the bank account of the Issuer secured for the benefit of the Security Holders of such Collateralised Currency Securities or of the Trustee for the benefit of such Security Holders; and
- (c) otherwise, the bank account specified in the Redemption Form in accordance with the terms of any relevant RIS announcement made by the Issuer pursuant to or in connection with Condition 6.3.

Redemption Amount means the amount per Collateralised Currency Security of the relevant class payable by the Issuer to the Security Holder upon the Redemption of Collateralised Currency Securities, as provided in Condition 6.1, 7.9 or 7.10, as the case may be, as may be reduced for any withholdings or deductions for or on account of tax as set out in Condition 8.5.

Redemption Day means a Repo Day which is not a Collateral Administrator Suspension Day.

Redemption Fee means the fee payable by a Security Holder upon Redemption of Collateralised Currency Securities in accordance with Condition 9.

Redemption Form means an Agreed Redemption Form or an Index Redemption Form in the form prescribed from time to time by the Issuer and in accordance with these Conditions, as the case may be.

Redemption Limits has the meaning given to it in Condition 6.6.

Redemption Liquidity Facility means any overnight overdraft or overnight loan facility provided to the Issuer by a Collateral Administrator or other financial institution solely for the purpose of settling Redemption Amounts.

Redemption Payment Date means:

- (a) in the case of a Redemption pursuant to an Index Redemption Form, the second Redemption Day following the Pricing Date of that Redemption (**T**) or, if later, the third London Business Day following T and if such London Business Day is not a Redemption Day, the Redemption Day next following such London Business Day; or
- (b) in the case of a Redemption pursuant to an Agreed Redemption Form, the London Business Day specified for such payment in that notice (provided that, unless otherwise agreed by the Issuer, the date so specified shall be not earlier than two Redemption Days following the day upon which notice is received or deemed to have been received by the Issuer) (**T**) and if T is not a Redemption Day, the Redemption Day next following such London Business Day; or
- (c) in the case of a Redemption in accordance with a Listing Failure, the second Redemption Day following the Listing Failure Date of that Redemption (**T**) or, if later, the third London Business Day following T and if such London Business Day is not a Redemption Day, the Redemption Day next following such London Business Day; or
- (d) except as provided for in Condition 7.11, in the case of a Redemption following the nomination of a Compulsory Redemption Date, the second Redemption Day following the last Pricing Day on which the Price of Collateralised Currency Securities being Redeemed was determined in accordance with these Conditions (**T**) or, if later, the third London Business Day following T and if such London Business Day is not a Redemption Day, the Redemption Day next following such London Business Day; or

- (e) in the case of a Redemption as provided in Condition 7.11, the second Redemption Day following the Compulsory Redemption Date (**T**) or, if later, the third London Business Day following T.

Registers means the registers of Security Holders of each class kept and maintained by the Registrar and **Register** shall be construed accordingly. At the date of the Trust Instrument there are 74 Registers, one for each of the 74 different classes of Collateralised Currency Securities currently envisaged to be created pursuant to the Trust Instrument.

Registrar means Computershare Investor Services (Jersey) Limited or such other person as may be appointed by the Issuer from time to time to maintain the Registers, to receive and process applications for Collateralised Currency Securities and to receive and process applications for Redemptions of Collateralised Currency Securities.

Regulations means the Companies (Uncertificated Securities) (Jersey) Order 1999 including any modifications thereto or any regulations in substitution therefor made and for the time being in force which, *inter alia*, enable title to Collateralised Currency Securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument.

Relevant Affected Class means in respect of a Currency Transaction Counterparty on any day when either a Counterparty Event of Default or a CTC Enforcement Event has occurred and is continuing in respect of such Currency Transaction Counterparty:

- (a) if such day falls on or after an Early Termination Date under the ISDA Master Agreement between the Issuer and such Currency Transaction Counterparty, each class of Collateralised Currency Securities which corresponds to a class of Corresponding Currency Transaction existing under such ISDA Master Agreement immediately before such Early Termination Date; and
- (b) if such day falls before an Early Termination Date under the ISDA Master Agreement between the Issuer and such Currency Transaction Counterparty, each class of Collateralised Currency Securities which corresponds to a class of Corresponding Currency Transaction existing under such ISDA Master Agreement on such day.

Relevant Authorised Participant Agreement means in relation to a Currency Transaction Counterparty, an Authorised Participant Agreement relating to Collateralised Currency Securities in respect of which such Currency Transaction Counterparty can enter into Corresponding Currency Transactions.

Relevant Business Day means:

- (a) in respect of payments to be made in Euros, Euro Collateralised Currency Securities, Euro Currency Transactions and any Euro Repo, any day on which TARGET 2 is open for the settlement of payments in Euros;
- (b) in respect of payments to be made in GBP, GBP Collateralised Currency Securities, GBP Currency Transactions and any GBP Repo, a London Business Day; and
- (c) in respect of payments to be made in USD, USD Collateralised Currency Securities, USD Currency Transactions and any USD Repo, a New York Business Day.

Relevant Currency means, in relation to any Collateralised Currency Security, the currency of denomination of that Collateralised Currency Security.

Relevant Currency Transaction Counterparty means, in relation to a Security Deed, the Currency Transaction Counterparty that has the benefit of the security granted by the Issuer pursuant to that Security Deed.

Relevant Exposed Class means in respect of any Defaulted Obligation on any day in relation to a class of Collateralised Currency Securities:

- (a) such class;

- (b) for each Corresponding Currency Transaction Counterparty in respect of such class, each class of Collateralised Currency Securities which corresponds to a class of Currency Transaction existing under the ISDA Master Agreement with such Corresponding Currency Transaction Counterparty on such day; and
- (c) for each Corresponding Currency Transaction Counterparty in respect of any other class identified under this definition (whether under limb (b) or this limb (c)), each class of Collateralised Currency Securities which corresponds to a class of Currency Transaction open under the ISDA Master Agreement with such Corresponding Currency Transaction Counterparty on such day.

Relevant Facility Agreement means, in respect of a Collateralised Currency Security of any class, a Facility Agreement between the Issuer and a Currency Transaction Counterparty in respect of Currency Transactions that are Corresponding Currency Transactions in respect of such class.

Relevant Global Master Repurchase Agreement means, in respect of a Collateralised Currency Security of any class, a Global Master Repurchase Agreement between the Issuer and a Corresponding Currency Transaction Counterparty in respect of such class.

Relevant ISDA Master Agreement means, in respect of a Collateralised Currency Security of any class, an ISDA Master Agreement between the Issuer and a Corresponding Currency Transaction Counterparty in respect of such class.

Relevant Issuer Account means, with regard to a Currency Transaction Counterparty, an account or accounts of the Issuer which the Issuer has established and maintains with the Collateral Administrator for the purposes of (among other things) settling Repos and Currency Transactions with that Currency Transaction Counterparty and:

- (a) where the Issuer has established and maintains one or more Custody Accounts for such purpose, those Custody Accounts;
- (b) where the Issuer has established and maintains one or more Custody Accounts and a Cash Account for such purpose:
 - (i) the Custody Accounts in respect of delivery and transfer of securities and assets other than cash; and
 - (ii) the Cash Account in respect of payment and receipt of cash.

Relevant Securities means, in relation to a Security Deed, each class of Collateralised Currency Securities in respect of which the Relevant Currency Transaction Counterparty is a Currency Transaction Counterparty.

Repo means Euro Repo, GBP Repo or USD Repo.

Repo Day means, in relation to a Redemption of Collateralised Currency Securities of any class, a Relevant Business Day which is a London Business Day.

RIS means a Regulatory Information Service (as defined for the purposes of the Listing Rules) from time to time chosen by the Issuer.

Secured Liabilities means, in respect of any Security Deed, all sums and liabilities (present or future, actual or contingent) due, owing or incurred by the Issuer to:

- (a) the Relevant Currency Transaction Counterparty under the Relevant Facility Agreement, Relevant ISDA Master Agreement and any Relevant Global Master Repurchase Agreement;
- (b) the holders of Relevant Securities under the Relevant Securities;
- (c) ManJer under the Services Agreement;
- (d) the Trustee under the Trust Instrument (other than any Redemption Amounts owed to the Trustee under the Trust Instrument in respect of the Collateralised Currency Securities to which such Counterparty Collateral Pool is relevant); and

(e) the Security Trustee under the Security Deed.

Secured Parties means, in respect of any Security Deed, the Security Trustee, the Trustee, the Relevant Currency Transaction Counterparty, the holders of Relevant Securities and ManJer.

Securities Act means the Securities Act of 1933 of the U.S..

Security Deed means, for any class of Collateralised Currency Security, each security deed over a Counterparty Collateral Pool relevant to such class, entered into between the Issuer and the Security Trustee (and, as at the Effective Date of the MSIP Facility Agreement, the Security Deed is the security deed in respect of the Counterparty Collateral Pool relating to MSIP dated 5 November 2009 entered into between the Issuer and the Security Trustee).

Security Holder means a registered holder of Collateralised Currency Securities from time to time.

Security Trustee means each security trustee appointed pursuant to a Security Deed to hold the security granted by the Issuer under such Security Deed (and as at the Effective Date of the MSIP Facility Agreement, the Security Trustee is The Law Debenture Trust Corporation p.l.c.)

Services Agreement means the agreement between the Issuer and ETFSL dated 5 November 2009 as novated to the Issuer and ManJer pursuant to a novation agreement dated 31 December 2010 in respect of provision of services by ManJer to the Issuer in connection with the Programme or any replacement agreement which the Issuer may agree from time to time, in respect of the provision of such services with any of its Affiliates.

Settlement Failure means, in respect of a Redemption where the Security Holder has delivered the Collateralised Currency Securities to the Issuer (via the CREST system or another method agreed with the Issuer), a failure by the Issuer to pay or to procure the payment of the whole of a Redemption Amount into the relevant Redemption Account on a Redemption Payment Date.

Settlement Failure Date means, in relation to a Settlement Failure, the date on which such Settlement Failure occurred.

Spread, in relation to any Currency Transaction, has the meaning given to it in the Daily Adjustment Agreement relating to the Facility Agreement governing such Currency Transaction as agreed from time to time between the Issuer and the relevant Currency Transaction Counterparty.

TARGET2 means Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

Taxes means all present and future income and other taxes, levies, duties, imposts, assessments and charges imposed by any jurisdiction (which expression shall include any supra-national federation or other similar organisation) and any withholdings or deductions in the nature of taxes, levies, duties, imposts, assessments and charges, together with interest imposed thereon and penalties and fines with respect thereto, if any, and any payments made on or in respect thereof.

Termination Event means in respect of an ISDA Master Agreement, a "Termination Event" as defined in that ISDA Master Agreement.

Trustee means The Law Debenture Trust Corporation p.l.c. and any replacement trustee under the Trust Instrument.

Trustee Consent Documents means each ISDA Master Agreement, Global Master Repurchase Agreement, each Eligible Collateral Agreement, each Facility Agreement (but excluding the schedules to any Facility Agreement, save schedules 2 and 3), Currency Transactions and Repos created thereunder and any Guarantee.

Trust Instrument means the trust instrument dated 5 November 2009, between the Issuer and the Trustee constituting Collateralised Currency Securities, including the schedules thereto.

UK or United Kingdom means the United Kingdom of Great Britain and Northern Ireland.

UK Listing Authority means the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA.

Unacceptable Authorised Participant means, in relation to any Currency Transaction Counterparty, an Authorised Participant in respect of which that Currency Transaction Counterparty has given and not withdrawn notice under the relevant Facility Agreement that the Authorised Participant has ceased to be acceptable to such Currency Transaction Counterparty.

Uncertificated Form means recorded on a Register as being held in uncertificated form, title to which, by virtue of the Regulations, may be transferred by means of CREST.

Uncertificated Notice of Meeting means an authenticated computer instruction, and/or other instruction or notification, which is sent by means of CREST.

US Dollars or US\$ means the lawful currency of the U.S..

USD Collateralised Currency Security means a Collateralised Currency Security denominated in US Dollars.

USD Currency Transaction means a Currency Transaction under which the payment obligations of the parties to that transaction are denominated in US Dollars (other than payment obligations arising in respect of any "Early Termination Amount" under an ISDA Master Agreement).

USD Repo means a repurchase transaction subject to and governed by a Global Master Repurchase Agreement under which the payment obligations of the parties to such transaction are denominated in US Dollars (other than in the case of any sum payable pursuant to paragraph 10(c) of such Global Master Repurchase Agreement).

US Person means a "US person" as defined in Regulation S under the Securities Act.

United States or U.S. means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

VAT means value added tax.

Volume in relation to any Currency Transaction has the meaning given to it in the Facility Agreement relevant to such Currency Transaction.

- 1.2 The following rules shall apply to the interpretation of these Conditions unless the context otherwise requires:
- (a) Headings to Conditions, paragraphs, and other provisions of these Conditions are inserted for ease of reference only and shall not affect the interpretation of these Conditions.
 - (b) Any reference to a person or persons includes reference to any individual, corporation, partnership, joint venture, association, public body, governmental authority or other entity.
 - (c) Words in the singular shall also include the plural and vice versa.
 - (d) Any reference to these Conditions or to any agreement or document includes a reference to these Conditions, or, as the case may be, such agreement or document, as amended, varied, novated, supplemented or replaced from time to time.
 - (e) Unless otherwise indicated, any reference in these Conditions to a time is a reference to local time in London, England.
 - (f) Reference to any person, including a party, includes that person's successors in title and transferees.

2 STATUS OF COLLATERALISED CURRENCY SECURITIES

Collateralised Currency Securities constitute undated limited recourse secured debt obligations of the Issuer secured as set out in Condition 3. The Collateralised Currency Securities of each class rank *pari passu* among themselves.

3 SECURITY AND LIMITED RECOURSE

3.1 Under each Security Deed, entered into in respect of each Counterparty Collateral Pool, the obligations of the Issuer in respect of the Secured Liabilities under that Security Deed are secured by:

- (a) charges over the Counterparty Collateral Pool relevant to such class; and
- (b) an assignment by way of security of the Issuer's rights in each Assigned Agreement forming part of such Counterparty Collateral Pool,

in favour of the Security Trustee for and on behalf of the Secured Parties. On any distribution by the Security Trustee of the proceeds of a Counterparty Collateral Pool, the claims of the holders of Relevant Securities rank behind the claims of the Trustee, the Security Trustee and the Relevant Currency Transaction Counterparty as provided in the Priority Schedule. Collateralised Currency Securities of the same class are secured by reference to the same Class Collateral Pool.

- 3.2 The Trustee (on behalf of the Security Holders of Collateralised Currency Securities of any class) and the Security Holders of Collateralised Currency Securities in any such class shall have recourse only to sums derived from the Class Collateral Pool for that class. If, the Security Trustee (or any other secured party) having realised the same, the net proceeds of such Class Collateral Pool are insufficient to satisfy all payments under the Collateralised Currency Securities of such class which, but for the effect of this Condition, would then be due from the Issuer to the holders of Collateralised Currency Securities of such class, the obligations of the Issuer in respect of such class of Collateralised Currency Securities will be limited to such net proceeds of realisation, and neither the Trustee, the Security Trustee, any Security Holder of that class nor any person acting on its behalf shall be entitled to take any further steps against the Issuer to recover any further sums in respect of such class and no debt shall be owed by the Issuer to any such person in respect of any such further sum in respect of such Collateralised Currency Securities and the indebtedness of the Issuer in respect of any such further sum shall be unconditionally extinguished. Further, neither the Trustee, the Security Trustee nor any Security Holder of any such Collateralised Currency Security shall be entitled to institute, nor join with any other person in bringing, instituting or joining, any bankruptcy, suspension of payments, moratorium of any indebtedness, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding or other proceeding under any similar law (whether court based or otherwise) in respect of claims under such Collateralised Currency Security in relation to the Issuer (except for the appointment of a receiver and manager pursuant to a Security Deed) for two years (or, if later, the longest suspense period, preference period or similar period, howsoever described, ending with the onset of insolvency in respect of which transactions entered into by the Issuer within such period may be subject to challenge under applicable insolvency or other proceeding) plus one day after the date on which all amounts payable under the last outstanding security of any class issued by the Issuer and constituted by the Trust Instrument are repaid, nor shall they have any claim in respect of any other assets of the Issuer.
- 3.3 The obligations of the Issuer under, and in connection with these Conditions are solely corporate obligations of the Issuer. Neither the Trustee, the Security Trustee nor any Security Holder shall have any recourse against any shareholder, director, officer or agent of the Issuer for any claim, loss, liability or expense suffered or incurred by it under, or in connection with, these Conditions other than as permitted at law.

4 FORM AND TRANSFER

- 4.1 Collateralised Currency Securities are in registered form and are individually transferable.

- 4.2 Collateralised Currency Securities may be held and transferred in Uncertificated Form by means of CREST in accordance with the Regulations. The Trustee may, without the consent of Security Holders, concur with the Issuer in making modifications to the provisions of the Trust Instrument in order to reflect changes in the Regulations or in the applicable law and practice relating to the holding or transfer of Collateralised Currency Securities in Uncertificated Form. A Security Holder may request that his Collateralised Currency Securities be held in Certificated Form, in which case such Collateralised Currency Securities shall be removed from CREST.
- 4.3 The Issuer shall at all times keep at its registered office, or at such other place in Jersey as the Trustee may agree, registers showing the date of issue and all subsequent transfers and changes of ownership of all outstanding Collateralised Currency Securities and the names and addresses of the Security Holders and the persons deriving title under them. The Trustee and the Security Holders or any of them and any person authorised by any such person shall be at liberty at all reasonable times during office hours to inspect the Registers and to take (free of charge) copies of, or extracts from, the same or any part thereof. In the event of the Trustee requiring to convene a meeting of or to give any notice to, the Security Holders the Issuer shall furnish the Trustee (free of charge) with such copies of, or extracts from, the Registers as it shall require. The Registers may be closed by the Issuer for such periods and at such times (not exceeding in the whole 30 days in any one year) as it may think fit.

5 PRICE OF COLLATERALISED CURRENCY SECURITIES

- 5.1 The Price for the first Collateralised Currency Security of a particular class to be issued shall be calculated in accordance with Condition 5.2 on the basis that in respect of (i) USD Collateralised Currency Securities of any class, $P_{i,t-1}$ shall be deemed to be US\$50 and $DA_{i,t}$ shall be deemed to be zero, (ii) Euro Collateralised Currency Securities of any class, $P_{i,t-1}$ shall be deemed to be Euro 50 and $DA_{i,t}$ shall be deemed to be zero and (iii) GBP Collateralised Currency Securities of any class, $P_{i,t-1}$ shall be deemed to be GBP 50 and $DA_{i,t}$ shall be deemed to be zero and such Price shall be treated as being the Price for such class on the Pricing Day which is, where such Collateralised Currency Security is issued following:

- (a) an Index Creation Notice, the day on which such Index Creation Notice is confirmed by a Currency Transaction Counterparty under the Facility Agreement with such Currency Transaction Counterparty; or
- (b) an Agreed Creation Notice, the day on which such Agreed Creation Notice is received or (if later) deemed to be received by the Issuer under the Facility Agreement with the Corresponding Currency Transaction Counterparty,

(the **First Pricing Day**). After the First Pricing Day for a Collateralised Currency Security of any class, the Price for Collateralised Currency Securities of such class shall be calculated on each later Pricing Day in accordance with Condition 5.2.

For the avoidance of doubt, where a First Pricing Day has occurred in respect of a class of Collateralised Currency Securities prior to 14 June 2010 nothing in this modified Clause 5.1 shall be construed to invalidate the occurrence of such First Pricing Day.

- 5.2 The Price of a Collateralised Currency Security of any particular class on any Pricing Day (other than on the First Pricing Day for such class) will be an amount in the Relevant Currency calculated using the following formula (calculated to 7 decimal places with 0.0000005 rounded upwards):

$$P_{i,t} = P_{i,t-1} \times \left(\frac{I_{i,t}}{I_{i,t-1}} - DA_{i,t} \right)$$

where:

- i refers to the class of such Collateralised Currency Security;

- t refers to such Pricing Day;
- $t-1$ refers to the Pricing Day next before Pricing Day t ;
- $P_{i,t}$ is the Price of a Collateralised Currency Security of class i on Pricing Day t ;
- $P_{i,t-1}$ is the Price of a Collateralised Currency Security of class i on Pricing Day $t-1$;
- $I_{i,t}$ is the Closing Level of the Currency Index applicable to a Collateralised Currency Security of class i in respect of Pricing Day t ;
- $I_{i,t-1}$ is the Closing Level of the Currency Index applicable to a Collateralised Currency Security of class i in respect of Pricing Day $t-1$;
- $DA_{i,t}$ is the daily adjustment in respect of a Collateralised Currency Security of class i on Pricing Day t , calculated in accordance with the following formula:

$$DA_{i,t} = \left(\frac{MF_{i,t}}{D} + DS_{i,t} \right) \times N_t$$

where:

- $MF_{i,t}$ is the Management Fee (expressed as a percentage) in respect of Collateralised Currency Securities of class i on calendar day t ;
- $DS_{i,t}$ is the Daily Spread in respect of Collateralised Currency Securities of class i on Pricing Day t ;
- D refers to the number of days in the calendar year in which calendar day t falls;
- N_t refers to the number of calendar days from and including the Pricing Day immediately preceding Pricing Day t to but excluding Pricing Day t .

6 REDEMPTION OF COLLATERALISED CURRENCY SECURITIES BY SECURITY HOLDERS

Redemption Entitlement

- 6.1 Subject to Condition 7, each Collateralised Currency Security of any class carries the right on Redemption to payment of, the higher of:
- (a) the Principal Amount for that class; and
 - (b) the Price determined in accordance with Condition 5 of that Collateralised Currency Security less in the case of CNY Securities and INR Securities, any Additional Redemption Fee,

determined as of the Pricing Date relevant to such Redemption.

Redemption by Authorised Participants

- 6.2 A Security Holder which is also an Authorised Participant may (subject as provided herein) on a Pricing Day require the Issuer to Redeem all or part of its holding of Collateralised Currency Securities by lodging with the Issuer a valid Redemption Form specifying either Index Pricing or Agreed Pricing.

Redemption by Other Security Holders

- 6.3 A Security Holder of Collateralised Currency Securities of any class which is not also an Authorised Participant may require the Issuer to Redeem all or any part of its holding of such Collateralised Currency Securities only if either:

- (a) on any Pricing Day or in the case of CNY Securities and INR Securities, any London Business Day, there are no Authorised Participants, and the Security Holder submits to the Issuer on such day a valid Index Redemption Form; or
- (b) the Issuer has announced by RIS in respect of any such day, or until further announcement or generally, that Redemptions by Security Holders of such Collateralised Currency Securities which are not Authorised Participants will be permitted and the Security Holder submits to the Issuer on a Pricing Day or in the case of CNY Securities and INR Securities, any London Business Day a valid notice in the form prescribed for the purpose by the Issuer requesting Redemption of such Collateralised Currency Securities using Index Pricing and any such announcement may be general or subject to conditions, and any such notice requesting any Redemption which is not in accordance with any such conditions shall not be valid.

Redemption Amount

- 6.4 The Redemption Amount with respect to a Redemption of Collateralised Currency Securities of any class shall be the amount in the Relevant Currency equal to the sum of the amounts determined in accordance with Condition 6.1 in respect of all such Collateralised Currency Securities thereby Redeemed.
- 6.5 The Issuer shall on the Redemption Payment Date in respect of any Redemption of Collateralised Currency Securities required by a Security Holder in accordance with these Conditions pay (or procure the payment of) the Redemption Amount in respect of that Redemption into the Redemption Account in respect of such Security Holder provided that:
 - (a) if five consecutive days which would have been a Redemption Payment Date are not a Redemption Payment Date on account of there having occurred one or more Collateral Administrator Suspension Days on or after T, then the relevant Redemption Payment Date shall be deemed to occur on the sixth such day (a **Deemed Redemption Payment Date**); and
 - (b) (without prejudice to any other rights of set-off which the Issuer may have in relation to any such Security Holder) if at any time a Redemption Amount is due to be paid by the Issuer in respect of a Redemption to a particular Authorised Participant, the amount payable may be discharged in whole or in part by set-off pursuant to any set-off provisions contained in the Authorised Participant Agreement.

Redemption Limits

- 6.6 No Collateralised Currency Security of any class may be Redeemed on a day pursuant to an Index Redemption Form:
 - (a) submitted by any Security Holder (including any Authorised Participant), to the extent that the Closing of any Corresponding Currency Transaction corresponding to the Redemption of such Collateralised Currency Security would (together with the Closing of all other Currency Transactions corresponding to the Redemption of Collateralised Currency Securities of such class on that day):
 - (i) exceed the sum of all the Maximum Closing Limits for such class applicable to such Closing on that day (such sum being the **Redemption Limit** for that class of Collateralised Currency Securities); or
 - (ii) fail to satisfy any Minimum Closing Limit agreed with a Currency Transaction Counterparty with whom the Issuer may effect such Closing unless such Currency Transaction Counterparty agrees to effect such Closing; or
 - (b) submitted by any Authorised Participant, to the extent that the Closing of any Currency Transaction corresponding to the Redemption of such Collateralised Currency Security would (together with the Closing of all other Currency Transactions corresponding to the Redemption of Collateralised Currency Securities of such class on that day):

- (i) exceed the sum of the Maximum Closing Limits for such class agreed by the Issuer with each Currency Transaction Counterparty for which that Authorised Participant is an Authorised Participant applicable to such Closing on that day (such limit being the **Authorised Participant Redemption Limit** for that class of Collateralised Currency Securities and that Authorised Participant); or
 - (ii) fail to satisfy any Minimum Closing Limit with any such Currency Transaction Counterparty with whom the Issuer may effect such Closing unless such Currency Transaction Counterparty agrees nevertheless to effect such Closing.
- 6.7 For the purposes of the Redemption Limits, Redemption Forms will be dealt with in order of their actual receipt by the Issuer and within any Redemption Form requests to Redeem Collateralised Currency Securities shall be dealt with in the order in which such Collateralised Currency Securities are listed on that Redemption Form and, for the purpose of this Condition, Condition 6.11 shall be disregarded.

Index Pricing

6.8 An Index Redemption Form shall be invalid:

- (a) if it does not specify the number and class of any Collateralised Currency Securities to be Redeemed;
- (b) for an Index Redemption Form lodged by an Authorised Participant, if it is received by the Issuer at any time other than between 8.00 a.m. and the Notice Deadline on any Pricing Day or in the case of CNY Securities and INR Securities, any London Business Day unless the Issuer agrees to treat such Index Redemption Form as being received at 8.00 a.m. on the next following Pricing Day pursuant to Condition 6.11;
- (c) to the extent it does not specify the Redemption Account into which the Redemption Amount shall be payable in respect of any Collateralised Currency Security to be Redeemed;
- (d) to the extent that the number of Collateralised Currency Securities of any class or in aggregate to be Redeemed would result in:
 - (i) a Redemption Limit being exceeded, where the relevant Currency Transaction Counterparty does not (or Currency Transaction Counterparties do not) agree to that Redemption Limit being exceeded (in which event such Index Redemption Form will not be capable of being invalidated under this Condition 6.8(d) in respect of the greatest number of Collateralised Currency Securities of the relevant class or classes that would not result in the Redemption Limit being exceeded); or
 - (ii) the Issuer being unable to satisfy a Minimum Closing Limit in respect of such class on such day agreed with any Corresponding Currency Transaction Counterparty with whom the Issuer needs to effect such Closing unless such Currency Transaction Counterparty agrees to effect such Closing;
- (e) to the extent, if the Index Redemption Form is submitted by an Authorised Participant, that the number of Collateralised Currency Securities of any class or in aggregate to be Redeemed would result in:
 - (i) an Authorised Participant Redemption Limit being exceeded (in which event such Index Redemption Form shall not be capable of being invalidated under this Condition 6.8(e) in respect of the greatest number of Collateralised Currency Securities of the relevant class that would not result in the Authorised Participant Redemption Limit being exceeded); or
 - (ii) the Issuer being unable to satisfy a Minimum Closing Limit in respect of such class with any Corresponding Currency Transaction Counterparty in respect of which the Authorised Participant is appointed as Authorised Participant for such class with whom the Issuer needs to effect such Closing unless such Currency Transaction Counterparty agrees nevertheless to effect such Closing;

- (f) to the extent it relates to a class of Collateralised Currency Securities and unless otherwise notified by RIS announcement, where notice of a Compulsory Redemption Date in respect of Collateralised Currency Securities of such class has been given (or has been deemed to occur) in accordance with 7.1, 7.2, 7.3 or 7.4 (or an intention to notify a Compulsory Redemption Date has been given under Clause 7.3), if the Index Redemption Form is received or deemed received on or after the date of such notice;
- (g) to the extent that, on the day it is received (or deemed received by the Issuer) until the Pricing Date (if different) any of the following events has occurred and is continuing:
 - (i) an event in respect of either the Issuer or a Currency Transaction Counterparty (the **Affected Party**) which is an Event of Default or Potential Event of Default under an ISDA Master Agreement or a Global Master Repurchase Agreement with such Currency Transaction Counterparty (or, in relation to any Corresponding Currency Transaction an event which is, or with the giving of notice or the lapse of time or both, would become a Termination Event in relation to such Corresponding Currency Transaction under that ISDA Master Agreement);
 - (ii) such day being a Collateral Administrator Suspension Day in respect of each Currency Transaction Counterparty with whom the Issuer would need to enter into a Corresponding Currency Transaction in respect of any Collateralised Currency Security the subject of such Index Redemption Form; or
 - (iii) an Index Event in relation to a Currency Index relevant to any class of Collateralised Currency Securities the subject of such Index Redemption Form, and

as a result the Issuer is unable to effect a Closing of any Corresponding Currency Transaction in respect of any class of Collateralised Currency Securities the subject of such Index Redemption Form;

- (h) to the extent that it relates to the Redemption of Collateralised Currency Securities that are the subject of a Listing Failure;
- (i) to the extent that it is invalid pursuant to Condition 6.18; or
- (j) unless the Issuer otherwise agrees in its absolute discretion, if such Index Redemption Form is lodged by an Authorised Participant on any day and another Index Redemption Form has been lodged (not including an Index Redemption Form deemed lodged) by that Authorised Participant on or in respect of such day,

and no Collateralised Currency Securities shall be Redeemed in respect of or under that Index Redemption Form to the extent that such Redemption Form is invalid.

6.9 If the Issuer considers that a purported Index Redemption Form submitted by a Security Holder is invalid in whole or in part, it shall notify the Security Holder of that fact as soon as reasonably possible. The Issuer shall not be obliged to Redeem pursuant to an Index Redemption Form any Collateralised Currency Securities where the relevant Currency Transaction Counterparty has not confirmed the Closing of a corresponding Currency Transaction in accordance with the provisions of the relevant Facility Agreement.

6.10 If an Index Redemption Form in relation to a class of Collateralised Currency Securities is deemed received by the Issuer (pursuant to Condition 6.11) on a London Business Day (**Day 1**) which is an Index Disruption Day for such Collateralised Currency Securities:

- (a) the Security Holder may by written notice to the Issuer, sent before the Notice Deadline on the next succeeding Pricing Day, cancel the Index Redemption Form, and where such notice is given no Collateralised Currency Securities shall be Redeemed in respect of or under that Index Redemption Form; and
- (b) if no notice is issued under Condition 6.10(a) then the Index Redemption Form will be deemed received by the Issuer on the Pricing Day next following Day 1 (and no redemption of such Collateralised Currency Securities for that Index Redemption Form shall occur before then) in priority to any Index Redemption Form received by the Issuer prior to the

Notice Deadline on such next Pricing Day pursuant to Condition 6.11 and that next Pricing Day will then constitute Day 1 for the Index Redemption Form and this Condition 6.10 shall apply thereto accordingly.

- 6.11 Where an Index Redemption Form is received by the Issuer on a Pricing Day or in the case of CNY Securities and INR Securities, London Business Day after the Notice Deadline the Issuer may (but shall not be obliged to) agree to treat that Index Redemption Form as being received at 8.00 a.m. on the next following Pricing Day or in the case of CNY Securities and INR Securities, London Business Day.
- 6.12 Within one Business Day after the Pricing Date in respect of any Index Redemption Form, the Issuer shall notify the relevant Security Holder of the Redemption Amount payable in respect of that Index Redemption Form, determined as provided above.
- 6.13 The Issuer may change or vary the procedures for the lodgement of Index Redemption Forms on 5 days prior notice by RIS announcement and these Conditions shall be modified accordingly.

Agreed Pricing

- 6.14 A Currency Transaction Counterparty and an Authorised Participant may submit an Agreed Redemption Form to the Issuer (either jointly, or in separate notices). An Agreed Redemption Form is conclusive evidence that the Currency Transaction Counterparty and the Authorised Participant have agreed upon the Redemption by the Issuer of the number and class (or classes) of Collateralised Currency Securities specified in the notice(s).
- 6.15 If a Currency Transaction Counterparty and an Authorised Participant purport to send an Agreed Redemption Form by separate notices:
 - (a) which are inconsistent with one another in relation to any of the items referred to in Condition 6.17(a) or 6.17(b); or
 - (b) one of which is invalid under Condition 6.17,those notices shall not constitute a valid Agreed Redemption Form and the Issuer shall reject the notices and advise that Currency Transaction Counterparty and that Authorised Participant accordingly.
- 6.16 Where an Agreed Redemption Form is submitted by separate notices from the Authorised Participant and a Currency Transaction Counterparty, the Issuer shall be deemed to have received the Agreed Redemption Form at the time that it is deemed to receive the second of the two notices.
- 6.17 An Agreed Redemption Form shall be invalid:
 - (a) if it does not set out the number and class of any Collateralised Currency Securities to be Redeemed;
 - (b) if it does not set out the Redemption Payment Date for the Redemption of such Collateralised Currency Securities, which shall be not earlier than one London Business Day following the day on which the Agreed Redemption Form is received or deemed received by the Issuer; and
 - (c) to the extent that, on the date it is received or deemed to be received by the Issuer any of the following events has occurred and is continuing:
 - (i) an event in respect of either the Issuer or the relevant Currency Transaction Counterparty (the **Affected Party**) which is an Event of Default or Potential Event of Default under the ISDA Master Agreement with such Currency Transaction Counterparty (or, in relation to any Corresponding Currency Transaction an event which is, or with the giving of notice or the lapse of time or both, would become a Termination Event in relation to such Corresponding Currency Transaction under that ISDA Master Agreement);
 - (ii) such day being a Collateral Administrator Suspension Day in respect of each Currency Transaction Counterparty with whom the Issuer would need to enter into

a Corresponding Currency Transaction in respect of any Collateralised Currency Security the subject of such Agreed Redemption Form: or

- (iii) an Index Event in relation to a Currency Index relevant to any class of Collateralised Currency Securities the subject of such Agreed Redemption Form, and

as a result the Issuer is unable to effect a Closing of any Corresponding Currency Transaction with the relevant Currency Transaction Counterparty in respect of any class of Collateralised Currency Securities the subject of such Agreed Redemption Form.

Suspension of Redemptions

6.18 If:

- (a) on any Pricing Day the Price of a class of Collateralised Currency Securities (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee that would be payable on such Pricing Day) falls below its Principal Amount the Issuer may at any time and from time to time while the Price in relation to such class is below such Principal Amount suspend the right to Redeem Collateralised Currency Securities of that class pursuant to Condition 6.1; or
- (b) there is a Counterparty Event of Default in respect of the Corresponding Currency Transaction Counterparty for any class of Collateralised Currency Securities, the Issuer may at any time and from time to time while such Counterparty Event of Default is continuing suspend the right to Redeem Collateralised Currency Securities of that class pursuant to Condition 6.1,

and, in each case subject as provided in this Condition 6.18, may terminate either such suspension at any time. The following provisions shall apply where the Issuer determines to exercise its powers under this Condition:

- (i) the Issuer shall give notice of such suspension and of the termination of any such suspension via an RIS as soon as practicable, but failure to give such notices shall not prevent the exercise of such powers;
- (ii) any such suspension may continue in the discretion of the Issuer for a period of up to 30 Pricing Days, and may continue thereafter (save in the case of a suspension based on a Counterparty Event of Default) provided that notice of a meeting has been issued convening a meeting for a date not more than 30 Pricing Days after the date of the notice for the purpose of considering an Extraordinary Resolution which will have the effect of reducing the Principal Amount to a level less than the Price, in which event the suspension will cease when the meeting (or any adjournment thereof) concludes or, if the Extraordinary Resolution is passed and makes alternative provision, in accordance with the Extraordinary Resolution;
- (iii) any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Index Redemption Form lodged or deemed to be received on a Pricing Day when the right to Redeem Collateralised Currency Securities of that class pursuant to Condition 6.1 is suspended pursuant to this Condition shall be invalid;
- (iv) if the right to Redeem Collateralised Currency Securities of that class pursuant to Condition 6.1 is suspended pursuant to this Condition as at 6.30 p.m. (London time) on the second Pricing Day prior to a Compulsory Redemption Date for that class pursuant to Condition 7.3, then notwithstanding that a number of Collateralised Currency Securities of that class may have been specified pursuant to that Condition which is not all of those Collateralised Currency Securities, such Compulsory Redemption Date shall be a Compulsory Redemption Date for all of the Collateralised Currency Securities of that class.

7 COMPULSORY REDEMPTION BY THE ISSUER OR TRUSTEE

Compulsory Redemption on Termination

7.1 The Issuer may at any time:

- (a) (upon not less than seven days' notice in the case of (i) below or not less than thirty days' notice in the case of (ii) below) by RIS announcement nominate a Pricing Day to be a Compulsory Redemption Date for all Collateralised Currency Securities, or all or some only of the Collateralised Currency Securities of any one or more classes, if:
 - (i) notice is given by a party to a Facility Agreement terminating that Facility Agreement or notifying a Compulsory Closing Date thereunder in respect of one or more Currency Transactions created thereunder; or
 - (ii) the Issuer elects to Redeem all Collateralised Currency Securities, or all or some only of the Collateralised Currency Securities of any one or more classes; or
- (b) by RIS announcement nominate a Pricing Day to be a Compulsory Redemption Date for a class of Collateralised Currency Securities, or all or some only of the Collateralised Currency Securities of such class, if:
 - (i) an Early Termination Date has been set in relation to a Corresponding Currency Transaction for such class under an ISDA Master Agreement (provided that such Compulsory Redemption Date shall be no earlier than such Early Termination Date); or
 - (ii) a final Daily Payment Amount has become due and payable in relation to a Corresponding Currency Transaction for such class under an ISDA Master Agreement following the occurrence of one or more Collateral Administrator Suspension Days, or
- (c) (upon not less than five days' notice) by RIS announcement nominate any day to be a Compulsory Redemption Date for a class of Collateralised Currency Securities or all or some only of the Collateralised Currency Securities of such class, if the Issuer determines that a Hedging Disruption Event has occurred in respect of such class; and

where the Issuer elects to Redeem some only of the Collateralised Currency Securities of any class, the Issuer shall Redeem from each Security Holder, a number of Collateralised Currency Securities of such class held by such Security Holder calculated on a *pro rata* basis in proportion to the number of such Collateralised Currency Securities held by such Security Holder relative to those held by all other Security Holders and, where such calculation would not give rise to a whole number, rounded up to the nearest whole number.

Compulsory Redemption on Default

7.2

7.2.1 If:

- (a) a Defaulted Obligation has occurred and is continuing in respect of Collateralised Currency Securities of any class (other than where an Issuer Insolvency Event or a Counterparty Event of Default in respect of a Corresponding Currency Transaction Counterparty for such class, has occurred and is continuing at such time); or
- (b) an Issuer Insolvency Event has occurred and is continuing; or
- (c) a Counterparty Event of Default has occurred and is continuing and as a result any Redemption Notice in respect of Collateralised Currency Securities of any class (the **affected class**) issued on any of 30 continuous Pricing Days would have been invalid pursuant to Condition 6.8(g) or 6.17(c) or the Issuer has suspended Redemptions in relation to such affected class for a period of 30 Pricing Days,

the Trustee shall if so directed in writing by:

- (i) in the case of a Defaulted Obligation (as described in Condition 7.2.1(a)), Security Holders of the Relevant Exposed Classes holding not less than 10 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of such Relevant Exposed Classes as at such date;
- (ii) in the case of an Issuer Insolvency Event, Security Holders holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of all the Collateralised Currency Securities of all classes then outstanding; or
- (iii) in the case of a Counterparty Event of Default, Security Holders of the Relevant Affected Classes holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of those Relevant Affected Classes as at such date,

subject to the Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer that:

- (aa) in the case of a Defaulted Obligation (as described in Condition 7.2.1(a)), all of the Relevant Exposed Classes of Collateralised Currency Securities outstanding,
- (bb) in the case of an Issuer Insolvency Event, all of the Collateralised Currency Securities outstanding;
- (cc) in the case of a Counterparty Event of Default, all of the Relevant Affected Classes of Collateralised Currency Securities outstanding,

are required to be Redeemed and nominating a Pricing Day falling not less than 20 Pricing Days (or two Pricing Days in the case of an Issuer Insolvency Event) from the giving of such notice to be a Compulsory Redemption Date.

7.2.2 If:

- (a) a CTC Enforcement Event has occurred and is continuing; and
- (b) the Relevant Currency Transaction Counterparty has instructed the Security Trustee in writing to enforce the security over the Counterparty Collateral Pool under the relevant Security Deed relating to such CTC Enforcement Event; and
- (c) the Security Trustee has notified the Trustee that it has received such notice and has been indemnified and/or secured and/or pre-funded to its satisfaction in accordance with the provisions of the relevant Security Deed (the date of such notice, the **Notification Date**),

a Compulsory Redemption Date shall automatically occur in respect of all Relevant Affected Classes of Collateralised Currency Securities outstanding on the Pricing Day falling 20 Pricing Days from the Notification Date.

7.2.3 If a Compulsory Redemption Date is set in respect of one or more classes of Collateralised Currency Securities following the occurrence of either:

- (a) a Counterparty Event of Default in accordance with Condition 7.2.1; or
- (b) a CTC Enforcement Event in accordance with Condition 7.2.2,

and the Issuer determines prior to such Compulsory Redemption Date to allocate the Counterparty Collateral Pool which relates to the Currency Transaction Counterparty subject to such Counterparty Event of Default or to the Relevant Currency Transaction Counterparty (as applicable) to a new class of Collateralised Currency Securities in accordance with Condition 15.5 (the New Securities) only the New Securities (and not the Existing Class) shall be Redeemed on such Compulsory Redemption Date pursuant to this Condition 7.2.

Compulsory Redemption due to Index Disruption

- 7.3 The Issuer may at any time by RIS announcement nominate any day to be a Compulsory Redemption Date or give notice of its intention to do so for all (or some only) of the Collateralised Currency Securities of any class if there is an Index Event in relation to such class or a Disruption Event in relation to a Corresponding Currency Transaction for such class or the Index Provider has given notice to the Issuer of its intent to discontinue calculation and notification of that Currency Index and where the Issuer elects to Redeem some only of the Collateralised Currency Securities of any class, the Issuer shall Redeem from each Security Holder, a number of Collateralised Currency Securities of such class held by such Security Holder calculated on a *pro rata* basis in proportion to the number of such Collateralised Currency Securities held by such Security Holder relative to those held by all other Security Holders and, where such calculation would not give rise to a whole number, rounded up to the nearest whole number.

Compulsory Redemption on a fall in the Price relative to the Principal Amount

- 7.4 If on any Pricing Day the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee that would be payable on such Pricing Day) of any class of Collateralised Currency Security falls to 5 times the Principal Amount of such Collateralised Currency Security or below, the Issuer may at any time, for so long as the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee that would be payable on such Pricing Day) continues to be less than 5 times the Principal Amount of such Collateralised Currency Security, upon not less than 2 days' notice by RIS announcement nominate a Pricing Day to be a Compulsory Redemption Date in respect of that class of Collateralised Currency Security and subject to Condition 3.2 investors will receive a sum on such Compulsory Redemption calculated in accordance with Condition 7.9. The right to nominate a Pricing Day to be a Compulsory Redemption Date pursuant to this Condition 7.4 shall cease if an Extraordinary Resolution is passed which has the effect of reducing the Principal Amount to a level less than one tenth of the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee that would be payable on such Pricing Day), but this is without prejudice to any subsequent nomination pursuant to this Condition if on any Pricing Day the Price (less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee that would be payable on such Pricing Day) of that class of Collateralised Currency Security falls to 5 times the Principal Amount (as so reduced) of such Collateralised Currency Security or below.

Compulsory Redemption for cause

- 7.5 The Issuer may, in its absolute discretion, at any time by written notice to a Security Holder nominate a Pricing Day (being not less than seven Pricing Days and not more than fourteen Pricing Days following the date of the notice) to be a Compulsory Redemption Date in respect of Collateralised Currency Securities held by that Security Holder, if:
- (a) the Issuer requires the Security Holder in accordance with Condition 11 to certify whether or not it is a Prohibited Benefit Plan Investor and (i) the Security Holder does not, as determined by the Issuer in its absolute discretion, provide such certification, or (ii) the Security Holder certifies that it is a Prohibited Benefit Plan Investor; or
 - (b) the Issuer requires the Security Holder in accordance with Condition 11 to certify whether or not it is a Prohibited US Person and (i) the Security Holder does not, as determined by the Issuer in its absolute discretion, provide such certification, or (ii) the Security Holder certifies that it is a Prohibited US Person; or
 - (c) the Issuer considers (in its sole discretion) (a) that such Collateralised Currency Securities are or may be owned or held directly or beneficially by any person in breach of any law, regulation or requirement of any country or by virtue of which such person is not qualified to own those Collateralised Currency Securities, or (b) that the ownership or holding or continued ownership or holding of those Collateralised Currency Securities (whether on its own or in conjunction with any other circumstance appearing to the Issuer to be relevant) would, in the reasonable opinion of the Issuer, cause a pecuniary or tax disadvantage to the Issuer or any other Security Holders which it or they might not otherwise have suffered or incurred,

provided that if the relevant Security Holder in the case of sub-paragraph (a)(i) or (b)(i) so failed to provide such a certification, or in the case of sub-paragraph (a)(ii) or (b)(ii) certified that it is a Prohibited Benefit Plan Investor or a Prohibited US Person, in each case in respect of some only of the Collateralised Currency Securities held by it, a notice given by the Issuer under this Condition shall relate only to those Collateralised Currency Securities (and not any other Collateralised Currency Securities held by that Security Holder).

- 7.6 If a Security Holder which is the subject of a notice under Condition 7.5 provides to the Issuer prior to the Notice Deadline on the Compulsory Redemption Date proof required by the Issuer that its Collateralised Currency Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor or a Prohibited US Person, then the Collateralised Currency Securities referred to in that notice shall not be redeemed under these Conditions.
- 7.7 If a Security Holder which is the subject of a notice under Condition 7.5 does not provide to the Issuer prior to the Notice Deadline on the Compulsory Redemption Date proof required by the Issuer that its Collateralised Currency Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor or a Prohibited US Person, then the Collateralised Currency Securities referred to in that notice shall not be capable of being transferred by that Security Holder and the Issuer shall not be required to register any purported transfer of those Collateralised Currency Securities.
- 7.8 The Issuer shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with Condition 7.5. The exercise of the powers conferred by Condition 7.5 shall not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of the Collateralised Currency Securities, or any other grounds save that such powers shall have been exercised in good faith.

Compulsory Redemptions

- 7.9 Subject to the provisions of Condition 7.11, where a Compulsory Redemption Date in respect of any class of Collateralised Currency Securities is notified or occurs in accordance with these Conditions other than pursuant to Condition 7.5, in respect thereof:
- (a) the Issuer shall, no later than 8.00 a.m. on the Compulsory Redemption Date, by RIS announcement publish the Compulsory Daily Amount in respect of such class for each successive Pricing Day commencing on the Compulsory Redemption Date;
 - (b) the Issuer shall agree to Redeem as of the Compulsory Redemption Date and as of each succeeding Pricing Day (or in the case of a Compulsory Redemption Date notified pursuant to Condition 7.3 where the applicable Currency Index has not been published, as of each succeeding London Business Day), Collateralised Currency Securities of such class up to but not exceeding the applicable Compulsory Daily Amount for such Pricing Day and such class until Collateralised Currency Securities of that class in a number equal to the Compulsory Redemption Number for that class have been Redeemed;
 - (c) subject to Condition 7.9(e) and Condition 3.2, on the Redemption Payment Date for such Compulsory Redemption the Issuer shall (subject to the Security Holder depositing the Collateralised Currency Securities in question into an appropriate CREST account or otherwise delivering such Collateralised Currency Securities to the Issuer by agreement with the Issuer) pay into the appropriate Redemption Account(s) the sum of the Compulsory Redemption Prices or, if higher in each case but not in aggregate, the Principal Amounts of all Collateralised Currency Securities thereby Redeemed;
 - (d) subject to Condition 7.9(e) and Condition 3.2, each Redemption Account shall be credited with the relevant Security Holder's *pro-rata* share of the sum of the Compulsory Redemption Prices or, if higher in each case but not in aggregate, the Principal Amounts of all Collateralised Currency Securities thereby Redeemed (and the Issuer shall be under no obligation to make payment of the amount so priced until that amount shall have been determined);

- (e) the Issuer shall calculate as at the Compulsory Redemption Date in respect of each Collateralised Currency Security being Redeemed pursuant to this Condition 7.9, the amount which the holder of such Collateralised Currency Security would be entitled to pursuant to Condition 3.2 after the Security Trustee or secured party had realised the Class Collateral Pool for such class (the **Entitlement Amount**). To the extent that the Entitlement Amount is less than the amount payable by the Issuer to such Security Holder pursuant to Condition 7.9(c) and 7.9(d), the Issuer's obligation to make payment of such amount shall be satisfied by the payment of the Entitlement Amount and no further obligation shall arise and any indebtedness in respect of such amount, to the extent it exceeds the Entitlement Amount, shall be unconditionally extinguished;
- (f) upon payment in full of that amount all such Collateralised Currency Securities which were so Redeemed shall be cancelled.

7.10 Where a Compulsory Redemption Date in respect of Collateralised Currency Securities of any class is notified to a Security Holder in accordance with Condition 7.5:

- (a) the Redemption Amount with respect to such Redemption shall be the amount (in the Relevant Currency) equal to the product of the sum of the Compulsory Redemption Number for such Collateralised Currency Securities determined in accordance with paragraph (b) and the higher of the Price (for such securities) less, in the case of CNY Securities and INR Securities, any Additional Redemption Fee that would be payable in respect of such securities and the Principal Amount;
- (b) the Issuer shall Redeem on the Compulsory Redemption Date (in accordance with Condition 7.10(c)) and on each succeeding Pricing Day, Collateralised Currency Securities of such class up to but not exceeding the applicable Compulsory Daily Amount (for such Pricing Day and such class) until Collateralised Currency Securities of that class in a number equal to the Compulsory Redemption Number for that class have been Redeemed;
- (c) the Issuer shall effect a Redemption of any Collateralised Currency Securities pursuant to this Condition 7.10 by paying the Redemption Amount into the appropriate Redemption Account(s) within three Relevant Business Days of the Redemption Payment Date for such Compulsory Redemption **provided that** the Issuer shall have no obligation to make any such payment unless and until the Security Holder deposits the Collateralised Currency Securities in question into a CREST account as specified by the Issuer for such purpose (and the Issuer has received confirmation of such deposit) or otherwise delivers such Collateralised Currency Securities to the Issuer in such manner as may be agreed by the Issuer or unless all such Collateralised Currency Securities are cancelled to the satisfaction of the Issuer;
- (d) the Issuer shall calculate as at the Compulsory Redemption Date in respect of each Collateralised Currency Security being Redeemed pursuant to this Condition 7.10, the amount which the holder of such Collateralised Currency Security would be entitled to pursuant to Condition 3.2 after the Security Trustee or secured party had realised the Class Collateral Pool for such class (the **Entitlement Amount**). To the extent that the Entitlement Amount is less than the amount payable by the Issuer to such Security Holder pursuant to Condition 7.10(c), the Issuer's obligation to make payment of such amount shall be satisfied by the payment of the Entitlement Amount and no further obligation shall arise and any indebtedness in respect of such amount, to the extent it exceeds the Entitlement Amount, shall be unconditionally extinguished.

7.11 Where:

- (a) a Compulsory Redemption Date is notified or occurs pursuant to Condition 7.2 in respect of a class of Collateralised Currency Securities; and
- (b) the payment of the Compulsory Redemption Amount with respect to such class is dependent on the enforcement by the Security Trustee of all (but not some only) Counterparty Collateral Pools forming the Gross Class Collateral Pool for such class in accordance with Condition 12.1,

the Compulsory Redemption Amount shall fall due for payment on the Redemption Payment Date relating to such Compulsory Redemption Date and the provisions of Condition 7.9(a) and (b) shall not apply.

- 7.12 When calculating the Entitlement Amount, the Issuer shall be entitled to rely on valuations of securities and other assets provided to it by the Collateral Administrator or such other Investment Advisor as it may from time to time appoint. In making such calculation the Issuer may convert one currency to another currency at such exchange rate as may be available to it at that time.

8 SETTLEMENT OF REDEMPTION AMOUNTS

- 8.1 Where a Redemption Form has been given for the Redemption of Collateralised Currency Securities of any class, the Security Holder which holds those Collateralised Currency Securities which are the subject of that Redemption must deposit the Collateralised Currency Securities in question into an appropriate CREST account and give correct delivery versus payment instructions in accordance with the Redemption Notice if they were in Uncertificated Form, or otherwise deliver the Collateralised Currency Securities to be Redeemed and any certificates representing them to the Issuer in such manner as the Issuer may agree if they are in Certificated Form. Once a valid Redemption Form is given in respect of Collateralised Currency Securities the Collateralised Currency Securities in respect of which it was given may not be transferred by the Security Holder (except to the Issuer), and the Issuer may refuse to recognise any subsequent transfer of any of those Collateralised Currency Securities.
- 8.2 Failure by a Security Holder to deposit those Collateralised Currency Securities into an appropriate CREST account and give correct delivery versus payment instructions shall not invalidate the Redemption of those Collateralised Currency Securities. Where settlement of a Redemption of Collateralised Currency Securities is delayed due to the failure of the Security Holder to deposit the Collateralised Currency Securities in question into an appropriate CREST account or give correct delivery versus payment instructions or otherwise deliver such Collateralised Currency Securities and any certificates representing them in a manner agreed by the Issuer, the Security Holder shall not be entitled to any interest on the Redemption Amount after the Redemption Payment Date. If the Security Holder fails to deliver such Collateralised Currency Securities to the Issuer (via the CREST system or another method agreed with the Issuer), the Issuer shall be entitled to pay a Redemption Amount (in the Relevant Currency for Collateralised Currency Securities of such class) in respect thereof into the Redemption Account for such currency (to be held on trust for the Security Holder), and to cancel the entry in the Register in respect of those Collateralised Currency Securities.
- 8.3 Where Collateralised Currency Securities are Redeemed in accordance with Condition 7, the Issuer shall be entitled, upon payment of the Redemption Amount (less the Redemption Fee, if applicable) (or such lesser amount as may be due and payable pursuant to Condition 3.2, 7.9 and 7.10) into the applicable Redemption Account to cancel the entry in the Register in respect of those Collateralised Currency Securities being Redeemed.
- 8.4 Payment of the Redemption Amount (less any applicable Redemption Fee deducted under Condition 9) (or such lesser amount as may be due and payable pursuant to Condition 3.2, 7.9 and 7.10) into the applicable Redemption Account on the Redemption Payment Date is in full satisfaction of all liability which the Issuer has to Security Holders in respect of the Collateralised Currency Securities which have been Redeemed.
- 8.5 The Issuer may, at any time, notify a Security Holder that a Currency Transaction Counterparty may have to withhold or deduct from a payment for a Closing that corresponds to any Redemption by that Security Holder an amount for or on account of, any present or future taxes, duties assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political sub-division thereof or any authority thereof having power to tax, as required by law (as modified by the practice of any relevant governmental revenue authority) then in effect and such notice shall specify any form or document to be delivered by beneficial owners of Collateralised Currency Securities that may allow the Currency Transaction Counterparty to make such payment without any such withholding or deduction or with such withholding or deduction at a reduced rate. If such forms or documents are not provided to the Issuer and the relevant Currency Transaction

Counterparty by the relevant Security Holder or if it is not the beneficial owner of Collateralised Currency Securities held by such Security Holder and which are to be redeemed, then any such payment will be reduced (and the matching obligation of the Issuer to pay any Redemption Amount to that Security Holder will also be reduced) by the amount of the withholding or deduction.

- 8.6 The Redemption of Collateralised Currency Securities by the Issuer pursuant to the occurrence of a Listing Failure, and delivery of Collateralised Currency Securities by an Authorised Participant in connection therewith, shall be effected in accordance with the procedures set out in the applicable Authorised Participant Agreement.
- 8.7 The Issuer may give such directions to the Security Holder as appear to the Issuer to be necessary to enable the settlement of any payment or delivery to be made by it pursuant to this Condition.

9 REDEMPTION FEE

- 9.1 Subject as provided below, it is a condition to the performance by the Issuer of the obligation to Redeem Collateralised Currency Securities that the Issuer may deduct the Redemption Fee from the Redemption Amount and that if it does not the Security Holder of such Collateralised Currency Securities shall pay to the Issuer the Redemption Fee in respect of such Redemption in accordance with this Condition 9. The Issuer may offset the amount of the Redemption Fee payable hereunder against the Redemption Amount payable to the Security Holder.
- 9.2 On a Redemption of Collateralised Currency Securities at the request of an Authorised Participant, the Redemption Fee shall be the amount agreed in the relevant Authorised Participant Agreement to be payable, or such other amount as may be agreed by the Issuer and that Authorised Participant at the time of the Redemption, regardless of the number of Collateralised Currency Securities being redeemed provided that such Redemption Fee shall be reduced where the payment of such Redemption Fee would result in a Security Holder receiving an amount less than the aggregate Principal Amount of such Collateralised Currency Securities being redeemed.
- 9.3 On a Redemption of Collateralised Currency Securities at the request of a Security Holder who is not an Authorised Participant (where there are no Authorised Participants), the Redemption Fee shall be an amount equal to the cost to the Issuer of satisfying such Redemption request, which shall be notified to the Security Holder at the time of the Redemption being not greater than £500 or such other amount as may be notified by RIS announcement provided that such Redemption Fee shall be reduced where the payment of such Redemption Fee would result in a Security Holder receiving an amount less than the aggregate Principal Amount of such Collateralised Currency Securities being redeemed.
- 9.4 On a Compulsory Redemption of Collateralised Currency Securities by the Issuer or at the request of the Trustee, the Redemption Fee shall be an amount equal to the cost to the Issuer incurred in relation to the Redemption, including the costs of enquiries under Condition 11 and the cost of giving notices under Condition 8 being not greater than £500 or such other amount as may be notified through a RIS. The Issuer shall notify Security Holders whose Collateralised Currency Securities are subject to Compulsory Redemption of the amount of those costs, and their allocation to particular Security Holders, at the time of the Redemption provided that such Redemption Fee shall be reduced where the payment of such Redemption Fee would result in a Security Holder receiving an amount less than the aggregate Principal Amount of such Collateralised Currency Securities being Redeemed.
- 9.5 The Issuer may set off any amount payable to the Issuer in accordance with this Condition 9 by the holder of Collateralised Currency Securities in respect of the Redemption Fee against the Redemption Amount payable by the Issuer to such holder.

10 SATISFACTION OF REDEMPTION FORMS BY TRANSFER

The Issuer may in its absolute discretion elect to satisfy Redemption Forms by transfer of the appropriate number of Collateralised Currency Securities to one or more Authorised Participant(s) from Security Holder(s) seeking Redemption, and for that purpose the Issuer may authorise any person on

behalf of the Security Holder to execute one or more instruments of transfer in respect of the relevant number(s) of Collateralised Currency Securities provided that the amount payable to the Security Holder shall still be an amount equal to the relevant Redemption Amount (less the Redemption Fee) and the relevant Redemption Payment Date will be the date of the transfer(s).

11 ENQUIRIES AS TO STATUS OF SECURITY HOLDERS

- 11.1 The Issuer may at any time, without any requirement to state a reason, give notice to a Security Holder requiring that Security Holder:
- (a) to certify, no later than the date (the **Investor Notice Expiry Date**) falling fifteen Pricing Days following the date on which the Issuer sends or transmits such requirement to that Security Holder whether that Security Holder is a Prohibited US Person or a Prohibited Benefit Plan Investor (and if that Security Holder is a Prohibited Benefit Plan Investor or Prohibited US Person, to notify the Issuer of the number and class of Collateralised Currency Securities in respect of which it is a Prohibited Benefit Plan Investor or Prohibited US Person); and
 - (b) if that Security Holder asserts that it is not a Prohibited US Person or not a Prohibited Benefit Plan Investor (or not a Prohibited Benefit Plan Investor or not a Prohibited US Person in respect of all Collateralised Currency Securities held by it), to provide to the Issuer by the Investor Notice Expiry Date a certificate in the form and executed in the manner determined by the Issuer that the Security Holder is not a Prohibited US Person or not a Prohibited Benefit Plan Investor (or not a Prohibited Benefit Plan Investor or not a Prohibited US Person in respect of certain Collateralised Currency Securities held by it, specifying the number and class of Collateralised Currency Securities in respect of which it is, and is not, a Prohibited Benefit Plan Investor or is, and is not, a Prohibited US Person).
- 11.2 The Issuer may provide to any Currency Transaction Counterparty copies of any enquiries made by it under this Condition 11 and any responses received from the Security Holder.
- 11.3 The Issuer shall be entitled, save to the extent that it has made enquiry under this Condition 11, to assume that none of the Collateralised Currency Securities are held by Prohibited US Persons or Prohibited Benefit Plan Investors.

12 ENFORCEMENT

12.1

12.1.1 The Trustee shall:

- (a) if a Defaulted Obligation (other than where an Issuer Insolvency Event or a Counterparty Event of Default in respect of a Corresponding Currency Transaction Counterparty for such class, has occurred and is continuing at such time) has occurred and is continuing and if so directed in writing by Security Holders of the Relevant Exposed Classes holding not less than 10 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of such Relevant Exposed Classes subject to the Trustee having:
 - (i) first been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing; and
 - (ii) received instructions as provided in Condition 7.2,instruct each relevant Security Trustee to take such proceedings and/or other action as it may think fit against or in relation to the Issuer or any other person to enforce the security constituted by each Security Deed forming part of any Gross Class Collateral Pool relevant to each Relevant Exposed Class;

- (b) if a Counterparty Event of Default has occurred and is continuing, and as a result any Redemption Notice in respect of Collateralised Currency Securities of any class issued on any of 30 continuous Pricing Days would have been invalid pursuant to Condition 6.8(g) or 6.17(c) or the Issuer has suspended Redemptions in relation to such class for a period of 30 Pricing Days, and if so directed in writing by Security Holders of the Relevant Affected Classes holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of Collateralised Currency Securities of those Relevant Affected Classes subject to the Trustee having:
 - (i) first been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing; and
 - (ii) received instructions as provided in Condition 7.2,
 instruct the relevant Security Trustee to take such proceedings and/or other action as it may think fit against or in relation to the Issuer or any other person to enforce the security constituted by the Security Deed relating to the Currency Transaction Counterparty which is the subject of that Counterparty Event of Default;
- (c) if an Issuer Insolvency Event has occurred and is continuing and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount (as at the date of receipt by the Trustee of the latest written notice) of all the Collateralised Currency Securities of all the classes then outstanding but in each case subject to the Trustee having:
 - (i) first been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing; and
 - (ii) received instructions as provided in Condition 7.2,
 instruct any or each Security Trustee to take such proceedings and/or other action as it may think fit against or in relation to the Issuer or any other person to enforce the security constituted by each Security Deed.

12.1.2 The Security Trustee is required under the terms of each Security Deed, if a CTC Enforcement Event has occurred and is continuing which relates to a Counterparty Collateral Pool and if so directed in writing by the Currency Transaction Counterparty to which such Counterparty Collateral Pool relates, but subject to the Security Trustee having first been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing, to take such proceedings and/or other action as it may think fit against or in relation to the Issuer or any other person to enforce the security constituted by that Security Deed in respect of such Counterparty Collateral Pool.

12.1.3 If a Defaulted Obligation and/or an Issuer Insolvency Event has occurred and is continuing, the Trustee shall, if so instructed by any Security Holder, and indemnified and/or secured and/or pre-funded to its satisfaction, take such proceedings and other actions (other than to instruct the relevant Security Trustee to take any action to enforce the security constituted by any Security Deed) against or in relation to the Issuer to enforce any payment obligation of the Issuer under the Trust Instrument and the Collateralised Currency Securities held by that Security Holder, subject always to the provisions of Condition 3.2.

12.2 If the Trustee considers that the Issuer is in material breach of any of the covenants, undertakings and obligations (other than payment obligations) in the Trust Instrument and has not remedied the same within 30 calendar days of being required to do so by the Trustee, the Trustee may, but shall not be obliged to, give notice to all Security Holders of that fact. Prior to giving any such notice, the Trustee shall provide a copy of the proposed notice to the Issuer and shall include with the notice any statement of not more than 1,000 words prepared by the Issuer and provided to

the Trustee for the purpose within 7 calendar days of receipt of the copy of the proposed notice referred to herein. In any such notice the Trustee may designate a Period (the **Breach Redemption Period**) commencing on any London Business Day until the date one month from such London Business Day (inclusive) during which each Security Holder will be entitled to redeem all (but not some only) of the Collateralised Currency Securities held by it in the same manner as though there were no Authorised Participants. After the expiry of the Breach Redemption Period, the relevant breach shall be deemed waived without prejudice to the right of the Trustee to take action in the event of any subsequent such breach.

- 12.3 In the event that at any time during the Breach Redemption Period the right to Redeem Collateralised Currency Securities of any class pursuant to Condition 6.1 is suspended pursuant to Condition 6.18, then the right to Redeem Collateralised Currency Securities of that class pursuant to Condition 12.2 shall be suspended in like manner and the provisions of Condition 6.18 shall apply *mutatis mutandis*. Upon the suspension ceasing under Condition 6.18, the right to Redeem Collateralised Currency Securities of that class pursuant to Condition 12.2 shall resume and the Breach Redemption Period in respect of that class shall continue until the date one month from the date on which the suspension so ceased.
- 12.4 Subject to Condition 12.5, only the Trustee or, in the case of a CTC Enforcement Event the relevant Currency Transaction Counterparty, may direct a Security Trustee to enforce the security constituted by a Security Deed. Where the Trustee has been directed to direct a Security Trustee to enforce in accordance with the terms thereof, the right of Security Holders to lodge a Redemption Form with the Registrar shall cease. Valid Redemption Forms lodged before the date the Trustee announces its intention to instruct a Security Trustee to enforce the security (the **Election Date**) will be Redeemed in the normal manner.
- 12.5 No Security Holder will be entitled to proceed directly against the Issuer unless the Trustee and/or Security Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing, in which case any such Security Holder will have only such rights against the Issuer as those which the Trustee and/or Security Trustee is entitled to exercise against or in relation to the Issuer.
- 12.6 When giving instructions to a Security Trustee (or taking enforcement action pursuant to a Security Deed) the Trustee (or Security Trustee) shall be entitled to rely on any advice received from the Collateral Administrator or such other Investment Advisor as it may from time to time appoint. In making any calculation the Security Trustee or its agent may convert one currency to another currency at such rate as may be available to it at that time.
- 12.7 For the purposes of any directions to the Trustee pursuant to Condition 7.2, 13.1 or 18.1, the aggregate Principal Amount of any or all classes of Collateralised Currency Securities shall be calculated in US Dollars on the basis of an exchange rate of US\$1 = Euro 1 = GBP1.

13 ACCOUNTS, SECURITY AND APPLICATION OF MONEYS

Accounts

- 13.1 The Issuer shall establish and maintain a Custody Account in respect of its dealings with each Currency Transaction Counterparty and may (but shall not be obliged to) establish a Cash Account in the Relevant Currency in respect of its dealings with each such person.
- 13.2 The Issuer shall procure that the following securities or amounts, as applicable, are delivered or paid, as applicable, into and credited to the Relevant Issuer Account in respect of any Currency Transaction Counterparty promptly upon receipt thereof:
 - (a) any amount received by or on behalf of the Issuer for the issue of any Collateralised Currency Security in respect of which the Issuer has a Corresponding Currency Transaction with such Currency Transaction Counterparty;
 - (b) any amount paid to the Issuer from time to time by any Currency Transaction Counterparty pursuant to the ISDA Master Agreement with such Currency Transaction Counterparty;

- (c) any securities delivered or amount paid to the Issuer from time to time pursuant to the Global Master Repurchase Agreement with such Currency Transaction Counterparty; and
 - (d) all interest accrued and paid in respect of any cash balance standing to the credit of a Relevant Issuer Account for time to time.
- 13.3 The Issuer shall procure that, subject to the provisions of the Security Deeds and any applicable Account Provider's Rights, only the following securities or amounts, as applicable, are transferred from or paid out of, as applicable, and debited to the Relevant Issuer Account in respect of any Currency Transaction Counterparty:
- (a) any amount to be applied towards the purchase of any securities or any securities to be delivered to such Currency Transaction Counterparty pursuant to the terms of any Repo entered into under the Global Master Repurchase Agreement with such Currency Transaction Counterparty;
 - (b) any Redemption Amount required to be paid by the Issuer in respect of the Redemption of any Collateralised Currency Security in respect of which the Issuer has (or had) entered into a Corresponding Currency Transaction with such Currency Transaction Counterparty;
 - (c) any amount required to be paid from time to time to such Currency Transaction Counterparty pursuant to the applicable Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement;
 - (d) any amount required to be paid from time to time to the Trustee or any Security Trustee and secured pursuant to the relevant Security Deed; and
 - (e) any amount to be paid to ManJer (or any Affiliate of the Issuer) or any Affiliate under the Services Agreement in respect of the Management Fee.

Application of Proceeds

- 13.4 All moneys received by the Security Trustee at any time pursuant to the realisation of assets in any Counterparty Collateral Pool shall be held by the Security Trustee upon trust, to apply them:
- (a) FIRST in payment of all amounts then due to the Security Trustee and the Trustee and unpaid (including to any attorneys, managers, agents, delegates or other person appointed by either of them) in respect of each class to which such Counterparty Collateral Pool is relevant under the terms of the relevant Security Deed and the Trust Instrument (as determined by the Security Trustee in its absolute discretion), and to payment of any remuneration and expenses of any receiver and the costs of realisation of the security constituted by the relevant Security Deed then unpaid, (for the avoidance of doubt, excluding any Redemption Amounts owed to the Trustee under the Trust Instrument);
 - (b) SECONDLY in or towards payment or discharge of all amounts then due and unpaid by the Issuer to the Currency Transaction Counterparty to which such Counterparty Collateral Pool relates under the Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement with such Currency Transaction Counterparty;
 - (c) THIRDLY in or towards payment of all amounts then due and unpaid in respect of the Collateralised Currency Securities to which such Counterparty Collateral Pool is relevant on a *pro rata* basis as provided in Condition 13.5;
 - (d) FOURTHLY in or towards payment or performance of all amounts then due and unpaid by the Issuer under the Services Agreement to ManJer (or any Affiliate of the Issuer with which the Issuer has entered into a Services Agreement);
 - (e) FIFTHLY in payment of the balance (if any) to the Issuer (without prejudice to or liability in respect to, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

Pro Rata Basis

- 13.5 The Issuer has covenanted in the Trust Instrument in favour of the Trustee and in each Security Deed in favour of each Security Trustee on any Compulsory Redemption Date pursuant to Condition 7.2 that it will calculate the proportionate entitlement of each class of Collateralised Currency Securities to payments to such class from the proceeds of the assets in the relevant Counterparty Collateral Pool as at the Compulsory Redemption Date for such class (in proportion to the relevant Volume and Daily Payment Amount attributable to the Corresponding Currency Transaction of such class as it relates to the aggregate Volumes and Daily Payment Amounts for all classes of Corresponding Currency Transaction with such Currency Transaction Counterparty) in accordance with the following formula:

$$EPA_{i,t} = \frac{V_{j,t-1} + DPA_{j,t}}{\sum_{\lambda=1}^n V_{\lambda,t-1} + \sum_{\lambda=1}^n DPA_{\lambda,t}}$$

$EPA_{i,t}$ the proportionate entitlement in relation to assets in such Counterparty Collateral Pool (after deduction of any amounts payable to the Trustee, the Security Trustee or the Currency Transaction Counterparty in accordance with (a) and (b) above) of Collateralised Currency Securities of class i on day t ;

i refers to a class of Collateralised Currency Security to which the Counterparty Collateral Pool is relevant;

j refers to the Currency Transaction with such Currency Transaction Counterparty which corresponds to class i ;

t refers to the Pricing Day in respect of which such calculation is to be made;

λ refers to any class of Currency Transaction with such Currency Transaction Counterparty;

n refers to the total number of classes of Currency Transactions with such Currency Transaction Counterparty;

$V_{j,t-1}$ refers to the Volume on the Pricing Day immediately preceding Pricing Day t , in relation to Currency Transaction j ;

$V_{\lambda,t-1}$ refers to the Volume on the Pricing Day immediately preceding Pricing Day t in relation to a Currency Transaction with such Currency Transaction Counterparty;

$DPA_{j,t}$ refers to the (positive or negative) Daily Payment Amount in relation to Currency Transaction j calculated as at Pricing Day t less (in the case of a CNY Transaction or INR Transaction) the amount of any Additional Closing Fee which would be payable in respect of a Closing of such Currency Transaction on such Pricing Day;

$DPA_{\lambda,t}$ refers to the (positive or negative) Daily Payment Amount in relation to a Currency Transaction calculated as at Pricing Day t less (in the case of a CNY Transaction or INR Transaction) the amount of any Additional Closing Fee which would be payable in respect of a Closing of such Currency Transaction on such Pricing Day,

PROVIDED THAT in respect of any class of Collateralised Currency Securities subject to Compulsory Redemption under Condition 7.3 as a result of a Disruption Event and where as a result of such Disruption Event the obligations of the Parties to the Relevant ISDA Master Agreement are modified or substituted with an obligation to pay another amount under the terms

of that Relevant ISDA Master Agreement, the proportionate entitlement of such class shall be limited to the proportionate entitlement calculated above in relation to the Adjusted Counterparty Collateral Pool.

- 13.6 The Security Trustee and the Trustee may rely absolutely on the outcome of any such calculation made by the Issuer as communicated to them by the Issuer, and are under no duty or obligation to investigate such calculation.
- 13.7 If the Issuer does not perform such calculation and provide the results thereof to the Security Trustee and the Trustee in accordance with its covenant, then to the extent that all relevant information is available to the Security Trustee it may at its absolute discretion perform such calculation or engage an Investment Advisor to perform such calculation for it, but neither the Security Trustee nor the Trustee shall be under any obligation to do so.
- 13.8 If within 5 days of the realisation of all the assets in a Counterparty Collateral Pool:
- (a) the Trustee and/or the Security Trustee has not been informed of the relevant Volume and Daily Payment Amount information necessary to enable it to carry out such calculation; or
 - (b) neither the Issuer nor any Investment Advisor engaged by the Trustee or Security Trustee has made the calculation contemplated under Condition 13.5,

then the Security Trustee may distribute on such basis as it considers in its absolute discretion to be a *pro rata* basis and shall have no liability to any Security Holder by virtue of so doing, subject to the prior payment or discharge of all prior ranking claims.

14 RESTRICTIONS

- 14.1 So long as any Collateralised Currency Securities in any of a particular class are outstanding, the Issuer covenants in the Trust Instrument, *inter alia*:
- (a) not to incur or permit to subsist any indebtedness for borrowed money in respect of any assets comprising the Gross Class Collateral Pool for such class (the **relevant assets**) other than:
 - (i) Collateralised Currency Securities or Further Securities of such class; and
 - (ii) any Daily Payment Amount Facility or Redemption Liquidity Facility; or
 - (iii) by issuing notes to ETFSL or any Affiliate of the Issuer.and not to give any guarantee or indemnity in respect of indebtedness of any person, save in each case with the prior written consent of the Trustee;
 - (b) other than as permitted under the relevant Security Deed, these Conditions, any Facility Agreement, ISDA Master Agreement, Global Master Repurchase Agreement, Collateral Administration Agreement or the terms governing any Relevant Issuer Account not to dispose of any relevant assets or any interest therein, or to create any mortgage, pledge, charge, lien, or other form of encumbrance or security interest or right of recourse in respect thereof in favour of any person;
 - (c) not to undertake any business save for the issue and redemption of Collateralised Currency Securities the creation and closing of Currency Transactions and the entering into of Repos in each case entering into all necessary documents in connection with this activity and performing its obligations and exercising its rights thereunder;
 - (d) to use reasonable endeavours to ensure that at all times after the date three months following Listing there are at least two Authorised Participants and until then there is at least one Authorised Participant;
 - (e) not to issue any Collateralised Currency Securities of any class unless it has created a corresponding Currency Transaction in respect of it under an ISDA Master Agreement;

- (f) not to maintain an office or other fixed place of business, nor to establish any permanent establishment, nor be or become tax resident, in any jurisdiction other than Jersey;
- (g) not to make any election under U.S. federal income tax laws to be treated otherwise than as an association taxable as a corporation for U.S. federal income tax purposes;
- (h) to undertake any business so as to seek to minimise the impact of taxation for Security Holders; and
- (i) to procure that each Relevant Issuer Account is at all times maintained in a manner so that it is readily distinguishable from each other Relevant Issuer Account and that no contractual rights of combination or set-off subsist between any Relevant Issuer Account and any other account of the Issuer.

Notwithstanding the foregoing the Issuer may:

- (i) issue unsecured limited recourse notes to ETFSL (or any Affiliate), and may redeem, amend, supplement, extend or replace such notes in accordance with the terms thereof; and
- (ii) make any loan to ETFSL (or any Affiliate) of the proceeds of the issue of such notes, under which the Issuer may, if it determines to do so, make advances to ETFSL (including by set-off against such proceeds).

15 FURTHER SECURITIES

- 15.1 Subject to its ability to create corresponding Currency Transactions, the Issuer may (without the consent of any Security Holders) create and issue additional classes of undated limited recourse secured debt securities constituted by an instrument or deed supplemental to this Trust Instrument.
- 15.2 The Issuer shall not accept applications for, or issue, Collateralised Currency Securities of a new class under Condition 15.1 unless it has first created a corresponding Currency Transaction under the terms of a Facility Agreement and ISDA Master Agreement.
- 15.3 Without prejudice to the foregoing, the Issuer may consolidate or divide all of the Collateralised Currency Securities of any class into Collateralised Currency Securities of the same class but with a proportionately larger or smaller Principal Amount and Price. Such consolidation or division shall be effected by deed or instrument supplemental to the Trust Instrument.
- 15.4 Whenever as a result of consolidation of Collateralised Currency Securities a Security Holder would become entitled to a fraction of a Collateralised Currency Security the Issuer will Redeem such fraction of a Collateralised Currency Security.
- 15.5 The Issuer may at any time (without the consent of the Security Holders) determine to divide the Gross Class Collateral Pool attributable to a class of Collateralised Currency Securities (the **Existing Class**) by allocating one or more Counterparty Collateral Pools comprised in such Gross Class Collateral Pool to a new class of Collateralised Currency Securities (the **New Class**), and if it determines to do so, the following shall apply:
 - (a) prior to or on such division becoming effective, the Issuer shall create undated limited recourse secured securities (**New Securities**) of the New Class referable to the same Currency Index and otherwise on the same terms as the Existing Class save that:
 - (i) the Counterparty Collateral Pools which are “**relevant**” to such New Class and Existing Class shall be as notified by the Issuer by RIS announcement;
 - (ii) a Corresponding Currency Transaction Counterparty in respect of a New Class following such division shall be a Currency Transaction Counterparty to which a relevant Counterparty Collateral Pool for such New Class relates after such division;
 - (iii) a Corresponding Currency Transaction Counterparty in respect of an Existing Class following such division shall be a Currency Transaction Counterparty to which a

relevant Counterparty Collateral Pool for such Existing Class relates after such division;

- (iv) the New Securities shall have a principal amount and Price determined in accordance with Condition 15.5(a)(v) and (vi) constituted by an instrument or deed on the same terms (*mutatis mutandis*) as the Trust Instrument (save that there shall be no obligation to procure Listing of the New Class) and on terms that such New Securities shall have recourse only to the Class Collateral Pool attributable to such New Class, and shall issue such New Securities to the Security Holders of the Existing Securities outstanding immediately prior to such division becoming effective on the basis of one New Security for each security of the Existing Class (**Existing Security**) then held (and for this purpose any Collateralised Currency Security in respect of which a Defaulted Obligation has occurred and is continuing shall be treated as outstanding);
- (v) the principal amount and Price of each Existing Security on such division shall be the Division Fraction of the Principal Amount and Price respectively of each Existing Security outstanding immediately prior to the division becoming effective (including any calculation made of the Price for that day in accordance with Condition 5); and
- (vi) the principal amount and Price of each New Security on such division shall be the differences between the principal amount and Price (respectively) of each Existing Security outstanding immediately prior to the division becoming effective (including any calculation made of the Price for that day in accordance with Condition 5) and the principal amount and Price of each Existing Security as determined in accordance with Condition 15.5(iii).

15.6 For the purposes of this Condition 15, the Division Fraction in relation to an Existing Security of any class is the aggregate of the Volumes of each Corresponding Currency Transaction with each Corresponding Currency Transaction Counterparty in respect of such class after such divisions **divided by** the aggregate Volumes of each Corresponding Currency Transaction with Corresponding Currency Transaction Counterparty in respect of such class immediately before such division.

16 ISSUER'S ABILITY TO PURCHASE COLLATERALISED CURRENCY SECURITIES

There is no restriction on the ability of the Issuer or any of its Affiliates to purchase or repurchase Collateralised Currency Securities.

17 LISTING

The Issuer covenants in the Trust Instrument to use its best endeavours to obtain and, so long as any of the Collateralised Currency Securities remain outstanding, maintain a Listing for the Collateralised Currency Securities or, if it is unable to do so having used such best endeavours or if the maintenance of such listing is agreed by the Trustee to be unduly onerous, use its best endeavours to obtain and maintain the quotation or listing of the Collateralised Currency Securities on such other stock exchange as it may (with the prior written approval of the Trustee) decide.

18 WAIVER, AUTHORISATION AND DETERMINATION; MEETINGS OF SECURITY HOLDERS

18.1 Subject to Condition 18.2, the Trustee may, without prejudice to its rights in respect of any subsequent breach, but only if and in so far as, in its opinion, the interests of the Security Holders shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Instrument or any Security Deed, or determine that any Defaulted Obligation, Issuer Insolvency Event or Counterparty Event of Default shall not be treated as such PROVIDED THAT the Trustee shall not exercise any powers conferred on it by this Condition in contravention of any express direction given as provided in Condition 7.2 but so that no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may

determine, shall be binding on the Security Holders and, if, but only if, the Trustee shall so require, shall be notified by the Issuer to the Security Holders as soon as practicable thereafter.

- 18.2 Security Holders in respect of any class or classes of Collateralised Currency Securities have power by Extraordinary Resolution to instruct the Trustee to, *inter alia*, (i) sanction the release of the Issuer from the obligation to pay money payable pursuant to the Trust Instrument, (ii) sanction any modification, abrogation or compromise of, or arrangement in respect of, their rights against the Issuer, (iii) assent to any modification or abrogation of the covenants or provisions contained in the Trust Instrument proposed or agreed to by the Issuer and (iv) sanction other matters as provided therein. The Trust Instrument contains provisions relating to the convening of meetings by the Issuer or the Trustee and provides that, except in the case of an adjourned meeting, at least fourteen calendar days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting, including any meeting which is being convened for the purpose of passing an Extraordinary Resolution, shall be given to the Security Holders of the relevant class or classes. In the case of a meeting adjourned through want of a quorum, other than one convened at the requisition of Security Holders, at least seven calendar days' notice (exclusive as aforesaid) should be given unless the day, time and place for the adjourned meeting is specified in the notice convening the original meeting.

19 EXERCISE OF DISCRETIONS

The Trustee may exercise its discretions under the Trust Instrument separately in respect of each class of Collateralised Currency Securities, and any Further Securities in issue from time to time, and shall incur no liability to any person for so doing.

20 PRESCRIPTION

The Trust Instrument does not provide for any prescription periods.

21 REMOVAL, RETIREMENT OR REPLACEMENT OF TRUSTEE

- 21.1 The Trustee may retire at any time without assigning any reason upon giving not less than three months' prior written notice to the Issuer and without being responsible for any Liabilities incurred by reason of such retirement. The Security Holders may by Extraordinary Resolution of the Security Holders (as a single class) appoint or remove any trustee or trustees for the time being of the Trust Instrument.
- 21.2 The Issuer will use its reasonable endeavours to appoint a new Trustee as soon as reasonably practicable after the Trustee gives notice to its retirement or being removed by Extraordinary Resolution. The retirement or removal of any Trustee shall not become effective until a successor trustee is appointed.

22 GOVERNING LAW AND JURISDICTION

- 22.1 The Conditions, the Collateralised Currency Securities and the Trust Instrument are governed by the laws of Jersey. Each Security Deed is governed by the laws of England and Wales.
- 22.2 The Issuer irrevocably agrees for the benefit of the Trustee and the Security Holders that the courts of Jersey are to have jurisdiction to settle any disputes which may arise out of or in connection with the Conditions and the Collateralised Currency Securities and that accordingly any suit, action or proceedings arising out of or in connection with the Conditions and the Collateralised Currency Securities (together referred to as **Proceedings**) may be brought in the courts of Jersey. The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of Jersey and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of Jersey shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

23 TRUSTEE'S LIABILITY

Save in the case of fraud, wilful misconduct or gross negligence, the Trustee (or any director, officer or employee of the Trustee) and any Security Trustee (or any director, officer or employee of such Security Trustee) shall have no liability under the Trust Instrument or the Security Deed for a breach of trust and save in such circumstances, no Trustee (and no director, officer or employee of the Trustee) and no Security Trustee (and no director, officer or employee of the Security Trustee) in execution of the trusts and powers under the Trust Instrument or the Security Deed, shall be liable for any loss arising by reason of any mistake or omission by him or by reason of any other matter or thing including fraud, wilful misconduct, gross negligence or default of another director, officer or employee or trustee.

24 AMENDMENTS TO CONDITIONS

These Conditions may be amended as set out herein or by written agreement between the Issuer and the Trustee. Any amendment to these Conditions will, subject to Condition 26.2, be notified through an RIS announcement, and unless otherwise agreed by the Trustee shall not take effect until:

- (a) in the case of an amendment made pursuant to Condition 25.2(b), at least 10 calendar days following any such notification and at least 30 calendar days following notification by the Issuer of the identity of the proposed transferee or new Currency Transaction Counterparty by RIS announcement;
- (b) in any other case at least 30 calendar days following such notification.

25 AMENDMENTS TO DOCUMENTS

25.1 Pursuant to the Trust Instrument and subject to Conditions 6.13 and 25.2, the Issuer covenants that it will not amend, vary, modify or supplement any of the Trustee Consent Documents without the prior written consent of the Trustee save where that amendment is at the election of a Currency Transaction Counterparty to amend the terms of a Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement to substantially conform that Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement to another Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement entered into between the Issuer and another Currency Transaction Counterparty and by the creation or closing of Currency Transactions or the entering into of Repos.

25.2 The Issuer may, without prejudice to Condition 25.4, by supplemental agreement or supplemental instrument or deed, as applicable, amend these Conditions, the Trust Instrument, any Security Deed or amend or novate any of the Trustee Consent Documents (in respect of Conditions (a), (b), (e) and (f) below without the consent of the Trustee), if one or more of the following applies:

- (a) if the amendment is to substitute for any person providing credit support (howsoever described) for the obligations of a Currency Transaction Counterparty under a Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement another person having an Acceptable Credit Rating;
- (b) if the amendment or novation is (A) to effect the transfer of any Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement, or any or any part of any Currency Transaction or Repo (or any position constituting any or any part of such Currency Transaction or Repo) to any Currency Transaction Counterparty or other person (the **transferee**) or to make amendments consequent upon such transfer or (B) to effect the appointment of a new Currency Transaction Counterparty (a **new CTC**), provided that (where such transferee is not a Currency Transaction Counterparty immediately prior to such amendment and novation):
 - (i) the transferee or new CTC, as the case may be, has an Acceptable Credit Rating;
 - (ii) such amendment or novation would not affect the Price or Principal Amount of any Collateralised Currency Securities;
 - (iii) such amendment or novation would not reduce the number of Pricing Days in respect of any class of Collateralised Currency Securities;

- (iv) a Security Deed is executed and delivered in respect of the Issuer's rights (after the exercise of set-off or close out netting rights of such transferee or new CTC as the case may be) under any ISDA Master Agreement or Global Master Repurchase Agreement which the Issuer enters into with such transferee or new CTC, as the case may be, and over any account which is either:
 - (aa) a Relevant Issuer Account established and maintained by the Issuer in respect of its dealings with such transferee or new CTC, as the case may be; or
 - (bb) an account of such transferee or new CTC, as the case may be, established and maintained by it in respect of its dealings with the Issuer in connection with Collateralised Currency Securities with a view to providing security to the Issuer in respect of such transferee's or, as the case may be, new CTC's obligations under such novated or amended documents;
- (c) in the opinion of the Issuer and the Trustee the amendment is necessary or desirable and is not materially prejudicial to the rights of Security Holders;
- (d) in the opinion of the Trustee, the amendment is of a formal, minor or technical nature or to correct a manifest or proven error;
- (e) the amendment is to substitute a different currency index for one or more of the Currency Indices and consequential changes provided that:
 - (i) corresponding adjustments have been agreed with each of the Currency Transaction Counterparties which have Currency Transactions outstanding that refer to the relevant Currency Index or Currency Indices;
 - (ii) the adjustments so agreed have the consequence that at the time of the substitution of the index there is no change to the aggregate Price of the Collateralised Currency Securities of that class or classes which are the subject of the substitution; and
 - (iii) the adjustments do not take effect until at least 30 calendar days have elapsed after they are announced to Security Holders in an RIS announcement;
- (f) the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of different classes of Collateralised Currency Securities differently and the terms of the amendment are authorised by separate Extraordinary Resolutions of the holders of each class of Collateralised Currency Security affected passed in accordance with the Trust Instrument;
- (g) Condition 25.2(f) above does not apply to the amendment and the terms of the amendment are authorised by an Extraordinary Resolution of the Security Holders (as a single class) passed in accordance with the Trust Instrument;
- (h) the terms of the amendment are necessary or desirable in the opinion of the Issuer and the Trustee to comply with any statutory, taxation or other requirement of law (including as modified or applied in any respect to the Collateralised Currency Securities) or any Listing Rules or to rectify any inconsistency, technical defect, manifest error or ambiguity in the terms of the Trust Instrument or such Conditions, Security Deed or Trustee Consent Document;
- (i) such amendment relates to the terms of an Eligible Collateral Agreement; or
- (j) such amendment relates to an Additional Closing Fee or Additional Redemption Fee (including but not limited to an amendment to the definitions of those terms or the basis on which Additional Closing Fees or Additional Redemption Fees may be incurred or become payable in respect of CNY Securities or INR Securities and CNY Transactions or INR Transactions, as applicable),

Provided that the Trustee shall not (unless it otherwise agrees) be required to amend, or enter into any new document if it would affect its duties or liabilities or its own position.

- 25.3 In the case of an amendment (other than an amendment or novation made pursuant to Condition 25.2(b)) to a Facility Agreement, ISDA Master Agreement, Global Master Repurchase Agreement or an Authorised Participant Agreement, the amendment may not take effect for at least 30 calendar days (or five Pricing Days if the amendment is to be made pursuant to an obligation in the Facility Agreement to negotiate in good faith following notice being given by either party thereto of the occurrence of a Material Adverse Change (as defined therein)), following publication of a notice thereof through a RIS and the Issuer shall not agree to any such amendment unless it does not take effect until such period has elapsed.
- 25.4 The restrictions imposed by Conditions 24 or 25 shall not apply to any amendment to the terms of a Facility Agreement, ISDA Master Agreement or Global Master Repurchase Agreement which, under the terms thereof, is automatic or at the election of the relevant Currency Transaction Counterparty in the circumstances described in Condition 25.1.
- 25.5 The Issuer shall notify all Security Holders of a proposed amendment as referred to in Condition 25.2(a) by publishing a notice on a RIS at least 30 calendar days prior to such amendment becoming effective.
- 25.6 Without prejudice to Condition 24(a), the Issuer shall notify all Security Holders of a proposed amendment or novation as referred to in Condition 25.2(b) by publishing a notice on a RIS at least 10 calendar days prior to such amendment or novation becoming effective.
- 25.7 The Issuer shall notify all Security Holders of a proposed amendment as referred to in Conditions 25.2(e) and 25.2(f) by publishing a notice on a RIS as soon as practicable after such amendment is proposed and in any event, upon such amendment becoming effective.
- 25.8 The Issuer shall give Security Holders at least 30 calendar days notice of a proposed amendment to the Eligible Collateral Agreement as referred to in Condition 25.2(i) or, if the Trustee consents on the basis that such amendment is not materially prejudicial to the interests of Security Holders, at least 5 calendar day notice.
- 25.9 No notice need be given of any amendment as referred to in Conditions 25.2 (c) or (h) or 25.4 unless the Trustee otherwise requires.

26 NOTICES

- 26.1 Except as provided below, all notices required or permitted to be given to Security Holders, the Issuer or the Registrar under the Trust Instrument or pursuant to any other Document must be in writing in English.
- 26.2 All notices required or permitted to be given to a Security Holder under the Trust Instrument or pursuant to any other Trustee Consent Document shall be made by publication through a RIS where required under the terms of such document, but otherwise may be given by publication on the Issuer's Website.
- 26.3 All notices required to be given by the Issuer to Security Holders under the Trust Instrument or otherwise shall be given in writing, except to the extent that the notice relates to a meeting of Security Holders where, in relation to any Collateralised Currency Securities which are held in Uncertificated Form, the directors may from time to time permit notices of Security Holder meetings to be made by means of an electronic communication in the form of an Uncertificated Notice of Meeting in such form and subject to such terms and conditions as may from time to time be prescribed by the directors (subject always to facilities and requirements of CREST) and may in similar manner permit supplements, or amendments, to any such Uncertificated Notice of Meeting to be made by like means.
- 26.4 Any Pricing Notice shall be sent by fax to the Issuer's primary fax number, as follows:

Fax: +44 1534 825 335

or such other fax number as may be published on the Issuer's Website, and confirmed by email to the following email address:

Email: info@etfsecurities.com.

- 26.5 Any Pricing Notice shall be deemed to have been received upon sending, subject to confirmation of uninterrupted and error-free transmission by a transmission report.
- 26.6 Any General Notice to be given to the Issuer shall be sent to the Issuer's primary fax number set out above or delivered by hand, sent by prepaid recorded delivery or registered post (or registered airmail in the case of an address outside the United Kingdom), to the following address:
- Name: ETFS Foreign Exchange Limited
- Address: Ordnance House, 31 Pier Road
St. Helier, Jersey JE4 8PW
Channel Islands
- Attention: Graeme Ross/Craig Stewart
- Fax number: +44 1534 825 335
- or such other address as may be published for the Issuer on the Issuer's Website.
- 26.7 Any General Notice shall, in the absence of earlier receipt, be deemed to have been received as follows:
- (a) if delivered by hand, at the time of actual delivery; or
 - (b) if sent by prepaid recorded delivery or registered post (or registered airmail in the case of an address outside the United Kingdom), on the date it is delivered or its delivery is attempted.

27 PAYMENT PROVISIONS

- 27.1 All monies payable by the Issuer in respect of Collateralised Currency Securities shall be paid in the Relevant Currency in fully cleared and immediately available funds.
- 27.2 All monies payable by the Issuer on the Redemption of any Collateralised Currency Securities shall be paid in full, free and clear of and without any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political sub-division thereof or any authority thereof having power to tax, unless such deduction or withholding is required by law to which the person making the payment is subject.
- 27.3 Where a day on which a payment would otherwise be due and payable is not a Relevant Business Day, such payment shall be due and payable by the payer on the next following Relevant Business Day.

PART 12

DESCRIPTION OF THE ISSUER

Incorporation

The Issuer was incorporated as a public limited company in Jersey on 1 July 2009 under the Companies (Jersey) Law 1991 (as amended) (the **Law**). The Issuer operates under the Law and secondary legislation made thereunder. The Issuer is registered in Jersey under number 103518.

The Issuer is authorised to issue an unlimited number of no par value shares of one class designated as Ordinary Shares of which two Ordinary Shares of no par value have been issued.

The Issuer does not have any subsidiary undertakings.

All of the Issuer's issued ordinary shares are owned by HoldCo.

The Issuer and ManJer

The shares in the Issuer are all held by HoldCo, a holding company incorporated in Jersey to act as the holding company of the Issuer. The Issuer is neither directly nor indirectly owned or controlled by any other party to the Programme. The Issuer is dependent upon ManJer to provide management and administration services to it, as further described below. ManJer intends to promote and to provide management and other services to both the Issuer and other companies issuing exchange traded products including ETFS Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Industrial Metal Securities Limited, ETFS Commodity Securities Australia Limited, ETFS Hedged Commodity Securities Limited, Gold Bullion Securities Limited in Jersey and ETFS Metal Securities Australia Limited (formerly known as Gold Bullion Securities Limited) in Australia. Further, certain Directors of ManJer have been involved in establishing and operating exchange traded fund companies and related service companies, in particular EFX Fund Company public limited company and its manager EFX Management Company Limited in Ireland and ETF Securities USA LLC.

The Directors of ManJer at the date of this Prospectus are Graham Tuckwell, Graeme Ross, Ben Cukier, Vince FitzGerald, Graham Birch and Tim Armour. The secretary of ManJer at the date of this Prospectus is R&H Fund Services (Jersey) Limited.

Administration

ManJer will, pursuant to the Services Agreement, supply all management and administration services for the Issuer and will pay all the management and administration costs of the Issuer.

ManJer may engage third parties to provide some or all of these services.

The Issuer has entered into a corporate administration agreement with R&H Fund Services (Jersey) Limited (the **Secretary**) whereby the Secretary will perform certain administration duties for the Issuer and Computershare Investor Services (Jersey) Limited has been appointed to provide services as Registrar and receiving agent, and will maintain the Registers in Jersey.

The Services Agreement may be terminated by the Issuer at any time on three months' notice or earlier in the event of certain breaches or the insolvency of either party.

Directors and Secretary

The Directors and the secretary of the Issuer at the date of this Prospectus are:

Graham Tuckwell – Chairman

Mr Tuckwell is the founder and chairman of ETFSL, ManJer, HoldCo and the Issuer and of eight other companies issuing exchange-traded commodities: Gold Bullion Securities Limited in Jersey, ETFS Metal Securities Australia Limited (formerly known as Gold Bullion Securities Limited) in Australia (which two companies obtained the world's first listings of an exchange traded commodity on a stock exchange), ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Commodity Securities Limited, ETFS Industrial Metal Securities Limited, ETFS Commodity Securities Australia Limited and ETFS Hedged Commodity Securities Limited. He is also a director of ETFX Fund Company public limited company and of its manager ETFX Management Company Limited in Ireland as well as the President and Chief Executive Officer of ETF Securities USA LLC. Assets under management in those companies are in excess of US\$25 billion. Previously, Mr Tuckwell was the founder and managing director of Investor Resources Limited, a boutique corporate advisory firm which specialised in providing financial, technical and strategic advice to the resources industry. He has more than 20 years of corporate and investment banking experience. Prior to the above activities, Mr Tuckwell was Head of Mining Asia/Pacific at Salomon Brothers, Group Executive Director at Normandy Mining responsible for Strategy and Acquisitions and Head of Mergers and Acquisitions at Credit Suisse First Boston in Australia. He holds a Bachelor of Economics (Honours) and a Bachelor of Laws degree from the Australian National University.

Tom Quigley — Non-Executive Director

Tom Quigley is the Chief Financial Officer of ETFSL and is also a non-executive director of the Issuer, ETFS Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Industrial Metal Securities Limited, Gold Bullion Securities Limited, ETFS Commodity Securities Australia Limited and ETFS Hedged Commodity Securities Limited. Mr Quigley is also the Chief Financial Officer and Treasurer of ETF Securities USA LLC. Previously, Mr Quigley held senior management positions in investment banking where he was a Managing Director at ING Barings Investment Banking and, prior to that, at Close Brothers Corporate Finance in the City of London. More recently, he was a Director of Terra Firma Capital Partners, the private equity firm, and a Managing Director at W.P. Carey & Co LLC, the asset management firm. He is a Chartered Accountant and a member of the ICAEW having trained with Price Waterhouse in London. Mr Quigley holds an MA in Physics from Oxford University, England.

Graeme Ross – Non-Executive Director

Mr Ross graduated from Abertay University in 1980 and joined Arthur Young McClelland Moores in Perth, Scotland. He qualified as a chartered accountant in 1984 and joined KPMG Peat Marwick's practice in Jersey shortly afterwards. Graeme joined the Jersey practice of Rawlinson & Hunter, Jersey, in 1986 as a manager in the fund administration division. In 1994 he was admitted to the Jersey partnership. Graeme has been the managing director of R&H Fund Services (Jersey) Limited since 1996 and has in-depth knowledge and experience of the fund management industry and in particular retail funds. He has worked in the offshore fund management industry for 28 years and also served as a committee member of the Jersey Funds Association for three years. As a director of R&H Fund Services (Jersey) Limited, Mr Ross maintains the day to day operations in Jersey of the Issuer, and of Gold Bullion Securities Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Commodity Securities Limited, ETFS Industrial Metal Securities Limited, ETFS Commodity Securities Australia Limited and ETFS Hedged Commodity Securities Limited (he is a non-executive director of each of those companies and of ManJer and HoldCo).

Craig Stewart – Non-Executive Director

Mr Stewart graduated from Edinburgh University in 1987 with a degree in Politics and worked in commercial roles for two blue chip companies headquartered in London. In 1993, he joined Arthur Andersen's Audit and Business Advisory practice in Jersey and qualified as a chartered accountant in 1997. He has specialised in the investment fund sector and been particularly involved with retail, institutional and private equity funds. In 1997, he was promoted to manager with sole responsibility for Andersen's asset management clients in European offshore jurisdictions. In April 2000, he joined Rawlinson & Hunter's fund administration division and in January 2001 he was promoted to Director of

R&H Fund Services (Jersey) Limited. In 2003, he was admitted to the Jersey partnership. Mr Stewart has worked in the offshore fund management industry for almost 20 years and also served as a committee member of the Jersey Funds Association for three years. Mr Stewart is also a non-executive director of Gold Bullion Securities Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Commodity Securities Limited, ETFS Industrial Metal Securities Limited, ETFS Commodity Securities Australia Limited and ETFS Hedged Commodity Securities Limited.

R&H Fund Services (Jersey) Limited – Company Secretary

R&H Fund Services (Jersey) Limited is a company incorporated in Jersey on 29 November 1988 with limited liability whose issued and paid up share capital is £25,000. It is not involved in any other business activities other than that of acting as manager and administrator of collective investment schemes and is a wholly owned subsidiary of Rawlinson & Hunter, Jersey. The directors of R&H Fund Services (Jersey) Limited are:

Graeme David Ross

Craig Andrew Stewart

Hilary Patricia Jones

Conflicts of Interest

Mr Tuckwell and Mr Ross are also directors of ManJer, a provider of services to the Issuer, and all of the Directors are also directors of HoldCo, the sole shareholder of the Issuer. Mr Ross and Mr Stewart are also directors of the Secretary. While these roles could potentially lead to conflicts of interest the Directors do not believe there are any actual or potential conflicts of interest between the duties which the directors and/or members of the administrative, management and supervisory bodies of the Issuer owe to the Issuer, and the private interests and/or other duties which they have.

Save as specifically stated herein, none of the principal activities performed by the Directors outside the Issuer are significant with respect to the Issuer and they have no interests that are material to the Programme.

PART 13

DESCRIPTION OF CURRENCY TRANSACTION COUNTERPARTIES

At the date of this Prospectus Morgan Stanley & Co. International plc (**MSIP**) is the sole Currency Transaction Counterparty.

MSIP is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London, E14 4QA. The principal activity of MSIP is the provision of financial services to corporations, governments and financial institutions. MSIP is authorised and regulated by the U.K. Financial Services Authority.

Debt securities of MSIP are admitted to trading on the Main Market of the London Stock Exchange plc, which is part of its Regulated Market for listed securities (being securities admitted to the Official List (as maintained by the U.K. Financial Services Authority in accordance with section 74(1) of FSMA)).

PART 14

GLOBAL BEARER CERTIFICATES

The following is a non-binding English language translation of the form of Global Bearer Certificates. The definitive German language text, of which the following is a direct and accurate translation, of the form of the Global Bearer Certificates and the Conditions of the Global Bearer Certificates is set out in Annexes 1 and 2 of this Prospectus. In the event of any inconsistency between the definitive German language text of the form of the Global Bearer Certificates and the English translation below, the former shall always prevail.

Form of the Global Bearer Certificates (non-binding translation)

Global Bearer Certificate

for

• registered [see Annex 1] [class of Collateralised Currency] Securities

of

ETF Foreign Exchange Limited

Ordinance House, 31 Pier Rd, St Helier, Jersey, Channel Islands, JE4
8PW

divided into securities with a principal amount of [•] [see Annex 1] each

As underlying stock for this Global Bearer Certificate the Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (hereinafter referred to as "Clearstream"), is holding • registered [see Annex 1] [class of Collateralised Currency] Securities (hereinafter referred to as "Notes"), of ETF Foreign Exchange Limited, Jersey, Channel Islands (hereinafter referred to as the "Company"), constituted by a Trust Instrument between the Company and The Law Debenture Trust Corporation p.l.c. as amended/supplemented from time to time (hereinafter referred to as the "Trust Instrument") and secured as described therein and divided into securities with a principal amount of [•] [see Annex 1] each, registered in the name of Vidacos Nominees Limited, London, England, and held in a special Safe Custody Account with Citibank N.A., London, England. Each co-owner of this Global Bearer Certificate is entitled to demand at any time from Clearstream to arrange for the delivery and registration in the relevant Register of Security Holders in his name or in the name of a third party designated by him of such number of Notes as corresponds to his share in this Global Bearer Certificate.

In respect of all further matters, the Conditions attached to this Global Bearer Certificate and forming an essential part thereof shall apply.

Frankfurt am Main, ...

**Clearstream Banking
Aktiengesellschaft**

Text of the Conditions of the Global Bearer Certificates

(non-binding translation)

Conditions of the Certificate

1. This Global Bearer Certificate bears the signature of two managing directors, or one managing director and one holder of procuration, of the Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany, (hereinafter referred to as "Clearstream").
2. Each co-owner of this Global Bearer Certificate is entitled to demand at any time from Clearstream the delivery and the registration in the relevant Register of Security Holders, in his name or in the name of a third party designated by him of such number of registered [•] [see Annex 1][class of Collateralised Currency] Securities (hereinafter referred to as "Notes") of ETFS Foreign Exchange Limited, Jersey, Channel Islands, (hereinafter referred as "Company") constituted by a Trust Instrument between the Company and The Law Debenture Trust Corporation p.l.c. as amended/supplemented from time to time (hereinafter referred to as the "Trust Instrument") and secured as described therein and divided into securities with a principal amount of [•] [see Annex 1] each, as corresponds to his co-ownership share in this Global Bearer Certificate. Such demand shall be made by the co-owner through his depositary bank to Clearstream, stating to whom the Notes shall be delivered, respectively, the address to which the certificate evidencing the registration shall be mailed by the Registrar.

In addition to the delivery, respectively, transfer fee determined by Clearstream pursuant to § 315 of German Civil Code, the co-owner shall bear any expenses, taxes, fees or duties arising from such delivery resp. transfer and registration.

The co-owners of this Global Bearer Certificate are not entitled to demand delivery of individual bearer certificates out of this Global Bearer Certificate.
3. As a rule, Clearstream shall convey to the co-owner, through his depositary bank and in proportion to his share in the Global Bearer Certificate, all rights arising from the Notes under the laws of England and Jersey, Channel Islands.

Payments of capital, interests and/or other amounts due will be passed on by Clearstream to the co-owner. Furthermore, any terms and conditions announced by Clearstream shall apply.

All payments to the co-owner shall be made in Euro.
4. As a rule, Clearstream shall not exercise voting rights arising in a noteholder meeting. On demand it shall cause a voting proxy to be issued to the co-owner or a third party indicated by him.

The Company has undertaken to publish the agenda of any noteholder meeting as well as the conditions for participating in the meeting and exercising the voting rights before each meeting.
5. Should the issuance of the Global Bearer Certificate be subject at any time to any taxes, fees or duties in the Federal Republic of Germany or in Jersey, Channel Islands, the co-owners shall bear such taxes, fees or duties in proportion to their shares in the Global Bearer Certificate.

Clearstream is entitled to divide among all co-owners in proportion to their co-ownership shares in the Global Bearer Certificate all taxes, fees and duties to which it may at any time be subject in the Federal Republic of Germany or in Jersey, Channel Islands, by the mere fact that it is holding the Notes.
6. If for any reason the Notes should be replaced by other notes or some other valuable, the co-owner's right to the Notes shall convert into a right to the relevant substitutes. In such event these Conditions shall apply mutatis mutandis.

7. Clearstream is entitled to substitute another entity for Citibank N.A., London, England (hereinafter referred to as "Custodian") in its function as Custodian or Vidacos Nominees Limited, London, England (hereinafter referred to as "Nominee") in its function as Nominee. In such event, Clearstream shall not be responsible for more than careful selection. This does not affect Clearstream's right to assume itself the functions of the Custodian or the Nominee. In the case where the Custodian or the Nominee are replaced, any reference to the Custodian or the Nominee in these Conditions shall be deemed to refer to the new Custodian or Nominee.
8. Should the Notes become good delivery on German stock exchanges in a way which would not require Clearstream's assistance in the present form or should the admission of the Notes in the form of co-ownership shares in the Global Bearer Certificate to trading and official quotation on German stock exchanges be withdrawn, Clearstream shall request from the co-owners instructions as provided for in Clause 2. paragraph 1 above. Should such instructions not be given within 3 months from the publication of the relevant request, Clearstream shall be entitled at its discretion to arrange for registration of the Notes in the name of the co-owner or a third party designated in its request and to deposit the relevant Notes at the co-owner's risk and expense with a depositary designated in its request. All obligations of Clearstream arising from the Global Bearer Certificate shall cease therewith.
9. All notices concerning the Global Bearer Certificate shall be published in at least one supranational newspaper designated by the German stock exchanges to publish obligatory notices of each German stock exchange on which the Notes in form of co-ownership shares in the Global Bearer Certificate are traded and quoted on the Regulated Market (General Standard).
10. The co-owners shall bear proportionately any prejudice or damage, whether economic or legal, which may affect the Notes held as underlying stock for the Global Bearer Certificate in consequence of force majeure, governmental decrees, war, riots, official action at home or abroad or any other circumstances beyond Clearstream's or the Custodian's control.

Clearstream shall perform all its obligations arising from the Global Bearer Certificate with the due care of a proper merchant. If by reason of force majeure, governmental decrees, war, riots, official action at home or abroad or by any other circumstances beyond its control it is prevented from performing its obligations, it shall not be responsible.

The Custodian and the Nominee are responsible towards Clearstream for the due performance of their functions. Any claims against the Custodian or the Nominee shall be pursued by Clearstream on the co-owners' behalf. Beyond that Clearstream shall only be responsible for careful selection of the Custodian and the Nominee.
11. Should any of these conditions be or become fully or partly invalid or impracticable, the other conditions shall remain unaffected. Any such invalid or impracticable condition shall be replaced in accordance with the intent and purpose of this contractual agreement.
12. All legal relations between the co-owner and Clearstream shall be governed by the laws of the Federal Republic of Germany. The exclusive court of venue shall be Frankfurt am Main.
13. Except where required by law, an alteration of these Conditions shall be permitted only insofar as it does not impair the rights of the co-owners.

Annex 1

Annex 1 may be amended from time to time if additional types of Notes are issued by ETFS Foreign Exchange Limited under its multi-class Programme.

Type	Original ISIN (of the Notes)	LSE Code	Principal Amount (EUR)
ETFS Long CHF Short EUR	JE00B3MR2Q90	EUCH	1.00
ETFS Short CHF Long EUR	JE00B3L54023	CHEU	1.00
ETFS Long GBP Short EUR	JE00B3LXVB68	EUGB	1.00
ETFS Short GBP Long EUR	JE00B3MVPQ29	GBEU	1.00
ETFS Long JPY Short EUR	JE00B3MWC642	EUJP	1.00
ETFS Short JPY Long EUR	JE00B3KNMS14	JPEU	1.00
ETFS Long NOK Short EUR	JE00B3MRDD32	EUNO	1.00
ETFS Short NOK Long EUR	JE00B3LGQQ51	NOEU	1.00
ETFS Long SEK Short EUR	JE00B3MQG751	EUSE	1.00
ETFS Short SEK Long EUR	JE00B3NXB475	SEEU	1.00

PART 15

ADDITIONAL INFORMATION

1 Passporting

The Issuer has requested the FSA to provide the competent authority in Germany, the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the German Federal Financial Supervisory Authority), the competent authority in the Netherlands, the *Autoriteit Financiële Markten* (Netherlands Authority for the Financial Markets), the competent authority in France, the *Autorité des Marchés Financiers* (France Authority for the Financial Markets), the competent authority in Italy, the *Commissione Nazionale per le Società e la Borsa* (CONSOB), the competent authority in Denmark, the *Finanstilsynet* (Financial Supervisory Authority), the competent authority in Spain, the *Comisión Nacional del Mercado de Valores* (Spanish Securities Market Commission), the competent authority in Sweden, *Finansinspektionen* (Swedish Financial Supervisory Authority), the competent authority in Austria, the *Österreichische Finanzmarktaufsicht* (Austrian Financial Market Authority), the competent authority in Finland, the *Finanssivalvonta* (Finnish Financial Supervisory Authority), the competent authority in Portugal, the *Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Commission), the competent authority in Ireland, the Central Bank of Ireland, and the competent authority in Norway, the *Kredittilsynet* (Norwegian Financial Supervisory Authority) with certificates of approval attesting that this Prospectus has been drawn up in accordance with Directive 2003/71/EC.

The Issuer may request the FSA to provide competent authorities in certain other EEA Member States with such certificates whether for the purposes of making a public offer in such Member States or for admission to trading of all or any Collateralised Currency Securities on a regulated market therein or both.

The FSA will remain the competent authority for the purposes of approving all prospectuses published by the Issuer under the Prospectus Directive.

2 UCITS and CIS

The Issuer has received legal advice under UK and EU law that Collateralised Currency Securities do not constitute units in a collective investment scheme. The Issuer has also received legal advice under UK and EU law that the Collateralised Currency Securities are capable of constituting transferable securities within COLL 5.2.7A(R) and are therefore capable of being eligible investments for a UCITS Scheme and that for the purposes of COLL 5.2.29(R)(2) of the FSA Handbook, Collateralised Currency Securities constitute “debt securities” of the Issuer.

With respect to COLL 5.2.29(R)(2) of the FSA Handbook, the Issuer believes that, in calculating the amount of debt securities of the Issuer in issue at any time, the principal amount of such securities should be used. Prospective investing UCITS Schemes would need to satisfy themselves that an investment in the Collateralised Currency Securities in their own circumstances would be in line with their investment objectives and comply with relevant parts of the FSA Handbook and/or any other applicable rules and regulations.

3 ISINs, LSE Codes and Principal Amounts of the Collateralised Currency Securities

160 classes of Collateralised Currency Securities are described in this Prospectus. The LSE Codes and Principal Amounts of the Collateralised Currency Securities will be as follows:

Basket Securities	ISIN	LSE Code	Principal Amount
ETFS Long G10 Short EUR	JE00B3Y48Q09	LEUB	EUR 1.00
ETFS Short G10 Long EUR	JE00B42LH307	SEUB	EUR 1.00
ETFS Long G10 Short GBP	JE00B3XLZZ09	LGBB	GBP 1.00
ETFS Short G10 Long GBP	JE00B3QJ6D65	SGBB	GBP 1.00
ETFS Long G10 Short USD	JE00B3RMW814	LUSB	US\$1.00
ETFS Short G10 Long USD	JE00B3V74640	SUSB	US\$1.00

USD Developed Market Currency Securities	ISIN	LSE Code	Principal Amount
ETFS Long AUD Short USD	JE00B68GQH02	LAUD	US\$1.00
ETFS Short AUD Long USD	JE00B68GQZ83	SAD	US\$1.00
ETFS 2x Long AUD Short USD	JE00B68GW947	LAU2	US\$1.00
ETFS 2x Short AUD Long USD	JE00B68GWC74	SAU2	US\$1.00
ETFS 3x Long AUD Short USD	JE00B3W2CR59	LAU3	US\$1.00
ETFS 3x Short AUD Long USD	JE00B3VCN170	SAU3	US\$1.00
ETFS Long CAD Short USD	JE00B68GRL13	LCAD	US\$1.00
ETFS Short CAD Long USD	JE00B68GS291	SCAD	US\$1.00
ETFS 2x Long CAD Short USD	JE00B68GXD56	LCA2	US\$1.00
ETFS 2x Short CAD Long USD	JE00B3LXL940	SCA2	US\$1.00
ETFS 3x Long CAD Short USD	JE00B3SVMX27	LCA3	US\$1.00
ETFS 3x Short CAD Long USD	JE00B3RQV973	SCA3	US\$1.00
ETFS Long CHF Short USD	JE00B68GVR52	LCHF	US\$1.00
ETFS Short CHF Long USD	JE00B68GVT76	SCHF	US\$1.00
ETFS 2x Long CHF Short USD	JE00B3MVVJ79	LCH2	US\$1.00
ETFS 2x Short CHF Long USD	JE00B3LXBM77	SCH2	US\$1.00
ETFS 3x Long CHF Short USD	JE00B3WDRZ18	LCH3	US\$1.00
ETFS 3x Short CHF Long USD	JE00B3X5LX22	SCH3	US\$1.00
ETFS Long EUR Short USD	JE00B68GS416	LEUR	US\$1.00
ETFS Short EUR Long USD	JE00B68GSM94	SEUR	US\$1.00
ETFS 2x Long EUR Short USD	JE00B3LY3N58	LEU2	US\$1.00
ETFS 2x Short EUR Long USD	JE00B3LXMG80	SEU2	US\$1.00
ETFS 3x Long EUR Short USD	JE00B3Y5F176	LEU3	US\$1.00
ETFS 3x Short EUR Long USD	JE00B3N9C970	SEU3	US\$1.00
ETFS Long GBP Short USD	JE00B68GR111	LGBP	US\$1.00
ETFS Short GBP Long USD	JE00B68GRJ90	SGBP	US\$1.00
ETFS 2x Long GBP Short USD	JE00B68GWV63	LGB2	US\$1.00
ETFS 2x Short GBP Long USD	JE00B68GWX87	SGB2	US\$1.00
ETFS 3x Long GBP Short USD	JE00B3SBFZ51	LGB3	US\$1.00
ETFS 3x Short GBP Long USD	JE00B3XJ8K03	SGB3	US\$1.00
ETFS Long JPY Short USD	JE00B68GSP26	LJPY	US\$1.00
ETFS Short JPY Long USD	JE00B68GT596	SJPY	US\$1.00
ETFS 2x Long JPY Short USD	JE00B3LXMP71	LJP2	US\$1.00
ETFS 2x Short JPY Long USD	JE00B3N7FJ27	SJP2	US\$1.00
ETFS 3x Long JPY Short USD	JE00B3X9GJ56	LJP3	US\$1.00
ETFS 3x Short JPY Long USD	JE00B3WFMB84	SJP3	US\$1.00
ETFS Long NOK Short USD	JE00B68GTQ08	LNOK	US\$1.00
ETFS Short NOK Long USD	JE00B68GTS22	SNOK	US\$1.00
ETFS 2x Long NOK Short USD	JE00B3Q3CP29	LNO2	US\$1.00
ETFS 2x Short NOK Long USD	JE00B3Q3D598	SNO2	US\$1.00
ETFS 3x Long NOK Short USD	JE00B3TCDM07	LNO3	US\$1.00
ETFS 3x Short NOK Long USD	JE00B3RPQT93	SNO3	US\$1.00
ETFS Long NZD Short USD	JE00B68GT711	LNZD	US\$1.00
ETFS Short NZD Long USD	JE00B68GTN76	SNZD	US\$1.00
ETFS 2x Long NZD Short USD	JE00B3N7FM55	LNZ2	US\$1.00
ETFS 2x Short NZD Long USD	JE00B3N7G223	SNZ2	US\$1.00
ETFS 3x Long NZD Short USD	JE00B3WL8R46	LNZ3	US\$1.00
ETFS 3x Short NZD Long USD	JE00B44CP933	SNZ3	US\$1.00
ETFS Long SEK Short USD	JE00B68GV642	LSEK	US\$1.00
ETFS Short SEK Long USD	JE00B68GV865	SSEK	US\$1.00
ETFS 2x Long SEK Short USD	JE00B3LXPJ27	LSE2	US\$1.00
ETFS 2x Short SEK Long USD	JE00B3Q3DN79	SSE2	US\$1.00
ETFS 3x Long SEK Short USD	JE00B3TWM901	LSE3	US\$1.00
ETFS 3x Short SEK Long USD	JE00B3R57189	SSE3	US\$1.00

USD Emerging Market Currency Securities	ISIN	LSE Code	Principal Amount
ETFS Long BRL Short USD	JE00B6821S44	LBRL	US\$1.00
ETFS Short BRL Long USD	JE00B6822702	SBRL	US\$1.00
ETFS Long CNY Short USD	JE00B6822V48	LCNY	US\$1.00
ETFS Short CNY Long USD	JE00B66M4S72	SCNY	US\$1.00
ETFS Long CZK Short USD	JE00B6822819	LCZK	US\$1.00
ETFS Short CZK Long USD	JE00B6822T26	SCZK	US\$1.00
ETFS Long HUF Short USD	JE00B66M4T89	LHUF	US\$1.00
ETFS Short HUF Long USD	JE00B66M5731	SHUF	US\$1.00
ETFS Long ILS Short USD	JE00B66M5V76	LILS	US\$1.00
ETFS Short ILS Long USD	JE00B66M6D69	SILS	US\$1.00
ETFS Long INR Short USD	JE00B66M5848	LINR	US\$1.00
ETFS Short INR Long USD	JE00B66M5T54	SINR	US\$1.00
ETFS Long MXN Short USD	JE00B66M6F83	LMXN	US\$1.00
ETFS Short MXN Long USD	JE00B66M6V42	SMXN	US\$1.00
ETFS Long SGD Short USD	JE00B66M6W58	LSGD	US\$1.00
ETFS Short SGD Long USD	JE00B66M6Z89	SSGD	US\$1.00
ETFS Long ZAR Short USD	JE00B66M7F58	LZAR	US\$1.00
ETFS Short ZAR Long USD	JE00B66M7G65	SZAR	US\$1.00
EUR Developed Market Currency Securities	ISIN	LSE Code	Principal Amount
ETFS Long AUD Short EUR	JE00B3XGSP64	EUAU	EUR 1.00
ETFS Short AUD Long EUR	JE00B3QSB726	AUEU	EUR 1.00
ETFS 3x Long AUD Short EUR	JE00B3QYZH88	EAU3	EUR 1.00
ETFS 3x Short AUD Long EUR	JE00B3RXT940	AUE3	EUR 1.00
ETFS Long CAD Short EUR	JE00B3SX2K59	ECAD	EUR 1.00
ETFS Short CAD Long EUR	JE00B3WRF594	CADE	EUR 1.00
ETFS 3x Long CAD Short EUR	JE00B3SDPZ16	ECA3	EUR 1.00
ETFS 3x Short CAD Long EUR	JE00B44MN333	CAE3	EUR 1.00
ETFS Long CHF Short EUR	JE00B3MR2Q90	EUCH	EUR 1.00
ETFS Short CHF Long EUR	JE00B3L54023	CHEU	EUR 1.00
ETFS 2x Long CHF Short EUR	JE00B6821738	EUC2	EUR 1.00
ETFS 2x Short CHF Long EUR	JE00B6821P13	CHE2	EUR 1.00
ETFS 3x Long CHF Short EUR	JE00B3XPTF07	ECH3	EUR 1.00
ETFS 3x Short CHF Long EUR	JE00B3S71Q64	CHE3	EUR 1.00
ETFS Long GBP Short EUR	JE00B3LXVB68	EUGB	EUR 1.00
ETFS Short GBP Long EUR	JE00B3MVPQ29	GBEU	EUR 1.00
ETFS 2x Long GBP Short EUR	JE00B3MQDX05	EUG2	EUR 1.00
ETFS 2x Short GBP Long EUR	JE00B3MRYD03	GBE2	EUR 1.00
ETFS 3x Long GBP Short EUR	JE00B3R2DZ58	EGB3	EUR 1.00
ETFS 3x Short GBP Long EUR	JE00B3RQ6R05	GBE3	EUR 1.00
ETFS Long JPY Short EUR	JE00B3MWC642	EUJP	EUR 1.00
ETFS Short JPY Long EUR	JE00B3KNMS14	JPEU	EUR 1.00
ETFS 2x Long JPY Short EUR	JE00B3LX8K41	EUJ2	EUR 1.00
ETFS 2x Short JPY Long EUR	JE00B3LX2353	JPE2	EUR 1.00
ETFS 3x Long JPY Short EUR	JE00B3WDZY68	EJP3	EUR 1.00
ETFS 3x Short JPY Long EUR	JE00B44CBN95	JPE3	EUR 1.00
ETFS Long NOK Short EUR	JE00B3MRDD32	EUNO	EUR 1.00
ETFS Short NOK Long EUR	JE00B3LGQQ51	NOEU	EUR 1.00
ETFS 2x Long NOK Short EUR	JE00B3LJ5T02	EUN2	EUR 1.00
ETFS 2x Short NOK Long EUR	JE00B3NX8H91	NOE2	EUR 1.00
ETFS 3x Long NOK Short EUR	JE00B3QFJN91	ENO3	EUR 1.00
ETFS 3x Short NOK Long EUR	JE00B3QK7691	NOE3	EUR 1.00
ETFS Long NZD Short EUR	JE00B3YQ2Z39	EUNZ	EUR 1.00
ETFS Short NZD Long EUR	JE00B3XFPZ25	NZEU	EUR 1.00
ETFS 3x Long NZD Short EUR	JE00B3R9S840	ENZ3	EUR 1.00
ETFS 3x Short NZD Long EUR	JE00B3YRLM60	NZE3	EUR 1.00
ETFS Long SEK Short EUR	JE00B3MQG751	EUSE	EUR 1.00

ETFS Short SEK Long EUR	JE00B3NXXB475	SEEU	EUR 1.00
ETFS 2x Long SEK Short EUR	JE00B6820N24	EUS2	EUR 1.00
ETFS 2x Short SEK Long EUR	JE00B6821621	SEE2	EUR 1.00
ETFS 3x Long SEK Short EUR	JE00B43NGW71	ESE3	EUR 1.00
ETFS 3x Short SEK Long EUR	JE00B3RPF705	SEE3	EUR 1.00
ETFS Long USD Short EUR	JE00B3RNTN80	EUUS	EUR 1.00
ETFS Short USD Long EUR	JE00B3SBYQ91	USEU	EUR 1.00
ETFS 3x Long USD Short EUR	JE00B3QQ4551	EUS3	EUR 1.00
ETFS 3x Short USD Long EUR	JE00B3T3K772	USE3	EUR 1.00

GBP Developed Market Currency Securities	ISIN	LSE Code	Principal Amount
ETFS Long AUD Short GBP	JE00B3S7BB10	GBAU	GBP 1.00
ETFS Short AUD Long GBP	JE00B3WMCJ71	AUGB	GBP 1.00
ETFS 3x Long AUD Short GBP	JE00B3T7LF46	AUP3	GBP 1.00
ETFS 3x Short AUD Long GBP	JE00B3WTNN91	SAP3	GBP 1.00
ETFS Long CAD Short GBP	JE00B3X07W84	GBCA	GBP 1.00
ETFS Short CAD Long GBP	JE00B3XY7H57	CAGB	GBP 1.00
ETFS 3x Long CAD Short GBP	JE00B46C8F84	CAP3	GBP 1.00
ETFS 3x Short CAD Long GBP	JE00B3S6X787	PCA3	GBP 1.00
ETFS Long CHF Short GBP	JE00B3SX3R93	GBCH	GBP 1.00
ETFS Short CHF Long GBP	JE00B3NKMM36	CHGB	GBP 1.00
ETFS 3x Long CHF Short GBP	JE00B3RL9653	CHP3	GBP 1.00
ETFS 3x Short CHF Long GBP	JE00B3SS5H85	PCH3	GBP 1.00
ETFS Long EUR Short GBP	JE00B3Y3SZ64	GBUR	GBP 1.00
ETFS Short EUR Long GBP	JE00B45CYD99	URGB	GBP 1.00
ETFS 3x Long EUR Short GBP	JE00B3VJDN05	EUP3	GBP 1.00
ETFS 3x Short EUR Long GBP	JE00B3W0MY68	SUP3	GBP 1.00
ETFS Long JPY Short GBP	JE00B3XR4V72	GBJP	GBP 1.00
ETFS Short JPY Long GBP	JE00B3QBQJ84	JPGb	GBP 1.00
ETFS 3x Long JPY Short GBP	JE00B3TVGH32	JPP3	GBP 1.00
ETFS 3x Short JPY Long GBP	JE00B3TG7R50	SYP3	GBP 1.00
ETFS Long NOK Short GBP	JE00B3S5RB71	GBNO	GBP 1.00
ETFS Short NOK Long GBP	JE00B3XTW536	NOGB	GBP 1.00
ETFS 3x Long NOK Short GBP	JE00B3STH537	NOP3	GBP 1.00
ETFS 3x Short NOK Long GBP	JE00B3WVH998	SOP3	GBP 1.00
ETFS Long NZD Short GBP	JE00B45W1502	GBNZ	GBP 1.00
ETFS Short NZD Long GBP	JE00B3YHSG97	NZGB	GBP 1.00
ETFS 3x Long NZD Short GBP	JE00B3Y8FL60	NZP3	GBP 1.00
ETFS 3x Short NZD Long GBP	JE00B3R0YV26	SNP3	GBP 1.00
ETFS Long SEK Short GBP	JE00B3RKWL80	GBSK	GBP 1.00
ETFS Short SEK Long GBP	JE00B3TK4N26	SKGB	GBP 1.00
ETFS 3x Long SEK Short GBP	JE00B3R9Q240	SEP3	GBP 1.00
ETFS 3x Short SEK Long GBP	JE00B3SFT119	SKP3	GBP 1.00
ETFS Long USD Short GBP	JE00B3WPFZ34	GBUS	GBP 1.00
ETFS Short USD Long GBP	JE00B438PT24	USGB	GBP 1.00
ETFS 3x Long USD Short GBP	JE00B3WCLY57	USP3	GBP 1.00
ETFS 3x Short USD Long GBP	JE00B43NB445	PUS3	GBP 1.00

4 UK Taxation

(a) General

The following paragraphs summarise certain limited aspects of the UK taxation treatment of holding Collateralised Currency Securities. They are based on current UK law and HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect. The following paragraphs relate to Security Holders who are within the charge to UK corporation tax or who are UK open-ended investment companies or authorised unit trust schemes unless otherwise stated. The statements in this summary are intended only as a general guide, and should be treated with appropriate caution. Any person who is contemplating acquiring Collateralised Currency Securities (whether or not pursuant to the Programme), particularly if that

person is subject to taxation in any jurisdiction other than the UK, is strongly recommended to consult their independent professional advisers immediately.

(b) The Issuer

The Directors intend that the affairs of the Issuer should be managed and conducted so that it should not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Issuer does not carry on a trade in the UK through a permanent establishment situated therein for UK taxation purposes, the Issuer will not be subject to UK corporation tax on income and capital gains arising to it. The Directors intend that the affairs of the Issuer are conducted so that no such permanent establishment will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment coming into being will at all times be satisfied.

(c) UK Withholding Tax

No payments made by the Issuer to Security Holders in respect of Collateralised Currency Securities are required to be made under deduction or withholding for or on account of UK tax for as long as the Collateralised Currency Securities continue to be listed on the London Stock Exchange or other recognised stock exchanges for UK tax purposes.

(d) UK Corporation Tax on income and gains

In general, a Security Holder which is subject to UK corporation tax will be treated for tax purposes as realising profits, gains or losses in respect of Collateralised Currency Securities on a basis reflecting the treatment in its statutory accounts, calculated in accordance with the Security Holder's authorised accounting method. These profits, gains or losses, (which will include any profits, gains or losses on a disposal or redemption of Collateralised Currency Securities) will be treated as income for the purposes of a Security Holder's corporation tax computation.

(e) UK Open-Ended Investment Companies and Authorised Unit Trust Schemes

Whilst UK open-ended investment companies and authorised unit trust schemes are generally subject to UK corporation tax (although currently at the rate of 20 per cent.) they are exempt from tax on capital gains. Part 2 of The Authorised Investment Funds (Tax) Regulations 2006 (S.I. No. 2006/964) provides an exemption for capital profits, gains or losses accruing to UK open-ended investment companies and authorised unit trust schemes (other than qualified investor schemes which do not meet the genuine diversity of ownership condition) on creditor loan relationships and derivative contracts. In this respect capital profits, gains or losses are those which, in accordance with UK generally accepted accounting practice, fall to be dealt with in the statement of total return (under the heading of "net capital gains/losses") in accordance with the relevant Statement of Recommended Practice, and this will determine whether any profits, gains or losses arising to a Security Holder which is a UK open-ended investment company or authorised unit trust scheme (other than a qualified investor scheme which does not meet the genuine diversity of ownership condition) in respect of Collateralised Currency Securities will be exempt from tax.

(f) UK Stamp Duty and Stamp Duty Reserve Tax ('SDRT')

Provided the Register is not kept by or on behalf of the Issuer in the UK, neither UK stamp duty nor SDRT will be payable on the issue or the subsequent transfer of Collateralised Currency Securities in Uncertificated Form without any written instrument of transfer or written agreement to transfer.

In the case of Collateralised Currency Securities held in Certificated Form, provided (i) the Register is not kept by or on behalf of the Issuer in the UK; (ii) any instrument of transfer is not executed in the UK; and (iii) any instrument of transfer does not relate to any property situate or to any matter or thing done or to be done in the UK, neither UK stamp duty nor SDRT will in practice be payable on the issue or subsequent transfer of Collateralised Currency Securities.

The redemption of Collateralised Currency Securities will not give rise to UK stamp duty or SDRT.

(g) **The European Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income (the Directive) applies, amongst other matters, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, the first EU Member State would be under an obligation to provide information to the tax authorities of the other EU Member State (although, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories)). A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for, the beneficial owner, and could in relation to Collateralised Currency Securities include a UK broker effecting the sale of Collateralised Currency Securities. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

5 Jersey Taxation

(a) **General**

The following paragraphs summarise certain aspects of the Jersey taxation treatment of holding Collateralised Currency Securities. The statements in this summary are intended only as a general guide.

The Issuer will be regarded as resident in Jersey under the Income Tax (Jersey) Law 1961 (as amended) (the **Jersey Income Tax Law**), but (being neither a financial services company nor a specified utility company under the Jersey Income Tax Law at the date of this Prospectus) will be subject in Jersey to income tax at a rate of 0 per cent.

Security Holders (other than residents of Jersey) should not be subject to any tax in Jersey in respect of the holding, sale, redemption or other disposition of Collateralised Currency Securities.

Redemption payments (other than to residents of Jersey) will not be subject to withholding for or on account of Jersey tax.

(b) **Stamp Duty**

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of Collateralised Currency Securities.

In the event of the death of an individual sole holder of Collateralised Currency Securities, duty at rates of up to 0.75 per cent of the value of the Collateralised Currency Securities held may be payable on registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Collateralised Currency Securities held by the deceased individual sole holder thereof.

(c) **Goods and services tax**

The Issuer is an "international services entity" for the purposes of the Goods and Services Tax (Jersey) Law 2007 (the **GST Law**). Consequently, the Issuer is not required to:

- (a) register as a taxable person pursuant to the GST Law;
- (b) charge goods and services tax in Jersey in respect of any supply made by it; or

- (c) (subject to limited exceptions that are not expected to apply to the Issuer) pay goods and services tax in Jersey in respect of any supply made to it.

(d) **The European Savings Directive**

As part of an agreement reached in connection with the European Union directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities (and subject to the transitional arrangements described above), the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of Redemption payments made by it.

6 Netherlands Taxation

(a) **General**

The information set out below is a summary of certain material Dutch tax consequences of the acquisition, ownership and disposition of Collateralised Currency Securities and it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Collateralised Currency Securities. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than The Netherlands.

This summary is based on the tax laws of The Netherlands as in effect on the date of this Prospectus, as well as regulations, rulings and decisions of The Netherlands or of its taxing and other authorities available on or before such date and now in effect, and as applied and interpreted by Netherlands courts, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. All of the foregoing is subject to change, which change could apply retroactively and could affect the continued validity of this summary.

Because it is a general summary, prospective holders of Collateralised Currency Securities should consult their own tax advisors as to the Dutch or other tax consequences of the purchase, holding and disposition of Collateralised Currency Securities including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

The Issuer believes that it is not a resident nor that it is deemed to be a resident of The Netherlands nor that it qualifies as a non-resident taxpayer (*buitenlands belastingplichtige*) for Netherlands tax purposes, and the following summary assumes that the Issuer will not be treated as a resident or deemed resident of The Netherlands nor that it will be treated as a non-resident taxpayer for Netherlands tax purposes.

(b) **Withholding tax**

Payments of the Issuer with regard to the Collateralised Currency Securities will be free from withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

(c) **Tax on income and capital gains**

General

The description of taxation set out in this section of this Prospectus is not intended for any holder of Collateralised Currency Securities, who:

- (i) is an individual and for whom the income or capital gains derived from Collateralised Currency Securities are attributable to employment activities the income from which is taxable in The Netherlands;
- (ii) is an entity that is a resident or deemed to be a resident of The Netherlands and that is, in whole or in part, not subject to or exempt from Netherlands corporate income tax;
- (iii) is a fiscal investment institution (*fiscale beleggingsinstelling*) or an exempt investment institution (*vrijgestelde beleggingsinstelling*) as defined in the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*);
- (iv) has directly or indirectly, a substantial interest or a deemed substantial interest (*aanmerkelijk belang*) as defined in the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) in the Issuer.

Residents of The Netherlands

Individuals

An individual who is resident or deemed to be resident in The Netherlands, or who opts to be taxed as a resident of The Netherlands for purposes of Dutch taxation (a “**Dutch Resident Individual**”) and who holds Collateralised Currency Securities is subject to Netherlands income tax on income and/or capital gains derived from Collateralised Currency Securities at the progressive rate (up to 52 per cent; rate for 2012) if:

- (i) the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise the Collateralised Currency Securities are attributable; or
- (ii) the holder derives income or capital gains from Collateralised Currency Securities that are taxable as benefits from “miscellaneous activities” (*resultaat uit overige werkzaamheden*, as defined in the Netherlands Income Tax Act 2001), which include the performance of activities with respect to the Collateralised Currency Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Collateralised Currency Securities who is a Dutch Resident Individual will be subject to Netherlands income tax on a deemed return regardless of the actual income and/or capital gains derived from Collateralised Currency Securities. This deemed return has been fixed at a rate of 4 per cent of the individual's yield basis (*rendementsgrondslag*) insofar as this exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets (including, as the case may be, the Collateralised Currency Securities) held by the Dutch Resident Individual less the fair market value of certain qualifying liabilities, both determined on 1 January of the relevant year. The deemed return of 4 per cent will be taxed at a rate of 30 per cent (rate for 2012).

Entities

An entity that is resident or deemed to be resident in The Netherlands (a “**Dutch Resident Entity**”) will generally be subject to Netherlands corporate income tax with respect to income and capital gains derived from Collateralised Currency Securities. The Netherlands corporate income tax rate is 20 per cent for the first €200,000 of the taxable amount, and 25 per cent for the excess of the taxable amount over €200,000 (rates applicable for 2012).

Non-residents of The Netherlands

A person who is neither a Dutch Resident Individual nor Dutch Resident Entity (a “**Non-Dutch Resident**”) and who holds Collateralised Currency Securities is generally not subject to Netherlands income tax or corporate income tax on income and capital gains derived from Collateralised Currency Securities, provided that:

- (i) such Non-Dutch Resident does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, Collateralised Currency Securities are attributable or deemed attributable;
- (ii) in the case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from Collateralised Currency Securities that are taxable as benefits from “miscellaneous activities” (*resultaat uit overige werkzaamheden*), as defined in the Netherlands Income Tax Act 2001) performed or deemed to be performed in The Netherlands, which include the performance of activities with respect to the Collateralised Currency Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*); and
- (iii) such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in The Netherlands, other than by way of the holding of securities or, in the case of an individual, through an employment contract, to which enterprise Collateralised Currency Securities or payments in respect of Collateralised Currency Securities are attributable.

A Non-Dutch Resident that falls under any of the exclusions (i) through (iii) mentioned above, may be subject to Netherlands income tax or corporate income tax on income and capital gains derived from Collateralised Currency Securities. In case such holder of a Collateralised Currency Security is considered to be a resident of Aruba, Curaçao or St. Maarten under the provisions of the Tax Arrangement for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), or is considered to be a resident of a country other than the Netherlands under the provisions of a double taxation convention the Netherlands has concluded with such country, the following may apply. Such holder of a Collateralised Currency Security may, depending on the terms of and subject to compliance with the procedures for claiming benefits under the Tax Arrangement for the Kingdom of the Netherlands or such double taxation convention, be eligible for a full or partial exemption from Netherlands taxes (if any) on (deemed) income or capital gains in respect of a Collateralised Currency Security, provided such holder is entitled to the benefits of the Tax Arrangement for the Kingdom of the Netherlands or such double taxation convention.

(d) **Gift or inheritance tax**

No Netherlands gift or inheritance taxes will be levied on the transfer of Collateralised Currency Securities by way of gift by or on the death of a holder, who is neither a resident nor deemed to be a resident of The Netherlands for the purpose of the relevant provisions, unless:

- (i) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of The Netherlands for the purpose of the relevant provisions; or
- (ii) such holder dies while being a resident or deemed resident of the Netherlands within 180 days after the date of a gift of Collateralised Currency Securities.

For purposes of Netherlands gift and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of The Netherlands if he has been a resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual will, irrespective of his nationality, be deemed to be resident of The Netherlands if he has been a resident of The Netherlands at any time during the 12 months preceding the date of the gift.

(e) **Value added tax**

No Netherlands value added tax will be payable by a holder of Collateralised Currency Securities in consideration for the issue of Collateralised Currency Securities (other than value added taxes on fees payable in respect of services not exempt from Netherlands value added tax).

(f) **Other taxes or duties**

No Netherlands registration tax, custom duty, transfer tax, stamp duty or any other similar tax or duty, other than court fees, will be payable in The Netherlands by a holder of Collateralised

Currency Securities in respect of or in connection with the acquisition, ownership and disposition of the Collateralised Currency Securities.

(g) **The European Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”) applies, amongst other matters, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). The Belgian Government has elected to end the transitional period applicable to Belgium and therefore operates the information exchange regime with effect from 1 January 2010. A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for, the beneficial owner, and could in relation to Collateralised Currency Securities include a Dutch broker effecting the sale of Collateralised Currency Securities. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission’s advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

7 Taxation in Germany

(a) **General**

The following is a brief summary of some important principles of German tax law that may be of relevance for German tax resident investors acquiring, holding, or selling Collateralised Currency Securities. The summary does not fully cover all aspects of German tax law that may be of relevance to the Collateralised Currency Securities. The summary is based on German tax law as of the date of this Prospectus. It should also be noted that the taxation of investors may change at any time as a result of new legislation, court practice or decrees issued by the relevant taxation authorities, potentially with retroactive effect.

Investors interested in acquiring the Collateralised Currency Securities should consult their tax advisors with regard to any tax consequences that may be involved in acquiring, holding, selling or otherwise transferring the Collateralised Currency Securities. Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

(b) **Taxation of capital gains**

The German Ministry of Finance on 22 December 2009 has issued a tax circular regarding the taxation of capital income in Germany and the new German flat income tax (*Abgeltungsteuer*) (circular no. IV C 1 – S 2252/08/10004), as amended on 26 November 2010, (the “**Tax Circular**”). Pursuant to this Tax Circular gains or losses from a note, eligible for listings on stock exchanges, which neither provide for the payment of interest payments, nor for a guaranteed repayment as of maturity, would be treated by the German tax authorities as gains or losses from a debt instrument in the form of a speculative certificate (*Risikozertifikat*) and thus, be subject to German income taxation.

As a consequence of the court case of the German Federal Tax Court (BFH) dated 24 April 2012 structured financial instruments which mirror the performance of an underlying investment without any additional embedded leverage (“**Delta 1-instrument**”) should not qualify as a so-called “derivative instrument” (*Termingeschäft*) but rather as a “other financial instrument” (*Sonstige Kapitalforderung*).

As a consequence, German individual investors and German corporate investors are subject to German personal or corporate income tax and solidarity surcharge on any capital gains from the sale or other disposal of the Collateralised Currency Securities.

The tax rate in respect of such capital gains for German individual investors who hold the Collateralised Currency Securities as private assets (*Privatvermögen*) is 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax). However, taxpayers are entitled to apply for a tax assessment on the basis of their net taxable income. In this case the personal income tax will be levied on the gross income. No expenses related to the capital gains except for a lump-sum tax allowance of EUR 801 for individuals and EUR 1602 for married couples subject to German joint taxation will be deductible. If the Collateralised Currency Securities are held in custody with a German credit institution or financial service institution (including a German permanent establishment of a foreign institution) as disbursing agent (*inländische auszahlende Stelle*), a flat withholding tax (*Abgeltungsteuer*) at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) is deducted. Payment of the flat withholding tax satisfies any income tax liability of the investor in respect of such income (unless the investor elects to have the tax assessment of such income). Losses from the sale or redemption of the Collateralised Currency Securities can be set off only against other capital income (*Einkünfte aus Kapitalvermögen*) of the investor.

Losses which cannot be set off in the same calendar year can be carried forward to a limited extent, if a tax loss certificate has been provided by the German paying agent, if applicable.

If the Collateralised Currency Securities are held as business assets, all capital gains from the sale or other disposal of the Collateralised Currency Securities by German investors will be subject to German personal or corporate income tax and solidarity surcharge thereon based on the applicable tax rate for the investor. In such case gains will also be subject to German trade tax. Withholding tax on such gains is deducted at the rates mentioned above but does not satisfy any income tax liability of the investor in respect of such gains.

(c) **Applicability of the Investment Tax Act (*Investmentsteuergesetz*)**

The Issuer believes that there exists good arguments that investors in Collateralised Currency Securities will not be subject to the German Investment Tax Act. Since Collateralised Currency Securities do not, among other things, provide for regular redemption right for investors in the Collateralised Currency Securities they should not constitute a participation of an investor in a foreign investment fund or a foreign unit of foreign investment funds.

(d) **Gift or inheritance tax**

A transfer of the Collateralised Currency Securities by way of gift or on death will be subject to German inheritance or gift tax if the investor, or their heir, donee or other beneficiary, is a German resident for German gift or inheritance tax purposes according to the specific rules of the German Gift and Inheritance Tax Act. This may in particular be the case if the investor, heir, donee or other beneficiary is:

- (i) an individual having at the time of the donation or death its residence or habitual abode in Germany or if the individual is a German citizen who has not been living abroad for more than 5 years without having a residence in Germany; or
- (ii) a corporation having its seat or central place of management in Germany,

or the Collateralised Currency Securities constitute business assets attributable to a permanent establishment or a permanent representative in Germany.

(e) **Other taxes**

No stamp, issue, registration or similar direct or indirect taxes or duties will be payable in Germany in connection with the issue, delivery or execution of the Collateralised Currency Securities, the Global Bearer Certificates or any interest therein. No net asset tax is currently levied in Germany.

(f) **The European Savings Directive**

On 3 June 2003, the Council of the European Union has adopted directive 2003/48/EC on the taxation of savings income in the form of interest payments. Under this directive as implemented into German law, Germany is, as of 1 July 2005, required to provide the tax authorities of other member states with details of certain payments of interest paid or secured by a paying agent established in Germany to or for the benefit of an individual resident in that other member state. These details include but are not limited to details of the respective person considered the beneficial owner.

Collateralised Currency Securities are undated secured limited recourse debt obligations of the Issuer. However, as no return in respect of Collateralised Currency Securities (whether in the form of cash on redemption, or as a result of trading in the secondary market) should constitute a payment of interest for the purposes of the directive, the Issuer believes that investors in Collateralised Currency Securities or their paying agents will not be within the scope of the directive.

The EU council has published a proposal for amending the directive 2003/48/EC dated 13 November 2008, which may expand the scope of such directive.

8 Taxation in France

(a) **General**

The following summary describes the principal French tax treatment applicable to the holding of the Collateralised Currency Securities by a French investor residing in France or outside of France following an offer of the Collateralised Currency Securities in France.

This information is of a general nature and does not purport to be a comprehensive description of all French tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Short and Leveraged Commodity Securities. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

This summary is based on the French tax legislation, treaties rules, and administrative interpretations and similar documentation, in force as of the date of this Prospectus and on the legal qualification of the Collateralised Currency Securities as bond instruments, without prejudice to any amendments introduced at a later date, even if implemented with retroactive effect.

Any persons interested in acquiring the Collateralised Currency Securities should consult their tax advisers with regard to any tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Collateralised Currency Securities. Only a tax adviser is able to adequately assess the individual tax situation of a specific investor. It should be noted that the Collateralised Currency Securities are intended for professional or institutional investors only.

(b) **Investors residing in France**

Taxation of individuals

Taxation of capital gains

Capital gains derived from the disposal of the Collateralised Currency Securities are subject to capital gains tax at the rate of 19 per cent. plus 15.5 per cent. social contributions (i.e., a total rate of taxation of 34.5 per cent.).

If a French investor disposes of the Collateralised Currency Securities at a loss, such loss may be offset against capital gains of the same nature made during the year of the loss or the ten following years, subject to filing obligations.

Taxation of bond redemption premium (Prime de remboursement)

Bond redemption payments made to an individual residing in France are taxed according to the standard progressive income tax schedule, whose top rate is currently 41 per cent. In addition, an exceptional 3 per cent. or 4 per cent. surtax may be added under certain circumstances. The above mentioned social contributions of 15.5 per cent. are also applicable.

Taxation of companies subject to French corporate income tax

Taxation of capital gains

Capital gains from the disposal of the Collateralised Currency Securities are subject to corporate income tax at the standard rate of 33⅓ per cent. (or to a reduced rate applicable to small companies where the relevant conditions are met) to which a 3.3 per cent. and/or 5 per cent. surtaxes are added upon certain circumstances. Capital losses are, in principle, treated as ordinary losses which may be set off against operational profits and any remaining balance carried forward in accordance with standard rules (i.e., unlimited carry forward save specific circumstances).

Taxation of bond redemption premium (Prime de remboursement)

Bond redemption premiums are taxed at the above-mentioned standard corporate income tax rate (or to a reduced rate applicable to small companies where the relevant conditions are met). Furthermore, Article 238 septies E of the French general tax code (FGTC) may possibly apply. According to the provisions of Article 238 septies E, if the estimated value of the redemption premium exceeds the purchase value by 10 per cent. and the issue price is less than 90 per cent. of the estimated redemption value, such premium due to indexation of the principal is partially taxed before maturity on an annual basis, even though this premium is only collected on disposal or redemption on maturity.

(c) Investors residing outside of France

Taxation of capital gains

In principle, capital gains realised by investors residing outside of France upon the sale or disposal of Collateralised Currency Securities are not subject to capital gains tax in France. The same applies to companies, provided that the Collateralised Currency Securities are not booked in a permanent establishment or fixed base in France.

(d) The European Savings Directive

EU Council Directive 2003/48/EC on the taxation of savings income (the Directive) applies, amongst other matters, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside (although, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for, the beneficial owner, and could in relation to Collateralised Currency Securities include a French broker effecting the sale of Collateralised Currency Securities on a stock market. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

9 Taxation in Italy

(a) General

The information set out below is a summary of certain limited aspects of the Italian tax consequences of the acquisition, ownership and disposition of Collateralised Currency Securities

and it does not purport to be a comprehensive description of all the tax issues that may be relevant to a decision to purchase Collateralised Currency Securities. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Italy. This summary is based on the tax laws of Italy as in effect on the date of this Prospectus, as well as regulations, rulings and decisions of its taxing and other authorities available on or before such date and now in effect. All of the foregoing is subject to change, which change could apply retroactively and could affect the continued validity of this summary.

Because it is a general summary, holders of Collateralised Currency Securities should consult their own tax advisers as to the Italian or other tax consequences of the purchase, holding and disposition of Collateralised Currency Securities including, in particular, the application to their specific situations of the tax aspects discussed below, as well as the application of state, local, foreign or other tax laws. This summary assumes that the Issuer is not a tax resident nor deemed to be a tax resident of Italy.

(b) Tax on income and capital gains

Provided the Collateralised Currency Securities qualify broadly as derivative instruments for the purposes of Italian tax law, which they are expected to do, then the following consequences would apply to a holder of Collateralised Currency Securities, in respect of the periodic measurement of Collateralised Currency Securities and/or in relation to the net cash proceeds received from a redemption or sale of the Collateralised Currency Securities over the sum paid by such a holder on their subscription or purchase:

- (i) proceeds from the sale or redemption of the Collateralised Currency Securities received by a holder which is (a) an Italian resident corporation or similar commercial entity, (b) an Italian individual engaged in entrepreneurial activities to which the Collateralised Currency Securities are effectively connected, or (c) a permanent establishment in Italy of a non-Italian resident to which the Collateralised Currency Securities are effectively connected, as well as unrealised gains reported in the statutory financial statement, may have to be included in the relevant holder's taxable income subject to corporate income tax (IRES, currently applicable at 27.5 per cent.) and, in certain cases, depending on the status of such holder, may also have to be included in its taxable base for regional income tax on productive activities (IRAP, currently applicable at rates between 3.9 per cent.; IRAP rate may be increased in certain Italian regions in accordance with the provisions of Law Decree no. 93 of 27 May 2008, which has been converted into Law no. 126 of 24 July 2008; IRAP rate has also been increased to 4.65 per cent. and 5.9 per cent. by article 23(5) of Law Decree no. 98 of 6 July 2011 for the categories of companies indicated, respectively, under article 6 and article 7 of Legislative Decree no. 446 of 15 December 1997) and are therefore subject to the general Italian corporate tax regime, or to personal income taxation (as business income), as the case may be, according to the ordinary rules;
- (ii) according to article 5 of Legislative Decree No. 461 of 21 November 1997, capital gains realised by Italian resident individuals, not engaged in entrepreneurial activities to which the Collateralised Currency Securities are effectively connected, and by certain other non commercial entities upon the sale for consideration or redemption of the Collateralised Currency Securities are subject to a substitute tax (*imposta sostitutiva*) currently at the rate of 20 per cent.. Under the tax return regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains is applicable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised in a fiscal year pursuant to all disposals of Collateralised Currency Securities and other financial instruments triggering a capital gain or loss that is subject to the same tax regime, carried out during any given fiscal year. These individuals and non commercial entities must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual income tax return to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four following tax years;

- (iii) as an alternative to the tax return regime, according to article 6 of Legislative Decree No. 461 of 21 November 1997, Italian resident individuals not engaged in entrepreneurial activities to which the Collateralised Currency Securities are effectively connected and certain other non commercial entities may elect to pay the *imposta sostitutiva* separately on the capital gains realised upon each sale or redemption of the Collateralised Currency Securities (under the so-called “*Risparmio Amministrato*” regime, which is managed through the provision of non discretionary asset management services to a taxpayer). Such a separate taxation of each capital gain is allowed subject to: (a) the Collateralised Currency Securities being deposited with an Italian bank, a *Società di Intermediazione Mobiliare* (SIM) or with certain authorised financial intermediaries, (b) each relevant capital gain being realised by dealing with or through such intermediary, and (c) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Collateralised Currency Security holder. The financial intermediary, on the basis of the information provided by the taxpayer, accounts for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Collateralised Currency Securities (as well as in respect of capital gains realised at revocation of its mandate and upon other specific circumstances which are deemed to trigger an assignment under this regime), net of any incurred capital loss, and is required to pay the relevant amount of tax to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Collateralised Currency Securities holder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Collateralised Currency Securities results in a capital loss, such loss may be used to reduce the subsequent capital gains realised in the same tax year and up to the following fourth. All gains that have been subject to the *Risparmio Amministrato* regime do not have to be included in the yearly income tax return of the holder of Collateralised Currency Securities;
- (iv) also as an alternative to the tax return regime, according to article 7 of Legislative Decree No. 461 of 21 November 1997, the increase or decrease in the fair market value of the Collateralised Currency Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the same securities by Italian resident individuals not engaged in entrepreneurial activities to which the Collateralised Currency Securities are effectively connected, and by certain other non commercial entities, who have elected for the *Risparmio Gestito* regime (namely, a regime managed by an authorised intermediary providing discretionary asset management services), will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end which is subject to a 20 per cent. *imposta sostitutiva* applied directly by the authorised asset manager. Under the *Risparmio Gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward and deducted against future increase in value of the managed assets in the four succeeding years. All gains that have been subject to the *Risparmio Gestito* regime do not have to be included in the yearly income tax return of the holder of Collateralised Currency Securities;
- (v) the increase or decrease in the fair market value of the Collateralised Currency Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the same securities by Italian resident collective investment funds and hedge funds, with the exception of Italian real estate investment funds are not subject to taxation at the fund's level;
- (vi) the increase or decrease in fair market value of the Collateralised Currency Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the same securities by Italian resident pension funds (subject to the regime provided for by article 17 of Legislative Decree no. 252 of 5 December 2005) are included in the determination of the yearly NAV accrued appreciation or depreciation of the managed assets that is subject to a substitute tax (*imposta sostitutiva*) currently at a rate of 11 per cent.;
- (vii) non-Italian resident holders of Collateralised Currency Securities without a permanent establishment in Italy to which the Collateralised Currency Securities are effectively connected are not subject to income tax in Italy on the proceeds realised on the sale of the Collateralised Currency Securities, provided that:
- the Collateralised Currency Securities have not been deposited in Italy; or

- the Collateralised Currency Securities have been deposited in Italy and are traded on a regulated market; or
- the Collateralised Currency Securities have been deposited in Italy but are not traded on a regulated market and the beneficial owner of the proceeds from the Collateralised Currency Securities (i) complies with certain filing requirements and (ii) is a resident of a country which allows a satisfactory exchange of information with the Italian tax authorities and certain filing requirements have been complied with by the holder. At the date hereof, the countries which allow a satisfactory exchange of information with the Italian tax authorities are identified by Ministerial Decree of 4 September 1996, as subsequently amended and supplemented. However, according to article 168-*bis*(1) of Presidential Decree No. 917 of 1986 (Italian Income Tax Code, IITC) a decree still to be issued is proposed to introduce a new list ordered to replace the current one.

The tax treatment of the Collateralised Currency Securities described above has been confirmed by the Italian tax authorities decision No. 72/E of 12 July 2010 dealing with the Italian tax treatment of investment in secured exchange commodities. Nevertheless, should the Italian tax authority and/or tax courts take the view that, regardless of the previous position it has taken in decision No. 72/E, the Collateralised Currency Securities are to be characterised as debt instruments representing so-called “atypical securities” pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 (as subsequently amended) a different tax treatment would apply. Interest and other proceeds deriving from “atypical securities” issued by non-Italian resident issuers are subject to a 20 per cent. withholding tax applied by the Italian resident intermediary intervening in the payment save where held by a commercial partnership, a commercial private and public institution resident in Italy for tax purposes or by an Italian permanent establishment of a non-Italian resident entity. Instead these entities must include the proceeds in their taxable business income, under the same terms as described under paragraph (b) (i) above.

(c) Inheritance and Gift taxes

Law no. 286 of 24 November 2006, which has converted into law, with amendments, Law Decree No. 262 of 3 October 2006, has introduced inheritance and gift tax to be paid at the transfer of assets (such as the Collateralised Currency Securities) and rights by reason of death or gift.

As regards the inheritance and gift tax to be paid at the transfer of the Collateralised Currency Securities by reason of death or gift, the following rates apply:

- (1) transfers in favour of spouses and direct descendants or direct relatives are subject to an inheritance and gift tax of 4 per cent. on the value of the inheritance or the gift exceeding Euro 1,000,000.00 for each beneficiary;
- (2) transfers in favour of brothers and sisters are subject to an inheritance and gift tax of 6 per cent. on the value of the inheritance or the gift exceeding Euro 100,000.00 for each beneficiary;
- (3) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax of 6 per cent. on the entire value of the inheritance or the gift;
- (4) any other transfer is subject to an inheritance and gift tax of 8 per cent. on the entire value of the inheritance or the gift;
- (5) transfers in favour of seriously disabled persons are subject to an inheritance and gift tax at the relevant rate as described above on the value of the inheritance or the gift exceeding Euro 1,500,000.00 for each beneficiary.

Moreover, an anti-avoidance rule is provided by Law No. 383 of 18 October 2001 for any gift of assets (such as the Collateralised Currency Securities) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Legislative Decree No. 461

of 21 November 1997. In particular, if the donee sells the Collateralised Currency Securities for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant imposta sostitutiva on capital gains as if the gift had never taken place.

(d) **Value added tax**

No Italian value added tax is payable by a holder of Collateralised Currency Securities in consideration for the issue or transfer of Collateralised Currency Securities.

(e) **Securities Transfer Tax**

According to Article 37 of Law Decree No. 248 of 31 December 2007, as converted with amendments into Law No. 31 of 28 February 2008, the transfer of the Collateralised Currency Securities is not subject to Italian transfer tax.

(f) **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("Decree 201"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Collateralised Currency Securities deposited therewith. The stamp duty applies at a rate of 0.1 per cent. for year 2012 and at 0.15 per cent. for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Collateralised Currency Securities held. The stamp duty can be no lower than €34.20 and, for the year 2012 only, it cannot exceed €1,200.00.

(g) **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Collateralised Currency Securities outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2012 and at 0.15 per cent. for subsequent years.

This tax is calculated on the market value of the Collateralised Currency Securities at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

(h) **The European Savings Directive**

The EU Savings Directive (the **Directive**) came into force on 1 July 2005. The Directive applies, amongst other matters, to payments of interest on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for the beneficial owner, and could in relation to Collateralised Currency Securities include an Italian broker effecting the sale of Collateralised Currency Securities.

Collateralised Currency Securities are undated secured limited recourse debt obligations of the Issuer. However, as no return in respect of Collateralised Currency Securities (whether in the form of cash on redemption, or as a result of trading on any stock exchange) should constitute a payment of interest for the purposes of the Directive, it is not envisaged that holders or their paying agents should be within the scope of the Directive.

10 **Taxation in Denmark**

(a) **General**

The following is a brief summary of some important principles of Danish tax law that may be of relevance for Danish holders of Collateralised Currency Securities. The summary does not fully cover all aspects of Danish tax law that may be of relevance to holders. The summary is based

on Danish tax law as of September 2012. The summary deals only with taxation in Denmark and not with foreign tax rules.

It should also be noted that the taxation of Collateralised Currency Securities may change at any time as a result of new legislation, court practice or decrees issued by the relevant taxation authorities, potentially with retroactive effect. Investors interested in acquiring Collateralised Currency Securities should consult their tax advisors with regard to any tax consequences that may be involved in acquiring holding, redeeming, selling or gratuitously transferring the Collateralised Currency Securities.

Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

Under Danish Law, certain financial instruments including Collateralised Currency Securities are governed by special provisions in The Shares, Transfers and Capital Gains Taxation Act. Basically, this means that gains and losses on the Collateralised Currency Securities are taxed separately from the underlying assets applying a mark-to-market principle.

(b) Security Holders liable to corporate tax

Under Danish Law, certain financial instruments including the Collateralised Currency Securities are governed by special provisions in The Shares, Transfers and Capital Gains Taxation Act. Basically, this means that gains and losses on certain financial instruments are taxed separately from the underlying assets, applying a mark-to-market principle. Both losses and gains are included in the taxable income. Net gains are taxed at a flat rate of 25 per cent. The ability to utilise net losses is limited. Basically, the utilisation requires that a previous gain has been realised.

(c) Individual holding Collateralised Currency Securities

Under Danish Law, financial instruments including Collateralised Currency Securities are governed by special provisions in The Shares, Transfers and Capital Gains Taxation Act. Basically, this entails that gains and losses on certain financial instruments are taxed separately from the underlying assets, applying a mark-to-market principle. Both losses and gains are included in the taxable income. Net gains are taxed as capital income at a marginal tax rate of 45.5 per cent. for an individual in 2012 (43.5 per cent. in 2013 and 42 per cent. in 2014).

(d) Investors holding Collateralised Currency Securities via a pension scheme

The investor will be taxed according to the mark-to-market principle. The Danish individual investor will be taxed at a rate of 15 per cent on the return pursuant to section 2 of The Pension Returns Tax Act.

(e) Individual covered by the corporate tax regime ("Virksomhedsskatteordningen")

It is possible for an individual to hold Collateralised Currency Securities through the corporate tax regime (Virksomhedsskatteordningen).

(f) Withholding taxes

Generally, no withholding tax is levied on outbound interest payments. However, special rules apply to inter-group interest payments from a Danish company to a controlling foreign company. However, in substance, this will only apply if the foreign company is a financial company situated in (i) a tax haven, or (ii) a jurisdiction with which Denmark does not have a double taxation treaty. Anti-avoidance provisions have been introduced which exclude the possibility of using back-to-back loan structures to avoid the withholding tax. The interest payments are in these, cases subject to a final tax of 25 per cent.

Generally, no withholding tax is levied on outbound debt claims. However, Denmark has introduced taxation on intergroup debt claims payments from a Danish company to a controlling foreign company. However, in substance, this will only apply if the foreign company is a financial company situated in (i) a tax haven, or (ii) a jurisdiction with which Denmark does not have a double taxation treaty. The debt claims payments are in this case subject to a final tax of 25 per cent.

(g) VAT

No Danish value added tax applies.

(h) Inheritance/Gift tax

Upon inheritance a tax must be paid if the deceased person's home is within Danish jurisdiction or if real estate is situated in Denmark. The tax calculation basis is the estate value exceeding, in 2012, DKK 2,595,100 (corresponding to approximately €348,041). The tax rate for relatives is 15 per cent. and for other beneficiaries 36.25 per cent. calculated on the basis of inheritance exceeding, in 2012, DKK 264,100 (corresponding to approximately €35,420). A non-separated spouse is not taxed on the inheritance.

Gifts are as a starting point taxed in the same way as proceeds from inheritance. Gifts to a spouse are tax free. Gifts exceeding, in 2012, DKK 58,700 per year (corresponding to approximately €7,872) to certain relatives are taxed at a rate of 15 per cent. whilst gifts to others are taxed at 36.25 per cent.. The receiver or the donor must be a Danish tax subject in order for these thresholds/amounts to apply.

(i) EU Savings Directive

EU Council Directive 2003/48/EC as amended by directive 2010/73/EG on the taxation of savings income applies amongst other matters, to payments of income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside to operate a withholding system in relation to such payments. A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for the beneficial owner, and could in relation to Collateralised Currency Securities include a Danish broker effecting the sale of Collateralised Currency Securities.

11 Taxation in Spain

(a) General

A brief summary is provided below of the Spanish tax regime applicable to the investments arising from this offer, for which purpose only current legislation and general factors which may affect investors are taken into account. No regional legislation which may be of application to a particular investor is considered.

The Collateralised Currency Securities are not expressly dealt with in Spanish legislation and no express opinion has been issued by the Spanish tax authorities or courts as to their status for tax purposes.

The Issuer believes that the Collateralised Currency Securities would be interest generating and considered debt securities for the purposes of Personal Income Tax and Corporate Income Tax and that the special tax regime applicable to participants in tax haven Collective Investment Institutions should not apply to the Collateralised Currency Securities.

Nevertheless, the Spanish tax authorities and courts could adopt a different approach, since it is an uncertain matter and there is no guarantee, therefore, that such courts or tax authorities will adopt the position of the Issuer. A different position from that of the Issuer, if adopted by the tax authorities or courts (including but not limited to, the application of the tax regime of participants in tax haven Collective Investment Institutions), could lead to the application of a tax treatment radically different from that described herein.

Holders of and potential investors in Collateralised Currency Securities should consult their own tax advisors as to the Spanish or other tax consequences of the purchase, holding and disposition of Collateralised Currency Securities including, in particular the application to their particular situation of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, particularly, taking into account the tax uncertainties arising.

This summary assumes that all Collateralised Currency Securities issued as at the date of this Supplementary Prospectus or to be issued will be admitted to trading on the Main Market of the London Stock Exchange which is part of its Regulated Market for listed securities (being securities admitted to the Official List).

The tax regime in Spain applicable to the Collateralised Currency Securities may change from time to time.

The tax treatment described here is of a general nature and, therefore, among other aspects, does not describe the tax consequences for certain categories of taxpayer including, but not limited to, entities falling under the attribution of income regime, financial institutions, Collective Investment Institutions, Cooperatives, etc. which may be subject to specific rules.

(b) Taxation of income from the Collateralised Currency Securities

(i) Natural or legal persons resident in Spain

Personal Income Tax: Natural persons

The income obtained by individual holders of the Collateralised Currency Securities who have the status of taxpayers for the purposes of Spanish Personal Income Tax, due to the purchase, holding and disposition of same, will be considered income from movable capital obtained due to the supply of funds to third parties upon the terms of Article 25.2 of Law 35/2006, of November 28, on the Personal Income Tax Law. Such income would be included in the savings tax base and, in cases of losses, their integration on the savings tax base and their offsetting will be subject to the rules foreseen in that respect in the Personal Income tax legislation.

Any income derived from the purchase, holding and disposition of the Collateralised Currency Securities will be subject to withholding tax on account of the Personal Income Tax of the holder, in case there is any person or entity obliged to levy said withholding tax in accordance with the general rules of the levying of withholding taxes. From 1 January 2012 pursuant to the Royal Decree Law 20/2011, of 30 December, the withholding tax will be of 21 per cent. for the tax periods 2012 and 2013. From 1 January 2014 and onwards, in principle, the withholding tax will be of 19 per cent.

For tax periods 2012 and 2013, income included in the savings income taxable base will be taxed 21 per cent. (applicable to the first 6,000 Euros), 25 per cent. (applicable to the following 18,000 Euros) and 27 per cent. (applicable to the remainder amounts). In principle, from 1 January 2014 and onwards, income included in the savings income taxable base will be taxed 19 per cent for amounts up to €6,000 and 21 per cent. for amount including and in excess of €6,000.01.

Corporate Income Tax: Entities

The tax regime for Spanish-resident entity holders of Collateralised Currency Securities is included in the Royal Legislative Decree 4/2004, of March 5, that approves the Revised Text of the Corporate Income Tax Law ("**Royal Legislative Decree 4/2004**") and the Royal Decree 1777/2004, of July 30, that approves the Corporate Income Tax Ruling ("**Royal Decree 1777/2004**"). According to article 10.3 of the Royal Legislative Decree 4/2004, the taxable income will be calculated in accordance with the accounting treatment of such income by the relevant entity. The tax adjustments to the accounting treatment which may be of application should be taken into account when calculating the taxable base.

The income obtained from the purchase, holding and disposition of the Collateralised Currency Securities, by entities which are considered taxable persons for Corporate Income Tax purpose will not be subject to withholding tax on account of Corporate Income Tax, in accordance with the provisions of Article 59.(s) of Royal Decree 1777/2004.

(ii) *Natural or legal persons not resident in Spain*

The income obtained from the purchase, holding and disposition by holders of Collateralised Currency Securities who are taxpayers pursuant to the Spanish Non-Residents Income Tax will be taxed pursuant to the Refunded Text of the Non-Residents Income Tax Law, passed by Royal Legislative Decree 5/2004 of March 5 (hereinafter “**Non-Residents Income Tax Law**”).

Income obtained through a permanent establishment

The income from the Collateralised Currency Securities obtained through a permanent establishment in Spain will be taxed in accordance with the rules of Chapter III of the Non-Residents Income Tax Law, subject to the provisions of any relevant double tax treaties.

Such income will not be subject to withholding tax on account of Non-Residents Income Tax upon the same terms set out above for taxable persons under Spanish Corporate Income Tax (entities resident in Spain).

Income obtained without a permanent establishment

The Issuer believes that income realised by investors residing outside Spain and without a permanent establishment within the Spanish territory (individuals and legal entities) would not be considered as Spanish income and, therefore, would not be subject to taxation and withholding tax in Spain under the Non-Residents Income Tax Law.

(c) **Value Added Tax**

No Spanish Value Added Tax is payable in connection with the purchase, holding and disposition of the Collateralised Currency Securities.

(d) **Transfer Tax**

The purchase, holding and disposition of the Collateralised Currency Securities is not subject to the Spanish Transfer Tax.

(e) **Inheritance and Gift Tax**

The transfer of the Collateralised Currency Securities as a result of an inheritance or gift situation would be subject to the general rules of the Spanish Inheritance and Gift Tax, subject to the application of any relevant double tax treaties.

If the beneficiary of any inheritance or gift were a Spanish legal entity or a non-resident entity with a permanent establishment in Spain, income obtained would be subject to taxation under the Spanish Corporate Income Tax or the Non-residents Income Tax, subject to the application of any relevant double tax treaties.

However, in principle, non-Spanish resident individuals and non-Spanish entities without a permanent establishment in the Spanish territory would not be subject to the Spanish Inheritance and Gift tax on the acquisition of the Collateralised Currency Securities.

(f) **The European Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”) applies, amongst other things, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside (although, for a transitional period, certain countries (not Spain) are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories).

A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for, the beneficial owner, and could in relation to Collateralised Currency Securities include a Spanish broker or financial entity that would intervene in the sale or reimbursement or redemption of Collateralised Currency Securities. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The Issuer believes that the Collateralised Currency Securities are, from a Spanish point of view, affected by the obligations foreseen in the Directive and its corresponding transposition into the Spanish legislation.

(g) Spanish Net wealth Tax

On 16 September 2011, it was approved by Royal Decree that the Net Wealth Tax (“NWT”) would be restored temporarily for years 2011 and 2012. Under the NWT, the tax event arises just by the mere ownership of valuable goods and/or rights.

On these grounds, the taxation under this particular tax for the individual (please note that only individuals can be subject to the Spanish NWT) holders of collateralised currency securities (security holders) will be as follows:

(i) Natural persons resident in Spain

Article 5 on the aforementioned Royal Decree 12/2011 determines that the relevant taxpayers, for the purposes of the Spanish NWT, will be all those individuals who have their habitual residence in Spain regardless of the place where their assets or rights are located or could be exercised.

Consequently, the ownership of the collateralised currency securities by individuals resident for tax purposes in Spain will be subject to taxation under the NWT at a progressive rate scale from 0.2 per cent. to 2.5 per cent.

However, it is necessary to take into account that the power to implement the NWT (including certain tax benefits) has been transferred to the Spanish regions and, as a result, some territories have, in practice, eliminated the NWT under specific circumstances. Therefore, an analysis must be made in each specific case to determine to what extent any regional legislation might be applicable, since there might be differences in respect of taxation under NWT depending on the region relevant to a particular investor.

(ii) Natural persons not resident in Spain

Non-Spanish residents will not be subject to the NWT on the holding of the collateralised currency securities

12 Taxation in Sweden

(a) General

The following summary of certain tax issues that may arise as a result of holding Collateralised Currency Securities is based on current Swedish tax legislation and is intended only as general information for Security Holders who are resident or domiciled in Sweden for tax purposes. This description does not deal comprehensively with all tax consequences that may occur for Security Holders, nor does it cover the specific rules where Collateralised Currency Securities are held by a partnership or are held as current assets in a business operation. The description does not cover the special rules which apply if the Collateralised Currency Securities are held on an investment savings account (*sw. Investeringssparkonto*) Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, life insurance companies and persons who are not resident or domiciled in Sweden. It is recommended that prospective applicants for Collateralised Currency Securities consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Collateralised Currency Securities, including the applicability and effect of foreign income tax rules,

provisions contained in double taxation treaties and other rules which may be applicable. Moreover, this summary assumes that the Issuer is not a tax resident nor deemed to be a tax resident of Sweden.

(b) Taxation of individuals resident in Sweden

Capital gains and losses

Individuals and the estates of deceased Swedish individuals, who sell their Collateralised Currency Securities, are subject to capital gains taxation. The current tax rate is 30 per cent. of the gain. The capital gain or loss is equal to the difference between the sales proceeds after deduction of sales costs and the acquisition cost of the Collateralised Currency Securities. The acquisition cost is calculated according to the so called average method. This means that the costs of acquiring all Collateralised Currency Securities of the same type and class are added together and calculated collectively, with respect to changes to the holding.

As a general rule, 70 per cent. of a capital loss is deductible against any other taxable income derived from capital. However, if the Collateralised Currency Securities should be treated as foreign listed receivables, any capital loss will be fully deductible in the capital income category.

Should the total of "income from capital" be negative, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent. of any deficit not exceeding SEK 100,000 and 21 per cent. of any deficit in excess of SEK 100,000. Any deficits may not be carried forward to a subsequent fiscal year.

(c) Taxation of Swedish legal entities

Capital gains and losses

Limited liability companies and other legal entities, except for the estates of deceased Swedish individuals, are taxed on all income (including income from the sale of Collateralised Currency Securities) as income from business activities at a flat rate of 26.3 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see "Taxation of individuals resident in Sweden" above.

Capital loss attributable to Collateralised Currency Securities is fully deductible against any other taxable income from business activities. Capital losses that are not deducted against taxable income within a certain year may normally be carried forward and offset against taxable income the following fiscal year without any limitation in time.

(d) Withholding tax

No deduction or withholding for or on account of Swedish tax is required to be made on payments from the Issuer to Security Holders on Redemption of Collateralised Currency Securities.

(e) Inheritance and gift taxes

No Swedish gift or inheritance tax will be levied on the transfer of Collateralised Currency Securities by way of gift by or on the death of a Security Holder.

(f) Value added tax

No Swedish value added tax will be payable by a Security Holder in consideration for the issue of Collateralised Currency Securities.

(g) Other taxes or duties

No Swedish registration tax, custom duty, transfer tax, stamp duty or any other similar tax or duty will be payable in Sweden by a holder of a Collateralised Currency Security.

(h) The European Savings Directive

The EU Savings Directive (the "Directive") came into force on 1 July 2005. The Directive applies, amongst other matters, to payments of interest on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in the EU.

In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest to, or secures interest for the beneficial owner, and could in relation to Collateralised Currency Securities include a broker effecting the sale of Collateralised Currency Securities.

Collateralised Currency Securities are undated secured limited recourse debt obligations of the Issuer. However, as no return in respect of the Collateralised Currency Securities (whether in the form of cash on redemption, or as a result of trading on the London Stock Exchange or any other stock exchange or market) should constitute a payment of interest for the purposes of the Directive, it is not envisaged that Security Holders or their paying agents will be within the scope of the Directive.

13 Taxation in Austria

(a) General

The following is a brief summary of some principles of Austrian tax law that may be of relevance for Austrian resident holders of the Collateralised Currency Securities. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Collateralised Currency Securities. This summary does not take into account or discuss the tax laws of any country other than Austria nor does it take into account the investors' individual circumstances.

Prospective investors are advised to consult their own professional advisors to obtain further information about the tax consequences of the acquisition, ownership, disposition, redemption, exercise or settlement of the Instruments. Only personal advisors are in a position to adequately take into account special tax aspects of the particular Instruments in question as well as the investor's personal circumstances and any special tax treatment applicable to the investor.

This summary is based on Austrian law as in force when drawing up this supplementary prospectus. The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect.

(b) Taxation of capital gains or redemption gains upon disposal or redemption of the Collateralised Currency Securities

(i) Individual Investors

Capital gains upon the disposal or the redemption of the Collateralised Currency Security are subject to a 25 per cent. flat tax rate. If the Collateralised Currency Securities are deposited with an Austrian custodian bank, the bank will - in most circumstances – withhold the 25 per cent. capital gains tax and forward it to the tax authorities. If for an individual the 25 per cent. flat rate is higher than the rate which would be applicable under the regular progressive tax rate (0 per cent. - 50 per cent. depending on the individuals total annual income) applicable for this individual, the individual can apply for a tax refund in his or her annual tax return.

(ii) Corporate Investors

Corporate entities are in general subject to a 25 per cent. flat corporate income tax rate. Capital gains incurred upon disposal or redemption of the Collateralised Currency Securities are subject to this general 25 per cent. taxation.

(c) EU Savings Tax Directive

The rules implementing Directive 2003/48/EC in Austrian national law, provide that interest payments (including payments of certain types of capital gains incurred from the disposal or redemption of a security) made by an Austrian paying agent to EU resident beneficial owners of securities are subject to a EU-withholding tax. The applicable tax rate is 35 per cent.

No EU-withholding tax is levied if the beneficial owner presents to his paying institution a certificate as provided for under Article 10 EU-Withholding Tax Act issued by the competent authority of his EU member state of residence for tax purposes.

(d) Other taxes

(i) Transfer Taxes

There are no transfer taxes, registration taxes or similar taxes payable in Austria as a consequence of the acquisition, ownership, disposition or redemption of the Collateralised Currency Securities.

(ii) Inheritance or Gift Taxes

The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished with effect as of 1 August 2008.

(iii) VAT

The acquisition or disposal of the Collateralised Currency Securities is not subject to Austrian VAT.

(iv) Application of the Austrian Investment Fund Act

There is a risk that Collateralised Currency Securities whose underlying assets are composed of a variety of currencies (in order to achieve an effect of risk diversification) could be treated as investments in a foreign investment fund according to section 188 of the Austrian Investment Fund Act. The consequence of such treatment could be a taxation of the investment regardless of actual disposals, redemptions or distributions. Please discuss this issue with your personal tax advisor if you consider investing in a Collateralised Currency Security whose underlying assets are composed of a variety of currencies.

14 Taxation in Finland

(a) General

The following is a brief summary of some important principles of Finnish tax law that may be of relevance for Finnish resident investors acquiring, holding, redeeming or selling Collateralised Currency Securities. The summary does not fully cover all aspects of Finnish tax law that may be of relevance to the Collateralised Currency Securities. The summary is based on Finnish tax law as of the date of this Prospectus. It should also be noted that the taxation of investors may change at any time as a result of new legislation, court practice or decrees issued by the relevant taxation authorities, potentially with retroactive effect.

Investors interested in acquiring the Collateralised Currency Securities should consult their tax advisors with regard to any tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Collateralised Currency Securities. Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

(b) Tax on income and capital gains

Resident individuals

Individuals and death estates, who sell their Collateralised Currency Securities, are subject to capital gains taxation at a rate of 30 per cent., or 32 per cent. for taxable income exceeding EUR 50,000. The taxable capital gain on disposal of Collateralised Currency Securities is calculated by deducting the acquisition costs and sales costs from the sales price. Alternatively,

the taxable capital gain can be calculated by deducting from the sales price as a deemed acquisition cost 20 per cent. of the sales price (40 per cent. for Collateralised Currency Securities held for at least 10 years). According to the Finnish Income Tax Act, capital losses can be deducted from capital gains (but not from other capital income) arising during the year of disposal and the five following years. A capital gain is tax exempt if the aggregate income derived from disposals of assets during the tax year is less than EUR 1,000.

Resident companies

Resident companies are taxable on their worldwide income at the general corporate income tax rate of 24.5 per cent. This applies to both business income and other income.

Any capital gain or income on the Collateralised Currency Securities relating to the business operations is regarded as taxable business income and the tax assessment is made according to the Business Income Tax Act. Generally, expenses incurred in acquiring or maintaining taxable business income are deductible. Tax losses can generally be carried forward for ten years.

Where the investment in the Collateralised Currency Securities does not form part of business assets, tax assessment is made according to the Income Tax Act. Capital gains and income on the Collateralised Currency Securities are then taxed as other income of the company. Capital losses from the disposal and/or redemption of the Collateralised Currency Securities can be deducted from capital gains arising during the year of disposal and the following five years. Losses in the company's business income source cannot be deducted from the company's other income source or vice versa.

(c) Withholding tax

No deduction or withholding for or on account of Finnish tax is required to be made on payments directly from the Issuer to Security Holders on Redemption of Collateralised Currency Securities.

(d) Inheritance and gift taxes

A transfer of the Collateralised Currency Securities by way of gift or on death will be subject to Finnish inheritance or gift tax if the Security Holder, or heir, donee or other beneficiary, is a Finnish tax resident.

(e) Value added tax

No Finnish value added tax will be payable by a Security Holder in consideration for the issue of Collateralised Currency Securities.

(f) Other taxes or duties

No Finnish registration tax, customs duty, transfer tax, stamp duty or any other similar tax or duty will be payable in Finland by a holder of Collateralised Currency Securities.

(g) EU Savings Directive

EU Council Directive 2003/48/EC on the taxation of savings income applies amongst other matters, to payments of income on debt claims of every kind made by a paying agent in an EU member state for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for the beneficial owner, and could in relation to Collateralised Currency Securities include a Finnish broker effecting the sale of Collateralised Currency Securities.

15 Taxation in Portugal

(a) General

The following is a summary of the material Portuguese tax issues applicable to the acquisition, holding and disposition of Collateralised Currency Securities by investors residing for tax purposes in or outside of Portugal pursuant to an offer of the Collateralised Currency Securities in Portugal.

The Collateralised Currency Securities are not expressly dealt with in the Portuguese legislation and no express opinion has been issued by the Portuguese tax authorities or courts as to their status for tax purposes.

The Collateralised Currency Securities should be considered zero-coupon secured debt securities for the purposes of Personal Income Tax (“**PIT**”) and Corporate Income Tax (“**CIT**”).

However, the Portuguese tax authorities and courts may adopt a different approach and there is no guarantee that the courts or tax authorities will adopt the position described above (for instance, the legal qualification as derivative financial instruments) and this could lead to the application of a tax treatment significantly diverse from that described herein.

This information is of a general nature and does not purport to be a comprehensive description of all Portuguese tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Collateralised Currency Securities. Holders of and prospective investors in Collateralised Currency Securities should consult their own tax advisors as to the Portuguese and any other tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Collateralised Currency Securities. Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

(b) Taxation of capital gains arising from the disposal of Collateralised Currency Securities

Capital gains obtained by Portuguese resident individuals

Capital gains obtained on the disposal of the Collateralised Currency Securities, by individuals resident for tax purposes in Portugal, are currently subject to tax at a special 25 per cent. rate levied on the positive difference between the capital gains and capital losses of each year, unless an individual chooses to aggregate such capital gains to their taxable income and then be subject to the general progressive Personal Income Tax rates of up to 46.5 per cent.. An income tax exemption applies if such annual positive difference does not surpass €500.

Capital gains obtained by Portuguese corporate entities

Capital gains obtained on the disposal of the Collateralised Currency Securities, by corporate entities resident for tax purposes in Portugal and by non-Portuguese resident corporate entities with a permanent establishment therein to which the gains are attributable, are included in their taxable income and subject to Corporate Income Tax at a rate of 25 per cent., to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income as well as a state surcharge, if taxable income exceeds €1,500,000, which is levied over the part of the taxable income exceeding such amount, at a 3 per cent. rate or 5 per cent. rate, if taxable income exceeds €10,000,000 (*derrama estadual*).

Capital gains obtained by Non-Portuguese residents

Capital gains obtained on the disposal of Collateralised Currency Securities, by individuals and corporate entities not resident for tax purposes in Portugal and without a permanent establishment therein to which the gains are attributable, are not subject to taxation in Portugal.

Gratuitous Transfers of Collateralised Currency Securities

Gratuitous transfers of the Collateralised Currency Securities to Portuguese resident individuals would not be liable to Portuguese Stamp Duty, as they fall outside the territorial scope of such tax (i.e., no connection with the Portuguese territory exists as the debtor of the patrimonial or credit

rights has its domicile, head office, place of effective management or permanent establishment outside the Portuguese territory).

Gratuitous transfers of the Collateralised Currency Securities in favour of Portuguese corporate entities (or non-Portuguese corporate entities with a permanent establishment located in Portugal to which such transfer is attributable) shall qualify as patrimonial increases, which would be included in their taxable income and subject to Corporate Income Tax at a rate of 25 per cent., to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income as well as a state surcharge, if taxable income exceeds €1,500,000, which is levied over the part of the taxable income exceeding such amount, at a 3 per cent. rate or 5 per cent., if taxable income exceeds €10,000,000 (*derrama estadual*). These patrimonial increases deriving from the gratuitous acquisition of the Collateralised Currency Securities shall be assessed at the market price of the Collateralised Currency Securities.

Gratuitous transfer of the Collateralised Currency Securities, obtained by non-Portuguese corporate investors would not be subject to taxation in Portugal.

(c) The European Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Portugal is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State (Switzerland adopts such a withholding system). In addition, certain Member States have entered into arrangements for reciprocal provision of information and/or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

For these purposes, a paying agent is any economic operator who pays interest or other similar income to the beneficial owner and could in relation to Collateralised Currency Securities include a Portuguese broker or a financial entity that would intervene in the reimbursement or redemption of Collateralised Currency Securities.

The Collateralised Currency Securities should not, from a Portuguese point of view, be affected by the obligations foreseen in the Directive and its corresponding transposition into the Portuguese legislation, as no Portuguese paying agent intervenes in this issue.

(d) Taxation of income arising from the redemption of Collateralised Currency Securities

(only applicable in case where Security Holders (other than Authorised Participants) are permitted to redeem the Collateralised Currency Securities directly with the Issuer, i.e., if there are no Authorised Participants)

As a general rule, the economic advantages arising from the Collateralised Currency Securities are qualified as investment income for Portuguese tax purposes.

Investment income obtained by Portuguese resident individuals

Investment income derived on the Collateralised Currency Securities paid to a Security Holder considered to be resident in the Portuguese territory for tax purposes (or to a non-Portuguese resident having a permanent establishment in the Portuguese territory to which such income is attributable), is subject to Personal Income Tax at a special rate of 25 per cent., unless the individual chooses to aggregate such investment income to their taxable income and then be subject to general progressive Personal Income Tax rates of up to 46.5 per cent.

Investment income obtained by Portuguese resident corporate entities

Regarding Security Holders that are corporate entities resident in Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable) investment income or gains are included in their taxable income and are subject to Corporate Income Tax at a rate of 25 per cent., to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income as well as a state surcharge, if taxable income exceeds €1,500,000, which is levied over the part of the taxable income exceeding such amount, at a 3 per cent. rate or 5 per cent., if taxable income exceeds €10,000,000 (*derrama estadual*).

Investment income obtained by non-Portuguese residents

Investment income derived on the Collateralised Currency Securities paid to Security Holders non-resident for tax purposes in the Portuguese territory and without having a permanent establishment therein would not be subject to Portuguese taxation.

(e) Common rules

Pension funds and some other exempt entities, may be not subject to taxation in Portugal, as specified by current Portuguese tax law.

16. Taxation in Ireland

The following summary outlines certain aspects of Irish tax law and practice regarding the ownership and disposition of Collateralised Currency Securities. This summary deals only with Collateralised Currency Securities held beneficially as capital assets and does not address special classes of Security Holders such as dealers in securities. This summary is not exhaustive and Security Holders are advised to consult their own tax advisors with respect to the taxation consequences of their ownership or disposition. The comments are made on the assumption that the Issuer is not resident in Ireland for Irish tax purposes. The summary is based on current Irish taxation legislation and practice of the Irish Revenue Commissioners.

(a) Irish Withholding Tax

Under Irish tax law there is no obligation on the Issuer to operate any withholding tax on a payment in respect of the Collateralised Currency Securities except where such payment has an Irish source. The payment is only likely to be considered to have an Irish source, if, for example, the payment constitutes yearly interest and such interest was paid out of funds maintained in Ireland or where the Collateralised Currency Securities were secured on Irish situated assets which it is understood will not be the case. The mere offering of the Collateralised Currency Securities to Irish investors will not cause such a payment to have an Irish source.

In certain circumstances collection agents and other persons receiving interest on the Collateralised Currency Securities in Ireland on behalf of a Security Holder, will be obliged to operate a withholding tax.

(b) Taxation of income

Unless exempted, an Irish resident or ordinarily resident Security Holder and a non-resident Security Holder holding Collateralised Currency Securities through an Irish branch or agency will be liable to Irish tax on the amount of any interest or other income, including potentially any premium on redemption, received from the Issuer. Individual Security Holders would also potentially be liable to Pay Related Social Insurance and the universal social charge. Credit against Irish tax on the interest received may be available in respect of any foreign withholding tax deducted by the Issuer.

(c) Taxation of capital gains

Irish resident or ordinarily resident Security Holders and a non-resident Security Holder holding Collateralised Currency Securities through an Irish branch or agency would potentially be liable to Irish tax on capital gains on any gains arising on a disposal of Collateralised Currency Securities. Reliefs and allowances may be available in computing the Security Holder's liability.

(d) Stamp Duty

Transfers of Collateralised Currency Securities should not be subject to Irish stamp duty, provided the transfers do not relate to Irish land or buildings or securities of an Irish registered company.

(e) Capital Acquisitions Tax

A gift or inheritance comprising of Collateralised Currency Securities will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Collateralised Currency Securities are regarded as property situated in Ireland. The Collateralised Currency Securities could only be considered property situated in Ireland if the register of Collateralised Currency Security Holders was maintained in Ireland or, to the extent that certificates are issued in bearer form, the bearer certificates were located in Ireland.

(f) Offshore Fund taxation

While a holding of Collateralised Currency Securities could potentially be treated as a material interest in an offshore fund and subject to the more onerous tax provisions applicable to offshore funds the Irish Revenue Commissioners have indicated to ETFSL that exchange traded commodity linked securities in the nature of the Collateralised Currency Securities should not be so treated. As recommended above Security Holders should obtain independent tax advice in relation to the tax implications of holding and disposing of Collateralised Currency Securities.

(g) Provision of Information

Generally

Security Holders should be aware that where any interest or other payment on Collateralised Currency Securities is paid to them by or through an Irish paying agent or collection agent then the relevant person may be required to supply the Irish Revenue Commissioners with details of the payment and certain details relating to the Security Holder. Where the Security Holder is not Irish resident, the details provided to the Irish Revenue Commissioners may, in certain cases, be passed by them to the tax authorities of the jurisdiction in which the Security Holder is resident for taxation purposes.

EU Savings Directive

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)".

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the Taxes Consolidation Act, 1997 resident in another EU Member State and certain associated and dependent territories of a Member State will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

17. Taxation in Norway

(a) General

The following summary of certain tax issues that may arise as a result of holding Collateralised Currency Securities is based on the Norwegian tax legislation in force as of the date of this Supplementary Prospectus and is intended only as general information for holders of securities who are resident or domiciled in Norway for tax purposes. The summary does not purport to cover all aspects of Norwegian law that may be of relevance for the Norwegian holders of Collateralised Currency Securities, nor does it cover the specific rules where Collateralised Currency Securities are held by a partnership or are held as current assets in a business operation. Special tax consequences that are not described below also may apply for certain categories of taxpayers, including investment companies, mutual funds and persons who are not resident or domiciled in

Norway. Furthermore, Norwegian tax legislation may to some extent be amended with retroactive effect. It is recommended that prospective applicants for Collateralised Currency Securities consult their own tax advisors for information with respect to the special tax consequences that may arise as a result of holding Collateralised Currency Securities, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.

(b) Taxation on realisation

Holders of Collateralised Currency Securities who are Norwegian resident corporations or individuals, and who sell or redeem their Collateralised Currency Securities are subject to capital gains taxation in Norway. Correspondingly, losses may be deducted.

The tax liability applies irrespective of how long the Collateralised Currency Securities have been owned and the number of Collateralised Currency Securities realised or redeemed. Gains are taxable as general income in the year of realisation, and losses can be deducted from income from other sources in the year of realisation. The tax rate of general income is currently 28 per cent.

The capital gain or loss is calculated per Collateralised Currency Security and equals the remuneration received in respect of the Collateralised Currency Security less the purchase price and acquisition and realisation costs for the Collateralised Currency Security.

Income taxes or capital gains taxes payable in other jurisdictions, by Norwegian Security Holders, or withholding tax payable on redemption amounts in respect of the Collateralised Currency Securities, may be deductible against Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax Security Holders directly or through the application of withholding taxes may be limited by applicable tax treaty.

(c) Withholding tax

No deduction or withholding for or on account of Norwegian tax is required to be made on payments from the Issuer to the Security Holders on Redemption of Collateralised Currency Securities.

(d) Net Wealth Tax

Corporate holders are not subject to net wealth taxation in Norway.

Individual holders are subject to net wealth taxation in Norway. For any year, the value of the Collateralised Currency Securities on 1 January in the next year will form part of the taxable base of a holder for the purpose of the net wealth taxation. The maximum aggregated rate of net wealth tax is currently 1.1 per cent.

(e) Stamp duty

There is currently no stamp duty or other charges in Norway on the purchase, sale or realisation of Collateralised Currency Securities.

(f) Inheritance tax

When Collateralised Currency Securities are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the decedent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the Collateralised Currency Securities are effectively connected with a business carried out through a permanent establishment in Norway.

(g) VAT

Transactions regarding Collateralised Currency Securities are exempt from Norwegian value added tax.

18 General

The Issuer's auditors are Deloitte LLP of Lord Coutanche House, 66-68 Esplanade, St Helier, Jersey, JE2 3QB, Channel Islands. The annual report of the Issuer for the periods from 1 January 2009 to 31 December 2010 and from 1 January 2010 to 31 December 2011, as published by the Issuer through the Regulatory News Service of the London Stock Exchange on 28 April 2010 and 12 March 2012 respectively, are incorporated in this document by reference and are available at the Issuer's website at <http://www.etfsecurities.com/fxl> and at the registered office of the Issuer as set out in Part 19 (*Directors, Secretary and Advisers*).

There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2011.

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened by or against the Issuer.

As at the date of this document the Issuer has issued the following Collateralised Currency Securities:

Long EUR Currency Securities

- ETFS 3x Long AUD Short EUR
- ETFS 3x Long CAD Short EUR
- ETFS 3x Long CHF Short EUR
- ETFS 3x Long GBP Short EUR
- ETFS 3x Long JPY Short EUR
- ETFS 3x Long USD Short EUR
- ETFS Long AUD Short EUR
- ETFS Long CAD Short EUR
- ETFS Long CHF Short EUR
- ETFS Long GBP Short EUR
- ETFS Long JPY Short EUR
- ETFS Long NOK Short EUR
- ETFS Long NZD Short EUR
- ETFS Long SEK Short EUR
- ETFS Long USD Short EUR

Short EUR Currency Securities

- ETFS 3x Short AUD Long EUR
- ETFS 3x Short CAD Long EUR
- ETFS 3x Short CHF Long EUR
- ETFS 3x Short GBP Long EUR
- ETFS 3x Short JPY Long EUR
- ETFS 3x Short USD Long EUR
- ETFS Short AUD Long EUR
- ETFS Short CAD Long EUR
- ETFS Short CHF Long EUR
- ETFS Short GBP Long EUR
- ETFS Short JPY Long EUR
- ETFS Short NOK Long EUR
- ETFS Short NZD Long EUR
- ETFS Short SEK Long EUR
- ETFS Short USD Long EUR

Long GBP Currency Securities

- ETFS 3x Long AUD Short GBP
- ETFS 3x Long EUR Short GBP
- ETFS 3x Long JPY Short GBP
- ETFS 3x Long USD Short GBP
- ETFS Long AUD Short GBP
- ETFS Long CAD Short GBP
- ETFS Long CHF Short GBP
- ETFS Long EUR Short GBP

- ETFS Long JPY Short GBP
- ETFS Long NOK Short GBP
- ETFS Long NZD Short GBP
- ETFS Long SEK Short GBP
- ETFS Long USD Short GBP

Short GBP Currency Securities

- ETFS 3x Short AUD Long GBP
- ETFS 3x Short EUR Long GBP
- ETFS 3x Short JPY Long GBP
- ETFS 3x Short USD Long GBP
- ETFS Short AUD Long GBP
- ETFS Short CAD Long GBP
- ETFS Short CHF Long GBP
- ETFS Short EUR Long GBP
- ETFS Short JPY Long GBP
- ETFS Short NOK Long GBP
- ETFS Short NZD Long GBP
- ETFS Short SEK Long GBP
- ETFS Short USD Long GBP

Long USD Developed Market Currency Securities

- ETFS 3x Long AUD Short USD
- ETFS 3x Long EUR Short USD
- ETFS 3x Long GBP Short USD
- ETFS 3x Long JPY Short USD
- ETFS Long AUD Short USD
- ETFS Long CAD Short USD
- ETFS Long CHF Short USD
- ETFS Long EUR Short USD
- ETFS Long GBP Short USD
- ETFS Long JPY Short USD
- ETFS Long NOK Short USD
- ETFS Long NZD Short USD
- ETFS Long SEK Short USD

Short USD Developed Market Currency Securities

- ETFS 3x Short AUD Long USD
- ETFS 3x Short EUR Long USD
- ETFS 3x Short GBP Long USD
- ETFS 3x Short JPY Long USD
- ETFS Short AUD Long USD
- ETFS Short CAD Long USD
- ETFS Short CHF Long USD
- ETFS Short EUR Long USD
- ETFS Short GBP Long USD
- ETFS Short JPY Long USD
- ETFS Short NOK Long USD
- ETFS Short NZD Long USD
- ETFS Short SEK Long USD

Long USD Emerging Market Currency Securities

Short USD Emerging Market Currency Securities

All Collateralised Currency Securities in issue at the date of this document have been admitted to the Official List and admitted to trading on the Main Market of the London Stock Exchange (a Regulated Market). Applications have been made to the UK Listing Authority for all Collateralised Currency Securities issued within 12 months from the date of this document to be admitted to the Official List and to the London Stock Exchange for all such Collateralised Currency Securities to be admitted to trading on the Main Market. Although all Collateralised Currency Securities in issue at the date of this document have been admitted to trading on the Main Market of the London Stock Exchange, there is not currently an active secondary market with respect to the Long EUR Currency Securities or Short EUR Currency Securities.

The Long USD Developed Market Currency Securities and the Short USD Developed Market Currency Securities have been admitted to trading on the London Stock Exchange since 12 November 2009, the Long GBP Currency Securities, Short GBP Currency Securities, CNY Securities and the INR Securities have been admitted to trading on the London Stock Exchange since 21 June 2010 and the Triple Leveraged Long GBP Currency Securities, Triple Leveraged Short GBP Currency Securities, Triple Leveraged Long USD Currency Securities and the Triple Leveraged Short USD Currency Securities (other than those providing exposure to CAD, CHF, NOK, NZD and SEK) have been admitted to trading on the London Stock Exchange since 9 November 2010.

The Long EUR Currency Securities and the Short EUR Currency Securities (other than those providing exposure to the AUD, CAD, NZD and USD Currency pairs) have been admitted to listing on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 10 March 2010. The remaining Long EUR Currency Securities and Short EUR Currency Securities have been admitted to listing on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 2 July 2010.

The Triple Leveraged Long EUR Currency Securities and the Triple Leveraged Short EUR Currency Securities (other than those providing exposure to the NOK, NZD and SEK) have been admitted to listing on the Borsa Italiana since 7 February 2011.

The Issuer reserves the right to make an application for certain other Collateralised Currency Securities to be admitted to listing on the Main Market of the London Stock Exchange, the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the Borsa Italiana.

The Issuer intends to publish annual financial statements and Final Terms as required by Listing Rules and to publish Prices on its website as described under the heading *Publication of Pricing Information* in Part 3 (*Description of the Programme*). Save as aforesaid the Issuer does not intend to provide post-issuance information.

In connection with the arrangements for listing and settling Collateralised Currency Securities on the Frankfurt Stock Exchange, the Issuer has entered into:

- a German law governed listing and agent bank agreement dated 2 March 2010 (the **Listing and Agent Bank Agreement**) with ETFSL and HSBC Trinkaus & Burkhardt AG (**HSBC**) pursuant to which:
 - o HSBC acts as the Issuer's agent to effect the listing of Collateralised Currency Securities on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*);
 - o the Issuer provides the Bank with all relevant information to enable it to effect such listing; and
 - o ETFSL and the Issuer (subject to certain limited recourse provisions) are responsible for paying all fees and expenses of HSBC; and
- a German law governed settlement agreement dated 2 March 2010 (the **Settlement Agreement**) with ETFSL, HSBC and Clearstream pursuant to which:
 - o Clearstream has undertaken to issue Global Bearer Certificates on the terms set out and perform the functions described in Part 10 (*Procedure for Application for Collateralised Currency Securities*);
 - o ETFS and the Issuer (subject to certain limited recourse provisions) are responsible for paying all fees and expenses of Clearstream.

19 Money Laundering

The verification of identity requirements of Jersey's anti-money laundering laws and regulations and/or any subsequent equivalent legislation will apply to the Programme and verification of the identity of the Authorised Participants for Collateralised Currency Securities may be required. The anti-money laundering laws and regulations of other jurisdictions may also apply to the Programme and verification of the identity of the Authorised Participants.

By lodging an Application Form, each Authorised Participant confirms that it is subject to the Money Laundering (Jersey) Order 2008 (as amended from time to time) (in relation to Jersey), the Money Laundering Regulations 2007 (in relation to the UK) and/or any other applicable anti-money laundering laws and regulations and/or undertakes to provide such other evidence of identity as is required by the Issuer at the time of lodging the Application Form, or, at the absolute discretion of the Issuer, at such specified time thereafter as may be requested to ensure compliance with the Money Laundering (Jersey) Order 2008, the Money Laundering Regulations 2007 and/or any other applicable legislation.

The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Authorised Participant and whether such requirements have been satisfied. Neither the Issuer nor the Registrar shall be responsible or liable to any person for any loss or damage suffered as a result of the exercise of their discretion hereunder.

No Application will be accepted by the Issuer unless evidence of such Authorised Participant's identity satisfactory to the Issuer and its agents is provided.

20 Documents Available for Inspection

For the duration of the Programme or so long as any Collateralised Currency Securities remain outstanding, copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the Services Agreement;
- (c) each Facility Agreement;
- (d) each ISDA Master Agreement;
- (e) each Global Master Repurchase Agreement;
- (f) the Collateral Administration Agreement;
- (g) the Custody Agreement;
- (h) the Authorised Participant Agreements;
- (i) the Trust Instrument;
- (j) each Security Deed;
- (k) the Registrar Agreement;
- (l) the Listing and Agent Bank Agreement; and
- (m) the Settlement Agreement

21 Jersey Law Consents

A copy of this document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to the circulation of this document.

The Issuer has obtained a certificate under the Collective Investment Funds (Jersey) Law 1998, as amended (the **CIF Law**) to enable it to issue Collateralised Currency Securities. The Jersey Financial

Services Commission is protected by the CIF Law against liability arising from the discharge of its functions thereunder.

The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 3 of the Collective Investment Funds (Unclassified Funds)(Prospectuses)(Jersey) Order 1995 to the marketing of Collateralised Currency Securities by means of this document.

Each of ManJer, R&H Fund Services (Jersey) Limited and the Registrar is registered under the Financial Services (Jersey) Law, 1998, as amended, (the **Financial Services Law**) to enable it to undertake its functions in relation to Collateralised Currency Securities. The Jersey Financial Services Commission is protected by the Financial Services Law against liability arising from the discharge of its functions thereunder.

It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

22 Selling Restrictions

Other than as described herein, the Collateralised Currency Securities are not subject to any restrictions on transferability.

(a) United States

The Issuer has imposed the restrictions described below on the Programme so that the Issuer will not be required to register the offer and sale of Collateralised Currency Securities under the US Securities Act, so that the Issuer will not have an obligation to register as an investment company under the US Investment Company Act and related rules and to address certain ERISA, US Internal Revenue Code and other considerations. These restrictions, which will remain in effect until the Issuer determines in its sole discretion to remove them, may adversely affect the ability of holders of Collateralised Currency Securities to trade them.

Collateralised Currency Securities have not been and will not be registered under the US Securities Act or any other applicable law of the United States. Collateralised Currency Securities are being offered and sold only outside the United States to non-US persons in reliance on the exemption from registration provided by Regulation S of the US Securities Act.

The Issuer has not been and does not intend to become registered as an investment company under the Investment Company Act and related rules. Collateralised Currency Securities and any beneficial interest therein may not be reoffered, resold, pledged or otherwise transferred in the United States or to US persons. If the Issuer determines that any Security Holder is a Prohibited US Person (being a US Person who is not both a “Qualified Purchaser” and a “Qualifying Institutional Buyer” each as defined in the Investment Company Act), the Issuer may redeem the Collateralised Currency Securities held by that Security Holder in accordance with the provisions of the Conditions under the heading *Compulsory Redemption for cause* (Condition 7.5).

The Collateralised Currency Securities may not be purchased with plan assets of any “employee benefit plan” within the meaning of section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**), subject to Part 4. Subtitle B of Title I of ERISA, any “plan” to which section 4975 of the United States Internal Revenue Code of 1986, (the **Code**) applies (collectively, **Plans**), any entity whose underlying assets include “plan assets” of any of the foregoing Plans within the meaning of 29 C.F.R. Section 2510.3-101 or section 3(42) of ERISA, as they may be modified, by reason of a Plan’s investment in such entity, any governmental or church plan that is subject to any U.S. Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or Section 4975 of the Code, or any person who holds Collateralised Currency Securities on behalf of, for the benefit of or with any assets of any such Plan or entity (any such Plan entity or person, a “Prohibited Benefit Plan Investor”). If the Issuer determines that any Security Holder is a Prohibited Benefit Plan Investor, the Issuer may redeem the Collateralised Currency Securities held by that Security Holder in accordance with the provisions of the Conditions under the heading *Compulsory Redemption by cause* (Condition 7.5).

Further restrictions on offers and sales of Currency and on the distribution of this Prospectus are set out under the heading *Authorised Participant Agreements* in Part 9 (*Summary of Transaction Documents*).

23 Issuer's ability to issue notes and make matched intercompany loans

Under Condition 14 of the Collateralised Currency Securities, it is expressly recognised that the Issuer may:

- (a) issue unsecured limited recourse notes to ETFSL (or any Affiliate of the Issuer) and may redeem, amend, supplement, extend or replace such notes in accordance with the terms thereof; and
- (b) make any loan to ETFSL (or any such Affiliate) of the proceeds of the issue of such notes under which the Issuer may, if it determines to do so, make advances to ETFSL (including by way of set-off of such proceeds).

The Issuer has determined that if it were to issue any such notes or make any such loan or advance, it would do so only on the basis that:

- (a) the holder of the notes would have recourse only to assets of the Issuer other than the Secured Property;
- (b) the notes would not be transferable or assignable without the prior written consent of the Issuer; and
- (c) the principal amount and each payment of interest under the notes would be matched by the principal amount and each payment of interest under any such loan or advance, both in respect of the amount and of the date on which any such amount would become due and payable.

24. Consent to use of Prospectus by Financial Intermediaries in certain Member States

The Issuer has consented to the use of this Prospectus, and has accepted responsibility for the content of this Prospectus, with respect to subsequent resale or final placement by way of public offer of the Collateralised Currency Securities by any financial intermediary in any of Austria, Denmark, Finland, France, Germany, Ireland, Italy, Portugal, the Netherlands, Norway, Spain, Sweden and the United Kingdom by any financial intermediary which is an investment firm within the meaning of MiFID and which is authorised in accordance with MiFID in any member state. Such consent applies to any such resale or final placement by way of public offer during the period of 12 months from the date of this Prospectus unless such consent is withdrawn prior to that date by notice published on the Issuer's website. In addition, the Issuer will disclose any additional information regarding any known financial intermediaries on its website. Other than the right of the Issuer to withdraw the consent, no other conditions are attached to the consent described in this paragraph.

In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made. Any financial intermediary using this Prospectus for the purpose of any offering must state on its website that it uses this Prospectus in accordance with the consent given and the conditions attached thereto.

In the event this Prospectus is used with respect to a subsequent resale or final placement by way of public offer of the Collateralised Currency Securities by any financial intermediary in any of the Public Offer Jurisdictions identified above, such Collateralised Currency Securities may only be sold: (i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Article 16 of the Prospective Directive, in each case, in relation to such offer; or (ii) in those Public Offer Jurisdictions identified in the Final Terms, provided such offer is made during the Offer Period specified in the applicable Final Terms.

In the event of a public offer in one or more Public Offer Jurisdictions, the Collateralised Currency Securities may be offered and sold to persons in the relevant Public Offer Jurisdiction who are legally eligible to participate in a public offering of such securities in such jurisdiction under applicable laws and regulations.

PART 16

A. FORM OF FINAL TERMS

Pro Forma Final Terms for an issue by ETFS Foreign Exchange Limited under the Programme for the Issue of Collateralised Currency Securities

FINAL TERMS

Dated [●]

ETFS Foreign Exchange Limited

*(Incorporated and registered in Jersey under
the Companies (Jersey) Law 1991 (as amended) with registered number 103518)*

(the “Issuer”)

Programme for the Issue of Collateralised Currency Securities

Issue of

**[number] [class] Collateralised Currency Securities
(the “Collateralised Currency Securities”)**

These Final Terms (as referred to in the Prospectus (the “Prospectus”) dated 19 October 2012 in relation to the above Programme) relates to the issue of the Collateralised Currency Securities referred to above. The Collateralised Currency Securities have the terms provided for in the Trust Instrument dated 5 November 2009 (as amended) between the Issuer and The Law Debenture Trust Corporation p.l.c. as Trustee constituting the Collateralised Currency Securities. Terms used in these Final Terms bear the same meaning as in the Prospectus.

These Final Terms have been prepared for the purpose of Article 5(4) of Directive 2003/71/EC and must be read in conjunction with the Prospectus and any supplement, which are published in accordance with Article 14 of Directive 2003/71/EC on the website of the Issuer: <http://www.etfsecurities.com>. In order to get the full information both the Prospectus (and any supplement) and these Final Terms must be read in conjunction. A summary of the individual issue is annexed to these Final Terms.

The particulars in relation to this issue of Collateralised Currency Securities are as follows:

ISIN []

Issue Date: []

Class: []

Creation Price: []

Aggregate Number of []
Collateralised Currency
Securities to which
these Final Terms
apply:

Annex – Form of Issue Specific Summary

(Issuer to annex form of issue specific summary to the Final Terms)

B. FORM OF FINAL TERMS – PUBLIC OFFERS

Pro Forma Final Terms for an offer of ETFS Foreign Exchange Limited to the public under the Programme for the Issue of Collateralised Currency Securities

FINAL TERMS

Dated [•] 201[•]

ETFS FOREIGN EXCHANGE LIMITED

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 103518)

(the “Issuer”)

Programme for the Issue of Collateralised Currency Securities

Issue of

[number] [class] Collateralised Currency Securities

(the “Collateralised Currency Securities”)

These Final Terms (as referred to in the base prospectus (the “**Prospectus**”) dated 19 October 2012 in relation to the above Programme) relates to the issue of the Collateralised Currency Securities referred to above. The Collateralised Currency Securities have the terms provided for in the trust instrument dated 5 November 2009 (as amended) between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee constituting the Collateralised Currency Securities. Terms used in these Final Terms bear the same meaning as in the Prospectus. The particulars in relation to this issue of Collateralised Currency Securities are as follows:

These Final Terms have been prepared for the purpose of Article 5(4) of Directive 2003/71/EC and must be read in conjunction with the Prospectus and any supplement, which are published in accordance with Article 14 of Directive 2003/71/EC on the website of the Issuer: <http://www.etfsecurities.com>. In order to get the full information both the Prospectus (and any supplement) and these Final Terms must be read in conjunction. A summary of the individual issue is annexed to these Final Terms.

The Prospectus below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Collateralised Currency Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Collateralised Currency Securities. Accordingly any person making or intending to make an offer of Collateralised Currency Securities may only do so:

- (i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in the following paragraph, provided such person is [one of the persons mentioned in the following paragraph] and that such offer is made during the Offer Period specified for such purpose therein.

An offer of the Collateralised Currency Securities may be made by the Issuer or by [•] other than pursuant to Article 3(2) of the Prospectus Directive in [•] (“**Public Offer Jurisdictions**”) during the period from [•] until [•] (the “**Offer Period**”).

The Issuer has not authorised, nor does it authorise, the making of any offer of Collateralised Currency Securities in any other circumstances.

ISIN: [●]

Issue Date: [●]

Class: [●]

Creation Price: [●]

Aggregate Number of Collateralised Currency Securities to which these Final Terms apply: [●]

Total amount of the offer; if the amount is not fixed, description of the arrangement and time for announcing to the public the amount of the offer: [●]

Terms and Conditions of the Offer

Offer Price: [●]

Conditions to which the offer is subject: [●]

The time period, including any possible amendments, during which the offer will be open and a description of the application process: [●]

Details of the minimum and/or maximum amount of application: [●]

Details of the method and time limits for paying up and delivering the Collateralised Currency Securities: [●]

Manner in and date on which results of the offer are to be made public: [●]

Whether tranche(s) have been reserved for certain countries: [●]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [●]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [●]

Name(s) and address(es), to the extent known to the Issuer, of the places in the various countries where the offer takes place: [●]

Name and address of any paying agents and depository agents in each country: [●]

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Where not all of the issue is underwritten, a statement of the portion not covered: [●]

When the underwriting agreement has been or will be reached: [●]

Name and address of a calculation agent: [●]

Date

Time

Annex – Form of Issue Specific Summary

(Issuer to annex form of issue specific summary to the Final Terms)

PART 17

DEFINITIONS

All terms and expression which have defined meanings in Part 11 (*Terms and Conditions of Collateralised Currency Securities*) shall have the same meanings in this Prospectus. In addition, the following expressions have the following meanings:

“Additional Closing Fee”	has the meaning set out under the heading “ <i>Additional Closing Fee</i> ” in Part 6 (<i>Description of Currency Transactions</i>).
“Additional Redemption Fee”	has the meaning set out under the heading “ <i>Additional Redemption Fee</i> ” in Part 5 (<i>Description of Collateralised Currency Securities</i>).
“Affected Counterparty”	has the meaning under the heading “ <i>Consolidation and division</i> ” in Part 5 (<i>Description of Collateralised Currency Securities</i>).
“Affected CTC Collateral Pool”	has the meaning under the heading “ <i>Consolidation and division</i> ” in Part 5 (<i>Description of Collateralised Currency Securities</i>).
“Agreed Pricing”	has the meaning under the heading “ <i>Applications and Redemptions</i> ” in Part 5 (<i>Description of Collateralised Currency Securities</i>).
“Applicant”	means an Authorised Participant who makes an Application for Collateralised Currency Securities.
“Application”	means an offer by an Applicant to the Issuer to subscribe for Collateralised Currency Securities, being an offer on terms referred to in an Application Form and this document and in accordance with the provisions of the relevant Authorised Participant Agreement.
“Application Fee”	means the fee payable by an Applicant to the Issuer in respect of the issue of Collateralised Currency Securities.
“Application Form”	means the application form to be used in connection with the Programme.
“Application Monies”	means, for an Application, all moneys paid or to be paid to or to the order of the Issuer by the Applicant in respect of the Application.
“AUD”	means the lawful currency of Australia.
“Authorised Person”	means a person authorised by the FSA for the purposes of the FSMA.
“Basket”	means a basket of 9 Index Constituent Indices.
“Basket Securities”	means Collateralised Currency Securities priced in accordance with a Diversified Developed Market Index and includes each of ETFS Long G10 Short EUR, ETFS Short G10 Long EUR, ETFS Long G10 Short GBP, ETFS Short G10 Long GBP, ETFS Long G10 Short USD and ETFS Short G10 Long USD.
“Board”	means the board of directors of the Issuer.
“BONY”	means The Bank of New York Mellon, London Branch, having its principal office at One Canada Square, London E14 5AL.
“BONY Accounts”	means the BONY Custody Account and the Collateral Receiver Account.
“BONY Custody Account”	has the meaning under the heading “ <i>Custody Agreement</i> ” in Part 9 (<i>Summary of Transaction Documents</i>).

“BRL”	means the lawful currency of Brazil.
“CAD”	means the lawful currency of Canada.
“Cash Account”	means a cash account held with an Account Bank.
“Certificated or Certificated Form”	means not in Uncertificated Form.
“CHF”	means the lawful currency of Switzerland.
“Closing”	means, in respect of a Currency Transaction, the “Closing” of a Currency Transaction as defined under the Facility Agreement relevant to such Currency Transaction.
“Closing Fee Transaction”	means a “Shortfall Closing Transaction” or “Equivalent Closing Transaction” (each as defined in the MSIP Facility Agreement to describe transactions which wholly or partially Close Currency Transactions to correspond with Redemptions of underlying Collateralised Currency Securities), subject to certain exceptions specified in the MSIP Facility Agreement.
“Closing Notice”	means an Index Closing Notice or an Agreed Closing Notice.
“CNY”	means the lawful currency of the Republic of China.
“CNY Securities”	means each of ETFS Long CNY Short USD and ETFS Short CNY Long USD.
“Collateral Administration Agreement”	has the meaning, in respect of a Currency Transaction Counterparty, given to it in the Facility Agreement with that Currency Transaction Counterparty and includes an agreement of that name between the Issuer and BONY dated 5 November 2009.
“Collateralised Currency Securities” or “Currency Securities”	means 160 classes of Collateralised Currency Securities which have been authorised for issue as described in this Prospectus together with any further securities that may be issued from time to time.
“Collateral Receiver Account”	has the meaning under the heading “ <i>Collateral Administration Agreement</i> ” in Part 9 (<i>Summary of Transaction Documents</i>).
“Collateral Yield”	has the meaning under the heading “ <i>How the Currency Indices Operate</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Compulsory Closing Amount”	means in respect of a Compulsory Closing Date and a class of Currency Transactions, where such Compulsory Closing Date is notified in accordance with: <ul style="list-style-type: none"> (a) clauses 10.2 or 10.3 of the Facility Agreement, the total Volume of the Currency Transaction of such class outstanding as at the end of the Pricing Day immediately preceding the Compulsory Closing Date; and (b) clause 12.6(b) of the Facility Agreement, the proportion of the Volume of the Currency Transaction of that class corresponding with the number of Currency Securities of that class specified by the Issuer with respect to a particular Security Holder (a Prohibited US Person or Prohibited Benefit Plan Investor).
“Compulsory Closing Date”	has the meaning under the heading “ <i>MSIP Facility Agreement</i> ” in Part 9 (<i>Summary of Transaction Documents</i>).

“Core Function”	in respect of a Currency Transaction Counterparty, has the meaning given to it in the Facility Agreement with that Currency Transaction Counterparty and in respect of the MSIP Facility Agreement has the meaning given under the heading “ <i>Master Confirmation Agreement</i> ” in Part 9 (<i>Summary of Transaction Documents</i>).
“Counterparty Account”	has the meaning under the heading “ <i>Accounts and Collateral Administration</i> ” in Part 3 (<i>Description of the Programme</i>).
“Creation Limits”	means the limits under each Facility Agreement on creation of Currency Transactions (and corresponding limits on issue of Collateralised Currency Securities).
“Creation Notice”	means an Index Creation Notice or an Agreed Creation Notice.
“CREST”	means the system of paperless settlement of transfers and the holding of securities in Uncertificated Form administered by Euroclear UK & Ireland Limited.
“CTC Enforcement Event”	in relation to a Security Deed, has the meaning given to it in that Security Deed (and CTC Enforcement Event relates to the Counterparty Collateral Pool the subject of such Security Deed). Under the Security Deed relating to MSIP described under Part 8 (<i>Description of Security</i>), it means an event which is an Event of Default or an Additional Termination Event under the MSIP ISDA Master Agreement in respect of which the Issuer is the Defaulting Party or the sole Affected Party, as applicable (each as defined in the MSIP ISDA Master Agreement).
“Currency”	means each of AUD, BRL, CAD, CHF, CNY, CZK, Euro, GBP, HUF, ILS, INR, JPY, MXN, NZD, NOK, SEK, SGD, USD and ZAR.
“Currency Indices”	means the MSFX SM Indices calculated and published by Morgan Stanley & Co. LLC which the Collateralised Currency Securities are priced by reference to.
“Currency Pair”	has the meaning given to it under the heading “ <i>Currency Indices</i> ” in Part 3 (<i>Description of the Programme</i>) and refers to a USD Currency Pair, a Euro Currency Pair, a GBP Currency Pair or any other currency pair which might subsequently be added to the Programme.
“Custody Agreement”	has the meaning, in respect of a Currency Transaction Counterparty, given to it in the Facility Agreement with that Currency Transaction Counterparty and includes an agreement of that name between the Issuer, ETFSL and BONY dated 5 November 2009.
“CZK”	means the lawful currency of the Czech Republic.
“Daily Currency Exposure”	has the meaning given to such term under the heading “ <i>Currency Indices</i> ” in Part 3 (<i>Description of the Programme</i>).
“Daily Collateral Yield”	has the meaning given to such term under the heading “ <i>Currency Indices</i> ” in Part 3 (<i>Description of the Programme</i>).
“Daily Repurchase Transaction”	has the meaning given to such term under the heading “ <i>Daily Repurchase Transactions</i> ” in Part 7 (<i>Description of Daily Repurchase Transactions and Collateral Administration</i>).
“Deliverable Currency”	has the meaning given to such term under the heading “ <i>Deliverable Currencies</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Deliverable Forward Contracts”	has the meaning given to such term under the heading “ <i>Deliverable Currencies</i> ” in Part 4 (<i>Description of Currency Indices</i>).

“Developed Market Currencies”	means each of AUD, CAD, CHF, Euro, GBP, JPY, NOK, NZD, SEK and USD.
“Diversified Developed Market Indices”	means the basket indices referred to under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Double Leveraged Long Collateralised Currency Securities”	means each of the Double Leveraged Long EUR Currency Securities and the Double Leveraged Long USD Currency Securities.
“Double Leveraged Long EUR Currency Securities”	means each of ETFS 2x Long CHF Short EUR, ETFS 2x Long GBP Short EUR, ETFS 2x Long JPY Short EUR, ETFS 2x Long NOK Short EUR and ETFS 2x Long SEK Short EUR
“Double Leveraged Long USD Currency Securities”	means each of ETFS 2x Long AUD Short USD, ETFS 2x Long CAD Short USD, ETFS 2x Long CHF Short USD, ETFS 2x Long EUR Short USD, ETFS 2x Long GBP Short USD, ETFS 2x Long JPY Short USD, ETFS 2x Long NOK Short USD, ETFS 2x Long NZD Short USD and ETFS 2x Long SEK Short USD.
“Double Leveraged Short Collateralised Currency Securities”	means each of the Double Leveraged Short EUR Currency Securities and the Double Leveraged Short USD Currency Securities.
“Double Leveraged Short EUR Currency Securities”	means each of ETFS 2x Short CHF Long EUR, ETFS 2x Short GBP Long EUR, ETFS 2x Short JPY Long EUR, ETFS 2x Short NOK Long EUR and ETFS 2x Short SEK Long EUR.
“Double Leveraged Short USD Currency Securities”	means each of ETFS 2x Short AUD Long USD, ETFS 2x Short CAD Long USD, ETFS 2x Short CHF Long USD, ETFS 2x Short EUR Long USD, ETFS 2x Short GBP Long USD, ETFS 2x Short JPY Long USD, ETFS 2x Short NOK Long USD, ETFS 2x Short NZD Long USD and ETFS 2x Short SEK Long USD.
“Double Long Currency Indices”	means the Currency Indices referred to under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Double Short Currency Indices”	means the Currency Indices referred to under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Eligible Collateral”	means securities and/or cash specified as such in an Eligible Collateral Agreement and, in respect of the Eligible Collateral Agreement between MSIP, the Issuer and the Collateral Administrator in respect of MSIP, has the meaning under the heading “ <i>Eligible Collateral</i> ” in Part 7 (<i>Description of Daily Repurchase Transactions and Collateral Administration</i>).
“Emerging Market Currencies”	means each of BRL, CNY, CZK, HUF, ILS, INR, MXN, SGD and ZAR.
“Equivalent Currency Transaction”	means a Currency Transaction or amendment to the terms of a Currency Transaction as defined in the MSIP Facility Agreement.
“ETFSL”	means ETF Securities Limited, a company incorporated and registered in Jersey, with registered number 88370.
“EUR Developed Market Currency Securities”	means the Long EUR Currency Securities, the Short EUR Currency Securities, the Double Leveraged Long EUR Currency Securities, the Double Leveraged Short EUR Currency Securities, the Triple Leveraged Long EUR Currency Securities and the Triple Leveraged Short EUR Currency Securities.

“Euro”	means the lawful currency of the participating member states of the European Union adopted in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.
“Euro Basket”	means ETFS Long G10 Short EUR and ETFS Short G10 Long EUR.
“Euro Currency Pair”	has the meaning under the heading “ <i>Currency Indices</i> ” in Part 3 (<i>Description of the Programme</i>).
“Euro Currency Transaction”	means a Currency Transaction under which the payment obligations of the Issuer and the Currency Transaction Counterparty are denominated in Euros (other than payment obligations arising in respect of any “Early Termination Amount” under the Relevant ISDA Master Agreement).
“Euro Overnight Index Average Rate (EONIA)”	has the meaning given to such term in the Manual.
“Euro Repo”	means a repurchase transaction entered into by the Issuer and a Currency Transaction Counterparty subject to and governed by a Global Master Repurchase Agreement under which the payment obligations of the parties are denominated in Euros (other than in the case of any sum payable pursuant to clause 10(c) of such Global Master Repurchase Agreement).
“Euro Repo Amount”	has the meaning set out under the heading “ <i>Daily Repurchase Transactions</i> ” in Part 7 (<i>Description of Daily Repurchase Transactions and Collateral Administration</i>).
“Exempt Person”	means a person who, in entering into and performing the terms of an Authorised Participant Agreement, is acting in the course of a business comprising a regulated activity in relation to which it is exempt from the need to be an Authorised Person as a result of a provision of the FSMA or associated secondary legislation.
“Existing Security”	has the meaning given under Condition 15.5 in Part 11 (<i>Term and Conditions of Collateralised Currency Securities</i>).
“Facility Agreements”	means the agreements of that name between the Issuer and different Currency Transaction Counterparties providing for the creation and closing of Currency Transactions including an agreement of that name between the Issuer and MSIP dated 5 November 2009 as amended and restated on 14 June 2010 and 31 December 2010 respectively (the MSIP Facility Agreement and, for so long as MSIP is the only Currency Transaction Counterparty, the Facility Agreement).
“Forward Contract”	in respect of a Deliverable Currency means a Spot Next Currency Forward or a Tom Next Currency Forward and, in respect of a Non-Deliverable Currency, a Non-Deliverable Forward Contract.
“GBP”	means the lawful currency of the United Kingdom.
“GBP Basket”	means ETFS Long G10 Short GBP and ETFS Short G10 Long GBP.
“GBP Currency Pair”	has the meaning set out under the heading “ <i>Currency Indices</i> ” in Part 3 (<i>Description of the Programme</i>).
“GBP Currency Transaction”	means a Currency Transaction under which the payment obligations of the Issuer and the Currency Transaction Counterparty are denominated in GBP (other than the payment obligations arising

	in respect of any “Early Termination Amount” under the Relevant ISDA Master Agreement).
“GBP Developed Market Currency Securities”	means the Long GBP Currency Securities, the Short GBP Currency Securities, the Triple Leveraged Long GBP Currency Securities and the Triple Leveraged Short GBP Currency Securities.
“GBP Repo Amount”	has the meaning set out under the heading “ <i>Daily Repurchase Transactions</i> ” in Part 7 (<i>Description of Daily Repurchase Transactions and Collateral Administration</i>).
“GBP Repo”	means a repurchase transaction entered into by the Issuer and a Currency Transaction Counterparty subject to and governed by a Global Master Repurchase Agreement under which the payment obligations of the parties are denominated in GBP (other than in the case of any sum payable pursuant to clause 10(c) of such Global Master Repurchase Agreement).
“Global Master Repurchase Agreements”	means the agreements of that name between the Issuer and the Currency Transaction Counterparties governing Repos including an agreement of that name between the Issuer and MSIP dated 5 November 2009 (the MSIP GMRA and, for so long as MSIP is the only Currency Transaction Counterparty, the GMRA).
“HoldCo”	means ETFS Holdings (Jersey) Limited, a company incorporated in Jersey with registered number 106817,
“HUF”	means the lawful currency of the Republic of Hungary.
“Index Business Day”	means in respect of any class, a day on which the Currency Index for such class is scheduled to be published in accordance with the Manual.
“Index Constituent Indices”	means the Currency Indices which constitute the Diversified Developed Market Indices as set out in the Manual.
“Index Good-Day”	has the meaning given to such term in the Manual.
“Index Pricing”	has the meaning set out under the heading “ <i>Applications and Redemptions</i> ” in Part 5 (<i>Description of Collateralised Currency Securities</i>).
“Index Sponsor”	means any entity which calculates and publishes a Currency Index.
“Initial Calculation Date”	has the meaning set out under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“INR”	means the lawful currency of India.
“Issuer’s Website”	means the website having the following internet address: http://www.etfsecurities.com/fxl or such other internet address as may be notified to Security Holders and the Trustee by RIS announcement.
“ILS”	means the lawful currency of Israel.
“INR Securities”	means each of ETFS Long INR Short USD and ETFS Short INR Long USD.
“ISDA Master Agreements”	means the agreements of that name between the Issuer and different Currency Transaction Counterparties governing Currency Transactions including the 2002 ISDA Master Agreement between the Issuer and MSIP dated 5 November 2009 and the amended and restated master confirmation agreement between the Issuer and MSIP dated 14 June 2010 together with each transaction’s

	confirmation supplement thereto (the MSIP ISDA Master Agreement and, for so long as MSIP is the only Currency Transaction Counterparty, the ISDA Master Agreement).
“JPY”	means the lawful currency of Japan.
“Leveraged Collateralised Currency Securities”	means each of the Double Leveraged Long Collateralised Currency Securities, the Double Leveraged Short Collateralised Currency Securities, the Triple Leveraged Long Collateralised Currency Securities and the Triple Leveraged Short Collateralised Currency Securities.
“Leverage Factor”	means a factor of -1, -2, +2, -3 or +3 which is applied to the Daily Currency Exposure of the relevant Currency Securities.
“Listing Agreement”	has the meaning given under the heading “ <i>General</i> ” in Part 15 (<i>Additional Information</i>)
“Liquidity Facility”	means an overnight overdraft or overnight loan facility (the interest rate in respect of which has been approved in advance by MSIP) provided to the Issuer by the Collateral Administrator and, for the avoidance of doubt, any overdraft or loan provided under such facility shall be regarded as made under a Daily Payment Amount Facility or under a Redemption Liquidity Facility (and “overnight” for these purposes refers to an overdraft or loan made on any day for repayment on the next Repo Day).
“London Business Day”	means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.
“Long Currency Indices”	means the Currency Indices specified as such under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“London Stock Exchange”	means London Stock Exchange plc or its market for listed securities (or any of such markets if the London Stock Exchange has at any time more than one such market), as the context may require.
“Long EUR Currency Securities”	means each of ETFS Long AUD Short EUR, ETFS Long CAD Short EUR, ETFS Long CHF Short EUR, ETFS Long GBP Short EUR, ETFS Long JPY Short EUR, ETFS Long NOK Short EUR, ETFS Long NZD Short EUR, ETFS Long SEK Short EUR and ETFS Long USD Short EUR
“Long GBP Currency Securities”	means each of ETFS Long AUD Short GBP, ETFS Long CAD Short GBP, ETFS Long CHF Short GBP, ETFS Long EUR Short GBP, ETFS Long JPY Short GBP, ETFS Long NOK Short GBP, ETFS Long NZD Short GBP, ETFS Long SEK Short GBP and ETFS Long USD Short GBP.
“Long USD Developed Market Currency Securities”	means each of ETFS Long AUD Short USD, ETFS Long CAD Short USD, ETFS Long CHF Short USD, ETFS Long EUR Short USD, ETFS Long GBP Short USD, ETFS Long JPY Short USD, ETFS Long NOK Short USD, ETFS Long NZD Short USD and ETFS Long SEK Short USD.
“Long USD Emerging Market Currency Securities”	means each of ETFS Long BRL Short USD, ETFS Long CNY Short USD, ETFS Long CZK Short USD, ETFS Long HUF Short USD,

	ETFS Long ILS Short USD, ETFS Long INR Short USD, ETFS Long MXN Short USD, ETFS Long SGD Short USD and ETFS Long ZAR Short USD.
“Main Index”	means each index described as a Main Index in Schedule 1 to the Eligible Collateral Agreement.
“Main Index Security”	means any equity security (whether preferred or common stock) of an issuer of such obligation which is a member of a Main Index (a Main Index Equity) or American depositary receipt representing such Main Index Equity.
“Management Fee”	means, in respect of any class of Collateralised Currency Securities, the management fee rate per annum payable by the Issuer to ManJer as set out in the Services Agreement (as the same may be amended from time to time).
“Management Fee Amount”	means, in respect of any Underlying Currency Security on any day, the amount to be deducted from the Price of such security in respect of the Management Fee for such day pursuant to the pricing formula (and on the date on which such Underlying Currency Security is issued, also includes each such amount to be deducted in respect of each day since the date of the Application for the security).
“ManJer”	means ETFS Management Company (Jersey) Limited, a company incorporated in Jersey with registered number 106921.
“Manual”	means the MSFX SM Indices Manual published by MS&CO
“Master Confirmation Agreement”	means the amended and restated master confirmation agreement dated 14 June 2010 entered into by the Issuer and MSIP.
“Maximum Closing Limit”	means, in respect of a class of Currency Transactions, a maximum limit on the amount or volume by which a Currency Transaction of such class may be closed in accordance with a Facility Agreement governing any such closing as agreed between the parties to such Facility Agreement from time to time.
“Minimum Closing Limit”	means, in respect of a class of Currency Transactions, a minimum limit on the amount or volume by which a Currency Transaction of such class may be closed in accordance with a Facility Agreement governing any such closing as agreed between the parties to such Facility Agreement from time to time.
“Minimum Creation Volume”	means the minimum creation volume specified as such under the heading “ <i>Applications and Redemptions</i> ” in Part 5 (<i>Description of Collateralised Currency Securities</i>).
“Moody’s”	means Moody’s Investors Service Inc. (or any successor to the ratings business thereof).
“Morgan Stanley Group”	means MSIP and each of its Affiliates.
“MS&CO”	means Morgan Stanley & Co. LLC.
“MSFXSM Indices Committee”	means the committee established as such pursuant to the Manual.
“MSFX Website”	has the meaning given under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“MSIP Additional Closing Fee”	has the meaning given to it under the heading “ <i>Additional Redemption Fee for CNY Securities and INR Securities</i> ” in Part 3 (<i>Description of the Programme</i>).

“MSIP Global Master Repurchase Agreement”	means the TBMA/ISMA Global Master Repurchase Agreement (2000 Version) dated on or about the Effective Date entered into by the Issuer and MSIP.
“MXN”	means the lawful currency of United Mexican States.
“NDF”	has the meaning under the heading “ <i>Non-Deliverable Currencies</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Net Adjustment Amount”	<p>means, in respect of a Repo entered into on a Repo Day (Day T), a positive or negative amount in the Relevant Currency equal to:</p> <ul style="list-style-type: none"> (a) the sum of all cash in the Relevant Currency received into the Creation Account in respect of a Creation of Collateralised Currency Securities denominated in that currency on and since the next preceding Repo Day which was not also a Collateral Administrator Suspension Day (excluding any cash received on Day T); LESS (b) the sum of all Redemption Amounts in the Relevant Currency due and payable by the Issuer under the Conditions on the Repo Day next following Day T.
“NOK”	means the lawful currency of Norway.
“Non-Deliverable Currency”	has the meaning under the heading “ <i>Non-Deliverable Currencies</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Non-Deliverable Forward Contract”	has the meaning under the heading “ <i>Non-Deliverable Currencies</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Notice Deadline”	<p>means:</p> <ul style="list-style-type: none"> (i) in respect of Currency Securities other than CNY Securities or INR Securities, on a Pricing Day, 2.30 p.m. (London time) or such other time notified by MSIP to FXL as the Notice Deadline in respect of a particular Pricing Day, Currency Transaction or generally; or (ii) in respect of CNY Securities and INR Securities, on a London Business Day, 5 p.m. (London time) or such other time notified by MSIP to FXL as the Notice Deadline in respect of a particular Pricing Day, London Business Day, Currency Transaction or generally.
“NZD”	means the lawful currency of New Zealand.
“One-Month T-Bill rate”	has the meaning given to such term in the Manual.
“Overseas Person”	means a person whose activities are not subject to the prohibition in Section 19 of the FSMA by virtue of its not carrying on such activities in the United Kingdom, whose head office is situated outside the United Kingdom and whose ordinary business involves carrying on activities of the kind specified by any of articles 14, 21, 25, 37, 40, 45, 51, 52 and 53 or, so far as relevant to any of those articles, article 64 of the RAO (or would do so apart from any exclusion from any of those articles made by the RAO).
“Pricing Day”	means, in respect of a Currency Transaction of any class, an Index Business Day for that class which is not a Index Disruption Day for that class.
“Primary Index”	means each index described as a Primary Index in Schedule 1 to the Eligible Collateral Agreement.

“Priority Waterfall”	means the priority waterfall set out under the heading “ <i>Security</i> ” in Part 3 (<i>Description of the Programme</i>).
“Processing Fee”	means on any date an amount equivalent to the aggregate amount which the Issuer has received (including by way of set-off) in respect of Application Fees and Redemption Fees less the aggregate amount of Processing Fees which the Issuer has paid to ManJer under the Services Agreement as at that date.
“Programme”	means the programme for the issue of Collateralised Currency Securities described in this document.
“Prospectus Directive”	means Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003.
“Prospectus Rules”	means the prospectus rules of the UK Listing Authority from time to time, made under section 73A of FSMA.
“RAO”	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 made under the FSMA.
“Registrar Agreement”	means the agreement for the provision of registry and associated services between Computershare Investor Services (Jersey) Limited and the Issuer dated 5 November 2009.
“Relevant Class”	has the meaning under the heading “ <i>Consolidation and division</i> ” in Part 5 (<i>Description of Collateralised Currency Securities</i>).
“Relevant Currency”	means: <ul style="list-style-type: none"> (a) in relation to a Euro Currency Transaction, Euro Repo or Euro Currency Security, Euros; (b) in relation to a GBP Currency Transaction, GBP Repo or GBP Currency Security, GBP; and (c) in relation to a USD Currency Transaction, USD Repo or USD Currency Security, USD.
“Relevant Developed Market Indices”	means, for any Diversified Developed Market Index which tracks the performance of EUR, GBP or USD (as applicable): <ul style="list-style-type: none"> (a) on a long basis, each Short Currency Index in respect of a Currency Index relating to a Developed Market Currency; and (b) on a short basis, each Long Currency Index in respect of a Currency Index relating to a Developed Market Currency.
“Relevant Repo Amount”	means: <ul style="list-style-type: none"> (a) in relation to a Euro Repo, the Euro Repo Amount; (b) in relation to a GBP Repo, the GBP Repo Amount; and (c) in relation to a USD Repo, the USD Repo Amount.
“Relevant Securities”	has the meaning in Part 8 (<i>Description of Security</i>).
“RIS”	means a Regulatory Information Service (as defined for the purposes of the Listing Rules) from time to time chosen by the Issuer.
“Secondary Index”	means each index described as a Secondary Index in Schedule 1 to the Eligible Collateral Agreement.

“Secondary Index Security”	means any equity security (whether preferred or common stock) of an issuer of such obligation (a Secondary Index Equity) or American depositary receipt representing such Secondary Index Equity.
“Secured Property”	has the meaning given to it in the Security Deed.
“Security Deed”	means, for any class of Collateralised Currency Security, each security deed over a Counterparty Collateral Pool relevant to such class, entered into between the Issuer and the Security Trustee including the deed of that name between the Issuer, the Security Trustee, the Trustee, MSIP and ManJer dated 5 November 2009 (as amended by two deeds of amendment dated 14 June 2010 and 31 December 2010 respectively) in respect of the Counterparty Collateral Pool relating to MSIP (for so long as MSIP is the only Currency Transaction Counterparty, the Security Deed).
“Services Agreement”	means the agreement between the Issuer and ETFSL dated 5 November 2009 as novated to the Issuer and ManJer pursuant to a novation agreement dated 31 December 2010 in respect of the provision of services by ManJer to the Issuer in connection with the Programme or any replacement agreement which the Issuer may agree from time to time, in respect of the provision of such services with any of its Affiliates.
“SEK”	means the lawful currency of the Kingdom of Sweden.
“Settled Volume”	has the meaning given under the heading “ <i>Volume of Currency Transactions</i> ” in Part 6 (<i>Description of Currency Transactions</i>).
“Settlement Agreement”	has the meaning given under the heading “ <i>General</i> ” in Part 15 (<i>Additional Information</i>).
“SGD”	means the lawful currency of the Republic of Singapore.
“Short Collateralised Currency Securities”	means each of the Short GBP Currency Securities, the Short EUR Currency Securities and the Short USD Developed Market Currency Securities.
“Short Currency Indices”	means the Currency Indices referred to under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Short EUR Currency Securities”	means each of ETFS Short AUD Long EUR, ETFS Short CAD Long EUR, ETFS Short CHF Long EUR, ETFS Short GBP Long EUR, ETFS Short JPY Long EUR, ETFS Short NOK Long EUR, ETFS Short NZD Long EUR, ETFS Short SEK Long EUR and ETFS Short USD Long EUR.
“Short GBP Currency Securities”	means each of ETFS Short AUD Long GBP, ETFS Short CAD Long GBP, ETFS Short CHF Long GBP, ETFS Short EUR Long GBP, ETFS Short JPY Long GBP, ETFS Short NOK Long GBP, ETFS Short NZD Long GBP, ETFS Short SEK Long GBP and ETFS Short USD Long GBP.
“Short USD Developed Market Currency Securities”	means each of ETFS Short AUD Long USD, ETFS Short CAD Long USD, ETFS Short CHF Long USD, ETFS Short EUR Long USD, ETFS Short GBP Long USD, ETFS Short JPY Long USD, ETFS Short NOK Long USD, ETFS Short NZD Long USD and ETFS Short SEK Long USD.
“Short USD Emerging Market Currency Securities”	means each of ETFS Short BRL Long USD, ETFS Short CNY Long USD, ETFS Short CZK Long USD, ETFS Short HUF Long USD, ETFS Short ILS Long USD, ETFS Short INR Long USD, ETFS

	Short MXN Long USD, ETFS Short SGD Long USD and ETFS Short ZAR Long USD.
“S&P”	means Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies Inc. (or any successor to the ratings business thereof).
“Spot Next Currency Forward”	means a transaction where a counterparty agrees to exchange some amount “A” of currency “X” against another currency “Y” at a certain rate two business days from the transaction date and receive back the same amount of currency “Y” against currency “X” at the same rate plus a spread three business days from the transaction date.
“Sterling Overnight Interbank Average Rate (“SONIA”)	has the meaning given to such term in the Manual.
“Tom Next Currency Forward”	means a transaction where a counterparty agrees to exchange some amount “A” of currency “X” against another currency “Y” at a certain rate one business day from the transaction date and receive back the same amount “A” of currency “X” against currency “Y” at the same rate plus a spread two business days from the transaction date.
“Triple Leveraged Collateralised Currency Securities”	means each of Triple Leveraged Long Collateralised Currency Securities and Triple Leveraged Short Collateralised Currency Securities.
“Triple Leveraged Long Collateralised Currency Securities”	means Triple Leveraged Long EUR Currency Securities, Triple Leveraged Long USD Currency Securities and Triple Leveraged Long GBP Currency Securities.
“Triple Leveraged Long EUR Currency Securities”	means each of ETFS 3x Long AUD Short EUR, ETFS 3x Long CAD Short EUR, ETFS 3x Long CHF Short EUR, ETFS 3x Long GBP Short EUR, ETFS 3x Long JPY Short EUR, ETFS 3x Long NOK Short EUR, ETFS 3x Long NZD Short EUR, ETFS 3x Long SEK Short EUR and ETFS 3x Long USD Short EUR.
“Triple Leveraged Long GBP Currency Securities”	means each of ETFS 3x Long AUD Short GBP, ETFS 3x Long CAD Short GBP, ETFS 3x Long CHF Short GBP, ETFS 3x Long EUR Short GBP, ETFS 3x Long JPY Short GBP, ETFS 3x Long NOK Short GBP, ETFS 3x Long NZD Short GBP, ETFS 3x Long SEK Short GBP and ETFS 3x Long USD Short GBP.
“Triple Leveraged Long USD Currency Securities”	means each of ETFS 3x Long AUD Short USD, ETFS 3x Long CAD Short USD, ETFS 3x Long CHF Short USD, ETFS 3x Long EUR Short USD, ETFS 3x Long GBP Short USD, ETFS 3x Long JPY Short USD, ETFS 3x Long NOK Short USD, ETFS 3x Long NZD Short USD and ETFS 3x Long SEK Short USD.
“Triple Leveraged Short Collateralised Currency Securities”	means Triple Leveraged Short EUR Currency Securities, Triple Leveraged Short USD Currency Securities and Triple Leveraged Short GBP Currency Securities.
“Triple Leveraged Short EUR Currency Securities”	means each of ETFS 3x Short AUD Long EUR, ETFS 3x Short CAD Long EUR, ETFS 3x Short CHF Long EUR, ETFS 3x Short GBP Long EUR, ETFS 3x Short JPY Long EUR, ETFS 3x Short NOK Long EUR, ETFS 3x Short NZD Long EUR, ETFS 3x Short SEK Long EUR and ETFS 3x Short USD Long EUR.
“Triple Leveraged Short GBP Currency Securities”	means each of ETFS 3x Short AUD Long GBP, ETFS 3x Short CAD Long GBP, ETFS 3x Short CHF Long GBP, ETFS 3x Short EUR

	Long GBP, ETFS 3x Short JPY Long GBP, ETFS 3x Short NOK Long GBP, ETFS 3x Short NZD Long GBP, ETFS 3x Short SEK Long GBP and ETFS 3x Short USD Long GBP.
“Triple Leveraged Short USD Currency Securities”	means each of ETFS 3x Short AUD Long USD, ETFS 3x Short CAD Long USD, ETFS 3x Short CHF Long USD, ETFS 3x Short EUR Long USD, ETFS 3x Short GBP Long USD, ETFS 3x Short JPY Long USD, ETFS 3x Short NOK Long USD, ETFS 3x Short NZD Long USD and ETFS 3x Short SEK Long USD.
“Triple Long Currency Indices”	means the Currency Indices referred to under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Triple Short Currency Indices”	means the Currency Indices referred to under the heading “ <i>MSFXSM Indices</i> ” in Part 4 (<i>Description of Currency Indices</i>).
“Trust Instrument”	means the trust instrument dated 5 November 2009, between the Issuer and the Trustee (as amended by supplemental trust instruments dated 14 June 2010 and 31 December 2010) constituting Collateralised Currency Securities, including the schedules thereto as further amended and supplemented by trust instruments between the Issuer and the Trustee supplemental thereto.
“Unacceptable Authorised Participant”	means, in relation to any Currency Transaction Counterparty, an Authorised Participant in respect of which that Currency Transaction Counterparty has given and not withdrawn notice under the relevant Facility Agreement that the Authorised Participant has ceased to be acceptable to such Currency Transaction Counterparty.
“Uncertificated Form”	means recorded on a Register as being held in uncertificated form, title to which, by virtue of the Regulations, may be transferred by means of CREST.
“Uncertificated Notice of Meeting”	means a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of CREST.
“Underlying Currency Security”	means in respect of any Currency Transaction of any class on any Pricing Day, any Currency Security to which such Currency Transaction relates.
“Underlying Number”	means in relation to a Currency Transaction of any class on any day, a number determined in accordance with the relevant Facility Agreement representing the amount of Collateralised Currency Securities which are in issue and have been settled and which are referable to such Currency Transaction.
“Underlying Unsettled Number”	means in relation to a Currency Transaction of any class on any day, a number determined in accordance with the relevant Facility Agreement representing the amount of Collateralised Currency Securities which are in issue and have not been settled and which are referable to such Currency Transaction.
“UK Listing Authority”	means the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA.
“USD Basket”	means ETFS Long G10 Short USD and ETFS Short G10 Long USD.
“US Dollars, USD or US\$”	means the lawful currency of the USA.

“USD Currency Pair”	has the meaning under the heading “ <i>Currency Indices</i> ” in Part 3 (<i>Description of the Programme</i>).
“USD Currency Transaction”	means a Currency Transaction under which the payment obligations of the Issuer and the Currency Transaction Counterparty are denominated in US Dollars (other than payment obligations arising in respect of any “Early Termination Amount” under the Relevant ISDA Master Agreement).
“USD Developed Market Currency Securities”	means the Long USD Developed Market Currency Securities, the Short USD Developed Market Currency Securities, the Double Leveraged Long USD Currency Securities, the Double Leveraged Short USD Currency Securities, the Triple Leveraged Long USD Currency Securities and the Triple Leveraged Short USD Currency Securities.
“USD Emerging Market Currency Securities”	means the Long USD Emerging Market Currency Securities and the Short USD Emerging Market Currency Securities.
“USD Repo”	means a repurchase transaction entered into by the Issuer and a Currency Transaction Counterparty subject to and governed by a Global Master Repurchase Agreement under which the payment obligations of the parties are denominated in US Dollars (other than in the case of any sum payable pursuant to clause 10(c) of such Global Master Repurchase Agreement).
“USD Repo Amount”	has the meaning set out under the heading “ <i>Daily Repurchase Transactions</i> ” in Part 7 (<i>Description of Daily Repurchase Transactions and Collateral Administration</i>).
“Unsettled Volume”	has the meaning given under the heading “ <i>Volume of Currency Transactions</i> ” in Part 6 (<i>Description of Currency Transactions</i>).
“Value”	means in respect of Eligible Collateral transferred or to be transferred under any Euro Repo, GBP Repo or USD Repo, the value of such Eligible Collateral as determined by the Collateral Administrator in accordance with the Collateral Administration Agreement and Eligible Collateral Agreement and, where such value is denominated in a currency other than the Relevant Currency for such Repo, converted into such currency at a prevailing market rate of exchange selected by the Collateral Administrator.
“Volume”	has the meaning given under the heading “ <i>Volume of Currency Transactions</i> ” in Part 6 (<i>Description of Currency Transactions</i>), other than in respect of the terms and conditions of Collateralised Currency Securities set out in Part 11, in which case it has the meaning given to it in those terms and conditions.
“Wire Cut-Off”	means: <ul style="list-style-type: none"> (a) in respect of payments to be made by the Issuer to the Currency Transaction Counterparty in respect of Daily Payment Amounts denominated: <ul style="list-style-type: none"> (i) in Euros, 2 p.m. (London time); (ii) in GBP, 3 p.m. (London time); and (iii) in USD, 7 p.m. (London time);

(b) in respect of payments to be made by the Currency Transaction Counterparty to the Issuer in respect of Daily Payment Amounts denominated:

(i) in Euros, 12.30 p.m. (London time);

(ii) in GBP, 1.30 p.m. (London time); and

(iii) in USD, 3.30 p.m. (London time),

or such other times as may be agreed between the Issuer and the Currency Transaction Counterparty from time to time.

“ZAR”

means the lawful currency of the Republic of South Africa.

PART 18

DOCUMENTS INCORPORATED BY REFERENCE

The following document is incorporated in this document by reference and is available at the Issuer's website at www.etfsecurities.com/fxl and at the registered office of the Issuer as set out in Part 19 (*Directors, Secretary and Advisers*):

1. the published audited reports and accounts of the Issuer for the year ended 31 December 2010 as published by the Issuer through the Regulatory News Service of the London Stock Exchange on 28 April 2011.
2. the published audited reports and accounts of the Issuer for the year ended 31 December 2011 as published by the Issuer through the Regulatory News Service of the London Stock Exchange on 12 March 2012.

No documents referred to in the above document are themselves incorporated into this Prospectus and accordingly other than the document specifically identified above, no other documents, including the contents of any websites or web pages referred to in this Prospectus, form part of this Prospectus for purposes of the Prospectus Directive or the Prospectus Rules.

PART 19

DIRECTORS, SECRETARY AND ADVISERS

Directors of the Issuer	Graham Tuckwell, Chairman Tom Quigley Graeme Ross Craig Stewart
	All the Directors are non-executive
Secretary of the Issuer	R&H Fund Services (Jersey) Limited
Registered Office of the Issuer and address of directors and secretary of the Issuer	The address of all the directors and secretary of the Issuer is the registered office of the Issuer, which is: Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW Channel Islands
Administrator	ETFS Management Company (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW Channel Islands
Trustee	The Law Debenture Trust Corporation p.l.c. Fifth Floor 100 Wood Street London EC2V 7EX
English Legal Advisers to the Issuer	Reed Smith LLP 20 Primrose Street London EC2A 2RS
Jersey Legal Advisers to the Issuer	Mourant Ozannes 22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands
Dutch Legal Advisers to the Issuer	Stibbe Strawinskylaan 2001 1077 ZZ Amsterdam The Netherlands
German Legal Advisers to the Issuer	Dechert LLP Erika-Mann Straße, 5 80636 Munich Germany
German Listing and Paying Agent	HSBC Trinkaus & Burkhardt AG Königsallee 21/23 40212 Dusseldorf Germany
French Legal Advisers to the Issuer	Simmons & Simmons LLP 5 boulevard de la Madeleine 75001 Paris France

Italian Legal Advisers to the Issuer	Studio Legale Cieri Crocenzi Via A. Bertoloni, 41 00197 Roma Italy
Danish Legal Advisers to the Issuer	Horten Philip Heymans Allé 2900 Hellerup Copenhagen, Denmark
Spanish Legal Advisers to the Issuer	Cuatrecasas, Gonçalves Pereira C/Lagasca, 88-28001 Madrid Spain
Swedish Legal Advisers to the Issuer	Oreum Advokatbyrå AB Kungsträdgårdsgatan 16 Stockholm Sweden
Austrian Legal Advisers to the Issuer	Dorda Brugger Jordis Rechtsanwälte GmbH Dr-Karl-Lueger-Ring 10 1010 Vienna Austria
Finnish Legal Advisers to the Issuer	Dittmar & Indrenius Pohjoisesplanadi 25 A FI-00100 Helsinki Finland
Portuguese Legal Advisers to the Issuer	Cuatrecasas, Gonçalves Pereira & Associados, RL Praça Marquês de Pombal, n°2 (e n°1-8°) 1250-160 Lisboa Portugal
Irish Legal Advisers to the Issuer	A&L Goodbody IFSC North Wall Quay Dublin 1 Ireland
Norwegian Legal Advisers to the Issuer	Wiersholm, Mellbyet Bech Ruseløkkveien 26 PO Box 1400 Vika N-0115 Oslo Norway
English Legal Advisers to the Trustee	Simmons & Simmons LLP CityPoint 1 Ropemaker Street London EC2Y 9SS United Kingdom
Jersey Legal Advisers to the Trustee	Ogier Whiteley Chambers Don Street St. Helier Jersey JE4 9WG Channel Islands

Auditors of the Issuer

Deloitte LLP
Lord Coutanche House
66-68 Esplanade
St. Helier
Jersey JE2 3QB
Channel Islands

Deloitte LLP is authorised by the Jersey Financial Services Commission to be appointed auditor of a Jersey incorporated company under Article 109 of the Companies (Jersey) Law 1991.

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St. Helier
Jersey JE1 1ES
Channel Islands

ANNEX 1

FORM OF THE GLOBAL BEARER CERTIFICATE

INHABER-SAMMELZERTIFIKAT

für

- [siehe Anhang 1][Klasse der Collateralized-Currency]

Namensschuldverschreibungen

der

ETFS Foreign Exchange Limited

Ordinance House, 31 Pier Rd, St Helier, Jersey, Channel Islands, JE4 8PW

eingeteilt in Teilschuldverschreibungen im Nennbetrag von je [•] [siehe Anhang 1]

Für dieses Inhaber-Sammelzertifikat hält die Clearstream Banking Aktiengesellschaft mit Sitz in Frankfurt am Main, Bundesrepublik Deutschland (im Folgenden "Clearstream" genannt), als Deckung [•] [siehe Anhang 1] [Klasse der Collateralized-Currency] Namensschuldverschreibungen (im Folgenden "Schuldverschreibungen" genannt) der ETFS Foreign Exchange Limited, Jersey, Channel Islands (im Folgenden "Gesellschaft" genannt). Die durch den Treuhandvertrag zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. in seiner jeweils geänderten/ergänzten Fassung (im Folgenden "Treuhandvertrag") begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert und in Namensteilschuldverschreibungen mit einem Nennbetrag von je [•] [siehe Anhang 1] eingeteilt. Die Schuldverschreibungen sind auf Vidacos Nominees Limited, London, England, eingetragen und in einem bei der Citibank, N.A., London, England unterhaltenen Sonderdepot verwahrt. Jeder Miteigentümer dieses Sammelzertifikats ist berechtigt, jederzeit von der Clearstream die Auslieferung und Registrierung einer seinem Miteigentumsanteil entsprechenden Stückzahl von Schuldverschreibungen der Gesellschaft auf seinen Namen oder den Namen eines von ihm benannten Dritten in das maßgebliche Schuldverschreibungsregister der ETFS Foreign Exchange Limited, Jersey, Channel Islands, zu verlangen.

Im übrigen gelten die diesem Inhaber-Sammelzertifikat beigefügten Zertifikatsbedingungen, die Bestandteil dieser Urkunde sind.

Frankfurt am Main, den ...

Clearstream Banking
Aktiengesellschaft

ANNEX 2

[TEXT OF THE CONDITIONS OF THE GLOBAL BEARER CERTIFICATES]

Zertifikatsbedingungen

1. Dieses Inhaber-Sammelzertifikat trägt die Unterschriften zweier Vorstandsmitglieder oder eines Vorstandsmitgliedes und eines Prokuristen der Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Bundesrepublik Deutschland, (im Folgenden "Clearstream" genannt).
2. Jeder Miteigentümer dieses Inhaber-Sammelzertifikats ist berechtigt, jederzeit von der Clearstream die Auslieferung und Registrierung einer seinem Miteigentumsanteil entsprechenden Stückzahl von [•] [siehe Anhang 1] [Klasse der Collateralized-Currency] Namensschuldverschreibungen (im Folgenden "Schuldverschreibungen" genannt) der ETFS Foreign Exchange Limited, Jersey, Channel Islands, (im Folgenden "Gesellschaft" genannt) auf seinen Namen oder den Namen eines von ihm benannten Dritten in das maßgebliche Schuldverschreibungsregister zu verlangen. Die durch den Treuhandvertrag zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. in seiner jeweils geänderten/ergänzten Fassung (im Folgenden "Treuhandvertrag") begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert und in Namensteilschuldverschreibungen mit einem Nennbetrag von je [•] [siehe Anhang 1] eingeteilt. Einen entsprechenden Auftrag hat der Miteigentümer der Clearstream über seine Depotbank zu erteilen, wobei die Lieferadresse bzw. die Adresse, an welche die Urkunde bezüglich der Eintragung in das Schuldverschreibungsregister durch den Registrar versandt werden soll, angegeben sein muss.

Außer der von der Clearstream im Rahmen des § 315 des Bürgerlichen Gesetzbuches bestimmten Gebühr für die Auslieferung bzw. Übertragung hat der Miteigentümer etwaige mit der Auslieferung bzw. Übertragung und Umschreibung entstehende sonstige Kosten, Steuern, Gebühren oder Abgaben zu tragen.

Die Auslieferung von Einzelstücken aus diesem Inhaber-Sammelzertifikat kann von den Miteigentümern nicht verlangt werden.
3. Die Clearstream vermittelt dem Miteigentümer über dessen Depotbank nach Maßgabe seines Anteils am Inhaber-Sammelzertifikat grundsätzlich alle Rechte aus den Schuldverschreibungen, soweit sie ihr nach Maßgabe des englischen Rechts bzw. des Rechts von Jersey, Channel Islands, zustehen.

Zinsen, Ausschüttungen, Kapital und etwaige sonstige Barzahlungen leitet die Clearstream an den Miteigentümer weiter.

Im übrigen gelten die von der Clearstream gegebenenfalls bekanntzugebenden Fristen und Bedingungen.

Sämtliche Zahlungen an den Miteigentümer erfolgen in Euro.
4. Ein etwaiges Stimmrecht anlässlich einer Gläubigerversammlung wird die Clearstream grundsätzlich nicht ausüben. Sie wird dem Miteigentümer oder einem von diesem benannten Dritten auf Verlangen eine Vollmacht zur Ausübung des Stimmrechts erteilen lassen.

Die Gesellschaft hat sich verpflichtet, die Tagesordnung von Gläubigerversammlungen sowie die Voraussetzungen zur Teilnahme an der Gläubigerversammlung und zur Ausübung des Stimmrechts im Vorfeld einer solchen Gläubigerversammlung bekanntzugeben.
5. Sollte die Ausgabe des Inhaber-Sammelzertifikats zu irgendeinem Zeitpunkt in der Bundesrepublik Deutschland oder auf Jersey, Channel Islands, irgendwelchen Steuern, Gebühren oder Abgaben unterliegen, so haben die Miteigentümer diese Steuern, Gebühren oder Abgaben nach Maßgabe ihrer Anteile am Inhaber-Sammelzertifikat zu tragen.

Die Clearstream ist berechtigt, Steuern, Gebühren oder Abgaben, denen sie zu irgendeinem Zeitpunkt in der Bundesrepublik Deutschland oder auf Jersey, Channel Islands, allein auf Grund der Tatsache unterworfen wird, daß sie die Schuldverschreibungen hält, auf alle Miteigentümer nach Maßgabe ihrer Anteile am Inhaber-Sammelzertifikat umzulegen.

6. Treten aus irgendeinem Grunde an die Stelle der Schuldverschreibungen andere Schuldverschreibungen oder ein sonstiger Vermögenswert, so wandelt sich das Recht der Miteigentümer auf die Schuldverschreibungen in ein Recht auf den Ersatzgegenstand. Die Zertifikatsbedingungen gelten dann sinngemäß.
7. Die Clearstream ist berechtigt, die Citibank, N.A., London, England (im Folgenden "Verwahrer" genannt) in ihrer Funktion als Verwahrer oder die Vidacos Nominees Limited, London, England (im Folgenden „Nominee“ genannt) in ihrer Funktion als Nominee durch eine andere Person zu ersetzen. Die Haftung der Clearstream beschränkt sich hierbei auf die sorgfältige Auswahl. Unberührt bleibt die Befugnis der Clearstream, die Funktion des Verwahrers oder des Nominees selbst wahrzunehmen. Im Fall der Ersetzung des Verwahrers oder des Nominees gelten alle Bezugnahmen auf den Verwahrer bzw. den Nominee in diesen Bedingungen als Bezugnahmen auf den neuen Verwahrer bzw. Nominee.
8. Werden die Schuldverschreibungen in einer die Mitwirkung der Clearstream in dieser Form nicht mehr erfordernden Weise an deutschen Wertpapierbörsen lieferbar oder wird die Zulassung der Schuldverschreibungen in Form von Miteigentumsanteilen am Inhaber-Sammelzertifikat zum Handel und zur amtlichen Notierung an deutschen Wertpapierbörsen zurückgenommen, so wird die Clearstream die Miteigentümer auffordern, ihr einen Auftrag gemäß Ziffer 2. Abs. 1 zu erteilen. Wird dieser Auftrag nicht innerhalb einer Frist von 3 Monaten seit Veröffentlichung der Aufforderung erteilt, so ist die Clearstream nach ihrem Ermessen berechtigt, die Eintragung der Schuldverschreibungen auf den Namen des Miteigentümers oder eines in der Aufforderung benannten Dritten zu veranlassen und die Schuldverschreibungen bei einer in der Aufforderung angegebenen Stelle für den Miteigentümer auf dessen Kosten und Gefahr zu hinterlegen. Damit erlöschen die Pflichten der Clearstream aus dem Inhaber-Sammelzertifikat.
9. Alle das Inhaber-Sammelzertifikat betreffenden Bekanntmachungen werden in mindestens je einem überregionalen Börsenpflichtblatt der deutschen Wertpapierbörsen veröffentlicht werden, an denen die Schuldverschreibungen in Form von Miteigentumsanteilen am Inhaber-Sammelzertifikat gehandelt und am Regulierten Markt (General Standard) notiert werden.
10. Die Miteigentümer tragen anteilig alle wirtschaftlichen und rechtlichen Nachteile und Schäden, die den für das Inhaber-Sammelzertifikat als Deckung gehaltenen Bestand an Schuldverschreibungen infolge höherer Gewalt, Regierungserlassen, Krieg, Aufruhr, Verfügungen von hoher Hand im In- oder Ausland oder anderer Umstände treffen sollten, die die Clearstream oder der Verwahrer nicht zu vertreten haben.

Die Clearstream wird alle Verpflichtungen aus dem Inhaber-Sammelzertifikat mit der Sorgfalt eines ordentlichen Kaufmannes erfüllen. Wird sie durch höhere Gewalt, Regierungserlasse, Krieg, Aufruhr, Verfügungen von hoher Hand im In- oder Ausland oder andere Umstände, die sie nicht zu vertreten hat, an der Erfüllung ihrer Verpflichtungen gehindert, so trifft sie keine Verantwortung.

Der Verwahrer und der Nominee sind der Clearstream gegenüber zur ordnungsgemäßen Wahrnehmung der ihnen obliegenden Aufgaben verpflichtet. Etwaige Ansprüche gegen den Verwahrer oder den Nominee wird die Clearstream zugunsten der Miteigentümer geltend machen. Darüber hinaus haftet die Clearstream nur für die sorgfältige Auswahl des Verwahrers und des Nominees.

11. Sollte irgendeine dieser Bestimmungen ganz oder teilweise rechtsunwirksam oder undurchführbar sein oder werden, so bleiben die übrigen Bestimmungen hiervon unberührt. Für unwirksame oder undurchführbare Bestimmungen soll eine dem Sinn und Zweck dieses Vertragsverhältnisses entsprechende Regelung gelten.
12. Alle Rechtsbeziehungen zwischen dem Miteigentümer und der Clearstream unterliegen dem Recht der Bundesrepublik Deutschland. Ausschließlicher Gerichtsstand ist Frankfurt am Main.
13. Eine Änderung dieser Zertifikatsbedingungen ist nur zulässig, soweit durch sie die Rechte der Miteigentümer nicht beeinträchtigt werden, es sei denn, dass sie durch gesetzliche Vorschriften bedingt ist.

Anhang 1

Sofern ETFS Foreign Exchange Limited weitere Schuldverschreibungen im Rahmen ihres Programms begibt, kann Anhang 1 jederzeit geändert werden.

Name	Ursprüngliche ISIN (der Schuldverschreibung)	LSE (der Schuldverschreibung)	Nennbetrag EUR
ETFS Long CHF Short EUR	JE00B3MR2Q90	EUCH	1.00
ETFS Short CHF Long EUR	JE00B3L54023	CHEU	1.00
ETFS Long GBP Short EUR	JE00B3LXVB68	EUGB	1.00
ETFS Short GBP Long EUR	JE00B3MVPQ29	GBEU	1.00
ETFS Long JPY Short EUR	JE00B3MWC642	EUJP	1.00
ETFS Short JPY Long EUR	JE00B3KNMS14	JPEU	1.00
ETFS Long NOK Short EUR	JE00B3MRDD32	EUNO	1.00
ETFS Short NOK Long EUR	JE00B3LGQQ51	NOEU	1.00
ETFS Long SEK Short EUR	JE00B3MQG751	EUSE	1.00
ETFS Short SEK Long EUR	JE00B3NXB475	SEEU	1.00