



## ETFS Commodity Securities Limited

*(Incorporated and registered in Jersey under the Companies  
(Jersey) Law 1991 (as amended) with registered number 90959)*

Prospectus for the issue of

## ETFS Classic Commodity Securities

and

## ETFS Longer Dated Commodity Securities

### ***What is this document?***

This document (the “**Prospectus**”) constitutes a base prospectus in compliance with Article 3 of Directive 2003/71/EC and the prospectus rules made under sections 73A and 84 of the Financial Services and Markets Act 2000, as amended as at the date hereof, and is issued in respect of the programme for the issue of ETFS Classic Commodity Securities and ETFS Longer Dated Commodity Securities in the form of individual or index securities (the “**Commodity Securities**”) and Micro Securities (together with the Commodity Securities, the “**Micro and Commodity Securities**”) by ETFS Commodity Securities Limited (the “**Issuer**”).

It is important that an investor carefully reads, considers and understands this Prospectus before making any investment in the Micro and Commodity Securities.

This Prospectus is valid for one year and may be supplemented or replaced from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included in it.

Terms used in this Prospectus have the meanings given to them under the heading “Definitions and Interpretation”.

### ***What securities are being issued pursuant to this Prospectus?***

This Prospectus relates to the issue of Micro and Commodity Securities which are undated secured limited recourse debt securities of the Issuer. The Micro and Commodity Securities are designed to enable investors to gain exposure to changes in indices which track movements in the price of individual commodity futures contracts or baskets of commodity futures contracts.

**An investment in Micro and Commodity Securities involves a significant degree of risk and investors may lose some or all of their investment. It should be remembered that the value of Micro and Commodity Securities can go down as well as up.**

**Micro and Commodity 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 Micro and Commodity Securities is only suitable for persons who understand the economic risk of an investment in Micro and Commodity Securities and are able to bear the risk for an**

**indefinite period of time. A prospective investor should be aware that the value of their entire investment or part of their investment in Micro and Commodity Securities may be lost.**

***What is in this Prospectus?***

This Prospectus is intended to provide a prospective investor with the necessary information relating to the Issuer and the Micro and Commodity Securities required to enable them to make an informed assessment of (i) the assets and liabilities, financial position, profits and losses and prospects of the Issuer; and (ii) the rights attaching to the Micro and Commodity Securities.

The rights attaching to the Micro and Commodity Securities are contained in the Conditions under the heading “The Conditions” in Part 7 (*Trust Instrument and Commodity Securities*) and are completed by the Final Terms specific to a particular issue of Micro and Commodity Securities which will be published and delivered to the UK Listing Authority before such Micro and Commodity Securities are issued.

Worked examples of how an investor can determine the value of their investment are set out in Part 2 (*How does a Security Holder determine the value of their investment?*).

Also set out in this Prospectus are details of the structure of the Programme, the key parties to the Programme, the terms of any material contracts of the Issuer, details of the tax treatment of a holding of Micro and Commodity Securities in certain jurisdictions and details of the risk factors relating to an investment in Micro and Commodity Securities.

***What information is included in the Final Terms?***

The Final Terms set out information specific to the Micro and Commodity Securities to which they relate, including the type and number of Micro and Commodity Securities to be issued and the issue price applicable to the Micro and Commodity Securities to be issued.

***What other information should a prospective investor consider?***

Certain of the information in this Prospectus is incorporated by reference. This means that it is not set out in the document but instead has been made publicly available elsewhere for reference by investors and prospective investors. Prospective investors should ensure that they review the Prospectus (including any information that has been incorporated by reference) and the Final Terms.

A copy of this Prospectus (including any documents incorporated by reference) and any Final Terms issued are available at <http://www.etfsecurities.com>.

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Each section should be carefully considered by a prospective investor before deciding whether to invest in the Micro and Commodity Securities.

<i>Section of Prospectus</i>	<i>Page</i>	<i>What is covered by this section</i>
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Licences Granted to the Issuer	45	<i>This section provides information on the licences granted to the Issuer by UBS Securities LLC and Bloomberg Finance L.P.</i>
Definitions and Interpretation	46	<i>This section sets out the definitions that apply throughout this Prospectus.</i>
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Documents Incorporated by Reference	73	<i>This section details the documents incorporated into this Prospectus by reference and details where copies of these documents can be found. These documents are part of this Prospectus and should be carefully considered by a potential investor.</i>

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Part 3	The Bloomberg Commodity Index Family	90	<i>This section provides an overview of the indices tracked by the Micro and Commodity Securities and information relating to the simulated historical returns of the Micro and Commodity Securities to help investors evaluate the past performance of the Micro and Commodity Securities.</i>
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Part 5	Description of Facility Agreements and Commodity Contracts	113	<i>This section provides a description of the Facility Agreements and the Commodity Contracts by which the Micro and Commodity Securities are backed.</i>
Part 6	The Programme	122	<i>This section provides information on where this Prospectus has been passported to allow the public offer of the Micro and Commodity Securities to take place and provides information on the settlement and delivery process on each of the exchanges where Micro and Commodity Securities are admitted to trading.</i>
Part 7	Trust Instrument and Commodity Securities	129	<i>This section gives details of the main constitutive document in respect of the Micro and Commodity Securities – the Trust Instrument – and sets out the details of the approval of the issue of the Micro and Commodity Securities. It includes an extract from the Trust Instrument under the heading “The Conditions” which sets out the terms and conditions which apply to the Micro and Commodity Securities. This extract is drafted in legal language as it is taken directly from the Trust Instrument but information on how the terms and conditions apply to Security Holders is contained throughout this Prospectus, including in Part 4.</i>
Part 8	Particulars of Security Deeds	179	<i>The Security Deeds create security over, and give investors (through the Trustee) rights to, the underlying assets relating to each type of security. This section contains details of the terms of the rights granted by the Security Deeds and when these rights become enforceable.</i>
Part 9	Commodities, Commodity and Futures Markets, and Exchanges	181	<i>This section provides an overview of the commodities, commodity and futures markets, and exchanges to help an investor decide whether an investment in a product which provides exposure to changes in commodity futures indices is appropriate for them.</i>

Part 10	Global Bearer Certificates	189	<i>This section contains an English translation of the German text of the German Global Bearer Certificates, which is set out in Annex 1 and which is only relevant to investors wishing to purchase Commodity Securities on the Frankfurt Stock Exchange.</i>
Part 11	Particulars of the Commodity Contract Counterparties	193	<i>This section contains details relating to UBS AG and Merrill Lynch Commodities, Inc. ("MLCI"), with whom the Issuer has entered into agreements to purchase Commodity Contracts, and Bank of America Corporation, which guarantees MLCI's payments under its Facility Agreement.</i>
Part 12	Taxation	194	<i>This section sets out the tax treatment of holding Micro and Commodity Securities in the UK and Jersey and in each of the European jurisdictions in which the Micro and Commodity Securities are available for public offer.</i>
Part 13	Additional Information	230	<i>This section sets out further information on the Issuer which the Issuer believes a potential investor will want to be aware of or which the Issuer is required to include under applicable rules. This section also includes details of the material contracts relating to the Micro and Commodity Securities, other than the Trust Instrument, which is covered in Part 7, the Security Deeds, which are covered in Part 8, and the Facility Agreements and Commodity Contracts, which are covered in Part 5.</i>
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			<i>each European jurisdiction into which the product is passported. Completed Final Terms documents are available on the website of the Issuer at <a href="http://www.etfsecurities.com">http://www.etfsecurities.com</a>.</i>
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# Programme for the Issue of ETFS Commodity Securities

## Important Information

### A. Approvals

A copy of this document, which comprises a base prospectus relating to the Micro Securities of each class, the Individual Securities of each class and the Index Securities of each category in compliance with Article 3 of Directive 2003/71/EC, as in force as at the date hereof, and the prospectus rules (the “**Prospectus Rules**”) made under sections 73A and 84 of the Financial Services and Markets Act 2000, as amended as at the date hereof, has been filed with the FCA and has been made available to the public for the purposes of section 85 of that Act and in accordance with Article 14 of Directive 2003/71/EC and Rule PR3.2 of the Prospectus Rules. Micro and Commodity Securities will be available to be issued on a continuous basis during the period of 12 months from the date of this document. A prospective investor should be aware that compensation will not be available under the UK Financial Services Compensation Scheme in respect of the issuance of this Prospectus by the Issuer or any other action taken by the Issuer.

This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012.

The Issuer has obtained a certificate under the Collective Investment Funds (Jersey) Law 1988, as amended (the “**CIF Law**”) to enable it to undertake its functions in relation to the Micro and Commodity Securities. The Jersey Financial Services Commission is protected by the CIF Law against liability arising from the discharge of its functions thereunder.

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 the ETFS Classic and Longer Dated Commodity Securities. The Jersey Financial Services Commission is protected by the Financial Services Law against liability arising from the discharge of its functions thereunder.

The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Issuer or for the correctness of any statements made or expressed in this Prospectus.

Micro and Commodity 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. Micro and Commodity 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, Micro and Commodity 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. Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities.

Prohibited US Persons and Prohibited Benefit Plan Investors who notwithstanding the foregoing acquire Micro and Commodity Securities should note the provisions in the Conditions under the heading “Compulsory Redemption by the Issuer or Trustee” (Condition 9) in Part 7 (*Trust Instrument and Commodity Securities*).

### B. Listing and Trading

Application has been made to the UK Listing Authority for all Micro and Commodity Securities issued within 12 months of the date of this document to be admitted to the Official List, and to the London Stock Exchange for all such Micro and Commodity Securities to be admitted to trading on the Main Market of

the London Stock Exchange (being part of the London Stock Exchange's Regulated Market for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)).

Certain of the Micro and Commodity Securities have also been admitted to listing on Euronext Amsterdam, on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), on NYSE Euronext Paris SA and on the ETFplus market of Borsa Italiana S.p.A.

### **C. Responsibility and No Investment Advice**

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.

**Nothing in this document or anything communicated to holders or potential holders of the Micro and Commodity 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 the Micro and Commodity Securities or the exercise of any rights attached thereto for the purposes of the Jersey Financial Services Law 1988.**

None of Bloomberg, UBS Securities, UBS, MLCI or BAC has separately verified the information contained or incorporated by reference in this Prospectus. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by Bloomberg, UBS Securities, UBS, MLCI or BAC as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with Micro and Commodity Securities or their distribution. Each person applying for Commodity Securities in accordance with this Prospectus acknowledges that (i) such person has not relied on Bloomberg, UBS Securities, UBS, MLCI or BAC, 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) Micro and Commodity Securities are direct, limited recourse obligations of the Issuer alone and not obligations of Bloomberg, UBS Securities, UBS or any other member of the UBS Group or MLCI or any other member of the BAC Group; and (iii) the obligations of the Issuer to Security Holders under the Micro and Commodity Securities are not guaranteed by Bloomberg, UBS Securities, UBS or any other member of the UBS Group or MLCI or any other member of the BAC Group. None of the Issuer, the Trustee, the Authorised Participants and the Security Holders are, by virtue of any of the activities of Bloomberg, any member of the UBS Group or any member of the BAC Group in connection with Commodity Contracts, clients or customers of Bloomberg, any member of the UBS Group or any member of the BAC Group for the purpose of the FCA Handbook.

The Authorised Participants have not separately verified the information contained or incorporated by reference 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 Micro and Commodity Securities for any investor. None of the Authorised Participants undertakes to review the financial condition or affairs of the Issuer during the life of the Programme nor to advise any investor or potential investor in Micro and Commodity 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 Micro and Commodity Securities or any other securities issued by the Issuer and should not be considered as a recommendation by the Issuer, the Authorised Participants, Bloomberg, UBS Securities, UBS, MLCI or BAC or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase Micro and Commodity Securities. Each person contemplating making an investment in Micro and Commodity 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 consult their own professional investment advisers to ascertain the suitability of Micro and Commodity Securities as an investment, and conduct such independent investigation and analysis regarding the risks, security arrangements and cash-flows associated with Micro and Commodity Securities as they deem appropriate, in order to evaluate the merits and risks of an investment in Micro and Commodity Securities. A prospective investor who is in



any doubt whatsoever as to the risks involved in investing in Micro and Commodity Securities should consult its independent professional advisers.

**D. Investors to Make Their Own Assessment**

Prospective Security Holders may wish to obtain their own independent accounting, tax and legal advice and may wish to consult their own professional investment advisers to ascertain the suitability of Micro and Commodity Securities as an investment. Prospective Security Holders may wish to conduct such independent investigation and analysis regarding the risks, security arrangements, delivery processes and cash-flows associated with Micro and Commodity Securities as they deem appropriate, in order to evaluate the merits and risks of an investment in Micro and Commodity Securities.

**E. Supplementary Prospectus**

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the Financial Services and Markets Act 2000, the Issuer will either prepare and make available an appropriate amendment or supplement to this document which shall constitute a supplementary prospectus as required by section 87G of that Act or prepare and make available a further base prospectus in compliance with Article 3 of Directive 2003/71/EC and the Prospectus Rules.

## SUMMARY

### ETFS Commodity Securities Limited

#### Prospectus Summary

#### Base Prospectus dated 21 April 2016 for the Issue of ETFS Classic Commodity Securities and ETFS Longer Dated Commodity Securities

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	<ul style="list-style-type: none"> <li>This summary should be read as an introduction to the base prospectus of ETFS Commodity Securities Limited relating to the programme for the issue of ETFS Classic Commodity Securities and ETFS Longer Dated Commodity Securities dated 21 April 2016 (the “<b>Prospectus</b>”).</li> <li>Any decision to invest in the ETFS Classic Commodity Securities or the ETFS Longer Dated Commodity Securities should be based on consideration of the Prospectus as a whole by the investor.</li> <li>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.</li> <li>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 ETFS Classic Commodity Securities or the ETFS Longer Dated Commodity Securities.</li> </ul>
A.2	Disclosure of consent for use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries	The Issuer has consented to the use of the Prospectus, and has accepted responsibility for the content of the Prospectus, with respect to subsequent resale or final placement by way of public offer of the Micro or Commodity Securities (as described below) in any of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain, Sweden and the United Kingdom by any financial intermediary which is an investment firm within the meaning of the Markets in Financial Instruments Directive, as amended (“ <b>MiFID</b> ”) 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 the Prospectus, unless such consent is withdrawn prior to that date

		<p>by notice published on the Issuer's website. Other than the right of the Issuer to withdraw the consent, no other conditions are attached to the consent described in this paragraph.</p> <p><b>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 the Prospectus for the purpose of any offering must state on its website that it uses the Prospectus in accordance with the consent given and the conditions attached thereto.</b></p> <p>It is a condition of this consent that, where the financial intermediary wishes to resell or make a final placement by way of public offer of the Micro and Commodity Securities, such financial intermediary may not reuse this Prospectus for such purpose unless it is in specific agreed jurisdictions during a specified offer period. The financial intermediary may not otherwise reuse this Prospectus to sell Micro and Commodity Securities.</p> <p>In the event of a public offer in one or more Public Offer Jurisdictions identified in the Final Terms, the Micro or Commodity 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.</p> <p>The Issuer has not authorised, nor does it authorise, the making of any offer of Micro and Commodity Securities in any other circumstances.</p> <p><b>Issue Specific Summary:</b></p> <p>Public Offer Jurisdiction(s): N/A</p> <p>Offer Period: N/A</p>
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SECTION B – Issuer		
B.1	Legal and commercial name	ETFS Commodity Securities Limited (the “ <b>Issuer</b> ”).
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 90959.
B.16	Direct/indirect control of the Issuer	The shares in the Issuer are held entirely by ETFS Holdings (Jersey) Limited (“ <b>HoldCo</b> ”), a holding company incorporated in Jersey. The shares in HoldCo are directly owned by ETF Securities Limited (“ <b>ETFSL</b> ”) 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 debt securities.
B.21	Principal activities and overview of the parties	The principal activity of the Issuer is issuing several types of debt security backed by derivative contracts linked to commodity indices. Pursuant to this Prospectus, the Issuer is issuing debt securities (the “ <b>Micro and Commodity Securities</b> ”) which (before fees and expenses) provide exposure to movements in specified commodity indices calculated and published by Bloomberg L.P. and/or Bloomberg Finance L.P. and/or an

		<p>affiliate of either of them (together “<b>Bloomberg</b>”) (the “<b>Commodity Indices</b>” and each a “<b>Commodity Index</b>”). The Commodity Indices track movements in the price of individual commodity futures contracts or baskets of commodity futures contracts. Prior to and including 30 June 2014, the Commodity Indices were calculated and published by CME Group Index Services LLC in conjunction with UBS Securities LLC and were known as The Dow Jones – UBS Commodity Indices. The Issuer has established a programme under which different types of Micro and Commodity Securities may be issued from time to time.</p> <p>The Issuer achieves a return based on the movements of the relevant Commodity Index by entering into fully funded collateralised derivative contracts (the “<b>Commodity Contracts</b>”) with UBS AG, London Branch (“<b>UBS</b>”) and Merrill Lynch Commodities Inc. (“<b>MLCI</b>”). Together MLCI and UBS are known as the “<b>Commodity Contract Counterparties</b>”. The terms of the Commodity Contracts purchased or to be purchased by the Issuer are governed by (i) an agreement entitled “<b>Facility Agreement</b>” between the Issuer and UBS dated 5 August 2009; and (ii) an agreement entitled “<b>Facility Agreement</b>” between the Issuer and MLCI dated 14 March 2011. The payment obligations of MLCI under its Facility Agreement are supported by a guarantee (the “<b>BAC Guarantee</b>”) from Bank of America Corporation (“<b>BAC</b>”).</p> <p>The obligations of the Commodity Contract Counterparties to the Issuer under Commodity Contracts are secured by collateral provided by the Commodity Contract Counterparties (the “<b>Collateral</b>”) and held in accounts in the names of the Commodity Contract Counterparties at Bank of New York Mellon (“<b>BNYM</b>”). Pursuant to (i) agreements entitled “<b>UBS Security Agreement</b>” between UBS and the Issuer and “<b>UBS Control Agreement</b>” between BNYM, UBS and the Issuer each dated 5 August 2009; and (ii) agreements entitled “<b>MLCI Security Agreement</b>” between MLCI and the Issuer and “<b>MLCI Control Agreement</b>” between BNYM, MLCI and the Issuer each dated 14 March 2011, UBS and MLCI are required to transfer to a collateral account, securities and obligations to the value of the Issuer’s total exposure under the Commodity Contracts to UBS or MLCI (as applicable). The collateral held is adjusted daily to reflect the value of the relevant Commodity Contracts.</p> <p>Micro and Commodity Securities can be issued to and required to be redeemed on a daily basis by financial institutions (“<b>Authorised Participants</b>”) who (i) have entered into an agreement entitled “<b>Authorised Participant Agreement</b>” with the Issuer; (ii) have certified to the Issuer as to their status under the Financial Services and Markets Act 2000 (“<b>FSMA</b>”); and (iii) (except in the case of a Commodity Contract Counterparty which has entered into an Authorised Participant Agreement with the Issuer) have entered into a corresponding agreement entitled “<b>Direct Agreement</b>” with at least one Commodity Contract Counterparty and which have not been notified by that Commodity Contract Counterparty that it is not an unacceptable authorised participant in respect of that Commodity Contract Counterparty. Other holders of Micro and Commodity Securities may also redeem Micro and Commodity Securities if there are no Authorised Participants or if the Issuer otherwise announces.</p>
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		<p>All other parties may buy and sell Micro and Commodity Securities through trading on an exchange or market on which the Micro and Commodity Securities are admitted to trading.</p> <p>Micro and Commodity Securities are constituted under an agreement entitled the “<b>Trust Instrument</b>” between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the “<b>Trustee</b>”) of all rights and entitlements under the Trust Instrument for any person identified on the registers as holding the Micro and Commodity Securities (the “<b>Security Holders</b>”).</p> <p>The Issuer and the Trustee have entered into separate documents each entitled “<b>Security Deed</b>” in respect of each pool of Commodity Contracts attributable to any class of Micro or Commodity Securities (each a “<b>Pool</b>”) and the rights and entitlements held by the Trustee under each Security Deed are held by the Trustee on trust for the Security Holders of the relevant class of Micro or Commodity Security.</p> <p>ETF Management Company (Jersey) Limited (“<b>ManJer</b>”), 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> <p><b>Issue Specific Summary:</b>  Relevant Commodity Index: ●</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></th><th>As at 31 December 2015 USD</th><th>As at 31 December 2014 USD</th></tr> <tr> <td><b>Current Assets</b></td><td></td><td></td></tr> <tr> <td>Trade and Other Receivables</td><td>2,218,629</td><td>2,300,571</td></tr> <tr> <td>Commodity Contracts</td><td>2,846,275,946</td><td>3,244,864,050</td></tr> <tr> <td>Amounts Receivable on Commodity Contracts Awaiting Settlement</td><td>3,819,208</td><td>20,473,411</td></tr> <tr> <td>Amounts Receivable on Commodity Securities Awaiting Settlement</td><td>4,131,131</td><td>4,159,320</td></tr> <tr> <td><b>Total Assets</b></td><td><b>2,856,444,914</b></td><td><b>3,271,797,352</b></td></tr> <tr> <td><b>Current Liabilities</b></td><td></td><td></td></tr> <tr> <td>Commodity Securities</td><td>2,819,572,262</td><td>3,277,478,201</td></tr> <tr> <td>Amount Payable on Commodity Securities Awaiting Settlement</td><td>3,819,208</td><td>20,473,411</td></tr> <tr> <td>Amounts Payable on Commodity Contracts Awaiting Settlement</td><td>4,131,131</td><td>4,159,320</td></tr> <tr> <td>Trade and Other Payables</td><td>2,218,627</td><td>2,300,569</td></tr> <tr> <td><b>Total Liabilities</b></td><td><b>2,829,741,228</b></td><td><b>3,304,411,501</b></td></tr> <tr> <td><b>Equity</b></td><td></td><td></td></tr> <tr> <td>Stated Capital</td><td>2</td><td>2</td></tr> <tr> <td>Revaluation Reserve</td><td>26,703,684</td><td>(32,614,151)</td></tr> <tr> <td><b>Total Equity</b></td><td><b>26,703,686</b></td><td><b>(32,614,149)</b></td></tr> <tr> <td><b>Total Equity and Liabilities</b></td><td><b>2,856,449,914</b></td><td><b>3,271,797,352</b></td></tr> </table>		As at 31 December 2015 USD	As at 31 December 2014 USD	<b>Current Assets</b>			Trade and Other Receivables	2,218,629	2,300,571	Commodity Contracts	2,846,275,946	3,244,864,050	Amounts Receivable on Commodity Contracts Awaiting Settlement	3,819,208	20,473,411	Amounts Receivable on Commodity Securities Awaiting Settlement	4,131,131	4,159,320	<b>Total Assets</b>	<b>2,856,444,914</b>	<b>3,271,797,352</b>	<b>Current Liabilities</b>			Commodity Securities	2,819,572,262	3,277,478,201	Amount Payable on Commodity Securities Awaiting Settlement	3,819,208	20,473,411	Amounts Payable on Commodity Contracts Awaiting Settlement	4,131,131	4,159,320	Trade and Other Payables	2,218,627	2,300,569	<b>Total Liabilities</b>	<b>2,829,741,228</b>	<b>3,304,411,501</b>	<b>Equity</b>			Stated Capital	2	2	Revaluation Reserve	26,703,684	(32,614,151)	<b>Total Equity</b>	<b>26,703,686</b>	<b>(32,614,149)</b>	<b>Total Equity and Liabilities</b>	<b>2,856,449,914</b>	<b>3,271,797,352</b>
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B.24	Material adverse change	Not applicable; there has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its last audited financial statements for the year ended 31 December 2015.
B.25	Underlying assets	<p>The underlying assets for the Micro and Commodity Securities of each class, by which they are backed and on which they are secured, are:</p> <ul style="list-style-type: none"> <li>• the rights and interests under the Commodity Contracts of the same class entered into by the Issuer with the Commodity Contract Counterparty;</li> <li>• the rights and interests under the Facility Agreements pursuant to which the Commodity Contracts are entered into (to the extent attributable to that class); and</li> <li>• the rights and interests in the Collateral pursuant to the UBS Security Agreement, the UBS Control Agreement and/or the MLCI Security Agreement and the MLCI Control Agreement in respect of the Commodity Contract Counterparty's obligation to the Issuer under the Facility Agreement in respect of that class.</li> </ul> <p>The securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities.</p> <p>The securitised assets are the Commodity Contracts, Facility Agreements, the BAC Guarantee, the UBS Security Agreement, the UBS Control Agreement, the MLCI Security Agreement and the MLCI Control Agreement. Micro and Commodity Securities of each class are backed by Commodity Contracts with corresponding terms and each time a Micro or Commodity Security is created or redeemed a matching amount of Commodity Contracts are purchased or cancelled by the Issuer. Commodity Contracts will be purchased from one or more Commodity Contract Counterparties.</p> <p>The Issuer will decline applications for Micro and Commodity Securities if it cannot for any reason create corresponding Commodity Contracts with a Commodity Contract Counterparty.</p> <p>At the date of this Prospectus, the Issuer has entered into arrangements with two Commodity Contract Counterparties – UBS and MLCI.</p> <p>Under the Facility Agreements there are limits, both daily and in aggregate, on the number of Commodity Contracts that can be created or cancelled at any time. Creations and redemptions of Micro and Commodity Securities are subject to both daily limits and total aggregate limits, to match the limits on Commodity Contracts.</p> <p>UBS is a corporation domiciled in Basel, Switzerland, operating in the United Kingdom under branch registration number BR004507, acting through its London branch at 1 Finsbury Avenue, London, EC2M 2PP, England. UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, and Aeschenvorstadt 1, CH-4051 Basel, Switzerland. The principal activity of UBS is the provision of financial services to private, institutional and corporate clients.</p>



		<p>MLCI is a company incorporated in the State of Delaware, United States whose registered office is care of The Corporation Trust Company, Corporation Trust Center, 1209, Orange Street, Wilmington, Delaware, 19801. The principal activity of MLCI is conducting a commodity business, including over-the-counter commodity derivatives, with institutional clients in various U.S. domestic and international markets.</p> <p>BAC is a bank holding company and a financial holding company incorporated in the State of Delaware, United States, in 1998. Through BAC's banking and various non-banking subsidiaries throughout the U.S. and in international markets, BAC provides a diversified range of banking and non-banking financial services and products. BAC's headquarters and principal executive offices are located at 100 North Tryon Street, Charlotte, NC 282255, United States.</p> <p>Class or Category of Micro or Commodity Security: •  Class of Commodity Contract: •  Relevant Commodity Index: •</p>
B.26	Investment management	Not applicable; there is no active management of the assets of the Issuer.
B.27	Further securities backed by the same assets	Further Micro and Commodity Securities of any type may be issued but each time a Micro or Commodity Security of any type is issued corresponding Commodity Contracts of the appropriate class or classes will be created and will form part of the corresponding "Secured Assets". Such newly issued Micro and Commodity Securities will be fungible with all existing Micro and Commodity Securities of the same type and will be backed by the assets of the same Secured Assets.
B.28	Structure of the transaction	<p>The Issuer has created a programme whereby Micro and Commodity Securities may be issued from time to time. The Micro and Commodity Securities can be issued to or required to be redeemed on a daily basis by Authorised Participants who have entered into an Authorised Participant Agreement with the Issuer. Authorised Participants may then sell and buy Micro and Commodity Securities to and from other investors on exchange or in private transactions.</p> <p>Micro and Commodity 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 type of Micro and Commodity Security both (a) to make determinations and exercise rights under the Micro and Commodity Securities for the benefit of Security Holders and (b) to hold on trust for Security Holders the security granted by the Issuer under the Security Deeds, to exercise any rights to enforce the same and to distribute the proceeds (after payment of all amounts owed to the Trustee) to the Security Holders (among others).</p> <p>The obligations of the Issuer in respect of each class of Micro and Commodity Security are secured by a charge over the equivalent class of Commodity Contracts under the Facility Agreements and related contracts.</p>

		<p>A diagrammatic representation of the principal aspects of the structure as currently in place appears below:</p>
B.29	Description of the flow of funds	<p>Micro and Commodity Securities can be bought or sold for cash on the London Stock Exchange and certain of the Commodity Securities can also be bought or sold for cash on Euronext Amsterdam, NYSE Euronext Paris, Borsa Italiana and/or the Frankfurt Stock Exchange (being the other stock exchanges on which they are admitted to trading) or in private off-exchange transactions. Details of the exchanges on which a particular type of security can be traded are set out in a document entitled “Final Terms”, prepared by the Issuer each time that securities are issued. Market makers provide liquidity on those stock exchanges and for those transactions but only Authorised Participants can apply directly to the Issuer for the issue of Commodity Securities. The Issuer has entered into Authorised Participant Agreements and has agreed with Authorised Participants to issue Commodity Securities to those Authorised Participants on an on-going basis. An Authorised Participant may sell the Micro and Commodity Securities on an exchange or in an offexchange transaction or may hold the securities themselves.</p> <p>Upon issue of Commodity Securities, an Authorised Participant must deliver an amount of cash to the Commodity Contract Counterparty equal to the price of the Commodity Securities to be issued in exchange for which the Issuer issues the Commodity Securities and delivers them to the Authorised Participant via CREST.</p> <p>Upon redemption of Micro and Commodity Securities by an Authorised Participant (and in certain limited circumstances, other Security Holders), the Commodity Contract Counterparty must deliver an amount of cash to the relevant Authorised Participant equal to the price of the Micro and Commodity Securities to be redeemed in return for delivery by the redeeming Security Holder of the Micro and Commodity Securities.</p>
B.30	Originators of the securitised assets	<p>The Commodity Contracts are and will be entered into with the Commodity Contract Counterparties.</p> <p>At the date of the Prospectus, the Issuer has entered into agreements with UBS and MLCI to act as Commodity Contract Counterparties.</p>

		<p>UBS is a corporation domiciled in Basel, Switzerland, operating in the United Kingdom under branch registration number BR004507, acting through its London branch at 1 Finsbury Avenue, London, EC2M 2PP, England. UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, and Aeschenvorstadt 1, CH-4051 Basel, Switzerland. The principal activity of UBS is the provision of financial services to private, institutional and corporate clients.</p> <p>MLCI is a company incorporated in the State of Delaware, United States whose registered office is care of The Corporation Trust Company, Corporation Trust Center, 1209, Orange Street, Wilmington, Delaware, 19801. The principal activity of MLCI is conducting a commodity business, including over-the-counter commodity derivatives, with institutional clients in various U.S. domestic and international markets.</p> <p>The Prospectus will be updated should an additional Commodity Contract Counterparty be appointed.</p>
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<b>SECTION C – Securities</b>		
C.1	Type and class of securities being offered	<p>Micro and Commodity Securities are designed to give investors a “total return” similar to that which could be achieved from managing a long fully cash collateralised unleveraged position in futures contracts of specific maturities, less applicable fees. Unlike managing futures positions, Micro and Commodity Securities involve no rolling, margin calls, expiry or futures brokerage.</p> <p>The Issuer has created and is currently making available for issue 78 different types of Commodity Securities each of which gives investors exposure to movements in one of the Commodity Indices and which can be grouped into 2 different types:</p> <ul style="list-style-type: none"> <li>• Individual Securities; and</li> <li>• Index Securities.</li> </ul> <p>These comprise 50 different classes of Individual Securities (representing 27 different commodities and two different maturities) and 28 different categories of Index Securities (representing 18 different combinations of commodities and two different maturities).</p> <p><b><i>Class and category characteristics</i></b></p> <p>The return on the Micro and Commodity Securities is linked in each case to the performance of the related Commodity Indices as follows:</p> <ul style="list-style-type: none"> <li>• Classic Individual Securities track Commodity Indices which provide exposure to movements in the value of futures contracts in one type of commodity and due for delivery within a range of one to three months;</li> <li>• Classic Index Securities track Commodity Indices which provide exposure to movements in the value of futures contracts in a number of different commodities and due for delivery within a range of one to three months;</li> </ul>

		<ul style="list-style-type: none"> <li>• Longer Dated Individual Securities track Commodity Indices which provide exposure to movements in the value of futures contracts in one type of commodity and due for delivery within a range of four to six months; and</li> <li>• Longer Dated Index Securities track Commodity Indices which provide exposure to movements in the value of futures contracts in a number of different commodities and due for delivery within a range of four to six months,</li> </ul> <p>in each case plus an adjustment for the risk free interest rate which accrues to a fully collateralised position in the relevant underlying futures contracts.</p> <p><b>Issue specific summary:</b></p> <p>The following details apply to the Micro or Commodity Securities being issued pursuant to the Final Terms:</p> <p>Class or Category •</p> <p>LSE Code •</p> <p>ISIN •</p> <p>Aggregate number of Micro or Commodity Securities of that class or category •</p> <p>Name of underlying index •</p> <p><b>Class and category characteristics</b></p> <p>[Classic Individual Securities track Commodity Indices which provide exposure to movements in the value of futures contracts in one type of commodity and due for delivery within a range of one to three months]</p> <p>[Classic Index Securities track Commodity Indices which provide exposure to movements in the value of futures contracts in a number of different commodities and due for delivery within a range of one to three months]</p> <p>[Longer Dated Individual Securities track Commodity Indices which provide exposure to movements in the value of futures contracts in one type of commodity and due for delivery within a range of four to six months]</p> <p>[Longer Dated Index Securities track Indices which provide exposure to movements in the value of futures contracts in a number of different commodities and due for delivery within a range of four to six months]</p> <p>plus an adjustment for the risk free interest rate which accrues to a fully collateralised position in the relevant underlying futures contracts.</p>
C.2	Currency	Micro and Commodity Securities are denominated in U.S. Dollars.
C.5	Restrictions on transfer	Not applicable; the Micro and Commodity Securities are freely transferable.

C.8	Rights	<p>A Micro and Commodity Security entitles an Authorised Participant to require the redemption of the security by the Issuer and to receive the higher of (i) the minimum denomination for that type of Micro and Commodity Security (known as the “<b>Principal Amount</b>”), and (ii) the price of that type of Micro and Commodity Security on the applicable day determined using the Formula set out and described in C.15.</p> <p>Generally only Authorised Participants will deal directly with the Issuer in redeeming Micro and Commodity Securities. In circumstances, where there are no Authorised Participants, or as the Issuer may in its sole discretion determine, Security Holders who are not Authorised Participants may require the Issuer to redeem their securities directly.</p> <p><b>Issue specific summary:</b></p> <p>The Principal Amount and type of each of the Micro or Commodity Securities being issued pursuant to the Final Terms is as follows:</p> <p>Class or category of Micro or Commodity Securities: •</p> <p>Principal Amount: •</p>
C.11	Admission	<p>Application has been made to the UK Listing Authority for all Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities issued after the date of this document will also be admitted to trading on the Main Market.</p> <p>Certain of the Commodity Securities have also been admitted to listing on Euronext Amsterdam, on the Regulated Market (General Standard) (<i>Regulierter Markt [General Standard]</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>), on NYSE Euronext Paris SA and on the ETFplus market of Borsa Italiana S.p.A.</p> <p><b>Issue specific summary:</b></p> <p>Application has been made for the Micro or Commodity Securities being issued pursuant to the Final Terms 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).</p> <p>[Such Micro or Commodity Securities are also admitted to listing on [Euronext Amsterdam, on] [the Regulated Market (General Standard) of the Frankfurt Stock Exchange, on] [NYSE Euronext Paris [and] [on]] [the ETFplus market of Borsa Italiana S.p.A.]</p>

C.12	Minimum denomination	<p>Each Micro and Commodity Security has a face value known as the “Principal Amount”, which is the minimum denomination for a Micro or Commodity Security of the relevant type as follows:</p> <p style="text-align: right;"><b>The Principal Amounts of each Class fall within the following range at 19 April 2016</b></p> <p><b>Micro and Commodity Securities</b></p> <table><tr><td>Classic Individual Securities</td><td>\$0.03000000 to \$6.50000000</td></tr><tr><td>Longer Dated Individual Securities</td><td>\$0.50000000 to \$8.00000000</td></tr><tr><td>Classic Index Securities</td><td>\$0.77271033 to \$3.428907850</td></tr><tr><td>Longer Dated Index Securities</td><td>\$1.09456550 to \$7.64862975</td></tr><tr><td>Micro Classic Securities</td><td>\$0.000000008 to \$0.00000625</td></tr><tr><td>Micro Longer Dated Securities</td><td>\$0.00000050 to \$0.00000800</td></tr></table> <p><b>Issue specific summary:</b></p> <p>The Principal Amount and type of each of the Micro or Commodity Securities being issued pursuant to the Final Terms is as follows:</p> <p>Class or Category of Micro or Commodity Securities: •</p> <p>Principal Amount: •</p>	Classic Individual Securities	\$0.03000000 to \$6.50000000	Longer Dated Individual Securities	\$0.50000000 to \$8.00000000	Classic Index Securities	\$0.77271033 to \$3.428907850	Longer Dated Index Securities	\$1.09456550 to \$7.64862975	Micro Classic Securities	\$0.000000008 to \$0.00000625	Micro Longer Dated Securities	\$0.00000050 to \$0.00000800
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Micro Longer Dated Securities	\$0.00000050 to \$0.00000800													
C.15	Value of the investment is affected by the value of the underlying instruments	<p><b>Calculation of the Price</b></p> <p>Each Micro and Commodity Security carries a right on redemption by the Issuer to receipt of the higher of the Principal Amount and the price (“<b>Price</b>”), less any applicable redemption costs.</p> <p>The price of each Micro and Commodity Security on a particular day is based on the level of the relevant underlying Commodity Index on that day adjusted by the applicable fees and the price of a class of Individual Securities is calculated in accordance with the following formula (the “<b>Formula</b>”):</p> $\text{Price}_{(i,t)} = I_{(i,t)} \times M_{(i,t)} \times PF_{(i,t)} / 10$ <p>where:</p> <p>Price<sub>(i,t)</sub> is the Price of an Individual Security of the relevant class on the day on which the Price is being calculated;</p> <p>i refers to the relevant class of Individual Security;</p> <p>t refers to the day on which the Price is being calculated;</p> <p>I<sub>(i,t)</sub> is the level of the Commodity Index which the relevant class of Individual Security references on the day on which the Price is being calculated;</p> <p>M<sub>(i,t)</sub> is the Multiplier applicable to the relevant class of Individual Security on the day on which the Price is being calculated; and</p> <p>PF<sub>(i,t)</sub> is the Pool Factor applicable to the relevant class of Individual Security on the day on which the Price is being calculated.</p> <p>The applicable Multiplier is published from time by the Issuer on its website at <a href="http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx">http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx</a>.</p>												



		<p>This pricing formula reflects (i) the price of the applicable underlying Commodity Index; and (ii) fees by the Issuer to the Commodity Contract Counterparty and ManJer. The deduction of the fees payable to the Commodity Contract Counterparty and ManJer are reflected in the Capital Adjustment referenced in the pricing formula.</p> <p><b>Pool Factor</b></p> <p>The Pool Factor is a number that will always be 1 unless the relevant Micro and Commodity Securities are divided.</p> <p><b>Multiplier</b></p> <p>The fees for each class are deducted from the Price of such class on a daily basis by the application of the Multiplier.</p> <p>The multiplier (<math>M_{(i,t)}</math>) is adjusted on each day in accordance with the following formula:</p> $M_{(i,t)} = M_{(i,t-1)} \times (1 + CA_{(i,t)})$ <p>where:</p> <p><math>M_{(i,t)}</math> is the Multiplier of the relevant class of Individual Security on the day on which the Multiplier is being calculated;</p> <p>i refers to the relevant class of Individual Security;</p> <p>t refers to the day on which the Price is being calculated;</p> <p><math>M_{(i,t-1)}</math> refers to the Multiplier of the relevant class of Individual Security on the day before the day on which the Multiplier is being calculated; and</p> <p><math>CA_{(i,t)}</math> is the Capital Adjustment applicable to the relevant class of Individual Security on the day on which the Multiplier is being calculated.</p> <p>At any one time a Micro Security of a particular class has a price equal to one millionth of the price of the corresponding class of Individual Security.</p> <p>The price of an Index Security is the sum of the prices of the Micro Securities of which it is comprised.</p> <p><b>Capital Adjustment</b></p> <p>The Capital Adjustment is an adjustment factor included in the calculation of the Multiplier which is agreed from time to time by the Commodity Contract Counterparties and the Issuer. The Capital Adjustment reflects an interest return on the value invested in that type of Micro and Commodity Security and fees payable by the Issuer to ManJer, the Commodity Contract Counterparties and the index providers. The Capital Adjustment applicable to each class of Micro or Commodity Security on any day is published on the Issuer's website at <a href="http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx">http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx</a>.</p> <p>The formula and method of calculating the Price is the same for all classes of Individual Securities, all classes of Micro Securities and all categories of Index Securities.</p>
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C.16	Expiration/Maturity date	Not applicable; the Micro and Commodity Securities are undated securities and have no specified maturity date and no expiry date.
C.17	Settlement	<p><b>CREST</b> The Issuer is a participating issuer in CREST, a paperless system for the settlement of transfers and holding of securities.</p> <p><b>Settlement of creations and redemptions</b> On creation or redemption of the Micro and Commodity Securities, settlement will occur (provided certain conditions are met) on the second business day following receipt of the relevant creation or redemption request on a delivery versus payment basis within CREST.</p> <p><b>Settlement on the Frankfurt Stock Exchange</b> For the purpose of good delivery of the Micro and Commodity Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("<b>Clearstream</b>") will issue, for each series and the relevant number of Micro and Commodity Securities, a Global Bearer Certificate (each a "<b>Global Bearer Certificate</b>") in the German language created under German law. Whenever the number of Micro and Commodity Securities represented by the Global Bearer Certificate changes, Clearstream will amend the relevant Global Bearer Certificate accordingly.</p> <p><b>Settlement on NYSE Euronext ESES</b> Settlements in the Euronext markets of France and the Netherlands are performed through the Euroclear Settlement for Euronext-zone Securities ("<b>ESES</b>") platform and all trades of Micro and Commodity Securities listed on NYSE Euronext Paris or NYSE Euronext Amsterdam will be executed on the single order book held at NYSE Euronext Paris as the market of reference.</p> <p><b>Settlement on the Borsa Italiana S.p.A.</b> All Micro and Commodity 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><b>Issue specific summary:</b> [The Micro or Commodity Securities issued pursuant to the Final Terms are where traded on Euronext Amsterdam eligible for settlement in the systems of Euroclear Bank Brussels and Euroclear NIEC (Euroclear Nederlands Interprofessioneel Effecten Centrum), the Euroclear Dutch Interprofessional Securities Centre.]</p> <p>[For the purpose of good delivery of the Micro or Commodity Securities being issued pursuant to the Final Terms on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("<b>Clearstream</b>") will issue, for each series and the relevant number of Micro and Commodity Securities, a Global Bearer Certificate (each a "<b>Global Bearer Certificate</b>") in the German language created under German law. Whenever the number of Micro or Commodity Securities represented by</p>

		<p>the Global Bearer Certificate changes, Clearstream will amend the relevant Global Bearer Certificate accordingly.]</p> <p>[All Micro or Commodity Securities issued pursuant to the Final Terms will where traded in NYSE Euronext Paris be settled and cleared through the normal Euroclear systems.]</p> <p>[The Micro or Commodity 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>The Price of each Micro or Commodity Security reflects movements in the relevant Commodity Index since the previous day on which the Price was calculated, adjusted by deduction of any applicable fees. Therefore, the return for a particular class or category will be based on, primarily, the performance of the relevant Commodity Index.</p> <p>To achieve this, the Individual Securities and the Micro Securities through which the Issuer obtains exposure to the Commodity Indices are priced in accordance with the Formula. This Formula reflects (a) the movement in the relevant Commodity Index since the last day on which the Price was calculated; and (b) fees payable by the Issuer to the Commodity Contract Counterparty under the Facility Agreement and to ManJer. The deduction of the fees payable to the Commodity Contract Counterparty and ManJer are referenced in the capital adjustment referenced in the Formula.</p> <p>For Index Securities, the Price is the sum of the Prices of the Micro Securities of which they are comprised.</p> <p>The Price of each type of Micro and Commodity Security will be calculated by the Issuer as at the end of each pricing day (after the futures market prices for that day have been published) and posted along with the applicable Multiplier and Capital Adjustment on the Issuer's website at <a href="http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx/">http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx/</a>.</p> <p>The Micro and Commodity Securities do not bear interest. The return for an investor is the difference between the price at which the relevant Micro and Commodity Securities are issued (or purchased in the secondary market) and the price at which they are redeemed (or sold).</p> <p><b>Issue specific summary:</b></p> <p>The Micro and Commodity Securities provide a return linked to [name of underlying Commodity Index]. Further information can be found at <a href="http://www.bloombergindexes.com">http://www.bloombergindexes.com</a>.</p>
C.19	Final price/exercise price	<p>Prices for each type of Micro and Commodity Security are calculated on each pricing day in accordance with the Formula and redemptions of Micro and Commodity Securities with the Issuer 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 Micro and Commodity Securities are backed by Commodity Contracts which are derivative contracts with the Commodity Contract Counterparty purchased from Commodity Contract Counterparties.</p>

		<p>The Commodity Contracts provide a return linked to the relevant underlying Commodity Index and are priced in the same way as the Micro and Commodity Securities by reference to the relevant Commodity Index. Information on the Commodity Indices can be found at <a href="http://www.bloombergindexes.com">http://www.bloombergindexes.com</a>.</p> <p>Details of the collateral held at BNYM for the benefit of the Issuer under the UBS Security Agreement, the UBS Control Agreement, the MLCI Security Agreement and the MLCI Control Agreement can be found at the website of the Issuer at <a href="http://www.etfsecurities.com/retail/uk/en-gb/documents.aspx/">http://www.etfsecurities.com/retail/uk/en-gb/documents.aspx/</a>.</p> <p><b>Issue specific summary:</b></p> <p>The Commodity Contracts provide a return linked to [name of underlying Commodity Index]. Further information can be found at <a href="http://www.bloombergindexes.com">http://www.bloombergindexes.com</a>.</p>
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SECTION D – Risks		
D.2	Key risks of Issuer	<p>The Issuer has been established as a special purpose vehicle for the purpose of issuing the ETFS Classic Commodity Securities, ETFS Longer Dated Commodity Securities and certain other securities (the “<b>Short and Leveraged Commodity Securities</b>”), which are issued pursuant to a separate base prospectus of the Issuer dated 19 October 2015, as asset-backed securities and has no assets other than those attributable to the Micro and Commodity Securities and the Short and Leveraged Securities. The amounts that a Security Holder could receive following a claim against the Issuer are, therefore, limited to the proceeds of realisation of the secured property applicable to such Security Holder’s class or category of Micro and Commodity Securities and as the Issuer is a special purpose vehicle formed only for the purpose of issuing the Micro and Commodity Securities and the Short and Leveraged Commodity Securities, and as the Micro and Commodity Securities are not guaranteed by any other person, the Issuer would have no further assets against which the Security Holder could claim. In the event that the secured property is insufficient to cover the amount payable to the Security Holder, the Security Holder would suffer a loss.</p> <p>Although Micro and Commodity Securities are secured by Commodity Contracts and collateral, the value of such Micro and Commodity Securities and the ability of the Issuer to pay any redemption amounts remains partly dependent on the receipt of amounts due from UBS and MLCI under the Facility Agreements, the BAC Guarantee, the Security Agreements and the Control Agreements. No holder has any direct rights of enforcement against any such person.</p> <p>There can be no assurance UBS, MLCI or any other entity will be able to fulfil their payment obligations under the relevant Commodity Contracts, Facility Agreement, BAC Guarantee, Security Agreement or Control Agreement. Consequently, there can be no assurance that the Issuer will be able to redeem Micro and Commodity Securities at their redemption price which could lead to an investor receiving less than the redemption price upon redemption of their Micro and Commodity Securities.</p>

D.6	Key risks of securities	<p>Past performance is not an indication of expected performance and the investment performance of a Micro and Commodity Security could be volatile. Consequently, investors in Micro and Commodity Securities may lose the value of their entire investment or part of it.</p> <p>Commodity prices can be volatile and therefore the value of Micro and Commodity Securities may fluctuate widely.</p> <p>During situations where the cost of futures contracts for delivery on dates further in the future is higher than those for delivery closer in time, the value of the corresponding Commodity Index will decrease overtime unless the spot price increases by the same rate as the rate of the variation in the price of the futures contract. The rate of variation could be quite significant and last for an indeterminate period of time, reducing the value the Commodity Index and therefore the price of any Micro and Commodity Securities linked to that Commodity Index.</p> <p>Micro and Commodity Securities are priced in US Dollars and their value in other currencies will be affected by exchange rate movements.</p> <p>There may be days where disruption in the underlying commodity markets means that one or more classes or categories of Micro and Commodity Securities are unable to be priced on that day. This will cause a delay in the application or redemption process which could adversely affect potential or existing investors.</p> <p>In the event of realisation of collateral from a Commodity Contract Counterparty, the value of the assets realised may be less than required to meet the redemption amount due to Security Holders. Any realisation of the collateral may take time and a Security Holder could experience delays in receiving amounts due to them. A Security Holder may also suffer a loss if the assets realised are less than the redemption amount due.</p>
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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 Commodity 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 the relevant Commodity Contract Counterparty. An Authorised Participant must also pay the Issuer a creation fee of £500. Any applications for Commodity Securities made by 2.30 p.m. London time on a business day will generally enable the Authorised Participant to be registered as the holder of Commodity Securities within two business days.
E.4	Material or conflicting interests	Mr Tuckwell and Mr Roxburgh (who are directors of the Issuer) are also directors of ManJer and each of the Directors of the Issuer (other than Mr Foulds) are also directors of HoldCo – the sole shareholder of the Issuer. Mr Tuckwell is also a director and a shareholder in ETFSL and Mr Roxburgh is the Chief Financial Officer of ETFSL. Mr Foulds is also the Compliance Officer of the Issuer and ManJer. The Directors do not believe that there

		<p>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	<p>The Issuer charges the following costs to investors:</p> <p>To Authorised Participants only:</p> <ul style="list-style-type: none"><li>the Issuer charges a fee of £500 per application or redemption carried out directly with the Issuer;</li></ul> <p>To all Security Holders:</p> <ul style="list-style-type: none"><li>a management fee of 0.49 per cent. per annum based on the value of all Micro and Commodity Securities outstanding;</li><li>a fee payable to the Commodity Contract Counterparties of 0.45 per cent. per annum in the case of the Classic Securities and 0.60 per cent. per annum in the case of the Longer Dated Securities each based on the value of all Micro and Commodity Securities outstanding; and</li><li>a licence allowance of 0.05 per cent. per annum (based on the aggregate daily price of all fully paid Commodity Contracts outstanding at that time) to be used to pay the fee of Bloomberg;</li></ul> <p>each charged by way of application of the Multiplier.</p> <p>No other costs will be charged to investors by the Issuer.</p> <p>If an investor purchases Micro and Commodity Securities from a financial intermediary, the Issuer estimates that the expenses charged by an authorised offeror in connection with the sale of Micro and Commodity Securities to an investor will be 0.15 per cent. of the value of the Micro and Commodity Securities sold to such investor.</p> <p><b>Issue Specific Summary</b></p> <table><tr><td>Application Fee</td><td>[£500]</td></tr><tr><td>Redemption Fee</td><td>[£500]</td></tr><tr><td>Multiplier</td><td>•</td></tr><tr><td>Management Fee</td><td>[0.49%]</td></tr><tr><td>Licence Allowance</td><td>[0.05%]</td></tr><tr><td>Fee to Commodity Contract Counterparty</td><td>[0.45%][0.60%]</td></tr></table>	Application Fee	[£500]	Redemption Fee	[£500]	Multiplier	•	Management Fee	[0.49%]	Licence Allowance	[0.05%]	Fee to Commodity Contract Counterparty	[0.45%][0.60%]
Application Fee	[£500]													
Redemption Fee	[£500]													
Multiplier	•													
Management Fee	[0.49%]													
Licence Allowance	[0.05%]													
Fee to Commodity Contract Counterparty	[0.45%][0.60%]													



## RISK FACTORS

*An investment in Micro and Commodity Securities involves a significant degree of risk. Prior to making an investment decision, prospective purchasers should carefully read the entire Prospectus. Prospective investors should note that the risks relating to the Issuer, its industry and the Micro and Commodity Securities summarised in the section of this document headed "Summary" are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in Micro and Commodity Securities. However, as the risks which the Issuer and the Micro and Commodity Securities face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below, which constitute all of the principal risks known to the Issuer.*

*A Security Holder may lose some or the entire value of their investment or part of their investment in Commodity Securities for reasons other than those set out in the risk factors below, for reasons not currently considered by the Issuer to be material or based on circumstances or facts of which the Issuer is not currently aware.*

### **Investment Risk Factor**

A Security Holder may lose the value of their entire investment or part of their investment in Commodity Securities.

### **Commodity Security Risk Factors**

#### *Commodity Prices*

The value of Micro and Commodity Securities will be affected by movements in commodity prices generally and by the way in which those prices and other factors affect the prices of the Designated Contracts as explained in "Roll-Yield" below (and hence of the Individual Commodity Indices).

Commodity prices generally may fluctuate widely and may be affected by numerous factors, including:

- global or regional political, economic or financial events and situations, particularly war, terrorism, expropriation and other activities which might lead to disruptions to supply from countries that are major commodity producers;
- investment trading, hedging or other activities conducted by large trading houses, producers, users, hedge funds, commodities funds, governments or other speculators which could impact global supply or demand;
- the weather, which can affect short-term demand or supply for some commodities;
- the future rates of economic activity and inflation, particularly in countries which are major consumers of commodities;
- major discoveries of sources of commodities; and
- disruptions to the infrastructure or means by which commodities are produced, distributed and stored, which are capable of causing substantial price movements in a short period of time.

Prices of the Designated Month Contracts may fluctuate widely and may be affected by:

- commodity prices generally;
- trading activities on the Relevant Exchange, which might be impacted by the liquidity in the futures contracts; and
- trading activity specific to particular futures contract(s) and maturities.

Such price movements could result in a Security Holder redeeming their Micro and Commodity Securities at a Price that is less than the Price at which such Micro and Commodity Securities were issued.

### *Roll-Yield*

Each Individual Commodity Index is priced off a futures contract of specific maturity which, as it nears expiry, needs to be replaced with a later dated contract in a process known as “rolling”. As the exchange-traded futures contracts that comprise the Individual Commodity Index approach expiration, they are sold prior to their expiry date and similar contracts that have a later expiry date are purchased. Thus, for example, a futures contract purchased and held in August may specify an October expiration.

As time passes, the contract expiring in October may be replaced by a contract for delivery in November. Any difference between the price for the nearer delivery month contract and the price for distant month contract is known as a ‘roll yield’ and this can be either a positive amount or a negative amount. If the market for these contracts is (putting aside other considerations) in “backwardation”, which means that the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the November contract, thereby creating a “roll yield”. While some of the contracts included in the Commodity Indices have historically exhibited consistent periods of backwardation, backwardation may not exist at all times.

Moreover, certain of the commodities reflected in the Commodity Indices, such as gold, have historically traded in “contango” markets. Contango markets are those in which the prices of contracts are higher in the distant delivery months than in the nearer delivery months. The absence of backwardation in a particular commodity market could result in negative “roll yields”, which could adversely affect the value of the Commodity Indices and the Individual Commodity Indices and, accordingly, decrease the value of the Micro and Commodity Securities. In addition, because the Lead Futures and Next Futures in the Bloomberg Commodity Index<sup>SM</sup> are different to those used in the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>, this may result in backwardation and/or contango affecting the two indices differently if the relevant parts of the futures curve show differing amounts of backwardation or contango. However, the existence of contango (or backwardation) in a particular commodity market does not automatically result in negative (or positive) “roll yields”. The actual realisation of a potential roll yield will be dependent upon the shape of the futures curve. The term ‘futures curve’ refers to the relationship between the price of futures contracts over different futures contract maturity dates when plotted in a graph. If the relevant part of the commodity futures curve is in backwardation — a downward sloping futures curve — then, all other factors being equal, the relevant index will tend to rise over time as lower futures prices converge to higher spot prices. The opposite effect would occur for contango.

### *Longer Dated Securities*

The Longer Dated Securities are designed to track the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> or one of its sub-indices and not the Bloomberg Commodity Index<sup>SM</sup> or one of its sub-indices. The Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> is determined as of a certain date by reference to futures contracts for the same commodities as the Bloomberg Commodity Index<sup>SM</sup> but for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>, the contracts that would be the Lead Future and Next Future for the Bloomberg Commodity Index<sup>SM</sup> in three calendar months are instead the Lead Future and Next Future in the current calendar month for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>. This may result in different sensitivities to changes in the commodity price and/or any backwardation or contango affecting the two indices. The difference in the expiry dates of the futures contracts which comprise the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> may result in the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> having significantly better or worse performance and greater or lesser volatility than that for the Bloomberg Commodity Index<sup>SM</sup>. Consequently, any return a Security Holder receives from an investment in the Longer Dated Securities may be lesser or greater than that they would have received if the securities were linked to the Bloomberg Commodity Index<sup>SM</sup>.

### *Change of Longer Dated Index*

The Facility Agreements allow for a change in the Commodity Index used to price all of the Longer Dated Securities. The Commodity Contract Counterparties and the Issuer may agree to use a different forward commodity index calculated and published by Bloomberg or UBS (or any of its Affiliates) in accordance with the Handbook provided that 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 Micro Classic Securities, Classic Commodity Securities, Micro Longer Dated Securities and Longer Dated Commodity 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 the relevant Micro and Commodity Securities. The application and redemption procedures for Commodity 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 Micro and Commodity Securities will be a function of supply and demand amongst investors wishing to buy and sell Micro and Commodity Securities and the bid/offer spread that market-makers are willing to quote for Micro and Commodity Securities.

The Issuer’s ability to issue new Micro and Commodity Securities is subject to its ability to hedge its exposure under new Micro and Commodity Securities with corresponding Commodity Contracts. Although UBS and MLCI have each agreed to supply Commodity Contracts and Short and Leveraged Commodity Contracts of up to an Aggregate Outstanding Contracts Price of US\$7.0 billion (US\$7,000,000,000), if demand for Commodity Securities exceeds this amount and the Issuer is not able to create more Commodity Contracts, or if the demand for issue of Commodity Securities exceeds the daily restrictions, then Commodity Securities may trade at a premium to their underlying value (the Price). Investors who pay a premium risk losing the premium if demand for Commodity Securities abates or the Issuer is able to source more Commodity Contracts. Commodity Securities could trade at a discount to the Price if the Issuer has received redemption requests in excess of the Redemption Limit (which is a daily limit).

The Micro and Commodity Securities of each type were first issued on various dates commencing in September 2006. There can be no assurance as to the depth of the secondary market (if any) in Commodity Securities, which will affect their liquidity and market price.

It is not anticipated that any active secondary market will develop in any of the Micro Securities.

### *General Market Risk*

Day to day positive or negative movements in local and international financial markets and factors that affect the investment climate and investor sentiment could all affect the level of trading in commodities and, therefore, the market price of Micro and Commodity Securities. Such movements may have different effects on each of the Micro or Commodity Securities and could lead to a fall in the market price of Micro and Commodity Securities which would result in an investor in those securities incurring losses. Investors should note that general movements in markets and factors that affect the investor climate and investor sentiment may have different effects on each of the Classic Micro and Commodity Securities and the Longer Dated Micro and Commodity Securities. Investors should be aware that any and all Micro and Commodity Securities can go down in price as well as up but an investor cannot lose more than their initial investment.

### *Currency*

The Price of Micro and Commodity Securities will be set in US Dollars. To the extent that a Security Holder values Micro and Commodity Securities in another currency, that value will be affected by changes in the exchange rate between the US Dollar and that other currency.

## **Operational Risk Factors**

### *Exchange Limits*

U.S. futures exchanges and some other exchanges have regulations that limit the amount of fluctuation in some futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price has been reached in a particular contract, no trades may be made at a price beyond the limit, or trading may be limited for a set time period. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at potentially disadvantageous times or prices. These circumstances could adversely affect the value of any and all Individual Commodity Indices and, therefore, the market value

of the Micro and Commodity Securities and could disrupt applications for and redemptions of Micro and Commodity Securities and the pricing thereof.

Similarly, there may be an adverse effect on the ability to apply for Micro and Commodity Securities if regulations impose limits on the amount of positions in futures contracts (or if an exemption from such limits is reduced or revoked). Once a position limit has been reached, no trades may be made or trading may be limited. Position limits have the effect of precluding the trading of futures and may therefore affect a Commodity Contract Counterparty's ability to create Commodity Contracts (due to an inability to hedge its position).

UBS and an Affiliate of MLCI are each parties to facility agreements with ETFS Hedged Commodity Securities Limited and Swiss Commodity Securities Limited, each an Affiliate of the Issuer, in relation to securities tracking hedged equivalents of the Commodity Indices and their exposures under these and any similar agreements and their hedging activities in connection with those exposures, may affect their abilities to create Commodity Contracts under the Facility Agreements.

There may also be a risk of future regulations which may affect the Issuer or a Commodity Contract Counterparty. Such new regulation may include, but is not limited to, the Issuer being subject to registration with and regulation by the U.S. Commodity Futures Trading Commission if it is deemed a market participant in the futures market and the Issuer may accordingly be subject to limits on such futures. This may result in the inability to apply for and redeem Micro and Commodity Securities and/or disruption to the pricing thereof.

## **Other Legal Risks**

### *Counterparty Credit Risk and Default*

The value of Commodity Securities and the ability of the Issuer to pay the Redemption Amount is dependent on the receipt of such amount from a Commodity Contract Counterparty, and may be affected by the deterioration of the credit and/or a downgrade in the credit rating of the Commodity Contract Counterparties (or any of them). Such deterioration/downgrade in the credit or credit rating of the Commodity Contract Counterparties (or any of them) could cause Commodity Securities to trade at a discount to the Price and could result in a loss to Security Holders.

The Commodity Contracts issued by UBS are not guaranteed by any person and the Commodity Contracts issued by MLCI are not guaranteed by any entity within the BAC Group, other than BAC, or by any other person. There can be no assurance that any Commodity Contract Counterparty or Guarantor will be able to fulfil its respective payment obligations under the relevant Commodity Contracts and Facility Agreement or Guarantee (as the case may be).

The Issuer will not operate any risk-spreading policies and has Facility Agreements only with UBS and MLCI. The Issuer may, but is not required to, enter into other Facility Agreements with other Commodity Contract Counterparties, but it will not be the Issuer's intention to enter into other Facility Agreements for the purposes of spreading counterparty risk.

If at any given time there are two or more Commodity Contract Counterparties and one of them, the "**Lower Credit**", has its credit rating downgraded or has defaulted on its obligations to redeem Commodity Contracts, then, under the Pool splitting mechanism discussed under the heading "Consolidation and Division of Micro and Commodity Securities" in Part 4 (*Description of Commodity Securities*), the Issuer can separate out the Lower Credit by issuing to the relevant Security Holders new Micro and Commodity Securities supported only by the Commodity Contracts of the Lower Credit. There can be no assurance that the Issuer will be able to redeem such new Micro and Commodity Securities at their Price or even at all, and such new Micro and Commodity Securities may not be admitted to trading on any exchange. Accordingly, a Security Holder could end up holding new Micro and Commodity Securities that they are unable to sell and which may have limited or no value. If the Issuer is considering exercising its power to implement a Pool split it will not be required to have regard to any proposed but not yet implemented Pool split when allocating Commodity Contracts to one or more of the Commodity Contract Counterparties. Accordingly, shortly after receiving its Micro and Commodity Securities a Security Holder could be treated as owning Micro and Commodity Securities attributable to the Lower Credit which may affect the ability of such Security Holder to redeem those Micro and Commodity Securities. In

circumstances where the Issuer is considering exercising its power to implement a Pool split in respect of a particular Pool it may, upon notice to Security Holders, suspend the right to Redeem the Micro and Commodity Securities of the type or types attributable to such Pool. Accordingly, a Security Holder may be unable to sell those Micro and Commodity Securities and such securities may have limited or no value during the period of such suspension.

In the event that the Issuer determines to divide a Pool as referred to above and in accordance with Condition 20.3, the Conditions provide that outstanding valid Redemption Forms given (save in the case where notice of a Compulsory Redemption Date was given prior to the division becoming effective in which case certain other timings may apply) prior to the division becoming effective will be treated as having been given in respect of the Pool to which following the division are attributable Commodity Contracts with the Commodity Contract Counterparty to which the corresponding Commodity Contract Termination had been allocated. This may have the effect that a Security Holder which has lodged a valid Redemption Form prior to a division becoming effective will be treated following the division as owning only Micro and Commodity Securities attributable to a single Pool rather than both Pools as described under the heading “Consolidation and Division of Micro and Commodity Securities” in Part 4 (*Description of Commodity Securities*), and this could be the Pool to which Commodity Contracts with the Lower Credit are transferred.

#### *Realisation of Collateral*

In the event that the Issuer enforces its rights under a Security Agreement and Control Agreement to take control of a Collateral Account, the Collateral in the Collateral Account may not be of sufficient value to cover all Redemption Amounts payable to investors because: (i) enforcement of its rights by the Issuer may have resulted from the Commodity Contract Counterparty failing to post Collateral to the Collateral Account to the value of the Collateral Exposure; (ii) the Collateral Account is only required to contain assets to the value of the Collateral Exposure as at the close of the immediately preceding Business Day on which the calculations and valuations are made and there may be a number of days between such valuations occurring and the date on which the Issuer takes control of the Collateral Account, during which time a significant difference between the value of the Collateral in the Collateral Account and the Collateral Exposure could arise; (iii) the value of the assets in the Collateral Account is not correlated to the Collateral Exposure and may fall due to market conditions; (iv) the Collateral Exposure could rise due to market conditions; (v) the Collateral Exposure as reported for the purposes of the Commodity Contract Counterparty’s obligation to post Collateral when such Collateral was last posted may be less than the aggregate amounts due to Security Holders and others out of the proceeds realised from such Collateral; (vi) the Issuer (or the Trustee) may not be able to realise some or all of the assets in the Collateral Account at the prices at which they were valued, even after allowing for the application of valuation percentages; or (vii) there may be certain costs associated with the Issuer’s realisation of the assets in the Collateral Account. In addition there can be no certainty as to the timeliness of any such enforcement.

Under the terms of each Control Agreement, the Securities Intermediary may utilise depositories, banks or other financial institutions in connection with the custody of the Collateral. In the event that the Issuer enforces its rights under a Security Agreement and Control Agreement to take control of the Collateral Account of a Commodity Contract Counterparty and Collateral is held with such depository, bank or other financial institution as arranged by the Securities Intermediary: (i) the Issuer may not be able to recover all sums due to it and may not therefore have sufficient amounts to fund the Issuer’s payment obligations to Security Holders; and/or (ii) it may take longer to realise the Collateral and a Security Holder may therefore experience delays in receiving amounts due to them.

If the amounts received by the Issuer upon the realisation of Collateral (whether realised from the Securities Intermediary or any such depositories, banks or other financial institutions instructed by the Securities Intermediary) are not sufficient fully to cover the Issuer’s payment obligations to Security Holders then a Security Holder may incur a loss which may be significant.

#### *Enforcement by the Trustee*

If the Trustee enforces its security, and takes control of a Collateral Account, the factors referred to in “Realisation of Collateral” above will also apply. In addition, the Trustee is dependent upon the Issuer to make or cause to be made and publish its calculations of the Price of the Commodity Securities and



consequently of any Redemption Amount. If the Issuer is insolvent, or for other reasons, the Issuer may not make and publish such calculations. In such circumstances, there can be no assurance that the Trustee will be able to perform such calculations, or to find a third party able and willing to perform such calculations for it. The Prices of all types of Commodity Securities are determined in accordance with formulae and (save in respect of certain specific elements or in the case of market disruptions) there is no provision for a calculation agent to make a conclusive determination of the Price. There can therefore also be no assurance that any Price or Redemption Amount which is calculated by or on behalf of the Issuer or the Trustee will accord with that calculated by a Commodity Contract Counterparty, or (in the event of a Compulsory Redemption) that the day upon which the Price payable by the Commodity Contract Counterparty to the Issuer is calculated under the relevant Facility Agreement will be the same as the day on which the Price or Redemption Amount payable on the Commodity Securities will be calculated (so that there may be a mismatch). Accordingly, following a Counterparty Event of Default there may be delays in obtaining a Price for certain classes or categories of Micro and Commodity Securities which could result in a Security Holder being unable to redeem their securities. There may also be inaccuracies in the Price calculation which could result in losses to Security Holders.

#### *Commodity Contract Counterparty Withholding*

In certain circumstances where a Commodity Contract Counterparty considers that an amount payable by it in respect of a Commodity Contract Termination is, may be or may be about to be required by any applicable law of the United States to be paid 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, by law (as modified by the practice of any relevant governmental revenue authority) then in effect, then it may give 30 days' notice to the Issuer under the Facility Agreement and until the expiry of such notice it will be obliged to "gross-up" the amounts so payable by it subject (in the case where the beneficial holder of the relevant Micro or Commodity Securities being redeemed is not an Authorised Participant) to provision to the Commodity Contract Counterparty of certain beneficial owner certifications to allow the Commodity Contract Counterparty (if possible) to pay the relevant amount without any such deduction or withholding, or with such deduction or withholding at a reduced rate. Payment on redemption to persons who are not Authorised Participants may in these circumstances be subject to their giving to the Issuer and the Commodity Contract Counterparty such beneficial owner certifications. Following the expiry of such 30 days' notice, the Commodity Contract Counterparty will not be obliged to "gross-up" any amounts payable by it and if the Issuer makes payment on Redemption only of the net amount so paid, that shall not be a Defaulted Obligation.

#### *Activities of Bloomberg, Commodity Contract Counterparties and Authorised Participants*

The Commodity Contract Counterparties and their affiliates are active traders in commodities markets, including in the physical markets for commodities, in the futures markets (on each of the Exchanges and on other commodity exchanges) and the over-the-counter markets, including trading of commodity swaps, options and other derivatives. These trading activities may present a conflict between the interests of holders of the Micro and Commodity Securities and the interests that the Commodity Contract Counterparties and their 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 the Commodity Indices or any Individual Commodity Index, could be adverse to the interests of the holders of the Micro and Commodity Securities. Moreover, the Commodity Contract Counterparties or their affiliates have published and in the future expect to publish research reports with respect to some or all of the Commodity Indices or components and physical commodities generally. 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 Micro or Commodity Securities. The research should not be viewed as a recommendation or endorsement of the Micro or Commodity Securities in any way and investors must make their own independent investigation of the merits of this investment. Any of these activities by the Commodity Contract Counterparties or their affiliates may affect the market price of the Commodity Indices or components and the value of the Commodity Indices and, therefore, the market value of the Micro and Commodity Securities. In addition, the Commodity Contract Counterparties and their affiliates may underwrite or issue other securities or financial instruments indexed to the Commodity Indices and related indices and/or UBS Securities and Bloomberg may license the Commodity Indices or related indices for



publication or for use by unaffiliated third parties. Further, the Authorised Participants or their Affiliates also trade in various sectors of the commodities markets.

These activities could give rise to conflicts of interest which are adverse to the interests of Security Holders and could have a negative impact on the Price of Micro and Commodity Securities and could result in a loss to Security Holders. For example, a market maker in a financial instrument linked to the performance of the Commodity Indices or related indices may expect to hedge some or all of its position in that financial instrument. Purchase (or selling) activity in the underlying Commodity Indices components in order to hedge the market maker's position in the financial instrument may affect the market price of the futures contracts upon which the Individual Commodity Indices are based, which in turn would affect the value of those indices and thus the Micro and Commodity Securities.

With respect to any of the activities described above, none of UBS, UBS Securities, Bloomberg, the Commodity Contract Counterparties, BAC, the Authorised Participants or their respective Affiliates has any obligation to the Issuer to take the needs of any buyers, sellers or holders of Micro and Commodity Securities into consideration at any time.

#### *Market Disruption*

Futures exchanges have the potential to suffer from market disruption, due to trading failures at the exchange or the imposition of volume or price restrictions. Such events could cause a Trading Day to be classified as a Market Disruption Day, resulting in it not being possible to price one or more classes or categories of Micro and Commodity Securities that day. This will cause a delay in the application or redemption process (where settlement pricing is being used) which could adversely affect potential or existing Security Holders.

#### *Only Authorised Participants May Apply for or Redeem Commodity Securities or Redeem Micro Securities*

Generally only Authorised Participants may deal with the Issuer in applying for or redeeming Commodity Securities or redeeming Micro Securities, save in relation to redemptions where at any time there are no Authorised Participants or in other circumstances announced by the Issuer. The Issuer has agreed to use reasonable endeavours to ensure that at all times 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 Commodity Securities or redeeming Micro Securities.

Under the Facility Agreements each Commodity Contract Counterparty has the right to give notice (with immediate or delayed effect) that an Authorised Person has ceased to be acceptable to it in certain circumstances, including if the Commodity Contract Counterparty deems such person to be unacceptable to it as an Authorised Person for credit, compliance, general business policy 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 Commodity Securities could be created. In such event it may also be difficult or impossible to sell Micro or Commodity Securities on the London Stock Exchange at a price close to the Price therefor or within a reasonable time period, although Security Holders will be entitled to redeem their Micro or Commodity Securities.

#### *Early Redemption of Micro and Commodity 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 or two days' notice in the event of a fall in Price relative to the Principal Amount) by RIS announcement to the Security Holders, redeem all Individual Securities or Micro Securities of a particular class or all Index Securities of a particular category. The Trustee may, at any time, where an Issuer Insolvency Event or Counterparty Event of Default has occurred and is continuing, upon 20 Business Days' notice to the Issuer, require the Issuer to redeem all Micro and Commodity Securities whereupon the Issuer will exercise its right to redeem such Securities.

Bloomberg may cease to publish an Individual Commodity Index. If so, all Micro Securities and Individual Securities of the class relating to that Individual Commodity Index will be redeemed.

The Conditions provide that the amount payable upon a Redemption of a Micro Security of a particular class under Settlement Pricing will be the higher of the Principal Amount for that class and the Price of

such Micro Security on the applicable Pricing Day. As each type of Micro and Commodity Security is a limited recourse security as described in Condition 3.2, it is in the interests of the Security Holders of each type to ensure that the Price for each relevant class of Micro Securities does not fall below its Principal Amount. The Issuer will aim to avoid the Price of a class of Micro Security falling below its Principal Amount by the following measures: the Issuer may (i) where necessary, seek the sanction of Security Holders by Extraordinary Resolution to reduce the Principal Amount of a class of Micro Security (and of Commodity Securities to the extent they comprise Micro Securities of that class) to a level less than its Price; and/or (ii) if on any Pricing Day the Price of any class of Micro Security falls to 2.5 times the Principal Amount of such Micro Security or below, the Issuer may, at any time for so long as the Price remains below such amount and during the period 60 days thereafter, upon not less than two days' notice by RIS announcement elect to redeem the Micro Securities of that class (and all types of Commodity Securities which are comprised, in whole or in part, of Micro Securities of that class). The right pursuant to (ii) above will cease once an Extraordinary Resolution is passed to reduce the Principal Amount such that the Price is more than 2.5 times the Principal Amount, subject to any further fall in the Price of any class of Micro Securities to 2.5 times the Principal Amount or below.

Under the Facility Agreements, each Commodity Contract Counterparty has the right to terminate some or all of the Commodity Contracts of a particular class if for any reason it is unable to maintain the hedging positions which (acting reasonably) it attributes to the hedging of its obligations in connection with the Facility Agreement or Commodity Contracts of one or more classes. In such a case, the Issuer has, and will exercise, the right to redeem some or all of the Micro Securities and Individual Securities of that class. In some cases this may require the Issuer to redeem Index Securities if Micro Securities of that class are comprised therein.

The Issuer may, at any time by not less than seven nor more than 14 Trading Days' written notice, redeem any Micro and Commodity 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.

UBS has only agreed to provide Commodity Contracts to the Issuer for ten years from 5 August 2009 and MLCI has only agreed to supply Commodity Contracts to the Issuer for ten years from 15 April 2011 (although each Commodity Contract Counterparty may terminate its Facility Agreement on 3 months' notice). If the relevant Commodity Contract Counterparty does not agree to provide Commodity Contracts beyond such date or if either or both Commodity Contract Counterparties chooses to terminate its Facility Agreement earlier, then the Commodity Contracts with it will expire and unless they are replaced by Commodity Contracts with another Commodity Contract Counterparty the Issuer will elect to redeem some or all of the outstanding Micro and Commodity Securities.

Consequently, an investment in Micro and Commodity Securities may be redeemed earlier than desired by a Security Holder and at short notice. In these circumstances, the Security Holder may suffer a loss if the cash value of the Micro and Commodity Securities is lower than it would otherwise have been if the investment had been redeemed on a day chosen by the Security Holder rather than on the date of the early redemption. Early redemption could also lead to a Security Holder incurring a tax charge that it would otherwise not be subject to and/or if the redemption takes place at a time when the cash value of the Micro and Commodity Securities redeemed is lower than when they were purchased by the Security Holder, the Security Holder could suffer a loss.

#### *No Recourse Except to the Issuer and the Secured Property*

Micro and Commodity Securities will be obligations solely of the Issuer. The ability of the Issuer to pay on redemption of Micro and Commodity Securities is wholly dependent on it receiving payment from the relevant Commodity Contract Counterparty. The Micro and Commodity Securities will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Registrar, Bloomberg, any member of the UBS Group, MLCI or any other member of the BAC Group, any direct or indirect shareholder of the Issuer or any of the Authorised Participants and no Security Holder has any direct rights of enforcement against such persons. The Issuer is a special purpose company established for the purpose of issuing exchange traded commodities (ETCs) as asset-backed securities.

If the net proceeds of realisation of the Secured Property in respect of a particular Pool, following enforcement of the Security Deed applicable to that Pool, are less than the aggregate amount payable

in such circumstances by the Issuer in respect of Micro Securities and Individual Securities of that class and Index Securities to the extent that they comprise Micro Securities of that class, the obligations of the Issuer in respect of such Micro Securities and Individual Securities and such Index Securities to the extent that they comprise Micro Securities of that class will be limited to the net proceeds of realisation of that Secured Property. In such circumstances the assets (if any) of the Issuer other than those attributable to the relevant Pool 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. In these circumstances, the Security Holder would suffer a loss.

Any claims made against the Issuer will be satisfied in order of the priority of payments in accordance with the Trust Instrument, further details of which are set out in Condition 18 (*Application of Moneys*) in Part 7 (*Trust Instrument and Commodity Securities*). Following the priority of payments, the security may be insufficient and the Issuer may not be able to return the full Redemption Amount to investors who may suffer a loss as a result.

#### *Limited Enforcement Rights*

The Trustee may enforce the Security at its discretion but is only required to enforce the Security on behalf of a Security Holder if it is directed to do so:

- (a) by a Security Holder to whom a Defaulted Obligation is owed; or
- (b) if an Issuer Insolvency Event or Counterparty Event of Default has occurred and is continuing, (i) in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature) of the Micro and Commodity Securities (as a whole) then outstanding, or (ii) by an Extraordinary Resolution,

in each case provided that the Trustee is indemnified and/or secured to its satisfaction. In circumstances where the Trustee is not obliged to enforce the Security, a Security Holder will have no right to proceed directly against the Issuer and may therefore not be able to realise the value of their investment.

#### *Recognition of Security in other Jurisdictions*

The laws of certain jurisdictions may affect some or all of the assets comprising the Secured Property in relation to any 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 has taken the following steps to perfect the security granted under the Security Deed relating to the Security Agreements: (a) the Issuer has notified the Securities Intermediary of the security so granted in writing and the Securities Intermediary has in writing acknowledged to the Issuer and the Trustee such notification; and (b) the Issuer's grant of the security interest is expressly acknowledged in the Control Agreements with provision made under the Control Agreements for the Securities Intermediary to act on the instructions of the 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 the Secured Property in relation to any Pool may be deemed to be located.

#### *Index Calculations by UBS Securities and by Bloomberg*

The Issuer is not affiliated with Bloomberg or UBS Securities in any way (except for the agreements and licensing arrangements described in this Prospectus) and has no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the Commodity Indices or related indices (including the Individual Commodity Indices). The policies of UBS Securities and Bloomberg concerning the calculation of the level of the Commodity Indices or related indices (including the Individual Commodity Indices), additions, deletions or substitutions of Commodity Indices components and the manner in which changes affecting the

Commodity Indices components are reflected in the Commodity Indices could adversely affect the value of the Commodity Indices or related indices (including the Individual Commodity Indices) and, therefore, the market value of the Micro and Commodity Securities.

Additional commodity futures contracts may satisfy the eligibility criteria for inclusion on the Commodity Indices, and commodity futures contracts currently included in the Commodity Indices may fail to satisfy such criteria. The weighting factors applied to each included futures contract may change annually, based on changes in commodity production and volume statistics. In addition, UBS Securities and/or Bloomberg may modify the methodology for determining the composition and weighting of the Commodity Indices, for calculating their respective values in order to assure that the Commodity Indices represent an adequate measure of market performance or for other reasons, or for calculating the values of the Commodity Indices or related indices (including the Individual Commodity Indices). Any such changes could adversely affect the market value of the Micro and Commodity Securities.

Under the UBS Facility Agreement and the Calculation Agency Agreement, UBS has agreed that in the event Bloomberg ceases to calculate and publish any Individual Commodity Index, UBS as Calculation Agent will use its reasonable endeavours to calculate settlement values of such Individual Commodity Indices for each Pricing Day using the same methodology and processes for each individual commodity as are used from time to time for the calculation of the Commodity Indices, but there is no assurance that those indices will continue to be published. If the Individual Commodity Indices or any of them cease to be published, the Issuer will endeavour to ensure that replacement indices are published, but there is no assurance that this will be achieved. In that event some or all of the Micro and Commodity Securities may be redeemed.

In certain circumstances under the Facility Agreements and the Calculation Agency Agreement, including where a Market Disruption Event in respect of an Individual Commodity Index occurs on five or more consecutive Trading Days (irrespective of whether an Individual Commodity Index is published for those Trading Days), the Calculation Agent is required to calculate a substitute value for each Trading Day thereafter while that circumstance persists. While the Calculation Agent is required to act in good faith and in a commercially reasonable manner (i) it owes no duty to any Security Holder or the Trustee in respect of any determination made by it and (ii) any such substitute value may differ from the Individual Commodity Index.

From time to time commodities presently represented in the Commodity Indices may cease to be included therein. In that event, an Individual Commodity Index in respect of that commodity may cease to be published. If this occurs, all Micro Securities and Individual Securities of that class will be redeemed, and all Index Securities which comprise Micro Securities of that class will be Rebalanced and as a result those Index Securities will include no exposure to the value of that commodity.

#### *Calculation Agent Conflicts of Interest*

In addition to being the obligor under the UBS Facility Agreement, UBS is also the Calculation Agent under both the UBS Facility Agreement and the MLCI Facility Agreement (but not for the purposes of the Conditions, the Micro and Commodity Securities or the Trust Instrument). In acting as Calculation Agent, UBS is obliged to act in good faith and in a commercially reasonable manner, but otherwise its calculations are binding in the absence of manifest error. The role of UBS as Calculation Agent may give rise to conflicts of interest which are adverse to the interests of Security Holders.

#### *Change to Designated Contracts and/or Roll Period*

The choice of Designated Contracts, Designated Month Contracts and the Roll Period used to price each Individual Commodity Index is determined by Bloomberg in conjunction with UBS Securities and may be changed from time to time. The termination or replacement of any Designated Contract or Designated Month Contract and/or the change to a Roll Period may have an adverse impact on the value of an Individual Commodity Index.

#### *Financial transaction tax*

On 14 February 2013, the European Commission adopted a proposal for a financial transaction tax among eleven member states of the European Union. The proposal envisages a financial transaction tax being payable by financial institutions on, among others, transfers of financial instruments and the

creation of derivative contracts. The participating member states have yet to agree on its precise scope, however, and the proposal may therefore be revised materially. In addition, certain countries (such as France and Italy) have unilaterally introduced or announced their own financial transaction tax, and others may follow suit.

The proposal remains at the consultation stage, which means that the precise scope of the financial transaction tax (if it is ultimately implemented) remains unclear, and its scope may be extended in the future in any event. There is therefore a risk that a financial transaction tax may be incurred on certain transactions in the Commodity Contracts or the Micro and Commodity Securities, including hedging the position in respect of a class of Commodity Contracts. Security Holders which are financial institutions may be directly liable for the financial transaction tax in respect of those securities. In some cases the imposition of a financial transaction tax could temporarily prevent new issues or redemptions of Micro and Commodity Securities or give rise to a compulsory early redemption.

#### *Undertakings for Collective Investment in Transferable Securities (UCITS)*

Prospective investors which are UCITS, i.e. which comprise a scheme which is an undertaking for collective investment in transferable securities subject to the Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (No 85/611/EEC) (the “**UCITS Directive**”), as amended, need to satisfy themselves that an investment in the Commodity Securities would comply with any regulations and/or guidelines applicable to them pursuant to the UCITS Directive and any laws, regulations or guidelines of their jurisdiction of incorporation and would be in line with their individual investment objectives. Failure to comply with such restrictions may cause a UCITS, which is a Security Holder to be in breach of its compliance obligations under the UCITS Directive, laws of its jurisdiction of incorporation or investment objectives and policies, and therefore to be exposed to regulation sanctions under its national regime.

#### *Organisation for Economic Co-operation and Development (“OECD”) Common Reporting Standard*

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (“**CRS**”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, tax authorities in participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with other participating tax authorities in which the investors of the reporting financial institution are tax resident on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Jersey has committed to implement the CRS. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject the Issuer to penalties and/or other sanctions under the implementing regulations in Jersey and/or an investor to liability for any resulting penalties or other charges and/or mandatory redemption of Commodity Securities.



## FREQUENTLY ASKED QUESTIONS

*This section is intended to answer some of the questions which a prospective investor may have when considering an investment in Micro and Commodity Securities. It is not intended to be a summary of or a complete description of the information contained in this Prospectus and an investment in Micro and Commodity Securities should only be made after careful consideration of this Prospectus.*

*Capitalised terms shall have the meanings given to them in the section entitled “Definitions and Interpretation”.*

### **What are Micro and Commodity Securities?**

Micro and Commodity Securities are secured, undated limited recourse debt securities issued by ETFS Commodity Securities Limited, a Jersey company established as a special purpose vehicle for the purpose of issuing the Micro and Commodity Securities and the Short and Leveraged Commodity Securities. The Micro and Commodity Securities have been designed to enable investors to achieve a return based on the movements of indices which track movements in the price of individual commodity futures contracts or baskets of commodity futures contracts, and to enable investors to buy and sell that interest through the trading of a security on a stock exchange.

### **What are the Commodity Indices?**

The Commodity Indices are indices which track movements in the price of individual commodity futures contracts or baskets of commodity futures contracts. They are calculated by Bloomberg in conjunction with UBS Securities and published by Bloomberg and known as the Bloomberg Commodity Index family.

### **How do Micro and Commodity Securities provide a return based on the movements of Commodity Indices?**

The Micro and Commodity Securities provide exposure (before fees and adjustments and in the absence of Market Disruption Events) to movements in the Commodity Indices, such that if the level of a Commodity Index falls the Price of the relevant Micro or Commodity Security will also fall (and vice versa).

### **How does the Issuer back its exposure to the Commodity Indices?**

A class of Micro and Commodity Security is backed by an equal number of Commodity Contracts of the same class entered into with a Commodity Contract Counterparty under the terms of a Facility Agreement. Under the Facility Agreement, the Issuer pays all of the issue proceeds of that class of Micro and Commodity Security to the Commodity Contract Counterparty and in return the Commodity Contract Counterparty provides the Issuer with an equal number of Commodity Contracts of the same class. The Commodity Contracts of a particular class will provide the Issuer with a return based on the movements of the relevant Commodity Index (less fees, expenses and other adjustments) for an amount equal to the issue proceeds of the related class of Micro and Commodity Securities. The Commodity Contract Counterparty is also required to post collateral with respect to the Commodity Contracts as described under “*What is the purpose of the collateral?*” below.

### **What is the Price?**

The Price of a particular class of Micro Securities or Commodity Securities is calculated in accordance with a set formula and examples of how it is calculated are set out in Part 2 (*How does a Security Holder determine the value of their investment?*). The Price reflects the value of the Commodity Index and the applicable fees payable by a Security Holder in respect of that class of Micro Securities or Commodity Securities.

### **When will the Price of a Micro and Commodity Security be published?**

The Price for a particular Pricing Day will be published on the Issuer’s website on the next Business Day at <http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx>.



**What is a Commodity Contract Counterparty?**

The Commodity Contract Counterparties are entities with which the Issuer has entered into a Facility Agreement, pursuant to which the Issuer will purchase Commodity Contracts from the relevant Commodity Contract Counterparty. As at the date of this Prospectus, UBS and MLCI are the Commodity Contract Counterparties under the Programme.

**Is an investment in a Commodity Index the same as investing in the underlying commodities?**

An investment in a Commodity Index is not the same as investing directly in the underlying commodities. Importantly, an investment in a Commodity Index does not give any ownership interest, right or entitlement to any actual commodity or commodity futures contract. Any amounts payable on the Micro and Commodity Securities will be in cash, and the holders of the Micro and Commodity Securities will have no right to receive delivery of any commodity or commodity futures contract at any time.

**Who makes calculations in respect of a Commodity Index?**

The Commodity Indices are constructed and published pursuant to a joint arrangement between UBS Securities and Bloomberg. The Bloomberg Commodity Index<sup>SM</sup> and its sub-indices (including the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> and the Individual Commodity Indices) are published on Bloomberg's website at <http://www.bloombergindexes.com/>.

**What is the purpose of the collateral?**

The Issuer pays all of the issue proceeds for each class of Micro Securities or Commodity Securities to the Commodity Contract Counterparty in return for that Commodity Contract Counterparty entering into an equivalent number of Commodity Contracts of such class.

This means that the Issuer will have a credit exposure to the Commodity Contract Counterparty with respect to the amounts owed to the Issuer under the terms of the Commodity Contracts. To reduce this exposure the Commodity Contract Counterparty is required to post collateral to a collateral account held in the Commodity Contract Counterparty's name with Bank of New York Mellon.

In the event that the Commodity Contract Counterparty defaults on its payment obligations under a Commodity Contract, then the Issuer will be entitled to take control over a Collateral Account and the collateral within it for the purposes of realising the collateral. The Issuer would then sell such collateral with the aim of satisfying the amounts owed to it by the Commodity Contract Counterparty under a Commodity Contract, although in the event that the proceeds from selling the collateral are less than the amounts owed by the Commodity Contract Counterparty then the Issuer may not in turn be able to pay the full amount owed to Security Holders.

**What happens if the Commodity Contract Counterparty defaults?**

If the Commodity Contract Counterparty defaults then the Issuer would be expected to cease to enter into Commodity Contracts with the Commodity Contract Counterparty. A Counterparty Event of Default would include circumstances where the Commodity Contract Counterparty has failed to pay amounts due in respect of a Commodity Contract Termination and has failed to rectify such failure to pay within a certain time limit. Upon default the Issuer may also look to close out the existing Commodity Contracts in place with the Commodity Contract Counterparty in receipt for the cash owed to it under such Commodity Contracts.

**When can a Commodity Contract Counterparty elect to terminate Commodity Contracts?**

The Commodity Contract Counterparty may, on giving not less than three months' prior written notice to the Issuer, elect to compulsorily redeem all classes of Commodity Contracts or, in the event that the Issuer has defaulted on certain of its obligations to the Commodity Contract Counterparty under the Facility Agreement, the Commodity Contract Counterparty may compulsorily redeem all classes of Commodity Contracts on not less than two Business Days' notice.

The Commodity Contract Counterparty also has the right to terminate some or all of the Commodity Contracts of a particular class if for any reason it is unable to maintain the hedging positions which (acting

reasonably) it attributes to the hedging of its obligations in connection with the Facility Agreement or Commodity Contracts of one or more classes. In such a case, the Issuer has, and will exercise, the right to redeem some or all of the Micro and Commodity Securities of that class.

Other termination rights in favour of the Commodity Contract Counterparties include on the occurrence of a material adverse change (which itself includes a change in tax law).

The Facility Agreements each have a term of ten years and in the event that such term expires and the parties do not agree to an extension then all classes of Commodity Contracts will also be compulsorily redeemed following expiry.

#### **What happens if a Market Disruption Event occurs?**

If the level of a Commodity Index is not published due to a Market Disruption Event then the Calculation Agent will use a special value of the relevant Commodity Index calculated using the most recently reported prices for the relevant futures contracts, if any, that are not subject to a Market Disruption Event and using a fair market value determined in accordance with the principles set out in the Facility Agreements described in Condition 16.3 of the Conditions in Part 7 (*Trust Instrument and Commodity Securities*) for the relevant commodity futures that are subject to a Market Disruption Event.

For these purposes, a Market Disruption Event may occur with respect to a Commodity Index where, for example, certain events occur which disrupt trading in the commodities that are comprised within the underlying Commodity Index or where an exchange on which those commodities trade closes early or fails to open for trading during its regular trading session.

Where calculations and determinations are made in relation to Commodity Contracts, the same calculations and determinations will be made in respect of the corresponding Micro and Commodity Securities.

#### **Who is the Calculation Agent?**

UBS is acting as the Calculation Agent with respect to the Commodity Contracts under the Facility Agreement. It is not a calculation agent for the Micro and Commodity Securities or for the Programme. The role of UBS as Calculation Agent is limited to the making of calculations and determinations in accordance with the terms of the Facility Agreements in respect of the Commodity Contracts thereunder.

#### **What is the Multiplier?**

The Multiplier for Classic Securities and Longer Dated Securities reflects the Capital Adjustment which includes any Collateral Yield paid by a Commodity Contract Counterparty to the Issuer less the Management Fee and Licence Allowance.

#### **What is the Capital Adjustment?**

The Capital Adjustment forms part of the pricing formula for the Micro and Commodity Securities and will reflect certain adjustments to the Price of a Micro and Commodity Security. The Capital Adjustment is a daily rate expressed as a percentage, which will be as agreed from time to time between each Commodity Contract Counterparty and the Issuer. The Capital Adjustment reflects the benefit to the Commodity Contract Counterparty of selling the relevant Commodity Contracts to the Issuer, less the Management Fee and Licence Allowance.

#### **What is an Authorised Participant?**

Authorised Participants are financial institutions that meet certain eligibility requirements and who have entered into an Authorised Participant Agreement with the Issuer. Only Authorised Participants are allowed to buy and (in most cases) sell Micro and Commodity Securities directly with the Issuer. Authorised Participants may, but do not have to, act as market makers for the Micro and Commodity Securities by buying and selling Micro and Commodity Securities to and from investors either on exchange or in over the counter transactions.

**Who is the Trustee and what do they do?**

The Trustee is The Law Debenture Trust Corporation p.l.c. and is an independent entity whose role is to act as trustee on behalf of Security Holders in accordance with the Trust Instrument and the Security Deeds and the Trustee holds its rights on behalf of Security Holders (and itself).

**What is the cash value of a Micro and Commodity Security?**

Each Micro and Commodity Security has a Price (which is an amount in US Dollars) which reflects the value of the corresponding Commodity Contract and which also reduces each day to reflect the accrual of the fees payable in respect of that Micro and Commodity Security. All Security Holders will generally buy and sell their Micro and Commodity Securities on a stock exchange in return for cash. The cash value at which the Micro and Commodity Securities will trade on exchange is expected to be close to the value of such Price.

Further information and examples of how the Price is calculated are set out in Part 2 (*How does a Security Holder determine the value of their investment?*).

**How do I buy and sell Micro and Commodity Securities?**

Generally only Authorised Participants may create and redeem Micro and Commodity Securities directly with the Issuer at the Price on the relevant date. Once an Authorised Participant creates Micro and Commodity Securities with the Issuer it can then (i) choose to hold the Micro and Commodity Securities itself; (ii) sell those securities on one of the stock exchanges on which the Micro and Commodity Securities are admitted to trading; (iii) sell those Micro and Commodity Securities in private off exchange transaction (OTC); or (iv) redeem the Micro and Commodity Securities directly with the Issuer.

Investors other than Authorised Participants can buy and sell Micro and Commodity Securities on any of the stock exchanges on which they are admitted to trading or in private transactions (OTC) in the same way as they buy and sell other listed securities.

Transactions in Micro and Commodity Securities other than those directly with the Issuer can be done at any point during the Trading Day. Such purchases of Micro and Commodity Securities will generally be done at a “bid price” and any sales of Micro and Commodity Securities intraday will generally be done at an “offer price”. The bid and offer prices of a Micro and Commodity Security are expected to be close to the cash value of the Price of the relevant class of Micro and Commodity Security on a particular day, however, they will not match exactly the Price because bid and offer prices also take account of other market conditions such as market liquidity (supply and demand) at the time that the investor is looking to buy or sell their Micro and Commodity Securities.

**Can I lose all of my initial investment?**

Yes, an investor may lose all of their initial investment. An investor can also lose part of their investment if the Commodity Contract Counterparty defaults – see section entitled “*What happens if the Commodity Contract Counterparty defaults*” above.

**Can I lose more than my initial investment?**

An investor who buys and hold their Micro and Commodity Securities cannot lose more than their initial investment.

**What is the minimum investment?**

One Commodity Security.

**What are the costs of holding the product?**

Investors are charged (within the Price) a Management Fee, an amount reflecting amounts owing to or owed by the Commodity Contract Counterparty to reflect the benefit or cost to the Commodity Contract Counterparty of selling Commodity Contracts to the Issuer and a licence allowance in respect of the Micro and Commodity Securities.

Where an Authorised Participant subscribes for Micro and Commodity Securities, the Issuer may charge an Application Fee which will be payable in addition to the Price and, likewise, the Issuer may deduct an amount equal to the Redemption Fee from the amount payable on a redemption of Micro and Commodity Securities.

Further information is set out in Part 4 (*Description of Commodity Securities*). Investors who buy and sell Micro and Commodity Securities on exchange or in transactions other than with the Issuer may also be charged additional costs in respect of those transactions.

**Who is the “holder” of the Micro and Commodity Securities?**

If the Micro and Commodity Securities are held through a clearing system (which will usually be the case), the legal “holder” will either be the entity nominated by the clearing system as the depositary for the Micro and Commodity Securities or the person entered in the register as the Security Holder. As an investor, your rights in relation to the Micro and Commodity Securities will be governed by the contract you have with your broker, custodian or other entity through which you hold your interest in the Micro and Commodity Securities and the contracts they have with the clearing system and any intermediaries in between. Accordingly, where this Prospectus describes a right as being owed to, or exercisable by, a Security Holder then your ability to benefit from or exercise such right will be dependent on the terms of the contracts in such chain.

## TYPES OF MICRO AND COMMODITY SECURITIES

### *Classic Individual Securities and Classic Index Securities*

The types of Classic Individual Security and Classic Index Security available for issue and corresponding LSE Codes are set out below:

#### **Classic Individual Securities**

ETFS Aluminium  
 ETFS Brent Crude  
 ETFS Cocoa  
 ETFS Coffee  
 ETFS Copper  
 ETFS Corn  
 ETFS Cotton  
 ETFS WTI Crude Oil  
 ETFS Gas Oil  
 ETFS Gasoline  
 ETFS Gold  
 ETFS Heating Oil  
 ETFS Kansas Wheat  
 ETFS Lead  
 ETFS Lean Hogs  
 ETFS Live Cattle  
 ETFS Natural Gas  
 ETFS Nickel  
 ETFS Platinum  
 ETFS Silver  
 ETFS Soybean Meal  
 ETFS Soybean Oil  
 ETFS Soybeans  
 ETFS Sugar  
 ETFS Tin  
 ETFS Wheat  
 ETFS Zinc

#### **LSE code**

ALUM  
 BRNT  
 COCO  
 COFF  
 COPA  
 CORN  
 COTN  
 CRUD  
 GASO  
 UGAS  
 BULL  
 HEAT  
 WEAK  
 LEED  
 HOGS  
 CATL  
 NGAS  
 NICK  
 PLTM  
 SLVR  
 SOBM  
 SOYO  
 SOYB  
 SUGA  
 TINM  
 WEAT  
 ZINC

#### **Classic Index Securities**

ETFS All Commodities  
 ETFS Energy  
 ETFS Petroleum  
 ETFS Ex-Energy  
 ETFS Precious Metals  
 ETFS Industrial Metals  
 ETFS Agriculture  
 ETFS Softs  
 ETFS Livestock  
 ETFS Grains  
 ETFS Ex-Agriculture & Livestock  
 ETFS Ex-Industrial Metals  
 ETFS Ex-Precious Metals  
 ETFS Ex-Agriculture  
 ETFS Ex-Livestock  
 ETFS Ex-Softs  
 ETFS Ex-Grains  
 ETFS Ex-Petroleum

#### **LSE code**

AIGC  
 AIGE  
 AIGO  
 AIGX  
 AIGP  
 AIGI  
 AIGA  
 AIGS  
 AIGL  
 AIGG  
 XFRM  
 XIND  
 XPMT  
 XAGR  
 XLST  
 XSFT  
 XGRA  
 XPET

### *Longer Dated Individual Securities and Longer Dated Index Securities*

The types of Longer Dated Individual Security and Longer Dated Index Security available for issue and corresponding LSE Codes are set out below:

#### **Longer Dated Individual Securities**

	<b>LSE code</b>
ETFS Longer Dated Aluminium	ALFO
ETFS Longer Dated Brent Crude	FBRT
ETFS Longer Dated Coffee	FOCO
ETFS Longer Dated Copper	FCOP
ETFS Longer Dated Corn	CORF
ETFS Longer Dated Cotton	FCOT
ETFS Longer Dated WTI Crude Oil	FCRU
ETFS Longer Dated Gasoline	UGAF
ETFS Longer Dated Gas Oil	FGSO
ETFS Longer Dated Gold	GOLF
ETFS Longer Dated Heating Oil	HEAF
ETFS Longer Dated Kansas Wheat	WEKF
ETFS Longer Dated Lean Hogs	HOGF
ETFS Longer Dated Live Cattle	CATF
ETFS Longer Dated Natural Gas	NGAF
ETFS Longer Dated Nickel	NICF
ETFS Longer Dated Silver	FSIL
ETFS Longer Dated Soybean Meal	SBMF
ETFS Longer Dated Soybean Oil	SYOF
ETFS Longer Dated Soybeans	SYBF
ETFS Longer Dated Sugar	SUGF
ETFS Longer Dated Wheat	WEAF
ETFS Longer Dated Zinc	ZINF

#### **Longer Dated Index Securities**

	<b>LSE code</b>
ETFS Longer Dated All Commodities	FAIG
ETFS Longer Dated Energy	ENEF
ETFS Longer Dated Petroleum	FPET
ETFS Longer Dated Ex-Energy	EXEF
ETFS Longer Dated Precious Metals	FPRE
ETFS Longer Dated Industrial Metals	FIND
ETFS Longer Dated Agriculture	FAGR
ETFS Longer Dated Softs	SOFF
ETFS Longer Dated Livestock	FLIV
ETFS Longer Dated Grains	GRAF



## LICENCES GRANTED TO THE ISSUER

“Bloomberg®”, “Bloomberg Commodity Index<sup>SM</sup>” and “Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>” are trademarks or service marks of Bloomberg Finance L.P. and its affiliates (collectively “**Bloomberg**”) and have been licensed for use for certain purposes by the Issuer. Neither Bloomberg nor UBS are affiliated with the Issuer and Bloomberg and UBS do not approve, endorse, review or recommend the Micro and Commodity Securities. Neither Bloomberg nor UBS guarantees the timeliness, accuracy or completeness of any data or information relating to the Commodity Indices.

The Issuer has been granted a licence by Bloomberg and UBS Securities to price Micro and Commodity Securities based on various commodity indices calculated and published by Bloomberg, in conjunction with UBS Securities. All references to indices calculated or published by Bloomberg, in conjunction with UBS Securities, and in particular the Commodity Indices, are used with the permission of Bloomberg and UBS Securities.

## DEFINITIONS AND INTERPRETATION

The following definitions apply throughout this Prospectus unless the context otherwise requires:

<b>“Acceptable Credit Rating”</b>	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 Baa1 from Moody’s Investors Service Inc. (or any successor to the ratings business thereof)
<b>“Administration Agreement”</b>	means the Administration Agreement dated 14 December 2012 between R&H Fund Services (Jersey) Limited and the Issuer providing for certain administration and company secretarial services to be provided by R&H Fund Services (Jersey) Limited to the Issuer
<b>“Affiliate”</b>	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, <b>“control”</b> of any entity or person means ownership of a majority of the voting power of the entity or person
<b>“Aggregate Outstanding Contracts Price”</b>	means in respect of any day and a Commodity Contract Counterparty the aggregate of (i) the sum of the Price on that day of each and every Commodity Contract then in existence with that Commodity Contract Counterparty (including Commodity Contracts in respect of which a Creation Notice has been given on or prior to that day and which have not been issued or cancelled, but excluding Commodity Contracts in respect of which a valid Cancellation Notice has been given on or before that day) and (ii) the sum of the Price (as defined in the Short and Leveraged Facility Agreement with that Commodity Contract Counterparty) of each and every Short and Leveraged Commodity Contract then in existence with that Commodity Contract Counterparty (including Short and Leveraged Commodity Contracts in respect of which a Creation Notice (as defined in such Short and Leveraged Facility Agreement) has been given on or prior to that day and which have not been issued or cancelled (as defined in such Short and Leveraged Facility Agreement), but excluding Short and Leveraged Commodity Contracts in respect of which a valid Cancellation Notice (as defined in such Short and Leveraged Facility Agreement) has been given on or before that day)
<b>“Agreed Pricing”</b>	has the meaning given in Condition 8.1(b)
<b>“Agreed Redemption Form”</b>	means a notice in the form prescribed from time to time by the Issuer requesting Redemption of Micro and Commodity Securities using Agreed Pricing
<b>“Applicant”</b>	means an Authorised Participant who makes an Application for Commodity Securities
<b>“Application”</b>	means an offer by an Applicant to the Issuer to subscribe for Commodity 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
<b>“Application Fee”</b>	means the fee payable by an Applicant to the Issuer in respect of the issue of Commodity Securities

<b>“Application Form”</b>	means the application form to be used in connection with the Programme
<b>“Application Moneys”</b>	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
<b>“Authorised Participant”</b>	means a person which has entered into an Authorised Participant Agreement with the Issuer in relation to Commodity Securities and (except in the case of a Commodity Contract Counterparty which has entered into an Authorised Participant Agreement with the Issuer) has entered into a corresponding Direct Agreement with at least one Commodity Contract Counterparty, and which is not an Unacceptable Authorised Participant in respect of that Commodity Contract Counterparty provided that no person shall be an Authorised Participant unless and until the Security Conditions (if any) with respect to the Authorised Participant and that Commodity Contract Counterparty shall have been satisfied and provided further that a person can be an Authorised Participant in respect of one Commodity Contract Counterparty but not another
<b>“Authorised Participant Agreement”</b>	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 Micro Securities and/or Commodity Securities comprising <i>inter alia</i> Micro Securities and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied
<b>“Authorised Person”</b>	means a person who is authorised for the purposes of the FSMA
<b>“BAC”</b>	means Bank of America Corporation, a corporation established under the laws of the State of Delaware, United States, and whose principal place of business is at 100 North Tryon Street, Charlotte, NC282255, United States
<b>“BAC Group”</b>	means BAC and its Affiliates, and includes MLCI
<b>“BAC Guarantee”</b>	means the guarantee dated 14 March 2011 given by BAC to the Issuer in support of MLCI’s payment obligations under the MLCI Facility Agreement, the MLCI Security Agreement and the MLCI Control Agreement
<b>“BG Micro Securities”</b>	means the Brent Crude Micro Securities, the Gas Oil Micro Securities, the Brent Crude Micro Longer Dated Securities and the Gas Oil Micro Longer Dated Securities
<b>“BG Securities”</b>	means the ETFS Brent Crude Individual Securities, the ETFS Gas Oil Individual Securities, the ETFS Longer Dated Brent Crude Individual Securities and the ETFS Longer Dated Gas Oil Individual Securities
<b>“Bloomberg”</b>	means Bloomberg L.P. and/or Bloomberg Finance L.P. and/or the Affiliate of either of them
<b>“Bloomberg Commodity Index<sup>SM</sup>”</b>	means the Bloomberg Commodity Index <sup>SM</sup> (formerly known as the Dow Jones – UBS Commodity Index <sup>SM</sup> ), calculated and published by Bloomberg, further information on which can be found in Part 3 ( <i>The Bloomberg Commodity Index Family</i> )

<b>“Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>”</b>	means the Bloomberg Commodity Index 3 Month Forward <sup>SM</sup> (formerly known as the Dow Jones – UBS Commodity Index 3 Month Forward <sup>SM</sup> ), calculated and published by Bloomberg, further information on which can be found in Part 3 ( <i>The Bloomberg Commodity Index Family</i> )
<b>“Board”</b>	means the board of directors of the Issuer
<b>“Business Day”</b>	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 both London and New York
<b>“Calculation Agency Agreement”</b>	means the agreement entitled “MLCI Calculation Agency Agreement relating to Classic and Forward Commodity Contracts” dated 14 March 2011 between the Issuer, MLCI, UBS Securities and UBS
<b>“Calculation Agent”</b>	means a person appointed by the Issuer to determine various matters in accordance with Condition 16, UBS being the current Calculation Agent
<b>“Cancellation Notice”</b>	means a notice sent by the Issuer to a Commodity Contract Counterparty pursuant to a Facility Agreement which cancels the Equivalent Number of Commodity Contracts corresponding with the Micro or Commodity Securities referred to in such Cancellation Notice
<b>“Capital Adjustment”</b>	means an adjustment factor to be included in the calculation of the Multiplier which is agreed from time to time by the Commodity Contract Counterparties and the Issuer
<b>“Capital Adjustment Agreement”</b>	means agreements entitled “Capital Adjustment Agreement relating to Classic and Forward Commodity Contracts” between the Issuer and a Commodity Contract Counterparty and includes the UBS Capital Adjustment Agreement and the MLCI Capital Adjustment Agreement
<b>“category”</b>	means, in relation to Index Securities, the type of Index Security determined by the mix of different classes of Micro Securities comprised in the Index Security
<b>“CBOT”</b>	means The Board of Trade of the City of Chicago, Inc.
<b>“cents”</b>	means United States cents, equal to one hundredth of a US Dollar
<b>“Certificated” or “Certificated Form”</b>	means not in Uncertificated Form
<b>“CIP”</b>	means “Commodity Index Percentage” as defined in the Handbook from time to time
<b>“class”</b>	means a class of Micro Securities or Individual Securities under which the Issuer’s obligations to make payment, and the corresponding class of Commodity Contracts under which any Commodity Contract Counterparty’s obligations to make payment, are determined by reference to a particular Individual Commodity Index, and Micro or Individual Securities, and the corresponding class of Commodity Contracts, referable to a particular Individual Commodity Index but of different Strategies are each of a separate and distinct class

<b>“Classic Commodity Contract”</b>	means in relation to Micro Securities of a particular class (or Commodity Securities to the extent they are comprised of Micro Securities of that class), a contract between the Issuer and a Commodity Contract Counterparty created in accordance with a Facility Agreement and giving rise to matching rights and obligations to such Micro Securities
<b>“Classic Commodity Security”</b>	means Classic Individual Securities and Classic Index Securities
<b>“Classic Index Securities”</b>	means an Index Security of a category specified in the relevant list in paragraph 5 of Part 13 ( <i>Additional Information</i> )
<b>“Classic Individual Securities”</b>	means an Individual Security of a class specified in the relevant list in paragraph 5 of Part 13 ( <i>Additional Information</i> )
<b>“Classic Micro and Commodity Securities” or “Classic Securities”</b>	means Micro Classic Securities, Classic Index Securities and Classic Individual Securities and <b>“Classic Micro or Commodity Securities”</b> means any of them
<b>“Cleared Funds”</b>	means immediately available funds
<b>“CLPT Micro Securities”</b>	means the Cocoa Micro Securities, Lead Micro Securities, Platinum Micro Securities and Tin Micro Securities
<b>“CLPT Securities”</b>	means the ETFS Cocoa Individual Securities, ETFS Lead Individual Securities, ETFS Platinum Individual Securities and ETFS Tin Individual Securities
<b>“CME”</b>	means Chicago Mercantile Exchange Inc.
<b>“CME Group” and “CME Group Inc.”</b>	means CME Group Inc., a holding company and the parent of CME, CBOT and NYMEX
<b>“CME Indexes”</b>	means CME Group Index Services LLC
<b>“Collateral”</b>	means all Posted Collateral (as defined in any Security Agreement) to the extent attributable to the obligations of a Commodity Contract Counterparty under a Facility Agreement
<b>“Collateral Account”</b>	means, in relation to any Commodity Contract Counterparty that has entered into a Security Agreement, the account established and maintained by the respective Securities Intermediary in the Commodity Contract Counterparty’s name, in which the Commodity Contract Counterparty shall post Collateral pursuant to the terms of such Security Agreement and the relevant Control Agreement and which shall include the account so established and maintained by The Bank of New York Mellon in UBS’ name and the account so established and maintained by The Bank of New York Mellon in MLCI’s name
<b>“Collateral Account Control Event”</b>	means (i) the occurrence of a Counterparty Event of Default in respect of the relevant Commodity Contract Counterparty that was not caused by a breach by the Issuer of its obligations under the relevant Facility Agreement or by any Authorised Participant under the relevant Authorised Participant Agreement and, after giving effect to any applicable notice requirement or grace period, there occurs under the Facility Agreement (or the relevant Short and Leveraged Facility Agreement) a liquidation of, or an acceleration of, all of the obligations of the relevant Commodity Contract Counterparty under

the relevant Facility Agreement (or the relevant Short and Leveraged Facility Agreement); (ii) failure by the relevant Commodity Contract Counterparty to transfer Collateral to the relevant Collateral Account when due and such failure continues for two Business Days; (iii) failure by the relevant Commodity Contract Counterparty to comply with or perform any other provisions of or obligations under the relevant Security Agreement (other than as set out in (ii)) and such failure continues for 30 days after receipt by the relevant Commodity Contract Counterparty of notice of such failure; or (iv) the relevant Commodity Contract Counterparty (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) 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; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or 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, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (X) 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 (Y) is not dismissed, discharged, stayed or restrained in each case within 60 days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) 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; (g) 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 60 days thereafter; (h) 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 (a) to (g) above (inclusive); or (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**“Collateral Exposure”**

means, in respect of any Valuation Time (as defined in any Security Agreement) or other time for which Collateral Exposure is calculated, and save in the case of a dispute under the relevant Security Agreement, the sum of the price on such date of each and every Commodity Contract in issue as at the applicable Valuation Time, which, in the case of the UBS Security Agreement and the MLCI Security Agreement, shall include both the sum of the price of the Commodity Contracts entered into pursuant to the UBS Facility Agreement or the MLCI Facility Agreement (respectively) and the sum of the price of the commodity contracts under the UBS Short and Leveraged Facility Agreement or the MLCI Short and Leveraged Facility Agreement (respectively) as at the applicable Valuation Time on such date

**“Collateral Yield”**

means the Capital Adjustment plus the daily Management Fee and the Licence Allowance expressed as a percentage rate per annum



<b>“COMEX”</b>	means New York Mercantile Exchange, Inc., including its wholly owned subsidiary Commodity Exchange Inc.
<b>“Commodity Contract”</b>	means in relation to Micro Securities of a particular class (or Commodity Securities to the extent they are comprised of Micro Securities of that class), a contract between the Issuer and a Commodity Contract Counterparty created in accordance with a Facility Agreement and giving rise to matching rights and obligations to such Micro Securities
<b>“Commodity Contract Counterparty”</b>	means the counterparty to each Facility Agreement with the Issuer and includes UBS and MLCI
<b>“Commodity Contract Termination”</b>	means the termination of Commodity Contracts by a Commodity Contract Counterparty in accordance with a Facility Agreement
<b>“Commodity Indices”</b>	means the Bloomberg Commodity Index <sup>SM</sup> and the Bloomberg Commodity Index 3 Month Forward <sup>SM</sup> and includes the other related indices and subindexes and <b>“Commodity Index”</b> shall be construed accordingly
<b>“Commodity Securities” and “ETFS Commodity Securities”</b>	means Individual Securities and Index Securities
<b>“comprised in” and “comprised of”</b>	in relation to a Commodity Security means the Micro Securities by reference to which the amount payable on Redemption of that Commodity Security is calculated and for which a Commodity Security (when in Certificated Form) may be surrendered in accordance with the provisions of the Trust Instrument and <b>“comprise”</b> and <b>“comprised”</b> shall be construed accordingly
<b>“Compulsory Redemption”</b>	means a Redemption of Micro or Commodity Securities in accordance with Condition 9.11
<b>“Compulsory Redemption Date”</b>	means a date notified in accordance with Conditions 9.1, 9.2, 9.5, 9.6, 9.6A or 9.7
<b>“Conditions”</b>	means the terms and conditions of the Micro and Commodity Securities in the form set out in the Second Schedule ( <i>The Conditions</i> ) to the Trust Instrument and as set out in Part 7 ( <i>Trust Instrument and Commodity Securities</i> ) and references herein to numbered Conditions are references to the numbers assigned to the Conditions in Part 7 ( <i>Trust Instrument and Commodity Securities</i> )
<b>“Control Agreement”</b>	means, in relation to any Security Agreement, the Control Agreement (as defined in such Security Agreement) and includes the UBS Control Agreement and the MLCI Control Agreement
<b>“Controller”</b>	means a Controller as defined in the Conditions
<b>“Counterparty Event of Default”</b>	means: <ul style="list-style-type: none"> <li>(a) the failure of any Commodity Contract Counterparty to make a payment it is due to make in respect of a Commodity Contract Termination in accordance with the relevant Facility Agreement, where such failure is not rectified within five Business Days following the day on which the Commodity Contract Counterparty receives notice of the failure sent by the Issuer, or being in any other breach of the Facility</li> </ul>

Agreement provided that such breach (if capable of being rectified) is not rectified within five Business Days of the Commodity Contract Counterparty receiving written notice from the Issuer of such breach;

- (b) any Guarantor failing to pay an amount due under the relevant Guarantee, when due;
- (c) any Commodity Contract Counterparty or Guarantor suffering an Insolvency Event;
- (d) the expiration or termination of any Guarantee (other than where a replacement guarantee (or other form of credit support) acceptable to the Issuer and the Trustee in their sole discretion is provided to the Issuer in lieu of a Guarantee upon or prior to such expiration or termination) or the failing or ceasing of a Guarantee to be in full force and effect for the purpose of the relevant Facility Agreement, in each case other than in accordance with its terms, prior to the satisfaction of all obligations of a Commodity Contract Counterparty under the Facility Agreement to which such Guarantee relates and without the written consent of the Issuer (and this paragraph (d) shall apply *mutatis mutandis* to any replacement guarantee (or other form of credit support));
- (e) in the case of UBS, a UBS Event of Default (as defined in the UBS Short and Leveraged Facility Agreement) and in the case of MLCI, an MLCI Event of Default (as defined in the MLCI Short and Leveraged Facility Agreement); or
- (f) in the cases of UBS and MLCI, the occurrence of certain events of default under the Security Agreement with it being, *inter alia*, (i) such Commodity Contract Counterparty failing to transfer Collateral to the Collateral Account when due, (ii) the applicable Security Agreement expiring or terminating or failing or ceasing to be in full force and effect prior to the termination of the relevant Facility Agreement and the relevant Short and Leveraged Facility Agreement and the satisfaction of the obligations detailed in such Security Agreement or (iii) such Commodity Contract Counterparty disaffirming, disclaiming, repudiating or rejecting or otherwise challenging the validity of the applicable Security Agreement

**“Creation Amounts”**

means the amounts due to the Issuer pursuant to a Creation Notice

**“Creation Limits”**

means the limits under the Facility Agreements on creation of Commodity Contracts (and corresponding limits on issue of Micro and Commodity Securities), as set out in Part 4 (*Description of Commodity Securities*) under the heading “Applications and Redemptions — Creation Limits and Redemption Limit”

**“Creation Notice”**

means a notice sent by the Issuer to a Commodity Contract Counterparty pursuant to a Facility Agreement creating the Equivalent Number of Commodity Contracts corresponding with the Commodity Securities referred to in such 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

<b>“Defaulted Obligation”</b>	means the failure of the Issuer to make or procure any payment in respect of the Redemption of any Micro and Commodity Securities when due, and such failure is not remedied within 48 hours of receipt of notice requiring remedy of the same provided that if the amount paid by a Commodity Contract Counterparty under the terms of a Facility Agreement in respect of a Commodity Contract Termination as a result of such Redemption 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 Commodity Contract Counterparty is not obliged under that Facility 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
<b>“Designated Contract”</b>	means, for each commodity represented in the Commodity Indices and for each Individual Commodity Index, the futures contract series which is used for the calculation of those indices, as set out in Part 3 ( <i>The Bloomberg Commodity Index Family</i> ) in Table 2a (Designated Contracts and Designated Month Contracts), in the column headed “Designated Contract”
<b>“Designated Month Contract”</b>	means a futures contract, being a Designated Contract, for delivery in a particular month, which is used for the calculation of the Commodity Indices and the Individual Commodity Indices, as set out in Part 3 ( <i>The Bloomberg Commodity Index Family</i> ) in Table 2a (Designated Contracts and Designated Month Contracts), in the column headed “Designated Month Contracts and (Exchange Code)”
<b>“Direct Agreement”</b>	means an agreement entered into between a Commodity Contract Counterparty and an Authorised Participant or a person proposed by the Issuer to become an Authorised Participant
<b>“Directors”</b>	means the directors of the Issuer, being at the date of this document the persons whose names are listed as such in “Directors, Secretary and Advisers” below
<b>“Documents”</b>	means this document, the Trust Instrument, the Security Deeds, all Authorised Participant Agreements, all Security Assignments, each Facility Agreement, each Security Agreement, each Control Agreement, the Registrar Agreement, the Services Agreement, the Administration Agreement and the Licence Agreement
<b>“ECIPs”</b>	means, with respect to a Commodity Index, the effective percentage weights of the constituent commodities in that Commodity Index from time to time as published by Bloomberg and/or UBS Securities (or as determined by the Calculation Agent for the purposes of one or more Facility Agreements if no such percentage weights have been so published)
<b>“Eligible Equities”</b>	in relation to any Security Agreement or Control Agreement has the meaning given to that expression in the relevant Security Agreement being, in the case of the UBS Security Agreement, common or preferred shares or American Depositary Receipts that are constituents of any of the indices set out in the Index Schedule of

the UBS Control Agreement and, in the case of the MLCI Security Agreement, common or preferred shares that are constituents of the indices set out in the Index Schedule of the MLCI Control Agreement or global depositary receipts whose underlying common or preferred shares are constituents of such indices

<b>“Equivalent Number”</b>	means in relation to the issue and redemption of Commodity Securities the numbers and classes of Commodity Contracts equal to the number and classes of Micro Securities comprised in the Commodity Securities in question
<b>“ETFSL”</b>	means ETF Securities Limited, a company incorporated and registered in Jersey, with registered number 88370
<b>“Ex Classic Index Securities”</b>	means the ETFS Ex-Agriculture & Livestock Index Securities, the ETFS Ex-Industrial Metals Index Securities, the ETFS Ex-Precious Metals Index Securities, the ETFS Ex-Agriculture Index Securities, the ETFS Ex-Livestock Index Securities, the ETFS Ex-Softs Index Securities, the ETFS Ex-Grains Index Securities and the ETFS Ex-Petroleum Index Securities
<b>“Exchange”</b>	means CBOT, CME, COMEX, LME, ICE Futures U.S. or NYMEX, as the case may be, and <b>“Exchanges”</b> means all of them
<b>“Exchange Regulations”</b>	means the rules, regulations, contract terms and conditions adopted by the Exchanges from time to time
<b>“Exempt Person”</b>	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
<b>“Extended Voluntary Rebalancing”</b>	means a Voluntary Rebalancing which the Issuer has determined should be conducted over the same days as if a Required Rebalancing was occurring in that month
<b>“Extraordinary Resolution”</b>	means in respect of a particular type or particular types taken together of Micro and Commodity Securities either (a) a resolution passed at a duly convened meeting of the holders of Micro and Commodity Securities of such type or types and carried by a majority consisting of the holders of not less than 75 per cent. by Price (or if no Price was determined on the day of that meeting, the most recently determined Price) of the Micro and Commodity Securities of such type or types voting on such resolution or (b) a resolution in writing of holders of such type or types of Micro and Commodity Securities holding not less than 75 per cent. by Price (as at the date of the last signature (or if no Price was determined on that date, the most recently determined Price)) of such type or types of Micro and Commodity Securities, and in the cases of (a) and (b) where so provided for in the Trust Instrument or the Conditions, holders of Index Securities or Individual Securities may for these purposes be treated as holders of the relevant type or types of Micro Securities comprised therein
<b>“Facility Agreement”</b>	means the agreements of that name between the Issuer and different Commodity Contract Counterparties providing for the creation and termination of Commodity Contracts thereunder including the UBS Facility Agreement and the MLCI Facility Agreement

<b>“FCA”</b>	means the Financial Conduct Authority of the United Kingdom
<b>“FCA Glossary”</b>	means the glossary giving the meaning of the defined expressions used in the FCA Handbook
<b>“FCA Handbook”</b>	means the FCA's Handbook of Rules and Guidance as amended
<b>“Final Terms”</b>	means a document constituting “final terms” relating to an issue of Micro and Commodity Securities in or substantially in the form annexed hereto
<b>“FSMA”</b>	means Financial Services and Markets Act 2000
<b>“Full Pricing Day”</b>	means a day which is a Pricing Day in respect of all Individual Commodity Indices
<b>“General Trading Day”</b>	means a “Business Day” as defined in the Handbook from time to time (and meaning as at the date of the Trust Instrument “any day on which the sum of the CIPs for those Index Commodities that are open for trading is greater than 50 per cent.” where “Index Commodities” has the meaning given to it in the Handbook)
<b>“Guarantee”</b>	means in respect of any Commodity Contract Counterparty, any guarantee or other credit support agreement that may be provided by a guarantor or other credit support provider in respect of such Commodity Contract Counterparty's obligations under the relevant Facility Agreement insofar as it relates to the Pool and in respect of MLCI includes the BAC Guarantee
<b>“Guarantor”</b>	means in respect of any Commodity Contract Counterparty, any guarantor or other credit support provider who has entered into a Guarantee in respect of such Commodity Contract Counterparty's obligations under the relevant Facility Agreement insofar as it relates to the relevant Pool
<b>“Handbook”</b>	means the document entitled “Index Methodology – The Bloomberg Commodity Index Family” which sets out the methodology for calculation of the Bloomberg Commodity Index <sup>SM</sup> , Bloomberg Commodity Index 3 Month Forward <sup>SM</sup> and the Individual Commodity Indices, prepared and as amended from time to time by Bloomberg, a copy of which, as at the date of this Prospectus, can be obtained from the following address: <a href="http://www.bloombergindeces.com/">http://www.bloombergindeces.com/</a>
<b>“Hedge Roll Day”</b>	means each of the fifth to ninth (inclusive) General Trading Days of each month, provided that if the ninth General Trading Day of that month is not a Pricing Day for one or more Individual Commodity Indices, the next following Pricing Day for each such Individual Commodity Index shall also be a Hedge Roll Day for Micro Securities of that particular class
<b>“Hedging Disruption Event”</b>	means an event, circumstance or cause that a Commodity Contract Counterparty reasonably and in good faith determines has had or would reasonably be expected to have a materially adverse effect on that Commodity Contract Counterparty's ability to hedge its positions in connection with the relevant Facility Agreement or Commodity Contracts of the relevant class, 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 the relevant

Facility Agreement or such Commodity Contracts, in each case whether due to market illiquidity, position limits in respect of any futures contract, 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

<b>“HoldCo”</b>	means ETFS Holdings (Jersey) Limited, a company incorporated and registered in Jersey, with registered number 106817
<b>“holding company”</b>	has the meaning given to that term in section 1159 of the Companies Act 2006
<b>“ICE”</b>	means the Intercontinental Exchange, Inc.
<b>“ICE Futures U.S.”</b>	means ICE Futures U.S. (formerly the New York Board of Trade (NYBOT)), a subsidiary of ICE
<b>“Index Oversight Committee”</b>	means in respect of the Bloomberg Commodity Index <sup>SM</sup> the committee which reviews and approves the Handbook and the target composition of the revised Index each year, as described in Part 3 ( <i>The Bloomberg Commodity Index Family</i> ) under the heading “Bloomberg Commodity Index <sup>SM</sup> and Sub-Indices”
<b>“Index Securities”</b>	means together the Classic Index Securities and the Longer Dated Index Securities
<b>“Individual Commodity Index”</b>	means an index for an individual commodity (as adjusted through the addition or removal of other Individual Commodity Indices), as calculated and published by Bloomberg from time to time, in each case more information on which is set out in Part 4 ( <i>Description of Commodity Securities</i> ) and in relation to a class of Micro Securities (and the corresponding class of Commodity Contracts) means the Individual Commodity Index specified in relation to such class in the Sixth Schedule (Classes of Micro and Commodity Securities) to the Trust Instrument
<b>“Individual Securities”</b>	means together the Classic Individual Securities and the Longer Dated Individual Securities
<b>“Insolvency Event”</b>	means, in relation to a person other than the Issuer, such person (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) institutes or 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, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) 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 (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) 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; (7) 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 30 days thereafter; (8) 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 (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts

<b>“Investment Company Act”</b>	means the Investment Company Act of 1940 of the United States
<b>“Issuer”</b>	means ETFS Commodity Securities Limited, a company incorporated and registered in Jersey with registered number 90959
<b>“Issuer Business Day”</b>	means a day which is both a General Trading Day and a London Business Day
<b>“Issuer Insolvency Event”</b>	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 <i>en désastre</i> pursuant to the Bankruptcy (Désastre) (Jersey) Law 1990, as amended; (5) institutes or has instituted against it any other 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, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) 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 (B) is not dismissed, discharged, stayed or restrained in each case within 30 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 30 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) (inclusive); or (10) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; <i>provided that</i> no action taken by the Trustee in respect of the Issuer shall constitute an Issuer Insolvency Event save where acts of the Trustee fall within one or more of (1) to (9) above and are taken in respect of security taken over Commodity Contracts, a Facility Agreement or a Guarantee

<b>“Jersey”</b>	means the Island of Jersey, Channel Islands
<b>“KS Micro Securities”</b>	means the Kansas Wheat Micro Securities, the Soybean Meal Micro Securities, the Kansas Wheat Micro Longer Dated Securities and the Soybean Meal Micro Longer Dated Securities
<b>“KS Securities”</b>	means the ETFS Kansas Wheat Individual Securities, the ETFS Soybean Meal Individual Securities, the ETFS Longer Dated Kansas Wheat Individual Securities and the ETFS Longer Dated Soybean Meal Individual Securities
<b>“Lead Future”</b>	means for each Individual Commodity Index and each Trading Day, the particular futures contract which is the “Lead Future” (as defined in the Handbook) for that Individual Commodity Index
<b>“Licence Agreement”</b>	means the licence agreement dated as of 16 June 2014 between Bloomberg Finance L.P., UBS Securities and ETFSL, under which Bloomberg and UBS Securities have granted to ETFSL and the Issuer the right to use and refer to the Commodity Indices, and certain intellectual property of Bloomberg and UBS Securities, in relation to ( <i>inter alia</i> ) Micro and Commodity Securities
<b>“Licence Allowance”</b>	means the amount payable by the Issuer to ManJer and from ManJer to ETFSL to be applied in paying fees to Bloomberg under the Licence Agreement, as set out in Part 1 ( <i>General</i> ) under “Management Fee and Licence Allowance”, as that amount may be adjusted from time to time
<b>“Listing”</b>	means the admission of a particular type of Micro and Commodity Securities to the Official List in accordance with the Listing Rules and admission of a particular type of Micro and Commodity Securities to trading on the London Stock Exchange’s market for listed securities (or any of such markets if the London Stock Exchange has at any time more than one such market) becoming effective
<b>“Listing Failure”</b>	means the refusal of the UK Listing Authority to admit to the Official List any Micro or Commodity Securities issued or to be issued under the Programme
<b>“Listing Failure Date”</b>	means the day which was or would have been the date on which payment would have been made for Commodity Contracts pursuant to the terms of the relevant Facility Agreement corresponding to the Micro or Commodity Securities in respect of which a Listing Failure has occurred
<b>“Listing Rules”</b>	means the Listing Rules of the UK Listing Authority from time to time, made under section 73A of the FSMA
<b>“LME”</b>	means The London Metal Exchange Limited and its subsidiaries and affiliates
<b>“London Business Day”</b>	means a day (other than a Saturday or a Sunday) on which banks are open for the transaction of general business in London
<b>“London Stock Exchange”</b>	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

<b>“Longer Dated Commodity Contract”</b>	means in relation to Micro Longer Dated Securities of a particular class (or Longer Dated Commodity Securities to the extent they are comprised of Micro Longer Dated Securities of that class), a contract between the Issuer and a Commodity Contract Counterparty created in accordance with a Facility Agreement and giving rise to matching rights and obligations to such Micro Longer Dated Securities
<b>“Longer Dated Commodity Securities”</b>	means Longer Dated Individual Securities and Longer Dated Index Securities
<b>“Longer Dated Index Securities”</b>	means an Index Security of a category specified in the relevant list in paragraph 5 of Part 13 ( <i>Additional Information</i> )
<b>“Longer Dated Individual Securities”</b>	means an Individual Security of a class specified in the relevant list in paragraph 5 of Part 13 ( <i>Additional Information</i> )
<b>“Longer Dated Micro and Commodity Securities” or “Longer Dated Securities”</b>	means Micro Longer Dated Securities, Longer Dated Index Securities and Longer Dated Individual Securities and <b>“Longer Dated Micro or Commodity Securities”</b> means any of them
<b>“Main Market”</b>	means 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)
<b>“Management Fee”</b>	means the management fee payable by the Issuer to ManJer in consideration for the provision by ManJer of all management and administration services in relation to the Programme, as set out in Part 1 ( <i>General</i> ) under “Management Fee and Licence Allowance”, as that amount may be adjusted from time to time
<b>“ManJer”</b>	means ETFS Management Company (Jersey) Limited, a company incorporated and registered in Jersey on 16 November 2010, with registered number 106921
<b>“Market Disruption Day”</b>	means, in respect of an Individual Commodity Index, a Trading Day on which a Market Disruption Event occurs or is continuing, in the Relevant Market on the Relevant Exchange for that Individual Commodity Index
<b>“Market Disruption Event”</b>	means, in respect of a particular Individual Commodity Index, any the following events: <ul style="list-style-type: none"> <li>(a) the Relevant Exchange fails to determine, announce or publish the relevant Settlement Price(s); or</li> <li>(b) the termination or suspension of, or material limitation or disruption in the trading of, any Lead Future or Next Future used in the calculation of an Individual Commodity Index; or</li> <li>(c) the Settlement Price of the Lead Future or Next Future used in the calculation of the Individual Commodity Index reflects the maximum permitted price change (as set from time to time by the Relevant Exchange for that Lead Future or Next Future) from the previous day’s Settlement Price</li> </ul>
<b>“Micro and Commodity Securities”</b>	means Micro Securities, Index Securities and Individual Securities and <b>“Micro or Commodity Securities”</b> means any of them

<b>“Micro Classic Securities”</b>	means a Micro Security of a class specified in the relevant list in paragraph 5 of Part 13 ( <i>Additional Information</i> )
<b>“Micro Longer Dated Securities”</b>	means a Micro Security of a class specified in the relevant list in paragraph 5 of Part 13 ( <i>Additional Information</i> )
<b>“Micro Securities”</b>	means together the Micro Classic Securities and the Micro Longer Dated Securities
<b>“Minimum Creation Amount”</b>	means the minimum amount stipulated under the Facility Agreements for creation of Commodity Contracts (and the corresponding minima on the issue of Commodity Securities), as set out under the heading “Applications and Redemptions – Application Processes” in Part 4 ( <i>Description of Commodity Securities</i> )
<b>“MLCI”</b>	means Merrill Lynch Commodities, Inc., a corporation established under the laws of the State of Delaware, United States and whose principal place of business is at 20 East Greenway Plaza, Ste 700, Houston, Texas 77046, United States
<b>“MLCI Capital Adjustment Agreement”</b>	means the agreement entitled “Capital Adjustment Agreement relating to Classic and Forward Commodity Contracts” dated 14 March 2011 between the Issuer and MLCI
<b>“MLCI Control Agreement”</b>	means the collateral account control agreement entered into between the Issuer, MLCI and the Securities Intermediary dated 14 March 2011
<b>“MLCI Facility Agreement”</b>	means the Facility Agreement dated 14 March 2011 between the Issuer and MLCI
<b>“MLCI Security Agreement”</b>	means the security agreement dated as of 14 March 2011 which is in relation to and supplements the MLCI Facility Agreement and the MLCI Short and Leveraged Facility Agreement
<b>“MLCI Short and Leveraged Facility Agreement”</b>	means the agreement dated 14 March 2011 between the Issuer and MLCI entitled “Facility Agreement relating to Short and Leveraged Commodity Contracts”
<b>“month”</b>	means calendar month
<b>“Multiplier”</b>	means the number determined in accordance with Condition 6
<b>“New York Business Day”</b>	means a day (other than a Saturday or a Sunday) on which banks are open for the transaction of general business in New York
<b>“Next Future”</b>	means for each Individual Commodity Index and each Trading Day, the particular futures contract which is the “Next Future” (as defined in the Handbook) for that Individual Commodity Index on that Trading Day
<b>“Notice Deadline”</b>	means, on a General Trading Day, the earlier of 2.30 p.m. or such other time determined by the Issuer as the Notice Deadline in respect of a particular General Trading Day or generally
<b>“NYMEX”</b>	means New York Mercantile Exchange, Inc., including its wholly owned subsidiary Commodity Exchange Inc.

<b>“Official List”</b>	means the official list maintained by the UK Listing Authority for the purpose of Part VI of FSMA
<b>“outstanding”</b>	<p>means in relation to each type of Micro or Commodity Securities, all the Micro or Commodity Securities of that type issued and in respect of which there is for the time being an entry in the Register other than:</p> <ul style="list-style-type: none"> <li>(a) Micro or Commodity Securities which have been redeemed and cancelled pursuant to the Trust Instrument; and</li> <li>(b) Micro or Commodity Securities which have been purchased and cancelled pursuant to the Trust Instrument;</li> </ul> <p>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, Micro and Commodity Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Issuer, (B) a Commodity Contract Counterparty, (C) ETFSL or a Guarantor, (D) any subsidiary of the Issuer or of a Commodity Contract Counterparty, (E) any individual Controller of the Issuer 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 Micro and Commodity Securities shall be deemed not to be Security Holders</p>
<b>“Overseas Person”</b>	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)
<b>“Pool”</b>	means a separate fund or pool to which Micro Securities of a particular class (and Commodity Securities to the extent that they are comprised of that class of Micro Securities) are attributable
<b>“Pool Factor”</b>	means at any time in respect of any Pool and the Micro Securities and Individual Securities and Index Securities (to the extent that they comprise Micro Securities of that class) attributable to that Pool the number determined as at that time in accordance with Conditions 5.4 and 20.3 and more information on which is set out under the heading “Consolidation and Division of Micro and Commodity Securities” in Part 4 ( <i>Description of Commodity Securities</i> )
<b>“Price”</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) for a Micro Security or a class of Micro Securities, the price determined in accordance with Condition 5; and</li> <li>(b) for a Commodity Security or type of Commodity Securities, the sum of the Prices of each and every Micro Security comprised in that Commodity Security or that type of Commodity Securities;</li> </ul>

and **“Pricing”** (other than when used in the terms Pricing Date and Pricing Day) shall be construed accordingly

<b>“Pricing Day”</b>	means, for each class of Micro Securities, a Trading Day for the Individual Commodity Index applicable to that class of Micro Securities that is not a Market Disruption Day for that Individual Commodity Index (other than a Market Disruption Day for which a substitute value for that Individual Commodity Index is determined by the Calculation Agent in accordance with the provisions of the Facility Agreements)
<b>“Pricing Notice”</b>	means a Redemption Form or a Withdrawal Notice
<b>“Principal Amount”</b>	in respect of each Micro Security and each Individual Security means the amount specified as such in respect of such Micro Security or Individual Security as set out in paragraph 5 of Part 13 ( <i>Additional Information</i> ) and in respect of each Index Security means the amount specified as such in respect of such Index Security subject to adjustment on Rebalancing as provided for in the Conditions, currently being as set out in paragraph 5 of Part 13 ( <i>Additional Information</i> )
<b>“Programme”</b>	means the programme for the issuance of Commodity Securities described in this document
<b>“Prohibited Benefit Plan Investor”</b>	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 ( <b>“ERISA”</b> ), 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 <b>“Code”</b> ) applies (collectively, <b>“Plans”</b> ), 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 United States 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 Micro or Commodity Securities on behalf of, for the benefit of or with any assets of any such Plan or entity
<b>“Prohibited US Person”</b>	means a US Person who is not a Qualified Purchaser, or any person who holds Commodity Securities for the benefit of a US Person who is not a Qualified Purchaser
<b>“Prospectus”</b>	means this base prospectus of the Issuer
<b>“Prospectus Directive”</b>	means Directive 2003/71/EC of the European Parliament and the European Council
<b>“Prospectus Rules”</b>	means the prospectus rules of the UK Listing Authority from time to time, made under sections 73A and 84 of FSMA
<b>“Qualified Purchaser”</b>	means a “qualified purchaser” as defined under the Investment Company Act
<b>“RAO”</b>	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended, modified or re-enacted from time to time) made under the FSMA



<b>“Rebalancing”</b>	means an adjustment to the number (and if applicable classes) of Micro Securities comprised in an Index Security and the Principal Amount of an Index Security, in accordance with Condition 14 and more information on which is set out in Part 4 ( <i>Description of Commodity Securities</i> ) under the heading “Rebalancing of Index Securities”
<b>“Rebalancing Calculation Date”</b>	means, for a Required Rebalancing and for an Extended Voluntary Rebalancing, the fourth General Trading Day of the month in which the Rebalancing is to be effected (or, if that day is not a Full Pricing Day, the first prior Full Pricing Day); and for any other Voluntary Rebalancing, the first General Trading Day following the last Hedge Roll Day of the relevant month
<b>“Redemption”</b>	means the redemption of Micro and Commodity Securities by the Issuer in accordance with the Conditions (and <b>“Redeem”</b> shall be construed accordingly)
<b>“Redemption Amount”</b>	means the amount payable by the Issuer to the Security Holder upon the Redemption of Micro and Commodity Securities, as may be reduced for any withholdings or deductions for or on account of tax as set out in Condition 10.5
<b>“Redemption Fee”</b>	means the fee payable by a Security Holder upon Redemption of Micro and Commodity Securities in accordance with Condition 11 and on which more information can be found under the heading “Application Fees and Redemption Fees” in Part 4 ( <i>Description of Commodity Securities</i> )
<b>“Redemption Form”</b>	means an Agreed Redemption Form or a Settlement Redemption Form in the form prescribed from time to time by the Issuer and in accordance with the Conditions, as the case may be
<b>“Redemption Instructions”</b>	means the instructions provided by a Security Holder redeeming Micro and Commodity Securities to the Registrar in a form approved by the Issuer
<b>“Redemption Limits”</b>	means the limits on Redemption set out in Condition 8.7 and on which more information is set out in Part 4 ( <i>Description of Commodity Securities</i> ) under the heading “Applications and Redemptions — Creation Limits and Redemption Limit”
<b>“Redemption Payment Date”</b>	means: <ul style="list-style-type: none"> <li>(a) in the case of a Redemption pursuant to a Settlement Redemption Form, the second London Business Day following such Pricing Date, <i>provided that</i> if either that day or the preceding London Business Day is not also a New York Business Day then the Redemption Payment Date shall be on the Business Day next following the day that would have been the Redemption Payment Date but for this proviso; or</li> <li>(b) in the case of a Redemption pursuant to an Agreed Redemption Form, the London Business Day specified for such payment in that form; <i>provided that</i> the date so specified shall be not earlier than one London Business Day following the day upon which that form was deemed to have been received by the Issuer; or</li> </ul>

- (c) in the case of a Redemption in accordance with a Listing Failure, the second London Business Day following such Listing Failure Date, *provided that* if either that day or the preceding London Business Day is not also a New York Business Day then the Redemption Payment Date shall be on the Business Day next following the day that would have been the Redemption Payment Date but for this proviso, or such other Business Day as may be agreed by the relevant Commodity Contract Counterparty and the Authorised Participant who submitted the relevant Redemption Form; or
- (d) in the case of a Redemption following the nomination of a Compulsory Redemption Date, the London Business Day which is the second London Business Day following such last Pricing Date, *provided that* if either that day or the preceding London Business Day is not also a New York Business Day then the Redemption Payment Date shall be on the Business Day next following the day that would have been the Redemption Payment Date but for this proviso

<b>“Registered Address”</b>	means, in relation to a Security Holder, the address recorded in the Register for that Security Holder or where there is more than one Security Holder registered in respect of any Micro and Commodity Securities, the address recorded in the Register for the first named Security Holder in respect of those Micro and Commodity Securities
<b>“Registers”</b>	means the registers of Security Holders of each type kept and maintained by the Registrar and <b>“Register”</b> shall be construed accordingly
<b>“Registrar”</b>	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
<b>“Registrar Agreement”</b>	means the registrar agreement dated 14 December 2012 between the Registrar, the Issuer and the Trustee
<b>“Regulated Market”</b>	means a regulated market for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)
<b>“Regulations”</b>	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, <i>inter alia</i> , enable title to Classic and Longer Dated Commodity Securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument
<b>“Relevant Commodity Index”</b>	means in the case of Classic Securities the Bloomberg Commodity Index <sup>SM</sup> and in the case of Longer Dated Securities the Bloomberg Commodity Index 3 Month Forward <sup>SM</sup>
<b>“Relevant Exchange”</b>	means, for each Individual Commodity Index, the futures exchange on which is traded the futures contract by reference to the prices of which that Individual Commodity Index is calculated and on which more information is set out in Part 3 ( <i>The Bloomberg Commodity Index Family</i> ) under the heading “Designated Contracts” in Table 2a (Designated Contracts and Designated Month Contracts), in the column headed “Relevant Exchange”

<b>“Relevant Market”</b>	means, in respect of an Individual Commodity Index, the futures exchange on which is traded the futures contract by reference to the prices of which that Individual Commodity Index is calculated
<b>“Required Rebalancing”</b>	means, with respect to an Index Security, a Rebalancing necessitated by and carried out in conjunction with a rebalancing of the Relevant Commodity Index
<b>“Required Security Document”</b>	means, with respect to an Authorised Participant Agreement and a Commodity Contract Counterparty, each security that the relevant Commodity Contract Counterparty requires the Issuer to execute over the Property to be Assigned (as defined in the Conditions) in favour of the relevant Commodity Contract Counterparty as security for the Secured Obligations (which may include, but shall not be limited to, a Security Assignment), having regard to the jurisdiction of incorporation of the Authorised Participant (or proposed Authorised Participant) or of the branch through which such person is acting for the purposes of such Authorised Participant Agreement (as the case may be)
<b>“RIS”</b>	means a Regulatory Information Service (as defined for the purposes of the Listing Rules) from time to time chosen by the Issuer
<b>“Roll Period”</b>	means the dates on which for the purposes of calculating the Bloomberg Commodity Index <sup>SM</sup> and related indices the futures contracts used are “rolled” from the Lead Future to the Next Future in accordance with the Handbook, normally being in respect of a month each of the sixth to tenth (inclusive) General Trading Days of that month
<b>“Secured Obligations”</b>	means: <ul style="list-style-type: none"> <li>(a) all present and future obligations (which, for the avoidance of doubt, are all limited recourse obligations) of the Issuer to the relevant Commodity Contract Counterparty on account of Creation Amounts and interest thereon; and</li> <li>(b) all losses, damages, legal and other costs, charges and expenses sustained, suffered or incurred by the relevant Commodity Contract Counterparty arising out of or in connection with any act, matter or thing done or omitted to be done by the Issuer under the Facility Agreement or the Security Assignment</li> </ul>
<b>“Secured Property”</b>	means (in respect of Micro Securities of any class and of Commodity Securities to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of the corresponding class) all rights of the Issuer under the corresponding Facility Agreement(s), Commodity Contracts, any Guarantee, the Security Agreement and the Control Agreement to the extent that they apply to payments due in respect of Micro and Commodity Securities of that type, or any part thereof, and which are subject to the security created in favour of the Trustee pursuant to the applicable Security Deed
<b>“Securities Act”</b>	means the Securities Act of 1933 of the United States
<b>“Securities Intermediary”</b>	means the securities intermediary under each Security Agreement and includes The Bank of New York Mellon

<b>“Security”</b>	means in respect of each Pool the security constituted by the applicable Security Deed
<b>“Security Agreement”</b>	means, in relation to any Facility Agreement in respect of which the Commodity Contract Counterparty enters into a security agreement supplemental to that Facility Agreement, such security agreement and includes the UBS Security Agreement and the MLCI Security Agreement
<b>“Security Assignment”</b>	means, in respect of each Authorised Participant Agreement and each Commodity Contract Counterparty, the Security Assignment pertaining to that Authorised Participant Agreement as it applies in relation to that Commodity Contract Counterparty entered into between the Issuer and the relevant Commodity Contract Counterparty and securing the Secured Obligations of the Issuer to that Commodity Contract Counterparty
<b>“Security Conditions”</b>	means, with respect to a proposed Authorised Participant and a Commodity Contract Counterparty, that (a) each Required Security Document with respect to the relevant Authorised Participant Agreement and Commodity Contract Counterparty has been duly executed by the Issuer, (b) notice (duly executed by the Issuer) of each such Required Security Document has been duly given by the Issuer to such proposed Authorised Participant and (c) such proposed Authorised Participant has executed an acknowledgement of such notice in favour of the relevant Commodity Contract Counterparty
<b>“Security Deed”</b>	means in respect of each Pool and the corresponding class of Commodity Contracts, the security deed pertaining to that Pool entered into between the Issuer and the Trustee
<b>“Security Holder”</b>	means a registered holder of Micro or Commodity Securities
<b>“Services Agreement”</b>	means the Services Agreement dated 14 December 2012 between ManJer and the Issuer providing for certain services to be provided by ManJer to the Issuer in relation to Micro and Commodity Securities
<b>“Settlement Price”</b>	means, in relation to any Pricing Day and a futures contract traded on a Relevant Exchange, the official settlement price of the Relevant Exchange for such day in relation to such futures contract as determined in accordance with the regulations of the Relevant Exchange
<b>“Settlement Pricing”</b>	has the meaning given in Condition 8.1(a)
<b>“Settlement Redemption Form”</b>	means a notice in the form prescribed from time to time by the Issuer for requesting Redemption of Micro and Commodity Securities using Settlement Pricing
<b>“Short and Leveraged Commodity Contracts”</b>	has the meaning given to “Commodity Contracts” in the conditions of the Short and Leveraged Commodity Securities
<b>“Short and Leveraged Commodity Securities”</b>	means the securities of the Issuer known as Short and Leveraged Commodity Securities constituted by the Short and Leveraged Trust Instrument as more fully described in the base prospectus of the Issuer dated 19 October 2015

<b>“Short and Leveraged Facility Agreement”</b>	means the agreements entitled “Facility Agreement relating to Short and Leveraged Commodity Contracts” between the Issuer and different persons defined for the purposes of the Short and Leveraged Trust Instrument as Commodity Contract Counterparties providing for the creation and termination of Commodity Contracts (as defined for the purposes of the Short and Leveraged Trust Instrument), including the UBS Short and Leveraged Facility Agreement and the MLCI Short and Leveraged Facility Agreement
<b>“Short and Leveraged Trust Instrument”</b>	means the trust instrument between the Issuer and the The Law Debenture Trust Corporation p.l.c. (as trustee thereunder) dated 8 February 2008
<b>“Spread”</b>	means the spread agreed between the Issuer and each Commodity Contract Counterparty for the purposes of the relevant Capital Adjustment Agreement (currently agreed to be 0.45 per cent. per annum in respect of the Classic Securities and 0.6 per cent. per annum in respect of the Longer Dated Securities)
<b>“subsidiary”</b>	has the meaning given to that term in section 1159 of the Companies Act 2006
<b>“Strategy”</b>	means each of the groups of Micro and Commodity Securities provided for in this Prospectus, being Classic Micro and Commodity Securities and Longer Dated Micro and Commodity Securities
<b>“System”</b>	means the system implemented by the Issuer for requesting the issue and redemption of Micro and Commodity Securities and the creation and cancellation of Commodity Contracts via the secure website maintained by the Issuer for such purpose as described under the heading “Applications and Redemptions – The System” in Part 4 ( <i>Description of Commodity Securities</i> )
<b>“tax”</b>	means any VAT, tax, income tax, capital gains tax, corporation tax, goods and services tax, withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax, import/export tax or tariff and any other taxes, levies, imposts, deductions, interest, penalties and charges imposed or levied by a government or government agency
<b>“terminate”</b>	in relation to a Commodity Contract means ‘terminate’ or ‘close out’ the obligations established by such Commodity Contract
<b>“Trading Day”</b>	means, for each Individual Commodity Index, a day on which the Relevant Exchange for that Individual Commodity Index is open for trading during its regular trading session, notwithstanding such Relevant Exchange closing prior to its scheduled closing time
<b>“Transparency Directive”</b>	means Directive 2004/109/EC of the European Parliament and the European Council
<b>“Transparency Rules”</b>	means the disclosure rules and transparency rules of the UK Listing Authority from time to time, made under section 73A of the FSMA
<b>“Trust Instrument”</b>	means the trust instrument dated 21 September 2006 between the Issuer and the Trustee constituting Micro and Commodity Securities

<b>“Trustee”</b>	means The Law Debenture Trust Corporation p.l.c. of Fifth Floor, 100 Wood Street, London EC2V 7EX, England and any replacement trustee under the Trust Instrument
<b>“type”</b>	means, in relation to Micro Securities and Individual Securities, a class thereof and, in relation to Index Securities, the category thereof
<b>“UBS”</b>	means UBS AG, London Branch, a corporation domiciled in Basel, Switzerland, operating in the United Kingdom under branch registration number BR004507, acting through its London branch at 1 Finsbury Avenue, London, EC2M 2PP, England
<b>“UBS Capital Adjustment Agreement”</b>	means the agreement entitled “Capital Adjustment Agreement relating to Classic and Forward Commodity Contracts” dated 5 August 2009 between the Issuer and UBS
<b>“UBS Control Agreement”</b>	means the collateral account control agreement entered into between the Issuer, UBS and the Securities Intermediary dated 5 August 2009
<b>“UBS Default”</b>	means a Counterparty Event of Default in respect of UBS
<b>“UBS Facility Agreement”</b>	means the Facility Agreement dated 5 August 2009 between the Issuer and UBS
<b>“UBS Group”</b>	means UBS and its Affiliates, and includes UBS Securities
<b>“UBS Securities”</b>	means UBS Securities LLC, a corporation incorporated in Delaware, United States whose principal office is situated at 299 Park Avenue, New York, NY 10171, United States
<b>“UBS Security Agreement”</b>	means the security agreement dated as of 5 August 2009 which is in relation to and supplements the UBS Facility Agreement and the UBS Short and Leveraged Facility Agreement
<b>“UBS Short and Leveraged Facility Agreement”</b>	means the agreement dated 5 August 2009 between the Issuer and UBS entitled “Facility Agreement relating to Short and Leveraged Commodity Contracts”
<b>“UCITS Fund”</b>	means a collective investment scheme which in accordance with the UCITS directive (Council Directive No. 85/611/EEC) as amended is an undertaking for collective investment in transferable securities subject to that directive and includes a UCITS Scheme
<b>“UCITS Scheme”</b>	means a scheme that falls within the definition of a “UCITS Scheme” contained in the FCA Glossary
<b>“UK Listing Authority”</b>	means the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA
<b>“Unacceptable Authorised Participant”</b>	means an Authorised Participant in respect of which the relevant Commodity Contract Counterparty has given and not withdrawn notice under the relevant Facility Agreement that the Authorised Participant has ceased to be acceptable to such Commodity Contract Counterparty
<b>“Uncertificated Form”</b>	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



<b>“United Kingdom” or “UK”</b>	means the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “U.S.”</b>	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>“US Dollars” or “US\$”</b>	means the lawful currency of the United States
<b>“US Person”</b>	means a “US person” as defined in Regulation S under the Securities Act
<b>“Value”</b>	means, in relation to a Micro Security and a day, the Price of a Commodity Contract of the same class as that Micro Security on that same day
<b>“VAT”</b>	means value added tax
<b>“Voluntary Rebalancing”</b>	means a Rebalancing other than a Required Rebalancing
<b>“Website”</b>	means the website of Bloomberg at <a href="http://www.bloombergindexes.com/">http://www.bloombergindexes.com/</a>

References in this document to a particular time are references to the time applicable in London, United Kingdom.

Unless the context otherwise requires, references in this document to any agreement or document includes a reference to such agreement or document, as amended, varied, novated, supplemented or replaced from time to time and unless otherwise stated or the context otherwise requires references in this document to any statute or any provision of any statute includes a reference to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment, in each case in force as at the date of this Prospectus.

## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Directors of the Issuer</b>	Graham Tuckwell, Chairman Christopher Foulds Graeme Ross Joseph Roxburgh  All the Directors are non-executive
<b>Secretary and corporate administrator of the Issuer</b>	R&H Fund Services (Jersey) Limited
<b>Registered Office of the Issuer and address of directors, secretary and corporate administrator of the Issuer</b>	The address of all the directors and of the 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 Tel: +44 1534 825200
<b>Administrator</b>	ETFS Management Company (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW Channel Islands
<b>Trustee</b>	The Law Debenture Trust Corporation p.l.c. Fifth Floor 100 Wood Street London EC2V 7EX United Kingdom
<b>Calculation Agent</b>	UBS AG, London Branch 1 Finsbury Avenue London EC2M 2PP United Kingdom
<b>Securities Intermediary</b>	Bank of New York Mellon One Wall Street New York New York 10286 United States of America
<b>English Legal Advisers to the Issuer</b>	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ United Kingdom
<b>Jersey Legal Advisers to the Issuer</b>	Mourant Ozannes 22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands

<b>Austrian Legal Advisers to the Issuer</b>	Dorda Brugger Jordis Rechtsanwälte GmbH Dr-Karl-Lueger-Ring 10 1010 Vienna Austria
<b>Belgian Legal Advisers to the Issuer</b>	Dechert LLP Avenue Louise, Box 13A 1050 Brussels Belgium
<b>Danish Legal Adviser to the Issuer</b>	NJORD Advokatpartnerselskab Pilestraede 58 DK-1112 Copenhagen Denmark
<b>Dutch Legal Advisers to the Issuer</b>	Stibbe Strawinskylaan 2001 Postbus 75640 1070 AP Amsterdam The Netherlands
<b>Dutch Listing and Paying Agent</b>	Fortis Bank (Nederland) N.V. Rokin 55 1012 KK Amsterdam The Netherlands
<b>Finnish Legal Advisers to the Issuer</b>	Dittmar & Indrenius Pohjoisesplanadi 25 A FI-00100 Helsinki Finland
<b>French Legal Advisers to the Issuer</b>	Simmons & Simmons LLP 5 Boulevard de la Madeleine 75001 Paris France
<b>French Listing and Paying Agent</b>	HSBC France 103 Avenue des Champs-Élysées 75008 Paris France
<b>German Legal Advisers to the Issuer</b>	Dechert LLP Skygarden Erika-Mann-Straße, 5 80636 Munich Germany
<b>German Listing and Paying Agent</b>	HSBC Trinkaus & Burkhardt AG Königsallee 21/23 40212 Düsseldorf Germany
<b>Irish Legal Advisers to the Issuer</b>	A&L Goodbody IFSC North Wall Quay Dublin 1 Ireland

<b>Italian Legal Advisers to the Issuer</b>	Studio Legale Crocenzi e Associati Lungotevere degli Altoviti, 1 00186 Roma Italy
<b>Norwegian Legal Advisers to the Issuer</b>	Advokatfirmaet Wiersholm AS Dokkveien 1 6th Floor 0250 Oslo Norway
<b>Spanish Legal Advisers to the Issuer</b>	Cuatrecasas, Gonçalves Pereira Almagro, 9-28010 Madrid Spain
<b>Swedish Legal Advisers to the Issuer</b>	Ashurst Advokatbyrå AB Jakobsgatan 6 PO Box 7124 SE-103 87 Stockholm Sweden
<b>English Legal Advisers to the Trustee</b>	Simmons & Simmons LLP CityPoint 1 Ropemaker Street London EC2Y 9SS United Kingdom
<b>Jersey Legal Advisers to the Trustee</b>	Ogier Ogier House The Esplanade St. Helier Jersey JE4 9WG Channel Islands
<b>Auditors of the Issuer</b>	KPMG Channel Islands Limited 37 Esplanade St Helier Jersey Channel Islands JE4 8WQ.  KPMG Channel Islands Limited is authorised by the Jersey Financial Services Commission to be appointed as an auditor of a Jersey incorporated company under the Companies (Jersey) Law 1991 with Registration Number RA011.
<b>Registrar</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier Jersey JE1 1ES Channel Islands

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated into this document by reference and are available at the Issuer's website at <http://www.etfsecurities.com/retail/uk/en-gb/documents.aspx> and at the registered office of the Issuer as set out in paragraph 8 of Part 13 (*Additional Information*):

1. the published audited reports and accounts of the Issuer for the year ended 31 December 2014 as published by the Issuer through the Regulatory News Service of the London Stock Exchange on 2 April 2015; and
2. the published audited reports and accounts of the Issuer for the year ended 31 December 2015 as published by the Issuer through the Regulatory News Service of the London Stock Exchange on 15 April 2016.

No documents referred to in the above documents are themselves incorporated into this Prospectus and other than the documents 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 1

### GENERAL

#### Introduction

The Issuer has created and is currently making available for issue 78 different types of Commodity Securities, of two different kinds:

- Individual Securities, which track the price of a single commodity; and
- Index Securities, which will track the price of a group of commodities.

These comprise 50 different classes of Individual Securities (representing 27 different commodities and two different maturities) and 28 different categories of Index Securities (representing 18 different combinations of commodities and two different maturities).

Commodity Securities give investors the following:

- exposure to the prices of individual commodities or groups of commodities, using the particular futures market contracts and roll periods determined by one of the world's leading providers of commodity indices;
- a choice of "long" exposure of two different parts of the commodities futures curve;
- exposure to a "total return", comprising:
  - a commodity "excess return" (spot price movement plus a positive (negative) roll yield from backwardation (contango) in the relevant futures market when rolling); plus
  - a collateral return (equivalent to an interest return net of all fees), at a rate announced each week in advance, in the form of capital adjustment;
- exposure which is unleveraged and which changes directly with changes in the price(s) of the different parts of the commodity futures curve, both up and down;
- pricing which is transparent, based on indices published at the end of each Business Day (and which in turn are based on end-of-day Settlement Prices for designated futures contracts on specified futures exchanges); and
- securities traded on the London Stock Exchange and certain other stock exchanges.

Commodity Securities confer no right to receive physical commodities. Rather, they are purely financial instruments.

The Classic Securities are priced by reference to the relevant classic Individual Commodity Indices (based on the same methodology as the Bloomberg Commodity Index<sup>SM</sup>). The Longer Dated Securities are priced by reference to relevant 3-month forward Individual Commodity Indices which are based on the same methodology as the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> (which tracks the same commodities as the Bloomberg Commodity Index<sup>SM</sup> but for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>, the contracts that would be the Lead Future and Next Future for the Bloomberg Commodity Index<sup>SM</sup> in three calendar months are instead the Lead Future and Next Future in the current calendar month for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>). Since these two indices are exposed to different parts (maturities) of the futures curve, Classic Securities and Longer Dated Securities based on the same Individual Commodities will provide investors with different investment returns depending on the relevant Individual Commodity Index's sensitivity to changes in the commodity price and rate of any backwardation or contango.

The pricing of all Commodity Securities will be based on Individual Commodity Indices.



The following table shows, in each box, the different types of Classic Commodity Security and Longer Dated Commodity Security that are available for issue. The table also shows the commodities included in the Index Securities:

**Table 1 — Classic and Longer Dated Securities Available for Issue:**

Securities	Index Securities				
Natural Gas	All Commodities	Energy	Petroleum	Ex-Agriculture & Livestock <sup>†</sup>	
WTI Crude Oil		Ex-Energy	Industrial Metals		
Brent Crude			Precious Metals		
Gasoline			Livestock		
Heating Oil			Agriculture	Grains	
Aluminium				Softs	
Copper					
Zinc					
Nickel					
Gold					
Silver					
Live Cattle					
Lean Hogs					
Wheat					
Corn					
Soybeans					
Kansas Wheat					
Sugar					
Cotton					
Coffee					
Soybean Oil					
Soybean Meal					
Cocoa*					
Lead*					
Platinum*					
Tin*					
Gas Oil					

\* Longer Dated Commodity Securities of these classes are not currently available for issue and Micro Securities of these classes are not currently comprised in any category or categories of Index Securities

† Longer Dated Index Securities of this category are not currently available for issue.

In addition seven further categories of Classic Index Securities are currently available for issue relating to all the commodities included in the Bloomberg Commodity Index<sup>SM</sup> other than those in one or two particular sectors (so for example the ETFS Ex-Agriculture & Livestock includes all the commodities included in Energy, Precious Metals and Industrial Metals but not those in Agriculture or Livestock and the ETFS Ex-Industrial Metals includes all the commodities included in Energy, Petroleum, Precious Metals, Livestock, Agriculture, Grains and Softs but not those in Industrial Metals).

## Pricing and Trading of Commodity Securities

### Individual Securities

The Price of each class of Classic Individual Security and Longer Dated Individual Security will be determined as at the end of each Pricing Day and will be equal to:

$$\text{Individual Commodity Index} \times \text{Multiplier} \times \text{Pool Factor} / 10$$

The Individual Commodity Indices will be as published by Bloomberg.

As at 8 April 2016 the Multiplier for all classes of Classic Commodity Securities was 0.9854234 and for all classes of Longer Dated Commodity Securities was 0.9350204. The Multiplier changes daily, reflecting cumulative capital enhancement (less the Management Fee and the Licence Allowance payable to the Issuer). Further information on the formula for the Multiplier is shown in Part 4 (*Description of Commodity Securities*) under the heading “Pricing of Individual Securities — Multiplier”. The Pool Factor is a number that will always be 1 unless Micro or Commodity Securities are divided as described under the heading “Consolidation and Division of Micro and Commodity Securities” in Part 4 (*Description of Commodity Securities*).

### *Index Securities*

The Price of all categories of Index Security will be the sum of the Prices for the Micro Securities comprised therein, as detailed in Part 4 (*Description of Commodity Securities*).

Further information on the pricing of Micro and Commodity Securities is set out in Part 4 (*Description of Commodity Securities*) and worked examples are provided in Part 2 (*How does a Security Holder determine the value of their investment?*).

### *Publication of Pricing Information*

The Prices, Multipliers and the Capital Adjustments for all types of Commodity Securities will be calculated by or on behalf of the Issuer as at the end of each Pricing Day for the components of each type of Commodity Securities.

The Issuer's calculations of the Prices, Multipliers and the Capital Adjustments will be posted on the Issuer's website at <http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx>.

### *Listing and Trading*

All Micro and Commodity Securities are fully transferable. The Issuer has applied to the UK Listing Authority for all of the Micro Securities and Commodity Securities to be 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 of such Micro Securities and Commodity Securities to be admitted to trading on its Main Market. However, it is intended that an active secondary market on the Main Market will develop only in Commodity Securities (and not Micro Securities). The role of Micro Securities is explained in Part 4 (*Description of Commodity Securities*) under the heading "Commodity Securities are Priced by Reference to Micro Securities". Any announcements made by the Issuer by RIS will be available, free of charge, on the website of the London Stock Exchange, <http://www.londonstockexchange.com>.

Certain of the Micro and Commodity Securities have also been admitted to listing on Euronext Amsterdam, on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), on NYSE Euronext Paris SA and on the ETFplus market of Borsa Italiana S.p.A. Further disclosure is set out under the heading "Listing" in Part 6 (*The Programme*).

Each class of Commodity Securities traded on the London Stock Exchange may have different market makers, bid/offer spreads and depth of liquidity and may be traded using different platforms. The Issuer hopes that some of the more liquid Commodity Securities will be traded on the Sets-MM platform but can give no assurance as to which Commodity Securities might attract the most and the least amount of trading activity.

### **Commodity Contracts and Facility Agreements**

To achieve a return based on the movements of the relevant Commodity Index and to match the liability of the Issuer to Security Holders upon redemption, Commodity Securities will be backed by Commodity Contracts with corresponding terms. Each time Micro and Commodity Securities are issued or redeemed by the Issuer, corresponding Commodity Contracts will be created or terminated by the Issuer under a Facility Agreement.

All Commodity Contracts of a particular class will be attributable to the same Pool as the existing Commodity Contracts of that class and newly issued Micro and Commodity Securities will be backed by the same assets (including the newly created and existing Commodity Contracts of that class) as the existing Micro and Commodity Securities of that class.

The Issuer has entered into a Facility Agreement with UBS and a Facility Agreement with MLCI (UBS and MLCI respectively as the counterparty to the Commodity Contracts). The Issuer has also entered into Security Agreements with UBS and MLCI and Control Agreements with UBS and The Bank of New York Mellon (as Securities Intermediary) and with MLCI and The Bank of New York Mellon, the terms of which are described below. Information relating to UBS and MLCI is set out in Part 11 (*Particulars of the Commodity Contract Counterparties*).

Under the terms of the Facility Agreements, the Issuer can create and terminate Commodity Contracts on a continuous basis, subject to the Creation Limits and the Redemption Limit (and days not being Market Disruption Days) and certain other conditions. Further information on the Creation Limits and the Redemption Limit is set out in Part 4 (*Description of Commodity Securities*) under the heading “Applications and Redemptions — Creation Limits and Redemption Limit”.

The Issuer is only permitted to issue new Commodity Securities if it can create corresponding Commodity Contracts under a Facility Agreement.

Further information on Commodity Contracts, the Facility Agreements, the Security Agreements and the Control Agreements are set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*).

The Commodity Contract Counterparties are obliged to provide Collateral to the Issuer to support their obligations under the Commodity Contracts. The collateral is held in accounts in the names of the Commodity Contract Counterparties at the Bank of New York Mellon. A description of the arrangements for the provision of Collateral by each Commodity Contract Counterparty under its respective Security Agreement and Control Agreement is set out under the heading “Provision of Collateral by the Commodity Contract Counterparties” in Part 5 (*Description of Facility Agreements and Commodity Contracts*).

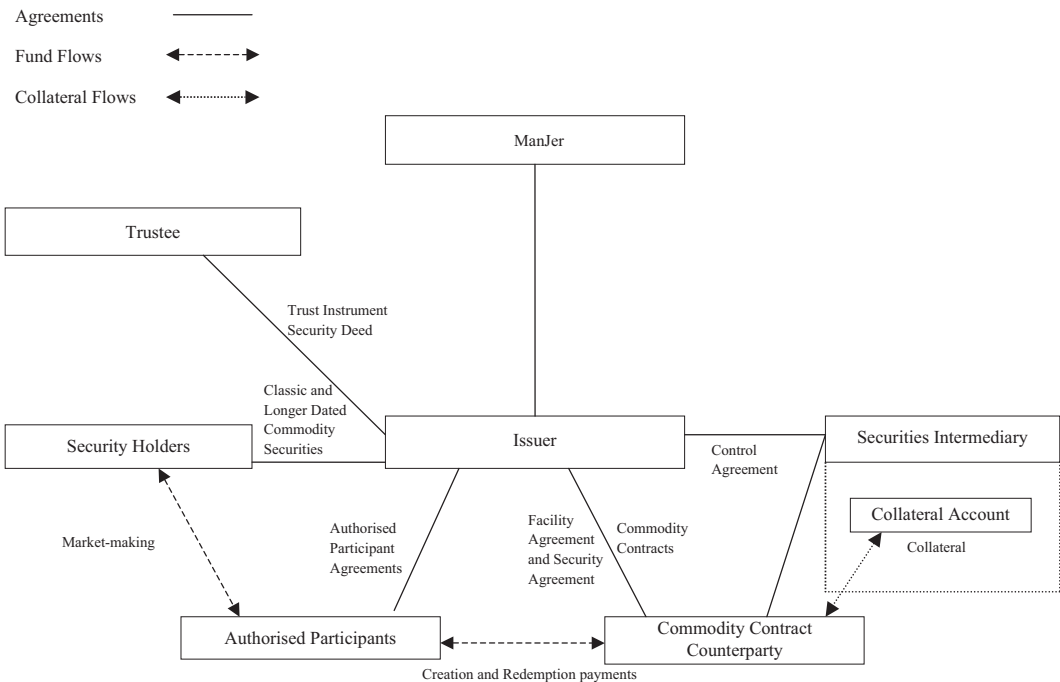
The payment obligations of MLCI under its Facility Agreement are also supported by a guarantee from Bank of America Corporation. A description of the BAC Guarantee is set out under the heading “BAC Guarantee” in Part 5 (*Description of Facility Agreements and Commodity Contracts*).

### Contract Structure and Flow of Funds for Commodity Securities

Micro and Commodity 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 type of Micro and Commodity Securities.

The obligations of the Issuer in respect of each class of Micro Securities, the same class of Individual Securities and each category of Index Securities to the extent it comprises Micro Securities of that class will be secured by a charge over the equivalent class of Commodity Contracts held by the Issuer and over the rights of the Issuer in respect of those Commodity Contracts under the Facility Agreements, the Security Agreements and the Control Agreements.

A diagrammatic representation of the principal aspects of the structure as currently in place appears below. The principal aspects of the structure are the same whether the Commodity Contract Counterparty is UBS or MLCI:



The following is a summary of the flow of funds and assets attributable to the Micro and Commodity Securities as represented by the above diagram.

Most Security Holders will buy or sell their Commodity Securities for cash on the London Stock Exchange, Borsa Italiana, NYSE Euronext Paris, Euronext Amsterdam and/or the Frankfurt Stock Exchange (being the Stock Exchanges on which the Micro and Commodity Securities are admitted to trading) rather than directly from the Issuer. Details of the exchanges on which a particular type of security can be traded are set out in the applicable Final Terms. Market makers provide liquidity on those stock exchanges. To aid this process, the Issuer has entered into agreements (known as Authorised Participant Agreements) with certain financial institutions – Authorised Participants – whereby it has agreed to issue Commodity Securities to those Authorised Participants on an on-going basis. Further details about the Authorised Participant Agreements are set out under the heading “Authorised Participant Agreements” in Part 13 (*Additional Information*).

The creation of the Commodity Securities will be settled on a delivery versus payment basis in CREST whereby an Authorised Participant will deliver an amount of cash to the Commodity Contract Counterparty equal to the Price of the Commodity Securities to be issued, in exchange for which the Issuer will issue Commodity Securities and deliver them to the Authorised Participant via CREST. Further details about the settlement of Commodity Securities can be found under the heading “Settlement” in Part 6 (*The Programme*).

The Authorised Participant may then sell the Commodity Securities on a stock exchange, sell the Commodity Securities in off-exchange transactions (known as “OTC” or “over-the-counter” transactions) or keep the Commodity Securities to hold themselves. The creation process is described in more detail in Part 4 (*Description of Commodity Securities*). Each time Commodity Securities are issued the Issuer will create corresponding Commodity Contracts, exactly matching the number of Micro or Commodity Securities of the relevant class issued.

If an Authorised Participant requests the redemption of Micro and Commodity Securities, they must return those Micro and Commodity Securities into CREST and in return will receive from the Commodity Contract Counterparty an amount of cash equal to the Price (or, if higher, the Principal Amount) of the Micro and Commodity Securities to be redeemed less any applicable redemption fee in respect of those Micro and Commodity Securities. The redemption process is described in more detail in Part 4 (*Description of Commodity Securities*).

If Security Holders who are not Authorised Participants wish to give up their holding of Micro and Commodity Securities, they must generally sell them either on one of the stock exchanges on which the Micro and Commodity Securities are admitted to trading or in a private transaction. Such sale would typically be for cash. Generally Commodity Securities will only be issued to Authorised Participants and Authorised Participants only will be able to require redemption of them. In each case this will be done in return for delivery of cash. In circumstances where there are no Authorised Participants or as the Issuer may in its sole discretion determine, Security Holders who are not Authorised Participants may require redemption of their securities directly with the Issuer. In this case, the Issuer will cancel a number of Commodity Contracts of the relevant class equal in number to the number of Commodity Securities being redeemed and use the cash proceeds of such cancellation to pay redemption proceeds to redeeming Security Holders.

### **Applications and Redemptions**

Commodity Securities can be issued or redeemed at any time, subject to conditions (including not exceeding the Creation Limits and Redemption Limit), by Authorised Participants. The issue and redemption mechanism is intended to ensure that Commodity 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 as otherwise announced by the Issuer) redeem Commodity Securities — all other persons must buy and sell Commodity Securities through trading on the London Stock Exchange or other relevant exchanges on which the Commodity Securities are admitted to trading.

Commodity Securities can only be issued or redeemed if corresponding Commodity Contracts can be created or terminated. There are limits on the creation and termination of Commodity Contracts, which means that there are corresponding limits on the issue and redemption of Commodity Securities.

Further information in relation to Applications and Redemptions and the Creation Limits and Redemption Limit is set out under the heading “Applications and Redemptions” in Part 4 (*Description of Commodity Securities*).

### **Security Structure**

A security structure has been established to provide security for the payment obligations of the Issuer to Security Holders upon redemption of Micro and Commodity Securities.

The Issuer has been established as an “umbrella” or “multi-class” company with separate Pools of assets so that the Issuer can issue separate classes of securities, based on different prices or having some other different characteristics, but on terms that each such separate class of securities would have recourse only to the Pool attributable to that class and not to the assets attributable to any other class. The assets and liabilities attributable to each class of Micro Securities and Individual Securities (and the Index Securities to the extent they comprise such Micro Securities) will represent the Pool for that class.

Thus there are 50 separate Pools currently applicable to Commodity Securities. A single Pool secures all Micro Securities and Individual Securities of a single class and all Index Securities to the extent they comprise such Micro Securities.

Micro and Commodity Securities are constituted under the Trust Instrument. The Trustee holds all rights and entitlements under the Trust Instrument on trust for the Security Holders.

In addition, the Issuer and the Trustee have entered into a separate Security Deed in respect of each Pool. The rights and entitlements held by the Trustee under each Security Deed are held by the Trustee on trust for the Security Holders of that particular type of Micro or Commodity Security.

Under the terms of each Security Deed, the Issuer has assigned to the Trustee by way of security the contractual rights of the Issuer relating to such class under the Facility Agreement, and granted a first-ranking floating charge in favour of the Trustee over all of the Issuer’s rights in relation to the Secured Property attributable to the applicable Pool, including but not limited to its rights under each Facility Agreement, all Commodity Contracts for the relevant class created pursuant to the Facility Agreements, the BAC Guarantee and the rights of the Issuer under each Security Agreement and each Control Agreement, in each case insofar as it relates to the relevant Pool.

The Commodity Contracts, the UBS Facility Agreement, the UBS Security Agreement, the UBS Control Agreement, the MLCI Facility Agreement, the MLCI Security Agreement and the MLCI Control Agreement have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Micro and Commodity Securities.

If the amounts received from the relevant Secured Property are insufficient to make payment of all amounts due in respect of the relevant Pool, no other assets of the Issuer shall be available to meet that shortfall and all further claims of the holders in respect of such class of Micro Securities and Individual Securities (and the Index Securities to the extent they comprise such Micro Securities) will be extinguished.

Further details of the Trust Instrument are set out in Part 7 (*Trust Instrument and Commodity Securities*). Further details of the Security Deeds are set out in Part 8 (*Particulars of Security Deeds*).

### **Short and Leveraged Commodity Securities**

The Issuer has separately made available the Short and Leveraged Commodity Securities which have different characteristics as described in a separate base prospectus of the Issuer dated 19 October 2015. The Short and Leveraged Commodity Securities are constituted by a separate trust instrument entered into between the Issuer and The Law Debenture Trust Corporation p.l.c. and are backed by commodity contracts created under a separate facility agreement or facility agreements (currently being the facility agreement relating to Short and Leveraged Commodity Contracts between UBS and the Issuer and the



facility agreement relating to Short and Leveraged Commodity Contracts between MLCI and the Issuer). Each authorised participant in respect of the Short and Leveraged Commodity Securities is required to enter into a separate authorised participant agreement in respect of the Classic and Longer Dated Commodity Securities. Accordingly the rights attached to the Short and Leveraged Commodity Securities are separate from and different to the rights attached to the Classic and Longer Dated Commodity Securities.

### **The Issuer and ManJer**

The Issuer is a public company incorporated in Jersey on 16 August 2005 for the purpose of issuing debt securities the price of which is related to commodities or commodity indices and entering into the Documents and agreements relating to other types or classes of commodity securities.

The shares in the Issuer are all held by HoldCo, a company incorporated in Jersey to act as the holding company of the Issuer. The Issuer is not directly or 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 under the heading “Administration and Registrar Services”.

ManJer intends to promote and to provide management and other services to the Issuer and currently also provides such services to the Issuer in relation to the programme for the Issue of Short and Leveraged Commodity Securities and to ETFS Metal Securities Limited, ETFS Metal Securities Australia Limited, ETFS Hedged Metal Securities Limited, Swiss Commodity Securities Limited, ETFS Oil Securities Limited, Gold Bullion Securities Limited, ETFS Foreign Exchange Limited, ETFS Hedged Commodity Securities Limited, ETFS Commodity Securities Australia Limited and ETFS Equity Securities Limited.

### **ETFSL**

ETFSL is a Jersey company which was incorporated under the Companies (Jersey) law 1991 on 20 August 2004. Its registered office is Ordinance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW, Channel Islands. ETFSL is the ultimate holding company of a group of companies which includes the Issuer and HoldCo. It is not engaged in business activities other than as are related to the establishment of schemes similar to that of the Issuer.

### **Administration and Registrar Services**

ManJer will, pursuant to the Services Agreement, supply certain management and administration services for the Issuer and will pay all the management and administration costs of the Issuer (including those of the Secretary (as defined below) and Registrar. ManJer may engage third parties to provide some or all of these services. The Services Agreement may be terminated by ManJer at any time on three months' notice or earlier in the event of certain breaches or the insolvency of either party.

ManJer is a company incorporated in Jersey under the Companies (Jersey) Law 1991. It was incorporated on 16 November 2010 and its registered office is Ordinance House, 31 Pier Road, St. Helier, Jersey JE4 8PW, Channel Islands and it is a wholly-owned subsidiary of ETFSL.

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. The Secretary is a Jersey company which was incorporated under the Companies (Jersey) law 1991 on 29 November 1988.

The Issuer, the Trustee and the Registrar have entered into an agreement pursuant to which the Registrar is to provide registry and associated services. The Registrar will maintain the Registers in Jersey. The Registrar is a Jersey company which was incorporated under the Companies (Jersey) law 1991 on 2 September 1999.

Further, certain directors of ManJer have been involved in establishing and operating exchange traded fund companies and related service companies, in particular GO UCITS ETF Solutions PLC and its manager GO ETF Management Company Limited in Ireland, ETFS Trust and its investment adviser ETF Securities Advisors LLC in the U.S.



### **Management Fee and Licence Allowance**

In return for ManJer supplying to the Issuer all management and administration services, the Issuer is liable under the Services Agreement to pay ManJer a fee equal to the Management Fee paid to the Issuer by the Commodity Contract Counterparties under the Capital Adjustment Agreements. The Management Fee, as at the date of this Prospectus, is 0.49 per cent. per annum of the aggregate Price on that day of all Classic Micro and Commodity Securities outstanding and 0.49 per cent. per annum of the aggregate Price on that day of all Longer Dated Micro and Commodity Securities outstanding.

The fee rate may be varied by the Issuer from time to time.

The Commodity Contract Counterparties will pay to the Issuer in respect of the Commodity Contracts to which each is party amounts equal to the Management Fee and a Licence Allowance, which will be used to pay licence fees to Bloomberg due under the Licence Agreement (with any difference being payable to/by ManJer). The Licence Allowance payable by each Commodity Contract Counterparty is 0.05 per cent. per annum of the aggregate daily Price of all fully paid Commodity Contracts outstanding with that Commodity Contract Counterparty, and this rate will be varied to match approximately the fees payable to Bloomberg under the Licence Agreement.

The Issuer will only be liable to pay the fees to ManJer upon receipt of the relevant amounts from the Commodity Contract Counterparties.

ManJer will pay the Licence Allowance to ETFSL to enable ETFSL to pay any fees due under the Licence Agreement.

The rate of the Management Fee and Licence Allowance will be reflected in the adjustments to the Capital Adjustment each day, commencing upon the relevant Commodity Securities first being issued.

If the Management Fee or the Licence Allowance is amended, such amendment will be notified through an RIS, and will not take effect for at least 30 days following the publication of the RIS.

### **Commodity Contract Counterparty fees**

The Commodity Contract Counterparties do not charge any fees or expenses to the Issuer, ManJer or ETFSL in relation to the Facility Agreements, the Security Agreements or the Control Agreements. However the Commodity Contract Counterparties will have the use of the funds paid to them for the creation of Commodity Contracts (net of redemptions) and the amount they pay for this benefit will be reflected in the rate of the Capital Adjustment, which rate will be agreed from time to time by the Commodity Contract Counterparties and the Issuer. The rate of the Capital Adjustment is currently the weekly 3-month U.S. Treasury Bill rate less a spread of 0.45 per cent. per annum in the case of Classic Commodity Contracts and a spread of 0.60 per cent. per annum in the case of Longer Dated Commodity Contracts (reflecting the risk taken by the Commodity Contract Counterparties) and less the Management Fee and the Licence Allowance.

The Commodity Contract Counterparties may also, on such basis as may be agreed between that Commodity Contract Counterparty and ETFSL, agree to further payments or receipts (a “**Further Contribution**”) in respect of the costs incurred by ETFSL or ManJer. Any such payments will not have any impact on holders of Commodity Securities.

Each Commodity Contract Counterparty is responsible for all costs associated with it hedging its exposures and managing the cash arising from the Issuer purchasing and terminating Commodity Contracts with it at any time. To the extent that the cost to a Commodity Contract Counterparty of the Capital Adjustment (before deduction of the Management Fee and the Licence Allowance) differs from the value to it of managing the exposures and having the use of cash, such Commodity Contract Counterparty will make a profit or loss from the transaction.

If the Issuer has Commodity Contracts outstanding with more than one Commodity Contract Counterparty in relation to any Pool, the Capital Adjustment for that Pool (and the Micro Securities and Individual Securities of that class and the Index Securities to the extent that they comprise Micro Securities of that class) will be the weighted average of the daily adjustment on all Commodity Contracts attributable to that Pool.

The Capital Adjustment may or may not be less than the rate of interest which an investor could earn by depositing funds in money markets at overnight rates, or by fully collateralising an investment in futures contracts. As at 8 April 2016, the rate of the Capital Adjustment was as follows:

	<b>Daily†</b>	<b>Annual*</b>
Classic Micro and Commodity Securities	-0.00205%	-0.75%
Longer Dated Micro and Commodity Securities	-0.00246%	-0.89%

† as of 8 April 2016 (rate changes weekly)

\* is the Daily rate compounded over 365 days

### **Calculation Agent**

UBS is required to act as Calculation Agent under and solely for the purposes of the UBS Facility Agreement, the MLCI Facility Agreement and any other Facility Agreement that may be entered into with other Commodity Contract Counterparties.

More information on the role of UBS as Calculation Agent is set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*) under the heading “Calculation Agent”.

### **Directors and Secretary of the Issuer**

The Directors and the secretary of the Issuer (and of HoldCo) at the date of this document are:

#### ***Graham Tuckwell — Chairman***

Mr Tuckwell is the founder and chairman of ETF Securities Limited, ManJer, HoldCo and the Issuer and of eleven other companies issuing exchange-traded commodities or other exchange-traded products: 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 Foreign Exchange Limited, ETFS Hedged Commodity Securities Limited, ETFS Hedged Metal Securities Limited, Swiss Commodity Securities Limited, ETFS Commodity Securities Australia Limited and ETFS Equity Securities Limited. He is also a director of GO UCITS ETF Solutions PLC and of its manager GO ETF Management Limited in Ireland, a trustee of ETFS Trust in the U.S. 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\$18 billion. He is also a director of ANZ ETFS Management (AUS) Limited in Australia. 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.

#### ***Christopher Foulds — Non-Executive Director***

Mr Foulds is responsible for Financial Reporting at ETF Securities Limited and is the Compliance Officer of the Issuer and ETFS Management Company (Jersey) Limited. He is also a non-executive director and the Compliance Officer of the Issuer, Gold Bullion Securities Limited, ETFS Oil Securities Limited, ETFS Metal Securities Limited, ETFS Hedged Commodity Securities Limited, ETFS Foreign Exchange Limited, ETFS Hedged Metal Securities Limited, Swiss Commodity Securities Limited and ETFS Equity Securities Limited. He is the Vice President, Chief Financial Officer, Treasurer and Secretary of ETF Securities USA LLC and the Chief Financial Officer of ETF Securities Advisors LLC. Mr. Foulds was previously a director of Active Services (Jersey) Limited, providing start-up management and support services to the funds sector and also held various roles with Deloitte between 2001 and 2008. Mr Foulds is a Chartered Accountant (ACA) and holds a BSc in Mathematics with Financial Management from the University of Portsmouth.

#### ***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. Mr Ross joined the Jersey practice of Rawlinson & Hunter in 1986 as a manager in the fund administration division. In 1994 he was admitted to the R&H Jersey partnership. Mr Ross 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 collective investment funds. He has worked in the offshore fund management industry for over 29 years. As a director of R&H Fund Services (Jersey) Limited, Mr Ross oversees the day to day operations in Jersey of the Issuer and of Gold Bullion Securities Limited, ETFS Metal Securities, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Hedged Commodity Securities Limited, ETFS Hedged Metal Securities Limited, Swiss Commodity Securities Limited, ETFS Commodity Securities Australia Limited and ETFS Equity Securities Limited (he is a non-executive director of each of those companies and of HoldCo).

***Joseph Roxburgh — Non-Executive Director***

Mr Roxburgh is the Chief Financial Officer of ETFSL and is also a non-executive director of HoldCo, ManJer, the Issuer, Gold Bullion Securities Limited, ETFS Oil Securities Limited, ETFS Metal Securities Limited, ETFS Hedged Commodity Securities Limited, ETFS Foreign Exchange Limited, ETFS Hedged Metal Securities Limited, Swiss Commodity Securities Limited and ETFS Equity Securities Limited. He is also a director of GO UCITS ETF Solutions PLC and of its manager GO ETF Management Limited in Ireland and Chief Financial Officer of ETFS Trust in the U.S. From 2006 to 2012, he was Group Finance Director for a Jersey-based individual managing a global portfolio of commercial and financial investments. From 2004 to 2006, he was Group Finance Director and Company Secretary for Brand Advantage Group and held various roles at KPMG between 1993 and 2004. Mr Roxburgh is a Chartered Accountant (FCA) and a member of the Association of Corporate Treasurers (AMCT). He holds an Executive MBA from University of Bristol/Ecole Nationale des Ponts et Chaussées and a BSc in Physics from the University of Manchester.

***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 £1,625,000. 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 in Jersey. The directors of R&H Fund Services (Jersey) Limited are:

Graeme David Ross  
Craig Andrew Stewart  
Hilary Patricia Jones  
Steven George Ross  
John-Paul Joseph Meagher

***Directors and Secretary of ManJer***

The directors of ManJer at the date of this Prospectus are Graham Tuckwell, Joseph Roxburgh, Craig Stewart and Steven Ross. The secretary of ManJer at the date of this document is R&H Fund Services (Jersey) Limited. The biographies of Mr Tuckwell and Mr Roxburgh are set out under the heading “Directors and Secretary of the Issuer” above. The biographies of the other directors are as follow:

***Craig Stewart***

Mr Stewart has been a member of the board of directors of ManJer since July 2013. 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. He was also the manager on a significant number of consulting assignments including controls reviews, operational reviews, due diligence projects, benchmarking studies and forensic investigations. 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. He was admitted to the partnership of Rawlinson & Hunter, Jersey in 2003. Mr Stewart has worked in the offshore fund management industry for 22 years and also served as a committee member of the Jersey Funds Association. Mr Stewart was also a director of the Issuer until June 2013 and is a non-executive director of HoldCo.

***Steven Ross***

Mr Ross has been a member of the board of directors of ManJer since August 2013. Mr Ross graduated from the University of Stirling with an honours degree in Accountancy before embarking on a career with

PricewaterhouseCoopers CI LLP in Jersey from 2001 to 2006. Whilst with PricewaterhouseCoopers he qualified as a chartered accountant with the Institute of Chartered Accountants of England and Wales and was responsible for assisting and managing a number of assurance and business advisory engagements for high profile offshore financial services and commercial clients. Prior to joining R&H Fund Services (Jersey) Limited he held the position of Head of Operations for Capita Financial Administrators (Jersey) Limited, an offshore fund administration business and was responsible for the provision of fund administration services to a portfolio of listed and private investment funds. In March 2012, he joined R&H Fund Services (Jersey) Limited as a Client Services Director. In January 2014, he was promoted to Director of R&H Fund Services (Jersey) Limited.

### **Conflicts of Interest**

Mr Tuckwell and Mr Roxburgh are also directors of ManJer, a provider of services to the Issuer, and all of the Directors (other than Mr Foulds) are also directors of HoldCo, the sole shareholder of the Issuer. Mr Graeme Ross is also a director of R&H Fund Services (Jersey) Limited, the secretary of the Issuer. Mr Tuckwell is also a director and a shareholder of ETFSL and Mr Roxburgh is the Chief Financial Officer of ETFSL. Mr Foulds is also the Compliance Officer of the Issuer and ManJer. 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.

### **Further Information**

Information regarding taxation in the United Kingdom, Jersey, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain and Sweden in respect of the Programme and Commodity Securities is set out in Part 12 (*Taxation*). 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 Micro and Commodity Securities.

## PART 2

### HOW DOES A SECURITY HOLDER DETERMINE THE VALUE OF THEIR INVESTMENT?

#### Pricing of Micro and Commodity Securities

The Price of each Micro and Commodity Security reflects movements in the Commodity Indices, adjusted by applicable fees (by operation of what is known as the Capital Adjustment). A description of the formula used to price Micro and Commodity Securities and a description of the Pool Factor, Multiplier and Capital Adjustment elements of the formula are set out under “Calculation of the Price” below. Worked examples of how to calculate the Price are set out under the heading “Worked Examples of the Calculation of the Price” below. These worked examples also show how the Pool Factor, Multiplier and Capital Adjustment are applied as part of the calculation of the Price. **The formula and method of calculating the price is the same for all classes of Classic Commodity Securities and Longer Dated Individual Securities.**

Each Micro and Commodity Security carries a right upon Redemption to receipt of the higher of the Principal Amount of that Micro or Commodity Security and the Price  $P_{(i,t)}$ . In normal circumstances, only Authorised Participants are able to redeem their Micro and Commodity Securities directly with the Issuer. The value of Security Holder’s investment is equivalent to the amount in cash that they would receive upon a redemption – generally the applicable Price. The Principal Amounts of the Micro and Commodity Securities are set out in paragraph 5 of Part 13 (*Additional Information*).

#### Calculation of the Price

##### *The pricing formula*

The Price of an Individual Security on a day on which a Price is calculated is based on (i) the closing settlement price of the Individual Commodity Index applicable to such Individual Security on that day (represented in the formula by  $I_{(i,t)}$ ); (ii) multiplied by the Multiplier (represented in the formula by  $M_{(i,t)}$ ); (iii) multiplied by the Pool Factor applicable to the class of such Individual Security (represented in the formula by  $PF_{(i,t)}$ ); and divided by 10, and so is calculated in accordance with the following formula (the different components of the formula are further explained below):

$$\text{Price}_{(i,t)} = I_{(i,t)} \times M_{(i,t)} \times PF_{(i,t)} / 10$$

where:

$\text{Price}_{(i,t)}$	is the Price of an Individual Security of the relevant class on the day on which the Price is being calculated;
i	refers to the relevant class of Individual Security;
t	refers to the day on which the Price is being calculated;
$I_{(i,t)}$	is the level of the Commodity Index which the relevant class of Individual Security references on the day on which the Price is being calculated;
$M_{(i,t)}$	is the Multiplier applicable to the relevant class of Individual Security on the day on which the Price is being calculated; and
$PF_{(i,t)}$	is the Pool Factor applicable to the relevant class of Individual Security on the day on which the Price is being calculated.

##### *The Pool Factor element of the formula*

The Pool Factor is a number that will always be 1 unless the relevant Micro and Commodity Securities are divided.

##### *The Multiplier element of the formula*

The multiplier ( $M_{(i,t)}$ ) is adjusted on each day in accordance with the following formula:

$$M_{(i,t)} = M_{(i,t-1)} \times (1 + CA_{(i,t)})$$

where:

$M_{(i,t)}$	is the Multiplier of the relevant class of Individual Security on the day on which the Multiplier is being calculated;
i	refers to the relevant class of Individual Security;
t	refers to the day on which the Price is being calculated;
$M_{(i,t-1)}$	refers to the Multiplier of the relevant class of Individual Security on the day before the day on which the Multiplier is being calculated; and
$CA_{(i,t)}$	is the Capital Adjustment applicable to the relevant class of Individual Security on the day on which the Multiplier is being calculated.

At any one time a Micro Security of a particular class has a price equal to one millionth of the price of the corresponding class of Individual Security. The price of an Index Security is the sum of the prices of the Micro Securities of which it is comprised.

### ***The Capital Adjustment element of the formula***

The Capital Adjustment is an adjustment factor which is agreed from time to time by the Commodity Contract Counterparties and the Issuer and reflects:

- (i) an interest return on the value invested in that class of Individual Security;
- (ii) the fees payable to ManJer currently of 0.49 per cent. per annum for the services it provides under the Services Agreement;
- (iii) the fees payable to the Commodity Contract Counterparties currently of 0.45 per cent. per annum in respect of the Classic Securities and 0.60 per cent. per annum in respect of the Longer Dated Securities; and
- (iv) the fees payable to the provider of the Commodity Indices currently of 0.05 per cent. per annum.

The Capital Adjustment applicable to each type of Classic Security and Longer Dated Security on any day is published on the Issuer's website at <http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx>. Further details on the Capital Adjustment for each type of Micro and Commodity Security are set out under the heading "Pricing of Individual Securities — Capital Adjustment" in Part 4 (*Description of Commodity Securities*).

### **Worked Examples of the Calculation of the Price**

#### ***Individual Securities***

If on a particular day (t), the closing settlement price of the relevant Individual Commodity Index on the day on which the Price is being calculated is 1000, the Multiplier is 1 and the Pool Factor applicable to the ETFS Aluminium security is 1; then the Price of an ETFS Aluminium security would be calculated using the pricing formula as follows:

$$Price_{(i,t)} = I_{(i,t)} \times M_{(i,t)} \times PF_{(i,t)} / 10$$

where:

$I_{(i,t)}$	1000
$M_{(i,t)}$	1
$PF_{(i,t)}$	1

So:

$$\begin{aligned} Price_{(i,t)} &= (1000 \times 1 \times 1) / 10 \\ Price_{(i,t)} &= 1000 / 10 \\ Price_{(i,t)} &= 100 \end{aligned}$$



The Price of an ETFS Aluminium security on day t is therefore \$100.

### **Index Securities**

The Price of an ETFS Precious Metals index security is the sum of the Prices of the Gold Micro Classic Securities and Silver Micro Classic Securities of which it is comprised. An ETFS Precious Metals index security is comprised of 820,118 Gold Micro Securities and 252,695 Silver Micro Securities, equivalent to 0.820118 ETFS Gold Classic Individual Securities and 0.252695 ETFS Silver Classic Individual Securities. Therefore, if on a particular day (t), the closing settlement prices of the relevant indices on the day on which the Prices of the ETFS Gold Classic Individual Securities and ETFS Silver Classic Individual Securities are being calculated are 152.7327117 and 179.2532004, respectively, the Multiplier for both classes is 0.9954589, and the Pool Factor for both classes is 1; then the Price of the ETFS Precious Metals index security would be calculated as follows:

$$\text{Price}_{(i,t)} = (0.820118)(I_{(i-\text{gold},t)} \times M_{(i-\text{gold},t)} \times PF_{(i,t)})/10 + (0.252695)(I_{(i-\text{silver},t)} \times M_{(i-\text{silver},t)} \times PF_{(i,t)})/10$$

where:

in respect of ETFS Gold Classic Individual Securities:

$$I_{(i-\text{gold},t)} = 152.7327117$$

$$M_{(i,t)} = 0.9954589$$

$$PF_{(i,t)} = 1$$

in respect of ETFS Silver Classic Individual Securities:

$$I_{(i-\text{silver},t)} = 179.2532004$$

$$M_{(i,t)} = 0.9954589$$

$$PF_{(i,t)} = 1$$

So:

$$\text{Price}_{(i,t)} = (0.820118)(152.7327117 \times 0.9954589 \times 1)/10 + (0.252695)(179.2532004 \times 0.9954589 \times 1)/10$$

$$\text{Price}_{(i,t)} = (0.820118)(15.2039137) + (0.252695)(17.8439194)$$

$$\text{Price}_{(i,t)} = (12.4690033) + (4.5090692)$$

$$\text{Price}_{(i,t)} = 16.9780725$$

The Price of the Precious Metals index security on day t is therefore \$16.9780725.

### **How the Price of an Individual Security is affected by the changes in the value of the underlying index**

The three different hypothetical scenarios in this section show how the price of an Individual Security is affected under three different examples of normal market conditions. These scenarios are not indicators of the actual future performance of the Individual Securities and are for illustration purposes only. The following assumptions have been made:

- An investor invests in the Individual Securities for one day.
- One Individual Security is bought from a broker at a price of \$10.0685.
- The value of the underlying index when the Individual Security is bought is 100.
- The Multiplier on the day of investment is 1.00685.

- The Pool Factor on the day of investment is 1.
- There are no changes in the level of fees charged on the Individual Securities during the investment period.
- All transaction fees (including any commission) of the investor's broker and investment adviser for the sale and purchase of the Individual Securities and the custody fees of the investor's bank are excluded.
- There is no difference between the Price of the security and that value at which it trades on exchange.

*Scenario 1: Example of how the Price of an Individual Security is affected if the value of the underlying index decreases*

- The value of the underlying index decreases from 100 to 90 the next day.
- The price of the Individual Security will be calculated as follows:

$$\begin{aligned}\text{Price}_{(i,t)} &= (90 \times 1.00678 \times 1)/10 \\ \text{Price}_{(i,t)} &= 90.6102/10 \\ \text{Price}_{(i,t)} &= 9.06102\end{aligned}$$

- The investor sells the Individual Security and has lost \$1.00748 from his/her initial investment the previous day.

*Scenario 2: Example of how the Price of an Individual Security is affected if the value of the underlying index increases*

- The value of the underlying index increases by 10 to 110 the next day.
- The price of the Individual Security will be calculated as follows:

$$\begin{aligned}\text{Price}_{(i,t)} &= (110 \times 1.00678 \times 1)/10 \\ \text{Price}_{(i,t)} &= 110.7458/10 \\ \text{Price}_{(i,t)} &= 11.07458\end{aligned}$$

- The investor sells the Individual Security and has gained \$1.00608 on his/her initial investment the previous day.

*Scenario 3: Example of how the Price of an Individual Security is affected if the value of the underlying index remains the same*

- The value of the underlying index remains the same the next day.
- The sum of the fees charged on the Individual Security for the day of ownership is \$0.0007 per Individual Security.
- The price of the Individual Security will be calculated as follows:

$$\begin{aligned}\text{Price}_{(i,t)} &= (100 \times 1.00678 \times 1)/10 \\ \text{Price}_{(i,t)} &= 100.678/10 \\ \text{Price}_{(i,t)} &= 10.0678\end{aligned}$$

- The investor sells the Individual Security and has lost \$0.0007 from his/her initial investment the previous day.

### **How the Price of an Index Security is affected by the changes in the value of the underlying index**

The three different hypothetical scenarios in this section show how the price of an Index Security is affected under three different examples of normal market conditions. These scenarios are not indicators

of the actual future performance of the Index Securities and are for illustration purposes only. The following assumptions have been made:

- An investor invests in the Precious Metals Index Security ("**Index Security**") made up of Gold and Silver.
- One Index Security is bought from a broker at a price of \$9.921072.
- The value of the underlying Bloomberg Gold Index when the Index Security is bought is 100.
- The value of the underlying Bloomberg Silver Index when the Index Security is bought is 50.
- The Micro Securities representing each component in the Index are 884,798 (Gold) and 201,119 (Silver).
- There are no changes in the level of fees charged on the Index Security during the investment period.
- All transaction fees (including any commission) of the investor's broker and investment adviser for the sale and purchase of the Index Securities and the custody fees of the investor's bank are excluded.
- The effect of the annual Rebalancing is that the Price of an Index Security precisely (before fees) tracks the related composite commodity index.

*Scenario 1: Example of how the Price of an Index Security is affected if the value of the underlying index decreases*

- The value of the underlying index has decreased to by 10% the next day.
- The sum of the fees charged on the Index Security during the investment period is \$0.0007 per Index Security.
- The price of the Index Security has decreased to \$8.928344.
- The investor sells the Index Security and has lost \$0.992728 from his/her initial investment.

*Scenario 2: Example of how the Price of an Index Security is affected if the value of the underlying index increases*

- The value of the underlying index has increased by 10% the next day.
- The sum of the fees charged on the Index Security during the investment period is \$0.0007 per Index Security.
- The price of the Index Security has increased to \$10.912421.
- The investor sells the Index Security and has gained \$0.9913485 on his/her initial investment.

*Scenario 3: Example of how the Price of an Index Security is affected if the value of the underlying index remains the same*

- The value of the underlying index has remained the same.
- The sum of the fees charged on the Index Security during the investment period is \$0.0007 per Index Security.
- The price of the Index Security has decreased to \$9.9203822.
- The investor sells the Index Security and has lost \$0.007 from his/her initial investment a year ago.

## PART 3

### THE BLOOMBERG COMMODITY INDEX FAMILY

#### **Bloomberg Commodity Index<sup>SM</sup> and Sub-Indices**

With effect from 1 July 2014, Bloomberg took over responsibility from CME Indexes for the governance, calculation, distribution and licensing of the specific Individual Commodity Indices known as the Bloomberg Commodity Index Family (prior to 1 July 2014, these Indices were known as the Dow-Jones UBS Commodity Indices<sup>SM</sup>), by reference to which all Commodity Securities will be priced.

The Commodity Indices and their sub-indices (including the Individual Commodity Indices) are published on the Website.

The methodology used to calculate these indices is set out in the Handbook, which at the date of this Prospectus is available on the Website. The Commodity Indices are widely followed indices which in the case of the Bloomberg Commodity Index<sup>SM</sup>, and the Individual Commodity Indices for the commodities included therein, has been published since 1998, with simulated historical data calculated back to January 1991 and in the case of the Bloomberg Commodity Index 3 month Forward<sup>SM</sup>, and the 3-month forward Individual Commodity Indices for the commodities included therein, has been published since July 2006, with simulated historical data calculated back to 1991. The cocoa Individual Commodity Index has been published since February 2006, the lead, platinum and tin Individual Commodity Indices have been published since March 2008, the Brent Crude and Gas Oil Individual Commodity Indices have been published since December 2011, the Kansas Wheat and Soybean Meal Individual Commodity Indices have been published since December 2012 and June 2010 respectively, with simulated historical data calculated back to 1991. At the beginning of 1991 each index started at 100 and is increased or decreased each day pursuant to the calculation methodology set out in the Handbook by reference to prices of the relevant constituent futures contracts. Consequently the Individual Commodity Indices are excess return indices.

The same input components used for the Commodity Indices are also used by Bloomberg to construct indices representing smaller groups of commodities and the Individual Commodity Indices. Cocoa, Lead, Platinum, Tin and Gas Oil are not currently included in the Commodity Indices.

Bloomberg has established an internal Index Oversight Committee to comply with the “19 Principles for Financial Benchmarks” as published by the International Organisation of Securities Commissions (IOSCO). The Index Oversight Committee consists of senior representatives from various Bloomberg business units. The purpose of the Index Oversight Committee is to discuss, review and challenge all aspects of the benchmark process.

Additionally, an external Index Advisory Committee has been established to provide Bloomberg with guidance and feedback from the investment community on index products and processes. The Index Advisory Committee helps set index priorities, discusses potential rule changes and provides ideas for new business products.

Specifically, the Index Oversight Committee reviews and approves (in consultation with the Index Advisory Committee) amendments to the Handbook, which sets out the procedures for determining, amongst other things:

- the commodities to be included in the Commodity Indices;
- the Exchanges and the Designated Contracts to be used to price each Individual Commodity Index;
- the Roll Period for each Designated Contract;
- the weighting of each commodity in the Commodity Indices;
- determining when a Market Disruption Event occurs and the consequences of such;

- the formulae to calculate each index; and
- changes to any of the above.

Any changes implemented by the Index Oversight Committee which are reflected in the Handbook and which affect the Individual Commodity Indices will be notified to Security Holders through an RIS made as soon as practical after the change is notified to the Issuer.

### **Composition and Weightings**

The weightings of the components in the Bloomberg Commodity Index<sup>SM</sup>, and hence in the composite sub-indices, are subject to change periodically. Apart from changes to the weightings, there can be changes to the actual commodities and Designated Contracts included in the Bloomberg Commodity Index<sup>SM</sup>. At present there are 26 commodity futures eligible for inclusion in the Bloomberg Commodity Index<sup>SM</sup> but four of those commodities (cocoa, lead, platinum and tin) are currently not included in the Bloomberg Commodity Index<sup>SM</sup>. Bloomberg also calculates (in conjunction with UBS Securities) and publishes Individual Commodity Indices for three other commodities (gas oil, orange juice and feeder cattle) not currently eligible for inclusion in the Bloomberg Commodity Index<sup>SM</sup>. The same commodities and unit weightings as are used in the Bloomberg Commodity Index<sup>SM</sup> are also used in the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> and hence in the composite 3-month forward sub-indices.

A complete description of the procedures involved in recalculating the composition of the Commodity Indices each year is set out in the Handbook and the appendices thereto. As part of those procedures, the following diversification rules are applied in determining the Commodity Index Percentages (CIPs), i.e. the weights, in the Bloomberg Commodity Index<sup>SM</sup>:

- no single commodity may constitute less than 2 per cent. (as liquidity allows) or more than 15 per cent. of the Index;
- no single commodity, together with its derivatives (e.g., crude oil, together with heating oil and gasoline), may constitute more than 25 per cent. of the Index; and
- no related group of commodities (e.g., energy, precious metals, livestock or grains) may constitute more than 33 per cent. of the Index.

The Commodity Indices are re-balanced annually on a price percentage basis, within the confines of the above parameters, and each sub-index is rebalanced proportionally (without any further limitations on the weights). At the time of a rebalancing of the Bloomberg Commodity Index<sup>SM</sup>, it is possible that additional commodities not presently represented in the Bloomberg Commodity Index<sup>SM</sup> will be added, or that one or more commodities presently represented will be removed.

Whenever the Commodity Indices are rebalanced, the corresponding Index Securities will also be Rebalanced as explained in Part 4 (*Description of Commodity Securities*) under the heading "Rebalancing of Index Securities".

### **Designated Contracts**

For each commodity included in the Bloomberg Commodity Index<sup>SM</sup> a particular futures contract on a futures exchange is selected and for that contract certain designated contract months are selected. For most of the commodities the Designated Contract is a futures contract traded on various exchanges in the United States, with the balance being futures contracts traded on the LME in London. Within each Designated Contract, there are a number of futures contracts for delivery in different months. Not all of them are used for the calculation of the Bloomberg Commodity Index<sup>SM</sup>. Rather, a number of Designated Month Contracts are selected, and intermediate futures contracts are ignored for the purposes of this calculation. This reduces the number of Roll Periods required for each commodity while still enabling pricing to be based on one of the more liquid near month contracts.

The Designated Contracts, and Designated Month Contracts, for each of the 26 Commodity futures currently eligible for inclusion in the Bloomberg Commodity Index<sup>SM</sup> are currently as follows:

**Table 2a — Designated Contracts and Designated Month Contracts**

Commodity	Relevant Exchange	Designated Contract and (Exchange Code)	Designated Month Contracts <sup>(1)</sup>											
Natural Gas	NYMEX <sup>(4)</sup>	Henry Hub Natural Gas (NG)	Mar	May	Jul	Sep	Nov							
WTI Crude Oil	NYMEX <sup>(4)</sup>	Light, Sweet Crude Oil (CL)	Mar	May	Jul	Sep	Nov							
Brent Crude Oil	ICE	Brent Crude Oil (B)	Mar	May	Jul	Sep	Nov							
Unleaded Gasoline	NYMEX <sup>(4)</sup>	RBOB Gasoline (RB)	Mar	May	Jul	Sep	Nov							
Heating Oil	NYMEX <sup>(4)</sup>	Heating Oil (HO)	Mar	May	Jul	Sep	Nov							
Aluminium	LME	High Grade Primary Aluminium (AL)	Mar	May	Jul	Sep	Nov							
Copper	COMEX <sup>(4)</sup>	Copper (HG)	Mar	May	Jul	Sep	Dec							
Zinc	LME	Special High Grade Zinc (ZN)	Mar	May	Jul	Sep	Nov							
Nickel	LME	Primary Nickel (NI)	Mar	May	Jul	Sep	Nov							
Gold	COMEX <sup>(4)</sup>	Gold (GC)	Feb	Apr	Jun	Aug	Dec							
Silver	COMEX <sup>(4)</sup>	Silver (SI)	Mar	May	Jul	Sep	Dec							
Live Cattle	CME <sup>(2)</sup>	Live Cattle (LC)	Feb	Apr	Jun	Aug	Oct	Dec						
Lean Hogs	CME <sup>(2)</sup>	Lean Hogs (LH)	Feb	Apr	Jun	Jul	Aug	Oct	Dec					
Wheat	CBOT	Soft Wheat (W)	Mar	May	Jul	Sep	Dec							
Kansas Wheat	KCBT	Kansas Wheat (KW)	Mar	May	Jul	Sep	Dec							
Corn	CBOT <sup>(2)</sup>	Corn (C)	Mar	May	Jul	Sep	Dec							
Soybeans	CBOT <sup>(2)</sup>	Soybeans (S)	Mar	May	Jul	Nov								
Sugar	NYBOT <sup>(3)</sup>	World Sugar NO. 11 (SB)	Mar	May	Jul	Oct								
Cotton	NYBOT <sup>(3)</sup>	Cotton (CT)	Mar	May	Jul	Dec								
Coffee	NYBOT <sup>(3)</sup>	Coffee @C@ (KC)	Mar	May	Jul	Sep	Dec							
Soybean Oil	CBOT <sup>(2)</sup>	Soybean Oil (BO)	Mar	May	Jul	Dec								
Soybean Meal	CBOT <sup>(2)</sup>	Soybean Meal (SM)	Mar	May	Jul	Dec								
Cocoa	NYBOT	Cocoa (CC)	Mar	May	Jul	Sep	Dec							
Lead	LME	Refine Standard Lead (LL)	Mar	May	Jul	Sep	Nov							
Platinum	NYMEX <sup>(4)</sup>	Platinum (PL)	Apr	Jul	Oct									
Tin	LME	Refined Tin (LT)	Mar	May	Jul	Sep	Nov							

(1) The contract months are as named by the Exchange in question, irrespective of the particular delivery dates

(2) Chicago Board of Trade and Chicago Mercantile Exchange merged in 2007

(3) ICE Futures U.S.

(4) The New York Mercantile Exchange, Inc, merged with CME Group in 2008

For the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> the designated month contracts are exactly the same as for the Bloomberg Commodity Index<sup>SM</sup> save that for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>, the contracts that would be the Lead Future and Next Future for the Bloomberg Commodity Index<sup>SM</sup> in three calendar months are instead the Lead Future and Next Future in the current calendar month for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>. The current Lead Future contracts for the Bloomberg Commodity Index<sup>SM</sup> are shown in Table 2(b). For each month of the year, a Designated Contract is used as the Lead Contract in calculating the various Commodity Indices. The month of the year is shown across the top row. The relevant Individual Commodity Index is shown along the left hand side. The months in the body of the table indicate the specific Lead Contract to apply in each month labelled at the top of each column. If today is 8 April 2016, then the Lead Contract for the Bloomberg Natural Gas Index<sup>SM</sup> is the Natural Gas contract for delivery in May 2016. The Lead Contract for the Bloomberg Natural Gas 3 Months Forward Index<sup>SM</sup> is therefore the Lead Contract which will be the Lead Contract for the Bloomberg Natural Gas Index<sup>SM</sup> in July 2016, which is the Natural Gas contract for delivery in September 2016.



**Table 2b — Lead Futures for Bloomberg Commodity Index<sup>SM</sup>**

Commodity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Natural Gas	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
WTI Crude Oil	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Unleaded Gasoline	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Heating Oil	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Live Cattle	Feb	Apr	Apr	Jun	Jun	Aug	Aug	Oct	Oct	Dec	Dec	Feb
Lean Hogs	Feb	Apr	Apr	Jun	Jun	Jul	Aug	Oct	Oct	Dec	Dec	Feb
Wheat	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Corn	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Soybeans	Mar	Mar	May	May	Jul	Jul	Nov	Nov	Nov	Nov	Jan	Jan
Soybean Oil	Mar	Mar	May	May	Jul	Jul	Dec	Dec	Dec	Dec	Jan	Jan
Aluminium	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Copper	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Zinc	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Nickel	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Lead	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Tin	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Gold	Feb	Apr	Apr	Jun	Jun	Aug	Aug	Dec	Dec	Dec	Dec	Feb
Silver	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Platinum	Apr	Apr	Apr	Jul	Jul	Jul	Oct	Oct	Oct	Jan	Jan	Jan
Sugar	Mar	Mar	May	May	Jul	Jul	Oct	Oct	Oct	Mar	Mar	Mar
Cotton	Mar	Mar	May	May	Jul	Jul	Dec	Dec	Dec	Dec	Dec	Mar
Coffee	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Cocoa	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Brent Crude Oil	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan	Mar
Gas Oil	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan
Kansas Wheat	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
Soybean Meal	Mar	Mar	May	May	Jul	Jul	Dec	Dec	Dec	Dec	Jan	Jan

The termination or replacement of a futures contract on an established exchange occurs infrequently. If a Designated Contract were to be terminated or replaced, a comparable futures contract would be selected, if available, to replace that Designated Contract.

### Roll Process

The Commodity Indices and the composite sub-indices are calculated each General Trading Day, using the Settlement Prices of near dated futures contracts.

Because futures contracts expire periodically, the Commodity Indices calculations must change from using one futures contract (the “**Lead Future**”) to using a subsequent futures contract (the “**Next Future**”). This process is called “rolling”, and normally happens proportionally over a five day period (the “**Roll Period**”), on the sixth, seventh, eighth, ninth and tenth General Trading Days of a month but only if that day and the prior General Trading Day is a Pricing Day for the relevant commodity. If not, the change for the relevant commodity is deferred until the next following Pricing Day, and implemented in addition to the change which would otherwise be implemented on that day.

The current Designated Month Contracts are listed above in the far right column of Table 2a.

For the Bloomberg Commodity Index<sup>SM</sup>, a contract is the Lead Future in the month prior to its named month (so that for Natural Gas, the January contract is the Lead Future in December) and in any earlier months, as required (so that the January contract is also the Lead Future for Natural Gas in November). Pricing is rolled from the Lead Future to the Next Future in the month prior to its named month (so that pricing for Natural Gas rolls in early December from the January contract to the March contract).

For the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> the process is similar save that the contracts that would be the Lead Future and Next Future for the Bloomberg Commodity Index<sup>SM</sup> in three calendar months are instead the Lead Future and Next Future in the current calendar month for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>.

As can be seen in Table 2(a) and 2(b), not all commodities have the same named months or number of Designated Month Contracts. Consequently, the commodities to be rolled each month will vary from month to month.

### **Market Disruption Days**

If a Market Disruption Day occurs in the Relevant Market for an Individual Commodity Index, that Individual Commodity Index may or may not be calculated and published by Bloomberg on that day. Irrespective of whether an Individual Commodity Index is so published by Bloomberg, that day will not be a Pricing Day for purposes of pricing the relevant class of Micro Security. If there are five or more consecutive Market Disruption Days, then on each subsequent Market Disruption Day (up to a maximum continuous period of 30 days (each Trading Day during that period being a Pricing Day)) the Calculation Agent will calculate and publish a substitute value for the Individual Commodity Index and those days will be Pricing Days. If the relevant disruption is continuing on the expiry of that period, the Issuer and the Calculation Agent will negotiate to agree a replacement for that Individual Commodity Index. Failing agreement within a further period of 30 days, the Issuer may exercise its right to redeem the relevant Micro Securities and/or Commodity Securities.

### **Simulated Historic Investment Returns**

Tables 3(a) and 3(b) show simulated historical investment returns for calendar years 2002 to 2015 inclusive from an investment in Individual Securities and Longer Dated Individual Securities.

In the table the figure given for the “Multiplier” is the Multiplier as at the end of the year assuming the first securities were issued on 1 January 1991 and that the Management Fee, Licence Allowance and Spread remained the same as at the date of this Prospectus throughout this period, the figure given for the “Index Value” is the value of the Individual Commodity Index as at the end of the year, the figure given for the “Index Return” is the percentage change in the Individual Commodity Index during the relevant year, the figure given for the “Individual Security Value” is the Price of the Individual Security as at the end of the year and the figure given for “Individual Security Return” is the percentage change in the Price of the Individual Security during the relevant year. The Compound Annual Growth column has been calculated for the period from 1 January 2002 to 31 December 2015.

The period shown includes all data made available by Bloomberg and simulated back to 1 January 1991. These tables do not constitute a forecast. Past performance is not an indication of expected performance and the investment performance of a Commodity Security could be volatile and the return for Commodity Securities may differ from the simulated historical returns.

Historical data enabling users to calculate historic performance and volatility is published on the Website.

Table 3a — Simulated Historical Investment Returns for Classic Individual Securities

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Compound Annual Growth
<b>Multiplier</b>		1.511	1.512	1.518	1.552	1.613	1.671	1.679	1.665	1.651	1.636	1.621	1.606	1.590	0.987	
<b>Natural Gas</b>	Index Value	57.8	72.9	53.6	81.9	22.8	17.6	10.9	5.3	3.1	1.7	1.1	1.2	0.8	0.5	-36.4%
	Index Return	37%	26%	-26%	53%	-72%	-23%	-38%	-52%	-41%	-47%	-31%	5%	-31%	-40%	
	Security Value	8.7	11.0	8.1	12.7	3.7	2.9	1.8	0.9	0.5	0.3	0.2	0.2	0.1	0.1	-36.2%
	Security Return	38%	26%	-26%	56%	-71%	-20%	-38%	-52%	-41%	-48%	-31%	4%	-31%	-41%	
<b>WTI Crude</b>	Index Value	194.2	258.8	380.9	464.4	386.7	542.0	249.7	260.1	269.7	259.7	228.9	244.4	142.5	79.2	-10.2%
	Index Return	55%	33%	47%	22%	-17%	40%	-54%	4%	4%	-4%	-12%	7%	-42%	-44%	
	Security Value	29.3	39.1	57.8	72.1	62.4	90.6	41.9	43.3	44.5	42.5	37.1	39.3	22.7	12.5	-9.9%
	Security Return	56%	33%	48%	25%	-13%	45%	-54%	3%	3%	-5%	-13%	6%	-42%	-45%	
<b>Brent Crude Oil</b>	Index Value	220.8	279.4	418.6	570.6	525.0	754.1	362.4	465.2	517.7	604.6	650.2	696.7	364.8	198.5	-3.1%
	Index Return	52%	27%	50%	36%	-8%	44%	-52%	28%	11%	17%	8%	7%	-48%	-46%	
	Security Value	33.4	42.3	63.5	88.6	84.7	126.0	60.9	77.5	85.5	98.9	105.4	111.9	58.0	31.2	-2.7%
	Security Return	53%	27%	50%	39%	-4%	49%	-52%	27%	10%	16%	7%	6%	-48%	-46%	
<b>Gasoline</b>	Index Value	202.2	268.8	333.3	454.8	329.8	481.4	182.8	318.8	360.0	412.0	517.3	527.1	296.2	258.6	-0.4%
	Index Return	49%	33%	24%	32%	-27%	46%	-62%	74%	13%	14%	26%	2%	-44%	-13%	
	Security Value	30.6	40.6	50.6	70.6	53.2	80.4	30.7	53.1	59.4	67.4	83.9	84.7	47.1	40.7	0.0%
	Security Return	50%	33%	24%	40%	-25%	51%	-62%	73%	12%	13%	24%	1%	-44%	-14%	
<b>Heating Oil</b>	Index Value	111.7	143.7	208.6	275.3	203.2	297.9	154.9	186.4	201.6	223.1	235.1	235.9	144.4	82.5	-4.9%
	Index Return	43%	29%	45%	32%	-26%	47%	-48%	20%	8%	11%	5%	0%	-39%	-43%	
	Security Value	16.9	21.7	31.7	42.7	32.8	49.8	26.0	31.0	33.3	36.5	38.1	37.9	23.0	13.0	-4.6%
	Security Return	44%	29%	46%	35%	-23%	52%	-48%	19%	7%	10%	4%	-1%	-39%	-43%	
<b>Aluminium</b>	Index Value	42.4	50.5	61.7	71.3	85.1	69.0	40.7	54.4	57.2	44.8	43.0	34.0	33.0	25.4	-6.1%
	Index Return	-4%	19%	22%	16%	19%	-19%	-41%	34%	5%	-22%	-4%	-21%	-3%	-23%	
	Security Value	6.4	7.6	9.4	11.1	13.7	11.5	6.8	9.1	9.4	7.3	7.0	5.5	5.2	4.0	-5.7%
	Security Return	-4%	19%	23%	18%	24%	-16%	-41%	32%	4%	-22%	-5%	-22%	-4%	-24%	
<b>Copper</b>	Index Value	71.9	104.0	147.9	230.8	335.0	348.8	161.3	370.3	479.0	361.9	379.7	346.2	288.8	216.1	6.9%
	Index Return	2%	45%	42%	56%	45%	4%	-54%	130%	29%	-24%	5%	-9%	-17%	-25%	
	Security Value	10.9	15.7	22.4	35.8	54.0	58.3	27.1	61.6	79.1	59.2	61.5	55.6	45.9	34.0	7.3%
	Security Return	2%	45%	43%	60%	51%	8%	-54%	128%	28%	-25%	4%	-10%	-17%	-26%	
<b>Zinc</b>	Index Value	37.8	46.9	54.7	79.5	180.6	102.5	49.5	98.0	89.2	64.4	70.2	65.2	67.5	48.6	0.3%
	Index Return	-11%	24%	17%	45%	127%	-43%	-52%	98%	-9%	-28%	9%	-7%	3%	-28%	
	Security Value	5.7	7.1	8.3	12.3	29.1	17.1	8.3	16.3	14.7	10.5	11.4	10.5	10.7	7.6	0.7%
	Security Return	-10%	24%	17%	48%	136%	-41%	-51%	96%	-10%	-28%	8%	-8%	2%	-29%	
<b>Nickel</b>	Index Value	69.2	163.4	154.3	141.8	378.9	315.0	136.0	210.3	277.6	209.0	187.4	149.7	160.6	92.0	-5.1%
	Index Return	30%	136%	-6%	-8%	167%	-17%	-57%	55%	32%	-25%	-10%	-20%	7%	-43%	
	Security Value	10.5	24.7	23.4	22.0	61.1	52.6	22.8	35.0	45.8	34.2	30.4	24.0	25.5	14.5	-4.7%
	Security Return	31%	136%	-5%	-6%	178%	-14%	-57%	53%	31%	-25%	-11%	-21%	6%	-43%	
<b>Gold</b>	Index Value	56.6	66.7	69.0	78.5	91.0	113.1	115.7	141.9	182.5	199.9	211.9	151.1	148.4	132.2	6.4%
	Index Return	23%	18%	3%	14%	16%	24%	2%	23%	29%	10%	6%	-29%	-2%	-11%	
	Security Value	8.6	10.1	10.5	12.2	14.7	18.9	19.4	23.6	30.1	32.7	34.4	24.3	23.6	20.8	6.8%
	Security Return	23%	18%	4%	16%	21%	29%	3%	22%	27%	9%	5%	-29%	-3%	-12%	
<b>Silver</b>	Index Value	68.0	83.0	93.3	116.6	160.7	175.3	128.7	189.7	344.5	309.4	331.2	209.7	166.8	145.5	5.2%
	Index Return	2%	22%	12%	25%	38%	9%	-27%	47%	82%	-10%	7%	-37%	-20%	-13%	
	Security Value	10.3	12.5	14.2	18.1	25.9	29.3	21.6	31.6	56.9	50.6	53.7	33.7	26.5	22.9	5.6%
	Security Return	3%	22%	13%	28%	43%	13%	-26%	46%	80%	-11%	6%	-37%	-21%	-14%	
<b>Live Cattle</b>	Index Value	83.8	95.1	106.9	112.5	104.3	98.0	71.2	64.2	73.6	72.9	70.0	66.4	81.0	69.4	-2.8%
	Index Return	1%	13%	12%	5%	-7%	-6%	-27%	-10%	15%	-1%	-4%	-5%	22%	-14%	
	Security Value	12.7	14.4	16.2	17.5	16.8	16.4	12.0	10.7	12.2	11.9	11.3	10.7	12.9	10.9	-2.5%
	Security Return	2%	13%	13%	8%	-4%	-3%	-27%	-11%	14%	-2%	-5%	-6%	21%	-15%	
<b>Lean Hogs</b>	Index Value	36.3	27.6	39.5	34.1	29.1	20.5	13.7	10.6	10.7	10.2	9.9	9.7	9.2	6.8	-11.9%
	Index Return	-31%	-24%	43%	-13%	-15%	-30%	-33%	-23%	0%	-5%	-3%	-2%	-4%	-26%	
	Security Value	5.5	4.2	6.0	5.3	4.7	3.4	2.3	1.8	1.8	1.7	1.6	1.6	1.5	1.1	-11.6%
	Security Return	-31%	-24%	44%	-12%	-11%	-27%	-33%	-23%	-1%	-5%	-4%	-3%	-5%	-27%	
<b>Wheat</b>	Index Value	38.5	40.0	27.9	25.4	30.5	46.4	28.1	20.7	25.1	16.6	18.2	13.2	12.0	9.3	-12.4%
	Index Return	1%	4%	-30%	-9%	20%	52%	-39%	-26%	21%	-34%	10%	-27%	-9%	-22%	
	Security Value	5.8	6.0	4.2	3.9	4.9	7.7	4.7	3.5	4.1	2.7	2.9	2.1	1.9	1.5	-12.1%
	Security Return	1%	4%	-30%	-7%	25%	58%	-39%	-27%	20%	-35%	9%	-28%	-10%	-23%	
<b>Kansas Wheat</b>	Index Value	90.1	95.0	76.4	84.2	99.2	163.5	102.2	77.8	110.4	85.0	89.7	66.2	63.1	42.4	-7.1%
	Index Return	17%	5%	-20%	10%	18%	65%	-37%	-24%	42%	-23%	6%	-26%	-5%	-33%	
	Security Value	13.6	14.4	11.6	13.1	16.0	27.3	17.2	12.9	18.2	13.9	14.5	10.6	10.0	6.7	-6.7%
	Security Return	18%	5%	-19%	13%	22%	71%	-37%	-25%	41%	-24%	5%	-27%	-6%	-33%	
<b>Corn</b>	Index Value	27.5	26.5	18.7	15.3	21.4	20.9	16.1	14.4	18.8	19.0	22.6	15.8	13.7	11.0	-7.7%
	Index Return	-4%	-4%	-29%	-18%	40%	-2%	-23%	-10%	30%	1%	19%	-30%	-13%	-19%	
	Security Value	4.2	4.0	2.8	2.4	3.5	3.5	2.7	2.4	3.1	3.1	3.7	2.5	2.2	1.7	-7.3%
	Security Return	-3%	-4%	-29%	-17%	45%	1%	-23%	-11%	29%	0%	18%	-31%	-14%	-20%	
<b>Soybean</b>	Index Value	81.0	124.0	105.8	110.6	108.8	168.0	130.4	160.1	215.6	180.3	223.3	246.7	233.1	198.9	4.4%
	Index Return	39%	53%	-15%	4%	-2%	54%	-22%	23%	35%	-16%	24%	10%	-6%	-15%	
	Security Value	12.2	18.8	16.1	17.2	17.6	28.1	21.9	26.7	35.6	29.5	36.2	39.6	37.1	31.3	4.8%
	Security Return	40%	53%	-14%	7%	2%	60%	-22%	22%	34%	-17%	23%	9%	-6%	-16%	
<b>Sugar</b>	Index Value	170.6	135.4	165.8	239.6	170.2	145.2	114.5	212.9	263.6	232.1	201.8	161.4	111.5	106.2	-2.2%
	Index Return	33%	-21%	22%	45%	-29%	-15%	-21%	86%	24%	-12%	-13%	-20%	-31%	-5%	
	Security Value	25.8	20.5	25.2	37.2	27.5	24.3	19.2	35.5	43.5	38.0	32.7	25.9	17.7	16.7	-1.8%
	Security Return	33%	-21%	23%	48%	-26%	-12%	-21%	84%	23%	-13%	-14%	-21%	-32%	-6%	

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Compound Annual Growth
<b>Cotton</b>	Index Value	46.1	54.7	30.6	30.1	24.5	23.9	13.5	17.5	34.7	27.1	23.7	25.8	20.3	20.9	-8.4%
	Index Return	14%	19%	-44%	-2%	-19%	-2%	-44%	30%	98%	-22%	-13%	9%	-21%	3%	
	Security Value	7.0	8.3	4.6	4.7	4.0	4.0	2.3	2.9	5.7	4.4	3.8	4.1	3.2	3.3	-8.0%
	Security Return	15%	19%	-44%	1%	-15%	1%	-43%	29%	96%	-22%	-14%	8%	-22%	2%	
<b>Coffee</b>	Index Value	32.8	28.5	38.1	33.6	34.0	31.8	23.1	25.5	42.5	37.7	22.0	15.3	21.0	14.4	-6.0%
	Index Return	-1%	-13%	34%	-12%	1%	-6%	-27%	10%	67%	-11%	-42%	-31%	38%	-32%	
	Security Value	5.0	4.3	5.8	5.2	5.5	5.3	3.9	4.2	7.0	6.2	3.6	2.5	3.3	2.3	-5.7%
	Security Return	-1%	-13%	34%	-10%	5%	-3%	-27%	9%	65%	-12%	-42%	-31%	36%	-32%	
<b>Soybean Oil</b>	Index Value	48.8	64.9	54.3	53.3	64.6	98.0	61.4	70.0	93.5	79.2	71.4	55.3	43.9	40.5	-4.2%
	Index Return	30%	33%	-16%	-2%	21%	52%	-37%	14%	34%	-15%	-10%	-22%	-21%	-8%	
	Security Value	7.4	9.8	8.2	8.3	10.4	16.4	10.3	11.6	15.4	13.0	11.6	8.9	7.0	6.4	-3.8%
	Security Return	31%	33%	-16%	0%	26%	57%	-37%	13%	32%	-16%	-11%	-23%	-21%	-9%	
<b>Soybean Meal</b>	Index Value	120.5	195.1	168.6	198.2	184.0	283.2	255.0	342.8	475.5	389.3	579.8	695.1	777.0	636.8	11.4%
	Index Return	27%	62%	-14%	18%	-7%	54%	-10%	34%	39%	-18%	49%	20%	12%	-18%	
	Security Value	18.2	29.5	25.6	30.8	29.7	47.3	42.8	57.1	78.5	63.7	94.0	111.7	123.6	100.3	11.8%
	Security Return	28%	62%	-13%	20%	-3%	59%	-10%	33%	38%	-19%	48%	19%	11%	-19%	
<b>Cocoa</b>	Index Value	34.8	28.9	28.6	25.6	25.1	28.8	36.0	42.6	37.7	25.4	27.1	32.0	34.0	37.2	2.3%
	Index Return	58%	-17%	-1%	-10%	-2%	15%	25%	18%	-12%	-32%	6%	18%	6%	10%	
	Security Value	5.3	4.4	4.3	4.0	4.0	4.8	6.0	7.1	6.2	4.2	4.4	5.1	5.4	5.9	2.7%
	Security Return	59%	-17%	-1%	-8%	2%	19%	26%	17%	-12%	-33%	5%	17%	5%	8%	
<b>Platinum</b>	Index Value	167.8	242.9	267.8	305.2	344.8	447.5	272.3	418.8	499.2	389.9	423.4	373.3	327.3	240.5	-0.1%
	Index Return	30%	45%	10%	14%	13%	30%	-39%	54%	19%	-22%	9%	-12%	-12%	-26%	
	Security Value	25.4	36.7	40.7	47.4	55.6	74.8	45.7	69.7	82.4	63.8	68.6	60.0	52.0	37.9	0.3%
	Security Return	30%	45%	11%	16%	17%	34%	-39%	53%	18%	-23%	8%	-13%	-13%	-27%	
<b>Tin</b>	Index Value	61.0	93.3	118.9	104.1	184.6	263.0	172.9	291.4	460.4	325.9	397.3	377.0	327.3	246.9	9.2%
	Index Return	7%	53%	27%	-12%	77%	43%	-34%	69%	58%	-29%	22%	-5%	-13%	-25%	
	Security Value	9.2	14.1	18.0	16.2	29.8	44.0	29.0	48.5	76.0	53.3	64.4	60.6	52.1	38.9	9.6%
	Security Return	8%	53%	28%	-10%	84%	48%	-34%	67%	57%	-30%	21%	-6%	-14%	-25%	
<b>Lead</b>	Index Value	35.9	59.1	95.5	111.3	178.6	287.4	111.2	258.8	261.5	209.1	234.2	216.2	177.0	168.5	10.0%
	Index Return	-22%	64%	61%	17%	61%	61%	-61%	133%	1%	-20%	12%	-8%	-18%	-5%	
	Security Value	5.4	8.9	14.5	17.3	28.8	48.0	18.7	43.1	43.2	34.2	38.0	34.7	28.2	26.5	10.4%
	Security Return	-21%	65%	62%	19%	67%	67%	-61%	131%	0%	-21%	11%	-9%	-19%	-6%	

**Table 3b — Simulated Historical Investment Returns for Longer Dated Individual Securities**

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Compound Annual Growth
<b>Multiplier</b>		1.511	1.512	1.518	1.552	1.613	1.671	1.679	1.665	1.651	1.636	1.621	1.606	1.590	0.937	
<b>Natural Gas</b>	Index Value	278.2	340.4	439.3	789.3	327.5	298.3	208.1	125.9	78.0	46.7	37.0	38.8	30.0	21.1	-22.3%
	Index Return	41%	22%	29%	80%	-59%	-9%	-30%	-39%	-38%	-40%	-21%	5%	-23%	-30%	
	Security Value	42.0	51.5	66.7	122.5	52.8	49.8	34.9	21.0	12.9	7.6	6.0	6.2	4.8	2.0	-25.6%
	Security Return	42%	22%	30%	84%	-57%	-6%	-30%	-40%	-39%	-41%	-21%	4%	-24%	-59%	
<b>WTI Crude</b>	Index Value	231.3	315.9	510.0	741.9	698.0	1003.8	545.6	722.8	769.3	794.1	713.2	801.7	476.8	298.6	-0.5%
	Index Return	53%	37%	61%	45%	-6%	44%	-46%	32%	6%	3%	-10%	12%	-41%	-37%	
	Security Value	35.0	47.8	77.4	115.1	112.6	167.7	91.6	120.3	127.0	129.9	115.6	128.8	75.8	28.0	-4.7%
	Security Return	54%	37%	62%	49%	-2%	49%	-45%	31%	6%	2%	-11%	11%	-41%	-63%	
<b>Brent Crude Oil</b>	Index Value	191.8	257.9	403.6	607.6	601.4	845.6	479.4	608.6	672.9	763.7	813.4	870.5	496.9	283.1	0.8%
	Index Return	43%	34%	56%	51%	-1%	41%	-43%	27%	11%	13%	7%	7%	-43%	-43%	
	Security Value	29.0	39.0	61.3	94.3	97.0	141.3	80.5	101.3	111.1	124.9	131.9	139.8	79.0	26.5	-3.4%
	Security Return	43%	35%	57%	54%	3%	46%	-43%	26%	10%	12%	6%	6%	-43%	-66%	
<b>Gasoline</b>	Index Value	244.7	324.6	497.5	762.3	697.5	1060.4	483.6	764.2	850.6	961.7	1069.6	1168.6	710.1	593.1	5.6%
	Index Return	45%	33%	53%	53%	-9%	52%	-54%	58%	11%	13%	11%	9%	-39%	-16%	
	Security Value	37.0	49.1	75.5	118.3	112.5	177.2	81.2	127.2	140.4	157.3	173.4	187.7	112.9	55.6	1.1%
	Security Return	46%	33%	54%	57%	-5%	58%	-54%	57%	10%	12%	10%	8%	-40%	-51%	
<b>Heating Oil</b>	Index Value	162.6	211.7	341.6	535.5	469.4	674.0	392.6	457.2	502.5	560.6	593.7	608.5	364.2	219.6	0.3%
	Index Return	42%	30%	61%	51%	-12%	44%	-16%	10%	12%	12%	6%	2%	-40%	-40%	
	Security Value	24.6	32.0	51.8	83.1	75.7	112.6	65.9	76.1	83.0	91.7	96.3	97.7	57.9	20.6	-3.9%
	Security Return	43%	30%	62%	60%	-9%	49%	-41%	15%	9%	11%	5%	2%	-41%	-64%	
<b>Aluminium</b>	Index Value	52.0	61.2	76.5	92.6	117.9	103.2	62.3	82.8	87.6	69.5	67.5	55.5	53.8	42.4	-3.3%
	Index Return	-4%	18%	25%	21%	27%	-12%	-40%	33%	6%	-21%	-3%	-18%	-3%	-21%	
	Security Value	7.9	9.3	11.6	14.4	19.0	17.2	10.5	13.8	14.5	11.4	10.9	8.9	8.6	4.0	-7.4%
	Security Return	-3%	18%	26%	24%	32%	-9%	-39%	32%	5%	-21%	-4%	-19%	-4%	-54%	
<b>Copper</b>	Index Value	80.0	116.1	178.0	293.6	473.2	518.8	244.6	569.2	741.6	568.4	596.7	542.3	453.1	342.0	10.3%
	Index Return	3%	45%	53%	65%	61%	10%	-53%	133%	30%	-23%	5%	-9%	-16%	-25%	
	Security Value	12.1	17.6	27.0	45.6	76.3	86.7	41.1	94.8	122.4	93.0	96.7	87.1	72.1	32.1	5.6%
	Security Return	3%	45%	54%	69%	68%	14%	-53%	131%	29%	-24%	4%	-10%	-17%	-56%	
<b>Zinc</b>	Index Value	41.1	52.5	63.0	96.4	236.1	141.9	70.8	142.1	131.2	95.4	103.9	97.7	102.3	74.3	3.2%
	Index Return	-10%	28%	20%	53%	145%	-40%	-50%	101%	-8%	-27%	9%	-6%	5%	-27%	
	Security Value	6.2	7.9	9.6	15.0	38.1	23.7	11.9	23.7	21.7	15.6	16.8	15.7	16.3	7.0	-1.2%
	Security Return	-9%	28%	20%	56%	155%	-38%	-50%	99%	-8%	-28%	8%	-7%	4%	-57%	
<b>Nickel</b>	Index Value	76.2	182.5	190.2	187.2	520.5	475.9	207.8	323.1	429.6	326.0	293.9	235.4	254.2	146.1	-2.0%
	Index Return	30%	140%	4%	-2%	178%	-9%	-56%	55%	33%	-24%	-10%	-20%	8%	-43%	
	Security Value	11.5	27.6	28.9	29.0	84.0	79.5	34.9	53.8	70.9	53.3	47.6	37.8	40.4	13.7	-6.2%
	Security Return	31%	140%	5%	1%	189%	-5%	-56%	54%	32%	-25%	-11%	-21%	7%	-66%	
<b>Gold</b>	Index Value	57.0	67.4	69.9	79.9	93.0	115.6	117.8	144.7	186.5	204.2	216.6	154.4	151.7	135.2	6.5%
	Index Return	23%	18%	4%	14%	17%	24%	2%	23%	29%	9%	6%	-29%	-2%	-11%	
	Security Value	8.6	10.2	10.6	12.4	15.0	19.3	19.8	24.1	30.8	33.4	35.1	24.8	24.1	12.7	2.0%
	Security Return	24%	18%	4%	17%	21%	29%	2%	22%	28%	9%	5%	-29%	-3%	-47%	
<b>Silver</b>	Index Value	70.8	86.7	98.1	124.2	175.0	191.6	140.0	207.4	377.7	339.9	364.9	231.5	184.7	161.5	5.8%
	Index Return	4%	22%	13%	27%	41%	9%	-27%	48%	82%	-10%	7%	-37%	-20%	-13%	
	Security Value	10.7	13.1	14.9	19.3	28.2	32.0	23.5	34.5	62.4	55.6	59.2	37.2	37.8	15.1	1.3%
	Security Return	5%	22%	14%	29%	46%	13%	-27%	47%	81%	-11%	6%	-37%	-21%	-48%	
<b>Live Cattle</b>	Index Value	93.8	99.4	118.9	138.8	138.8	150.3	127.4	118.7	138.7	138.0	129.0	122.8	145.0	127.7	2.3%
	Index Return	2%	6%	20%	17%	0%	8%	-15%	-7%	17%	-1%	-6%	-5%	18%	-12%	
	Security Value	14.2	15.0	18.0	21.5	22.4	25.1	21.4	19.8	22.9	22.6	20.9	19.7	23.1	12.0	-2.0%
	Security Return	3%	6%	20%	19%	4%	12%	-15%	-8%	16%	-1%	-7%	-6%	17%	-48%	
<b>Lean Hogs</b>	Index Value	102.8	106.0	205.8	236.0	274.4	267.3	218.1	151.8	176.0	174.6	153.9	162.1	189.3	134.1	2.2%
	Index Return	-7%	3%	94%	15%	16%	-3%	-18%	-30%	16%	-1%	-12%	5%	17%	-29%	
	Security Value	15.5	16.0	31.2	36.6	44.3	44.7	36.6	25.3	29.1	28.6	24.9	26.0	30.1	12.6	-2.2%
	Security Return	-6%	3%	95%	17%	21%	1%	-18%	-31%	15%	-2%	-13%	4%	16%	-58%	
<b>Wheat</b>	Index Value	73.5	85.1	65.4	64.0	82.2	143.7	103.6	78.6	99.3	65.8	69.5	50.4	44.8	33.1	-8.2%
	Index Return	12%	16%	-23%	-2%	29%	75%	-28%	-24%	26%	-34%	6%	-27%	-11%	-26%	
	Security Value	11.1	12.9	9.9	9.9	13.3	24.0	17.4	13.1	16.4	10.8	11.3	8.1	7.1	3.1	-12.1%
	Security Return	12%	16%	-23%	0%	34%	81%	-28%	-25%	25%	-34%	5%	-28%	-12%	-56%	
<b>Kansas Wheat</b>	Index Value	99.8	110.0	93.2	103.5	138.9	248.1	177.9	136.3	193.1	150.6	159.8	115.1	108.9	74.2	-3.5%
	Index Return	17%	10%	-15%	11%	34%	79%	-28%	-23%	42%	-22%	6%	-28%	-5%	-32%	
	Security Value	15.1	16.6	14.1	16.1	22.4	41.5	29.9	22.7	31.9	24.6	25.9	18.5	17.3	7.0	-7.6%
	Security Return	18%	10%	-15%	14%	40%	85%	-28%	-24%	41%	-23%	5%	-29%	-6%	-60%	
<b>Corn</b>	Index Value	41.3	40.0	32.6	28.8	42.1	46.4	37.5	33.1	44.5	49.7	58.2	43.0	38.1	30.7	-2.4%
	Index Return	-2%	-3%	-19%	-11%	46%	10%	-19%	-12%	34%	12%	17%	-26%	-11%	-19%	
	Security Value	6.2	6.0	4.9	4.5	6.8	7.7	6.3	5.5	7.3	8.1	9.4	6.9	6.1	2.9	-6.5%
	Security Return	-1%	-3%	-18%	-9%	52%	14%	-19%	-12%	33%	11%	16%	-27%	-12%	-52%	
<b>Soybean</b>	Index Value	64.1	104.8	90.0	100.7	105.4	169.1	141.5	154.1	207.2	180.6	221.9	237.6	224.0	190.4	5.6%
	Index Return	30%	63%	-14%	12%	5%	60%	-16%	9%	34%	-13%	23%	7%	-6%	-15%	
	Security Value	9.7	15.8	13.7	15.6	17.0	28.3	23.8	25.7	34.2	29.5	36.0	38.2	35.6	17.8	1.1%
	Security Return	31%	64%	-14%	14%	9%	66%	-16%	8%	33%	-14%	22%	6%	-7%	-50%	
<b>Sugar</b>	Index Value	123.7	114.4	170.8	271.1	217.2	187.4	168.6	321.0	442.6	413.2	338.7	264.2	213.5	185.7	4.5%
	Index Return	9%	-8%	49%	59%	-20%	-14%	-10%	90%	38%	-7%	-18%	-22%	-19%	-13%	
	Security Value	18.7	17.3	25.9	42.1	35.0	31.3	28.3	53.4	73.1	67.6	54.9	42.4	33.9	17.4	0.1%
	Security Return	10%	-7%	50%	62%	-17%	-11%	-10%	89%	37%	-7%	-19%	-23%	-20%	-49%	

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Compound Annual Growth
<b>Cotton</b>	Index Value	62.6	79.9	46.0	48.2	43.6	45.7	26.9	35.2	70.4	76.4	61.0	69.1	55.0	55.2	-3.3%
	Index Return	18%	28%	-43%	5%	-9%	5%	-41%	31%	100%	9%	-20%	13%	-20%	0%	
	Security Value	9.5	12.1	7.0	7.5	7.0	7.6	4.5	5.9	11.6	12.5	9.9	11.1	8.7	5.2	-7.4%
	Security Return	19%	28%	-42%	7%	-6%	9%	-41%	30%	98%	8%	-21%	12%	-21%	-41%	
<b>Coffee</b>	Index Value	36.5	32.9	44.8	41.3	43.2	40.7	30.2	33.1	56.1	51.2	30.0	20.9	29.1	20.0	-4.4%
	Index Return	6%	-10%	36%	-8%	5%	-6%	-26%	10%	69%	-9%	-41%	-30%	39%	-31%	
	Security Value	5.5	5.0	6.8	6.4	7.0	6.8	5.1	5.5	9.3	8.4	4.9	3.3	4.6	1.9	-8.5%
	Security Return	7%	-10%	37%	-6%	9%	-2%	-26%	9%	68%	-10%	-42%	-31%	38%	-60%	
<b>Soybean Oil</b>	Index Value	60.8	84.2	74.4	78.4	98.7	153.0	97.9	111.6	152.2	133.4	121.9	94.9	77.8	72.4	-1.4%
	Index Return	29%	39%	-12%	5%	26%	55%	-36%	14%	36%	-12%	-9%	-22%	-18%	-7%	
	Security Value	9.2	12.7	11.3	12.2	15.9	25.6	16.4	18.6	25.1	21.8	19.8	15.3	12.4	6.8	-5.6%
	Security Return	30%	39%	-11%	8%	31%	61%	-36%	13%	35%	-13%	-9%	-23%	-19%	-45%	
<b>Soybean Meal</b>	Index Value	78.7	134.6	114.5	133.2	126.6	202.3	193.8	211.6	273.7	236.3	346.3	434.2	456.3	373.3	9.7%
	Index Return	21%	71%	-15%	16%	-5%	60%	-4%	9%	29%	-14%	47%	25%	5%	-18%	
	Security Value	11.9	20.4	17.4	20.7	20.4	33.8	32.5	35.2	45.2	38.7	56.1	69.7	72.6	35.0	5.0%
	Security Return	21%	71%	-15%	19%	-1%	66%	-4%	8%	28%	-14%	45%	24%	4%	-52%	



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This Prospectus relates only to the Micro and Commodity Securities and does not relate to the exchange-traded physical commodities underlying any of the Commodity Indices components. Purchasers of the Micro and Commodity Securities should not conclude that the inclusion of a futures contract in the Commodity Indices is any form of investment recommendation of the futures contract or the underlying exchange-traded physical commodity by Bloomberg, UBS, UBS Securities or any of their subsidiaries or affiliates. The information in this Prospectus regarding the Commodity Indices components has been derived solely from publicly available documents. None of Bloomberg, UBS, UBS Securities or any of their subsidiaries or affiliates has made any due diligence inquiries with respect to the Commodity Indices components in connection with the Micro and Commodity Securities. None of Bloomberg, UBS, UBS Securities or any of their subsidiaries or affiliates makes any representation that these publicly available documents or any other publicly available information regarding the Commodity Indices components, including without limitation a description of factors that affect the prices of such components, are accurate or complete.

NONE OF BLOOMBERG UBS, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES GUARANTEES THE ACCURACY AND/OR THE COMPLETENESS OF THE COMMODITY INDICES OR ANY DATA RELATED THERETO AND NONE OF BLOOMBERG, UBS, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. NONE OF BLOOMBERG, UBS, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, OWNERS OF THE MICRO AND COMMODITY SECURITIES OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE COMMODITY INDICES OR ANY DATA RELATED THERETO. NONE OF BLOOMBERG, UBS, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES MAKES ANY EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE COMMODITY INDICES OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL BLOOMBERG, UBS, UBS SECURITIES OR ANY OF THEIR SUBSIDIARIES OR AFFILIATES HAVE ANY LIABILITY FOR ANY LOST PROFITS OR INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSSES, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

## PART 4

### DESCRIPTION OF COMMODITY SECURITIES

*The following is a description of the rights attaching to Commodity Securities. The legally binding Conditions of Commodity Securities are set out in Part 7 (Trust Instrument and Commodity Securities) of this Prospectus. Copies of the Trust Instrument, by which Commodity Securities are constituted, are available for inspection as set out in paragraph 8 of Part 13 (Additional Information) under the heading "Documents Available for Inspection".*

#### **Commodity Securities are Priced by Reference to Micro Securities**

For convenience, this Prospectus generally refers to Commodity Securities, being Individual Securities or Index Securities. To facilitate the establishment and Rebalancing of Index Securities, the Commodity Securities are priced by reference to Micro Securities, with each such Commodity Security being notionally equivalent to a number of Micro Securities of one or more classes (which in this Prospectus are referred to as being "comprised in" the Commodity Securities). Individual Securities and Index Securities are however separate securities from the Micro Securities and are recorded on a separate Register (for each class), but the amount payable on their Redemption is determined by reference to the price of Micro Securities and they can (when in Certificated Form) be surrendered in exchange for such Micro Securities (which is why such Commodity Securities are said in this Prospectus to be "comprised of" Micro Securities). The appropriate numbers and classes of Micro Securities may likewise be surrendered in exchange for Commodity Securities. Micro Securities will generally only be issued on surrender in exchange for Commodity Securities or when an Index Security cannot be fully priced (as described below under "Applications and Redemptions Settlement Pricing") but may be redeemed in the same manner as Commodity Securities. However the Redemption Fee will be applicable to such redemption, irrespective of the number of Micro Securities redeemed. Applications for Micro Securities will not be accepted unless the Issuer in its discretion determines to do so. If an application for Micro Securities is accepted, the same procedures as apply to applications for Individual Securities will apply.

A Micro Security is an undated limited recourse secured debt security of the Issuer to be issued pursuant to, and constituted by, the Trust Instrument.

A Micro Security of a particular class at any time has a Price equal to one millionth of the Price of an Individual Security of that same class at that same time and an Individual Security is comprised of one million Micro Securities of that same class.

An Index Security is comprised of a defined number of Micro Securities of a number of different classes. The numbers and classes of Micro Securities which together comprise an Index Security are subject to change from time to time, as set out below under the heading "Rebalancing of Index Securities".

#### **Pricing of Commodity Securities**

A Commodity Security entitles an Authorised Participant (subject to certain conditions) to require the redemption of the Commodity Security at the Price of that Commodity Security calculated on the relevant Pricing Day (day T) and to receive such amount, in US Dollars, on the Redemption Payment Date (normally day T+2).

Individual Securities will usually be priced on each day on which there is trading in the Designated Contract on the Relevant Exchange and pricing will be based on the relevant Individual Commodity Index published at the end of the day (subject to Market Disruption Events occurring, which will result in pricing being deferred until the next available Pricing Day). Index Securities will only be priced on a day where each and every commodity represented in the relevant Index Security is priced that day.

Not all classes of Individual Securities have the same Pricing Days (because the Exchanges used in calculating the Individual Commodity Indices are different). However, if a day is not a Pricing Day for a particular class of Classic Individual Security, then it will generally not be a pricing day for the class of Longer Dated Individual Security priced by reference to the same Individual Commodity Index. Consequently there will be days on which Prices are calculated and published for some classes of Individual Securities but not others and consequently for some Index Securities but not others.

Prices will be calculated for each Commodity Security following the end of each day which is a Pricing Day for each component of that Commodity Security, and the Issuer's calculations of such Prices will be posted on the Issuer's website at <http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx>.

In certain circumstances the Calculation Agent may under the Facility Agreements declare a day to be a Market Disruption Day for one or more Individual Commodity Indices and, if so, the Individual Securities and Index Securities which use such Indices to determine their price will not be priced that day even if Individual Commodity Indices are published for such on that day, whereupon the mechanism described under the heading "Market Disruption Days" in Part 3 (*The Bloomberg Commodity Index Family*) and under the headings "Applications and Redemptions — Settlement Pricing" and "Applications and Redemptions — Redemption Processes" below will operate.

Commodity Securities will be priced and settled in US Dollars. A Price will be calculated by the Issuer for each class of Individual Security on each day that is a Pricing Day for that class. The Individual Commodity Indices will be those calculated and published for that Pricing Day. The Indices are currently published to three places of decimals. The Price will be calculated to seven places of decimals with 0.00000005 rounded upwards.

### Pricing of Individual Securities

The Price for each class of Classic Individual Security and Longer Dated Individual Security, for each Pricing Day for that class, will be as follows:

$$\text{Price}_{(i,t)} = I_{(i,t)} \times M_{(i,t)} \times \text{PF}_{(i,t)} / 10$$

where:

- i refers to the relevant class of Individual Security;
- t refers to the applicable Pricing Day;
- Price<sub>(i,t)</sub> is the Price of an Individual Security of class i for day t;
- I<sub>(i,t)</sub> is the closing settlement price level of the Individual Commodity Index applicable to an Individual Security of class i for day t;
- M<sub>(i,t)</sub> is the Multiplier for day t; and
- PF<sub>(i,t)</sub> is the Pool Factor applicable to the relevant class of Individual Security on day t.

### Multiplier

The Multiplier as at 8 April 2016 for all classes of Classic Individual Securities was precisely 0.9854234 and for the Longer Dated Individual Securities was precisely 0.9350204. The Multiplier is calculated as follows:

$$M_{(i,t)} = M_{(i,t-1)} \times (1 + \text{CA}_{(i,t)});$$

where:

- i refers to the relevant class of Individual Security;
- t refers to the applicable day;
- M<sub>(i,t)</sub> is the Multiplier of a Classic Individual Security or Longer Dated Individual Security of class i for day t;
- M<sub>(i,t-1)</sub> is the Multiplier of a Classic Individual Security or Longer Dated Individual Security of class i for the previous day t-1; and

$CA_{(i,t)}$  is the Capital Adjustment of a Classic Individual Security or Longer Dated Individual Security of class  $i$  applicable on day  $t$ , expressed as a decimal.

The Multiplier for Classic Securities and Longer Dated Securities reflects the Capital Adjustment which includes any Collateral Yield paid by a Commodity Contract Counterparty to the Issuer less the Management Fee and Licence Allowance. As at the date of this Prospectus, the Multiplier is the same for all classes of Classic Individual Securities and all classes of Longer Dated Individual Securities however, the Multiplier for Longer Dated Securities is not the same as the Multiplier for Classic Securities. In future, the Capital Adjustment could be changed so that the Multiplier is different for all classes of Classic Securities or Longer Dated Securities. The Multipliers will be calculated daily by the Issuer to seven places of decimals with 0.00000005 rounded upwards.

#### *Capital Adjustment*

As at the date of this Prospectus the Capital Adjustment is the same for all classes of Classic Individual Securities and all classes of Longer Dated Individual Securities and for both Commodity Contract Counterparties, however, the Capital Adjustment for Longer Dated Securities is not the same as the Capital Adjustment for Classic Securities. In future, the Capital Adjustment could be changed so that it is different for all classes of Classic Securities or Longer Dated Securities.

The Capital Adjustment is a daily rate expressed as a percentage, which will be as agreed from time to time by each Commodity Contract Counterparty and the Issuer. The Capital Adjustment reflects the benefit to the Commodity Contract Counterparty of selling the relevant Commodity Contracts to the Issuer, less the Management Fee and Licence Allowance.

Whenever the Capital Adjustment changes, the Issuer will calculate the Collateral Yield. The Multiplier, the Capital Adjustment and the Collateral Yield applying to each type of Commodity Security on each day will be posted by the Issuer on its website, at <http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx>.

As at 8 April 2016, the Capital Adjustment and Collateral Yield for all classes of Classic Individual Securities were 0.00205% and 0.755% respectively and for all classes of Longer Dated Individual Securities were 0.00246% and 0.905% respectively.

#### **Index Securities**

Initially (save in the case of the Ex Classic Index Securities), the number of Micro Classic Securities was set so that the Price of each Classic Index Security was equal to one tenth of the value of the Bloomberg Commodity Index<sup>SM</sup> (for the ETFS All Commodities Index Security) and various of the sub-indices (for the other Classic Index Securities) (expressed in dollars and divided by ten) as at the completion of rebalancing on 17 January 2006 and the number of Micro Longer Dated Securities was set so that the Price of each Longer Dated Index Security was equal to one tenth of the value of the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> (for the ETFS Longer Dated All Commodities Index Security) and various of the sub-indices (for the other Longer Dated Index Securities) (expressed in dollars and divided by ten) as at 7 September 2007.

Excluding the impact of the Multiplier, the Classic Index Securities and the Longer Dated Index Securities have been designed to closely replicate the relevant Commodity Index and its various sub-indices. However, the Index Securities are not priced directly off such indices and differences may arise between the prices of such Index Securities (excluding the Multiplier) and the published levels for the Commodity Indices and the sub-indices. In order to minimise any such differences, the Index Securities may be rebalanced from time to time as described below under "Rebalancing of Index Securities".

#### **Pricing of Index Securities**

A Price will be calculated by the Issuer for each category of Classic Index Security and Longer Dated Index Security for each day that is a Pricing Day for all of the classes of Micro Securities that are comprised in that category of Index Security. The Price of each Micro Security is 1 millionth of the Price of an Individual Security of the same class. The Price of each Index Security will be the sum of the Prices of all Micro Securities comprised in the Index Security. The Price will be calculated to seven places of decimals with 0.00000005 rounded upwards.

If a Market Disruption Day occurs on the Relevant Exchange for a particular Individual Commodity Index, then that day will not be a Pricing Day for the corresponding class of Micro Security and the mechanism described under “Market Disruption Days” in Part 3 (*The Bloomberg Commodity Index Family*) will operate.

Further information is contained under “Settlement Pricing” below.

### **Illustration of Pricing Calculations**

The following table illustrates how the Price for Individual Securities and Index Securities will be calculated, using the Individual Commodity Indices as at 8 April 2016 on that day:

	<b>Lean Hogs</b>	<b>Live Cattle</b>	<b>Livestock</b>
<b>Individual Securities</b>			
Index (I)	14.7579	67.6626	
Multiplier (M)	0.98542339	0.98542339	
Price (I x M/10)	1.454277985	6.667630867	
<b>Index Security</b>			
Number of Micro Securities (MS)	1671667	290261	
Price per MS (P)	1.671667	0.290261	
Total Value (MS x P)	2.431068516	1.935353203	4.366421719

### **Rebalancing of Index Securities**

Whenever the Bloomberg Commodity Index<sup>SM</sup> is re-weighted, which is expected to occur each January, the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> will also be rebalanced. As a result, any rebalancing of the Bloomberg Commodity Index<sup>SM</sup> will cause a rebalancing of all categories of Index Security.

Index Securities will be Rebalanced by changing the number of Micro Securities comprised in each category of Index Security (a “**Required Rebalancing**”). In addition, at any time during the year the Issuer may effect a Rebalancing to help reduce tracking error with the Commodity Indices or any of the sub-indices (a “**Voluntary Rebalancing**”). There will be no change in the value of an Index Security due to a Rebalancing and no action is required on the part of a Security Holder. The consequence of a Rebalancing is that, following the Rebalancing, fewer of some classes of Micro Securities, and more of other classes of Micro Securities, will be comprised in an Index Security. A Rebalancing takes effect as a modification of the terms of an Index Security, including as to the numbers and classes of Micro Security in exchange for which it may be surrendered, but no Micro Securities are in fact created, issued, cancelled or redeemed.

Because there is no change to the value of an Index Security through the Rebalancing process, there will be no cash payment to or from the Issuer.

The Issuer will advise Security Holders of any Rebalancing, at least seven days prior to a Rebalancing commencing, through an RIS. After a Rebalancing is completed, the Issuer will advise the number of Micro Securities which are thereafter comprised in each Index Security, through an RIS prior to trading commencing on the first Trading Day on which the completed Rebalancing applies.

### **Required Rebalancing**

A Required Rebalancing occurs whenever there is a rebalancing of the Relevant Commodity Index being the Bloomberg Commodity Index<sup>SM</sup> for Classic Index Securities and the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> for Longer Dated Index Securities.

For a Required Rebalancing, the number of Micro Securities comprised in each Index Security will be adjusted using the CIPs as published each year (usually in July of the previous year). Such adjustment will generally occur on the sixth to tenth General Trading Days in January and will result in the number of Micro Securities of each class comprised in each Index Security of each category being reduced or increased over such period to reach a target number of such Micro Securities, which in turn is based on the rebalanced effective percentage weights for the Bloomberg Commodity Index<sup>SM</sup> or the Bloomberg



Commodity Index 3 Month Forward<sup>SM</sup> (as the case may be). This process is intended to achieve the result that the effective weights of each commodity in the Index Securities of each category is re-weighted to the same extent as in the Commodity Indices.

#### *Voluntary Rebalancing*

A Voluntary Rebalancing may be generally effected if the Issuer decides there is sufficient tracking error with the Relevant Commodity Index or any of its sub-indices as to warrant a Rebalancing. A Rebalancing effected to reduce tracking error may reduce tracking error going forward but will not correct any tracking error to that date.

As there will be no change in value, a Rebalancing will not re-set the Price of an Index Security (excluding the Multiplier or Capital Adjustment where relevant).

A Voluntary Rebalancing will generally be effected on a single day and will result in the number of Micro Securities comprised in each category of Index Security being adjusted using the ECIPs of the Relevant Commodity Index.

#### *Extended Voluntary Rebalancing*

When giving notice of a Voluntary Rebalancing, the Issuer may elect to effect such Voluntary Rebalancing over the entire Roll Period — an “Extended Voluntary Rebalancing”. If so, the Extended Voluntary Rebalancing will use the same process as for a Required Rebalancing, commencing with the ECIPs and Prices of Commodity Securities on the Rebalancing Calculation Date for that Roll Period.

#### *Rebalancing Methodology*

The methodology used to effect a Rebalancing requires certain inputs, the three main inputs being the Price of each Index Security and the weights and Prices of the relevant Micro Securities. For all Rebalancings, the relevant Price (rather than Index) is used, being the Price of the relevant Index Security and Micro Securities on the Rebalancing Calculation Date. The weightings to be used will be based on the CIPs (for a Required Rebalancing) or the ECIPs (for Voluntary Rebalancing) on the Rebalancing Calculation Date. These inputs will then be used in the Rebalancing calculations using the methodology discussed above. While CIPs are approved by the Index Oversight Committee in advance for the purposes of re-balancing annually the Commodity Indices as described under the heading “Composition and Weightings” in Part 3 (*The Bloomberg Commodity Index Family*), ECIPs are the effective weights of the Relevant Commodity Index and its sub-indices, reflecting movements in the Individual Commodity Indices since the previous Rebalancing, as calculated and published by Bloomberg. Where effective percentage weights are used in connection with Longer Dated Index Securities for the purposes of a Required Rebalancing, the weights are determined by the Calculation Agent but are not subject to approval by the Index Oversight Committee or publication by Bloomberg.

#### **Authorised Participants**

Only Authorised Participants may request the Issuer to create or redeem Commodity 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 the Issuer has announced that redemptions by Security Holders will be permitted and the Security Holder submits a notice of redemption in the form prescribed for such circumstances by the Issuer. 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 Commodity Securities and (b) a Direct Agreement with UBS and/or MLCI and/or another Commodity Contract Counterparty, under which, amongst other things, the Authorised Participant and UBS or MLCI (or other Commodity Contract Counterparty) provide undertakings to each other regarding the settlement of moneys payable for applications and redemptions.

Authorised Participant Agreements have been entered into with ABN AMRO Clearing Bank N.V., Banca IMI S.p.A., Barclays Capital Securities Limited, Bluefin Europe LLP, Goldenberg Hehmeyer LLP, Goldman Sachs International, Jane Street Financial Limited, KCG Europe Limited, Merrill Lynch International, Morgan Stanley & Co. International plc, The Royal Bank of Scotland plc, Susquehanna International



Securities Limited, Susquehanna Ireland Limited, Susquehanna Pacific Pty Limited, UBS AG, London Branch, UniCredit Bank AG, Virtu Financial Ireland Limited and Société Générale, the terms of which (as amended) are summarised in paragraph 3 of Part 13 (*Additional Information*).

Under the Facility Agreements, each Commodity Contract 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 credit, compliance, general business policy 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 at all times for the duration of the Programme 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 redeem Commodity Securities respectively held by them directly from the Issuer.

### **Applications and Redemptions**

All applications for and redemptions of Commodity Securities and redemptions of Micro Securities, and the matching creation and termination of Commodity Contracts, may be effected using the pricing formulae described above ("**Settlement Pricing**") which is based on Indices calculated using end of day settlement pricing for the various Designated Contracts.

However, to enable Authorised Participants and Commodity Contract Counterparties to have the flexibility to agree, between themselves, intra-day or other pricing for Commodity Securities and Micro Securities ("**Agreed Pricing**") and hence for matching Commodity Contracts, issues and redemptions may be effected at any price and in any amount agreed between an Authorised Participant and a Commodity Contract Counterparty and notified to the Issuer. The rights of all other security holders to receive Settlement Pricing for a redemption of their Micro or Commodity Securities will not be impacted by any Agreed Pricing.

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

#### *Application Processes*

Commodity 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 Commodity Securities that must be applied for (but there is a Minimum Creation Amount for the creation of Commodity Contracts on any Pricing Day, and if that Minimum Creation Amount is not achieved through applications for corresponding Commodity Securities by all Authorised Participants, the Commodity Contract Counterparty may elect that no creations of Commodity Contracts of that class or category will occur, in which case no Commodity Securities of that class or category will be issued). The Issuer will decline Applications if it cannot for any reason create corresponding Commodity Contracts under a Facility Agreement.

The Minimum Creation Amount is as follows:

- (a) for the creation of Commodity Contracts in relation to the issue of Individual Securities, US\$50,000 per class of Individual Security; or
- (b) for the creation of Commodity Contracts in relation to the issue of Index Securities, US\$100,000 per category of Index Security.

An Authorised Participant may subscribe for Commodity Securities using Settlement Pricing or, if agreed with a Commodity Contract Counterparty using Agreed Pricing. In either case, Commodity Securities will only be issued if corresponding Commodity Contracts can be created by the Issuer for the same amount.

Application Moneys for all Commodity Securities must be paid by Applicants directly to the relevant Commodity Contract Counterparty by the Authorised Participant making the Application, via CREST.

Legal title to Commodity Securities will be transferred by means of the CREST system and evidenced by an entry on the Register.

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

- (a) (subject as set out under “The System” below) receipt by the Issuer of a valid Application Form;
- (b) the creation of matching Commodity Contracts; and
- (c) Listing in respect of such Commodity Securities having become effective.

If an Applicant does not make payment for the full amount of the Commodity Securities to be issued on the due date for payment or the following Business Day, the Issuer may elect by notice to the Applicant to cancel the Application. Alternatively the Issuer may elect to enforce against the relevant Applicant the obligation of that Applicant to pay for the Commodity Securities applied for.

The procedures required to be followed when making an Application depend on whether Agreed Pricing or Settlement Pricing is being used.

#### *Agreed Pricing*

There are no restrictions on the number of Commodity 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 signed documents from both the Authorised Participant and the relevant Commodity Contract Counterparty not later than two London Business Days prior to the proposed settlement date.

#### *Settlement Pricing*

The following procedures apply when Settlement Pricing is used in an Application:

- an Application for Commodity Securities using Settlement Pricing may only be made on a General Trading Day (a day which is a Trading Day on all of the Exchanges);
- a Price will be determined for each class relevant to a valid Application on the day of Application if it is a Pricing Day for that class; if it is not a Pricing Day (because it is a Market Disruption Day for the relevant Individual Commodity Index), then the Price will be determined on the next Pricing Day for that class;
- if the Application is for Index Securities, and a Price has been determined for some but not all components of those securities by the fourth General Trading Day following the day on which it was deemed received, the Application will be deemed to be split into two — one for Micro Securities comprised in that Index Security for which a Price has been determined and another for Micro Securities comprised in that Index Security for which a Price has not been determined (which will be treated as a new Application for those Micro Securities); an Application received by the Issuer after 8.00 a.m. and before 2.30 p.m. (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on a Pricing Day for Micro Securities comprised in that Index Security applied for (day T) will enable the Authorised Participant to be registered as the Security Holder in respect of the relevant Micro Securities within two London Business Days (that is, on a T+2 basis), provided that such day and the immediately preceding day are each a New York Business Day, and if not then on the next following Business Day;
- a valid Application remains in force until a Price has been determined for all classes relevant to that Application; if a Price cannot be determined on the day of Application, then it may be cancelled at any time prior to the Notice Deadline on the day on which a Price can be determined or, if the Application is for Index Securities, the fourth General Trading Day when, if it is split in two, only that second, delayed Application can be cancelled (as the first, priced Application for the Micro Securities comprised in the affected Index Securities will have been priced on that day), in the same manner as a new Application;

- an Application received by the Issuer after 8.00 a.m. and before 2.30 p.m. (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on a General Trading Day which is not a Pricing Day for all components of the Commodity Securities applied for will be valid, but day T will not occur until a Price has been determined for all components, and accordingly the Authorised Participant will be registered as the Security Holder in respect of the relevant Commodity Securities, two London Business Days after a Price has been determined for all components (that is, on a T+2 basis), provided that such day and the immediately preceding day are each a New York Business Day, and if not then on the next following Business Day;
- an Application received by the Issuer after 2.30 p.m. (or, if earlier, 30 minutes prior to the applicable Notice Deadline) but before 6.30 p.m. on a General Trading Day will be valid, but will be treated as having been received at 8.00 a.m. on the next following General Trading Day (unless the relevant Commodity Contract Counterparty agrees otherwise, in which case it will be treated as having been received prior to 2.30 p.m. on that General Trading Day);
- an Application received by the Issuer prior to 8.00 a.m. or after 6.30 p.m. on a General Trading Day, or on a day which is not a General Trading Day, will only be valid if the relevant Commodity Contract Counterparty confirms to the Issuer that corresponding Commodity Contracts will be created notwithstanding the time of submission of the Application;
- upon receipt and confirmation of a valid Application, the Issuer will send a Creation Notice to the relevant Commodity Contract Counterparty creating such number of Commodity Contracts as correspond to the Application, and will confirm its receipt of such Creation Notice; and
- following publication of the relevant Individual Commodity Indices, the Issuer will calculate the Price of all Commodity Securities to be issued to each Applicant and will confirm such Price with each Applicant and the relevant Commodity Contract Counterparty by 12 noon on the following Business Day.

Under each Facility Agreement, the relevant Commodity Contract Counterparty is bound by the creation of Commodity Contracts by the Issuer on any Pricing Day for components of Commodity Securities corresponding to those Commodity Contracts, provided that the applicable Creation Notice is lodged with the relevant Commodity Contract Counterparty by 2.30 p.m. (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on a General Trading Day.

#### *Allocation of Commodity Contracts*

Under the Trust Instrument there are no restrictions on the Commodity Contract Counterparty with which Commodity Contracts should be created when Commodity Securities are issued, nor are there any restrictions on the Commodity Contract Counterparty with which Commodity Contracts should be terminated. Subject as may otherwise be agreed from time to time between the Issuer and Commodity Contract Counterparties, under the Facility Agreements and for so long as they remain in force and no notices (such as those referred to under the heading “Compulsory Redemptions” in Part 4 (*Description of Commodity Securities*)) have been given thereunder, there are no restrictions (other than Creation Limits and any limits imposed by any Commodity Contract Counterparty in relation to any particular Authorised Participant) on the Commodity Contract Counterparty with which Commodity Contracts should be created when Commodity Securities are issued, nor are there any restrictions (other than Redemption Limits and any limits imposed by any Commodity Contract Counterparty in relation to any particular Authorised Participant) on the Commodity Contract Counterparty with which Commodity Contracts should be terminated. Except in the case of Agreed Pricing, the Issuer may determine in each case the relevant Commodity Contract Counterparty.

The Issuer has implemented procedures which (subject to applicable Creation Limits and Redemption Limits, availability of Commodity Contracts and any limits imposed by any Commodity Contract Counterparty in relation to any particular Authorised Participant) are intended to have the following effects:

- in a case where an application is made for Commodity Securities by an Authorised Participant which is, or an affiliate of which is, a Commodity Contract Counterparty, the equivalent Commodity Contracts should be entered into with that Commodity Contract Counterparty (and referred to as its “**Firm Contracts**”); and

- other applications will result in the creation of “**Pool Contracts**” and will generally be allocated by the Issuer to one or other Commodity Contract Counterparty in accordance with policies and procedures agreed from time to time between them.

The Issuer reserves the right to allocate creations or terminations of Commodity Contracts amongst Commodity Contract Counterparties in a manner other than as described above on a case by case or on a more general basis. If further additional Commodity Contract Counterparties are appointed then they may be appointed on a basis that they are allocated creations (and terminations) relating either to Firm Contracts only, or both Pool Contracts and Firm Contracts.

In the event that the Issuer determines to divide a Pool as described under the heading “Consolidation and Division of Micro and Commodity Securities” below and in accordance with Condition 20.3, the Conditions provide that outstanding valid Redemption Forms given (save in the case where notice of a Compulsory Redemption Date was given prior to the division becoming effective in which case certain other timings may apply) prior to the division becoming effective will be treated as having been given in respect of the Pool to which following any division the attributable Commodity Contracts had been allocated. This may have the effect that a Security Holder which has lodged a valid Redemption Form prior to a division becoming effective will be treated following the division as owning only Micro and Commodity Securities attributable to a single Pool rather than both Pools as described under the heading “Consolidation and Division of Micro and Commodity Securities” below, and this could be the Pool to which Commodity Contracts with the Lower Credit (as defined under the heading “Consolidation and Division of Micro and Commodity Securities” below are transferred.

#### *Redemption Processes*

A Security Holder who is an Authorised Participant may require the redemption of all or any of its Micro or Commodity Securities using Settlement Pricing or, if agreed with a Commodity Contract Counterparty, using Agreed Pricing.

A Security Holder who is not an Authorised Participant may only require the redemption of any of its Micro or Commodity Securities using Settlement Pricing and only if, on a General Trading Day, there are no Authorised Participants and the Security Holder submits a valid Redemption Form on such day or the Issuer has announced that redemptions by Security Holders will be permitted and the Security Holder submits a notice of redemption in the form prescribed for such circumstances by the Issuer. Payment on redemption to persons who are not Authorised Participants may be subject to their giving to the Issuer and the relevant Commodity Contract 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 relevant Commodity Contract Counterparty, in respect of the termination of corresponding Commodity Contract from the Issuer, directly to the relevant Authorised Participant redeeming the Commodity Securities, via CREST.

The procedures required to be followed when lodging a Redemption Form are the same as for making an Application, other than for the following procedures used for Settlement Pricing:

- if a valid Redemption Form requesting Settlement Pricing is lodged with the Issuer after 8.00 a.m. and before 2.30 p.m. (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on a General Trading Day, and that day is a Pricing Day for each class which is a component of the Commodity Securities which are the subject of the Redemption Form, the applicable Redemption Payment Date (on which the redemption will be settled) will be two Business Days following that Pricing Day, or such later date (being a Business Day, or if such date is not a Business Day, the immediately following Business Day) as is specified in the Redemption Form; and
- when Micro or Commodity Securities are to be redeemed, the Issuer will terminate an Equivalent Number of Commodity Contracts, subject to the Issuer’s discretion to elect to satisfy Redemption Forms by transfer of the appropriate number of Micro or Commodity Securities to one or more Applicants from Security Holders seeking redemption.

Further details of the procedure relating to Redemptions are set out in the Conditions in Part 7 (*Trust Instrument and Commodity Securities*) below.

If a Counterparty Event of Default is subsisting, then Security Holders who are not Authorised Participants will not have a right to redeem, however the Trustee may, at its discretion and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature (or if no Price was determined on that date, the most recently determined Price)) of all Micro and Commodity Securities then outstanding or pursuant to an Extraordinary Resolution passed at a duly called meeting of the Security Holders (as a single class), the Trustee having first been indemnified to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deeds in respect of all Micro and Commodity Securities.

### *The System*

The Issuer has implemented a system (the “**System**”) for enabling Authorised Participants to make Applications and request Redemptions by means of a secure website and has agreed provisions with the Commodity Contract Counterparties and certain of the Authorised Participants to enable use of such system in substitution for the lodging of the forms otherwise required by the Facility Agreements, the Authorised Participant Agreements and the Conditions for the purposes of such Applications and Redemptions.

It is expected that all Applications will be made and all Redemptions will be requested using the System. In the event of a failure in the System, Applications may be made and Redemptions may be requested using the forms and notices described under the headings “Applications and Redemptions – Application Processes”, “Applications and Redemptions – Settlement Pricing” and “Applications and Redemptions – Redemption Processes” above and under the heading “Commodity Contracts” in Part 5 (*Description of Facility Agreements and Commodity Contracts*).

### *Creation Limits and Redemption Limit*

There are two separate Creation Limits, one a total limit and the other a daily limit. Unless otherwise agreed by a Commodity Contract Counterparty, the total limit is that Commodity Contracts cannot be created under the Facility Agreement with it to the extent that the Aggregate Outstanding Contracts Price would exceed US\$7.0 billion (US\$7,000,000,000).

The daily limit is class-specific. Unless otherwise agreed by a Commodity Contract Counterparty, Commodity Contracts of a particular class may not be created under the Facility Agreement with it on a day to the extent that the sum of the Prices of all Commodity Contracts of that class which are created under that Facility Agreement on that day would exceed a specified amount, which for Classic Commodity Contracts and Longer Dated Commodity Contracts of a class relating to commodities currently included in the Bloomberg Commodity Index<sup>SM</sup> is equal to US\$250 million multiplied by the CIP of the relevant commodity on that day, rounded upwards to the next million US Dollars, for Classic Commodity Contracts and Longer Dated Commodity Contracts of a class relating to commodities not currently included in the Bloomberg Commodity Index<sup>SM</sup> (cocoa, gas oil, lead, platinum and tin) is US\$7.5 million, save that if the Bloomberg Commodity Index<sup>SM</sup> is subsequently calculated by reference to prices of commodities including any such commodity, the limit in respect of that commodity will be the higher of US\$7.5 million and the product of US\$250 million and the CIP of the relevant commodity on that day, rounded upwards to the next million US Dollars.

The Redemption Limit is also a daily limit, and also class-specific. It is the same amount per class as the daily Creation Limit (unless the Commodity Contract Counterparty otherwise agrees).

For the purposes of the Creation and Redemption Limits, Application Forms and Redemption Forms are dealt with in strict time priority by reference to the date and time of their receipt.

The Creation Limits and Redemption Limit in a Facility Agreement may be amended by written agreement of the Issuer and the relevant Commodity Contract Counterparty. If they are amended, the Issuer will make an announcement by RIS.

### **Compulsory Redemptions**

There are circumstances in which Micro and Commodity Securities can be compulsorily redeemed by the Issuer, either in whole or in part, as set out fully in the Conditions.



The Issuer may, at any time, upon not less than 30 days' notice (or seven days' notice in the event that a Facility Agreement is terminated) by RIS announcement to the Security Holders, redeem all Individual Securities or Micro Securities of a particular class or all Index Securities of a particular category. The Trustee may, at any time, where an Issuer Insolvency Event or a Counterparty Event of Default has occurred and is continuing, upon 20 Business Days' notice to the Issuer, require the Issuer to redeem all Micro and Commodity Securities, whereupon the Issuer will exercise its right to redeem such Securities.

Bloomberg may cease to publish an Individual Commodity Index. If so, the Issuer has and may exercise the right to redeem all Individual Securities and Micro Securities of the class relating to that Individual Commodity Index.

The Conditions provide that the amount payable upon a Redemption of a Micro Security of a particular class under Settlement Pricing will be the higher of the Principal Amount for that class and the Price of such Micro Security on the applicable Pricing Day. As each class of Micro and Commodity Security is a limited recourse security as described in Condition 3.2, it is in the interests of the Security Holders of each type to ensure that the Price for each relevant class of Micro Securities does not fall below its Principal Amount. The Issuer will aim to avoid the Price of a class of Micro Security falling below its Principal Amount by the following measures: the Issuer may (i) where necessary, seek the sanction of Security Holders by Extraordinary Resolution to reduce the Principal Amount of a class of Micro Security (and of Commodity Securities to the extent they comprise Micro Securities of that class) to a level less than its Price; and/or (ii) if on any Pricing Day the Price of any class of Micro Security falls to 2.5 times the Principal Amount of such Micro Security or below, the Issuer may, at any time for so long as the Price remains below such amount and during the period 60 days thereafter, upon not less than two days' notice by RIS announcement elect to redeem the Micro Securities of that class (and all types of Commodity Securities which are comprised, in whole or in part, of Micro Securities of that class). The right pursuant to (ii) above will cease once an Extraordinary Resolution is passed to reduce the Principal Amount such that the Price is more than 2.5 times the Principal Amount, subject to any further fall in the Price of any class of Micro Securities to 2.5 times the Principal Amount or below.

Under each Facility Agreement, each Commodity Contract Counterparty has the right to terminate some or all of the Commodity Contracts of a particular class if for any reason it is unable to maintain the hedging positions which (acting reasonably) it attributes to the hedging of its obligations in connection with the Facility Agreement or Commodity Contracts of one or more classes. In such a case, the Issuer has and will exercise the right to redeem the Micro Securities and Individual Securities of that class corresponding to such Commodity Contracts. In some cases this may require the Issuer to redeem Index Securities if Micro Securities of that class are comprised therein. The Issuer reserves the right in its absolute discretion to determine which type or types of Micro and Commodity Securities will be redeemed in that circumstance. Where less than all of the Micro and Commodity Securities of a particular type are to be redeemed, the redemptions will apply to all Security Holders holding Micro and Commodity Securities of that type, *pro rata* to their holdings.

The Issuer may, at any time by not less than seven nor more than 14 Trading Days' written notice, redeem any Micro and Commodity 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.

UBS has only agreed to provide Commodity Contracts to the Issuer for ten years from 5 August 2009 and MLCI has only agreed to supply Commodity Contracts to the Issuer for ten years from 15 April 2011 (although each Commodity Contract Counterparty may terminate its Facility Agreement on 3 months' notice). If the relevant Commodity Contract Counterparty does not agree to provide Commodity Contracts beyond such date or if either or both Commodity Contract Counterparties chooses to terminate its Facility Agreement earlier, then the Commodity Contracts with it will expire and unless they are replaced by Commodity Contracts with another Commodity Contract Counterparty the Issuer will elect to redeem some or all of the outstanding Micro and Commodity Securities.

Where a compulsory redemption occurs, the Micro and Commodity Securities to be redeemed will be priced in the normal way as set out in Part 4 (*Description of Commodity Securities*) and will include an adjustment for interest as more fully described in the Conditions, but depending on the number of Micro



and Commodity 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.

If at that time Security Holders other than Authorised Participants hold the Commodity Securities being redeemed, the Redemption Amount payable to those Security Holders will be paid by the Commodity Contract Counterparties either to accounts of the Issuer secured for the benefit of the Security Holders of the relevant classes or to the Trustee for the benefit of 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 Micro and Commodity Securities and not by investors who buy and sell Micro or Commodity Securities on the secondary market, including the London Stock Exchange.

The Issuer will charge Authorised Participants an Application Fee of £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 Micro or Commodity Securities being issued.

The Issuer will also charge Authorised Participants a Redemption Fee of £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 Micro or Commodity 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 15 (*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 a RIS.

### **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 Micro or Commodity 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 Micro or Commodity 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.

### **Security**

All rights of the Issuer in relation to the Facility Agreements, the Commodity Contracts, the BAC Guarantee, the Security Agreements and the Control Agreements, to the extent applicable to each Pool will be the subject of a first-ranking floating charge in favour of the Trustee under the applicable Security Deed to secure the obligations owed by the Issuer to the Trustee and the Security Holders in respect of Micro Securities and Individual Securities of the relevant class and the Index Securities to the extent they are comprised of Micro Securities of that class.

### **Consolidation and Division of Micro and Commodity Securities**

Circumstances may arise where the Issuer might wish to effect a consolidation or division of a particular type of Micro or Commodity Security.

For example, if a class of Micro and Individual Security was backed by corresponding Commodity Contracts from two or more different Commodity Contract Counterparties and one of them (the “**Lower Credit**”) had, for example, a significant credit rating downgrade, it may be necessary or desirable, in order to ensure that the value of the Micro and Individual Securities (and Index Securities to the extent they comprise Micro Securities of that class) reflects the value of the relevant commodity futures contract, for the Commodity Contracts from the Lower Credit to be excluded from that class. This could be effected by the Commodity Contracts from the Lower Credit being transferred into a new Pool and the Issuer creating and issuing new Micro and Commodity Securities secured by that new Pool on a one-for-one basis with the Pool Factor on both classes being adjusted accordingly. Investors of the affected class would then hold two Micro or Commodity Securities for each one they held previously and the Pool Factor would be split between the two. For example, if the Commodity Contracts from the Lower Credit comprised 30 per cent. of the aggregate number of Commodity Contracts in the Pool and the Pool Factor before the transfer was 1.00, then the Pool Factor following the division would be 0.70 on the old class and 0.30 on the new class.

A division, without creating a new class, or a consolidation of the same class, might also be effected to change the Multiplier for Commodity Securities so that it became approximately 1.00. For example, if the Multiplier has risen to 2.00, a two for one division of each Micro or Commodity Security of the relevant types would mean that the Multiplier for those types would again amount to 1.00. Similarly, if the Multiplier fell to 0.5 then a one for two consolidation would mean that the Multiplier would again be 1.00.

The Issuer may also consolidate or divide all of the Commodity Securities of any type into Commodity Securities of the same type without adjusting their Multiplier by instead changing the number of Micro Securities of which they are comprised. In such circumstances any Security Holder’s aggregate holding of Commodity Securities would change but the aggregate number of Micro Securities of which such holding was comprised, and its value, would be unchanged.

The Issuer has the right under the Trust Instrument at any time to effect either a consolidation or division and to allocate Commodity Contracts into a new Pool representing a new class of Micro and Individual Securities and new categories of Index Securities to the extent that they comprise Micro Securities of that class, and need not obtain Listing for any such new types of Micro and Commodity Securities. The Issuer will only take such action if it believes it is in the interest of the affected Security Holders to do so.

## PART 5

### DESCRIPTION OF FACILITY AGREEMENTS AND COMMODITY CONTRACTS

All Micro and Commodity Securities will be backed by corresponding Commodity Contracts with corresponding terms. Each class of Micro Securities has a corresponding class of Commodity Contract. Each time Micro or Commodity Securities are issued or redeemed the Issuer will create or terminate corresponding Commodity Contracts, exactly matching the number and classes of Micro Securities in question or which are comprised in the Commodity Securities in question. Commodity Contracts will be created and terminated by the Issuer under the UBS Facility Agreement, the MLCI Facility Agreement or a Facility Agreement with another Commodity Contract Counterparty. At the date of this Prospectus, the Issuer has Facility Agreements only with UBS and with MLCI. As the Issuer is a special purpose company, whose only assets attributable to Commodity Securities will be rights under the Facility Agreements and the Commodity Contracts, the Security Agreements and the BAC Guarantee, the ability of the Issuer to meet its obligations upon redemption of Micro and Commodity Securities will be wholly dependent on its ability to receive payment on termination of Commodity Contracts from UBS or the realisation of Collateral provided by UBS under the UBS Security Agreement and the UBS Control Agreement and to receive payment on termination of Commodity Contracts from MLCI or from BAC under the BAC Guarantee or the realisation of Collateral provided by MLCI under the MLCI Security Agreement and the MLCI Control Agreement. The Facility Agreements, the Commodity Contracts provided thereunder, the Security Agreements and the BAC Guarantee have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Micro and Commodity Securities, and are each governed by English law other than the Security Agreements which are governed by New York law.

The summaries below are drafted in legal language, however, details on how each of the agreements impacts on Security Holders are contained throughout this Prospectus, including in Part 1 (*General*) and Part 4 (*Description of Commodity Securities*).

#### Facility Agreements

The Issuer has entered into the Facility Agreements with UBS and with MLCI under which the Issuer can create and terminate on a continuous basis, subject to the Creation Limits and the Redemption Limit and certain other conditions, any combination of classes of Commodity Contracts. The UBS Facility Agreement runs until at least 4 August 2019, subject to earlier termination in accordance therewith, and as more fully described below. The MLCI Facility Agreement runs until at least 15 April 2021, subject to earlier termination in accordance therewith, and as more fully described below. The Issuer hopes to procure an increase in the total number of Commodity Contracts available from the Commodity Contract Counterparties in the event that demand for Commodity Securities necessitates such additional capacity.

The Facility Agreements may each be terminated by the Commodity Contract Counterparty on three months' notice (simultaneously with the relevant Short and Leveraged Facility Agreement) or by not less than two Business Days' notice following the occurrence of an event of default in respect of the Issuer, provided that the event of default was not caused by a breach by the Commodity Contract Counterparty of its obligations under the relevant Facility Agreement. Other termination rights in favour of the Commodity Contract Counterparties include on the occurrence of a material adverse change (which itself includes a change in tax law).

Each of the Facility Agreements may be terminated by the Issuer by not less than two Business Days' notice following the occurrence of a Counterparty Event of Default in respect of the relevant Commodity Contract Counterparty, provided that the same was not caused by a breach by the Issuer of its obligations under the relevant Facility Agreement or by any Authorised Participant under the relevant Authorised Participant Agreement, on not less than 30 days' notice if the Commodity Contract Counterparty gives a notice that a withholding or deduction is or may be required from payments to be made by it under United States law and upon 30 days' notice in respect of any one or more classes of Commodity Contracts if all Micro and Commodity Securities of the relevant types are to be redeemed. The Issuer may also terminate a Facility Agreement at any time upon giving not less than three months' notice.

Each of the Commodity Contract Counterparties may elect to amend its Facility Agreement if the Issuer enters into a Facility Agreement with another Commodity Contract Counterparty to substantially conform

its Facility Agreement to that new Facility Agreement and for this purpose the consent of the Trustee will not be required.

Under the Facility Agreements the Issuer may appoint Commodity Contract Counterparties in its sole discretion, save that if any then existing Commodity Contract Counterparty considers in its reasonable belief and acting in good faith that such proposed new Commodity Contract Counterparty should not be appointed for credit, operational, reputational or any other reasonable reasons (other than on grounds of competition) and so notifies the Issuer giving reasons within ten Business Days, such appointments may not become effective.

The MLCI Facility Agreement is substantially on the same terms as the UBS Facility Agreement, save that:

- UBS will act as Calculation Agent as referred to under the headings “Calculation Agency Agreement” and “Calculation Agent” below for the purposes of the MLCI Facility Agreement, as well as under the UBS Facility Agreement;
- in the event that UBS ceases to be the Calculation Agent under the Calculation Agency Agreement, a new Calculation Agent, which (save in the case of an interim Calculation Agent) is or will be a Commodity Contract Counterparty selected by the Issuer, shall be appointed to act as Calculation Agent for the purposes of the MLCI Facility Agreement; and
- in the event that UBS ceases to be the Calculation Agent under the Calculation Agency Agreement following an Insolvency Event in relation to UBS or certain breaches thereof, UBS shall cease to act as Calculation Agent under the UBS Facility Agreement and the Calculation Agent appointed for the purposes of the MLCI Facility Agreement shall be appointed to act as Calculation Agent for the purposes of the UBS Facility Agreement.

The Issuer may, but is not required to, enter into other Facility Agreements with other Commodity Contract Counterparties. UBS will (save as referred to in relation to the MLCI Facility Agreement above and under the heading “Calculation Agency Agreement” below) act as Calculation Agent under any other such Facility Agreement. **Other Facility Agreements may not be on the same terms as the UBS Facility Agreement or the MLCI Facility Agreement.** It is not the Issuer’s intention to enter into Facility Agreements for the purpose of spreading counterparty risk. In the event that the Issuer enters into a Facility Agreement with a new Commodity Contract Counterparty, the Issuer will include in a supplementary prospectus such information relating to that new Commodity Contract Counterparty of which it is aware or is able to ascertain from information published by such new Commodity Contract Counterparty, as is required by Annex VIII of the Prospectus Regulation (Regulation Number 809/2004/EC).

### **BAC Guarantee**

MLCI is required under the terms of the MLCI Facility Agreement to ensure that its obligations thereunder and any Commodity Contracts issued pursuant to the MLCI Facility Agreement have the benefit of credit support provided by BAC. In fulfilment of that requirement, BAC has entered into the BAC Guarantee. The principal provisions of the BAC Guarantee are as follows:

- BAC unconditionally guarantees to the Issuer the prompt payment of any and all obligations and liabilities of MLCI under the terms of the MLCI Facility Agreement, the MLCI Security Agreement and the MLCI Control Agreement including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, after giving effect to any applicable notice requirement or grace period and, at all times, in accordance with the terms of that Agreement.
- In the event that MLCI fails to make any payment under such Agreements when due after giving effect to any applicable notice requirement and grace period, BAC agrees to make such payment, or cause any such payment to be made, promptly upon receipt of written demand from the Issuer to BAC; provided that delay by the Issuer in giving such demand shall in no event affect BAC’s obligations under the BAC Guarantee.

- BAC agrees that its obligations under the BAC Guarantee will be unconditional, irrespective of (i) the validity, regularity or enforceability (except as may result from any applicable statute of limitations) of the MLCI Facility Agreement, MLCI Security Agreement and MLCI Control Agreement, (ii) the absence of any action to enforce the same, (iii) any waiver or consent by the Issuer concerning any provisions thereof, (iv) the rendering of any judgment against MLCI or any action to enforce the same or (v) any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor, other than defense of payment.
- BAC agrees that the BAC Guarantee will not be discharged except by complete payment of the amounts payable under the MLCI Facility Agreement, MLCI Security Agreement and MLCI Control Agreement.
- BAC shall not be required to pay, or otherwise be liable to, the Issuer for any consequential, indirect or punitive damages (including, but not limited to, opportunity costs or lost profits).
- The BAC Guarantee is governed by and construed in accordance with the internal laws of the State of New York as applicable to contracts or instruments made and to be performed therein.

The BAC Guarantee may be terminated by BAC at any time by written notice to the Issuer by BAC, effective immediately following receipt of such written notice by the Issuer or at such later date as may be specified in such written notice, but will continue in full force and effect with respect to any obligation of MLCI under the MLCI Facility Agreement, MLCI Security Agreement and MLCI Control Agreement entered into prior to the effectiveness of such written notice of termination.

#### **Calculation Agency Agreement**

The Issuer, UBS, UBS Securities and MLCI have entered into the Calculation Agency Agreement pursuant to which UBS will act as Calculation Agent for the purposes of the MLCI Facility Agreement. The Calculation Agency Agreement contains customary exculpatory terms including provisions that neither the Trustee nor any holder or potential holder of Commodity Securities will be entitled to rely as against the Calculation Agent upon any determination of the Calculation Agent and that no duty will be owed by the Calculation Agent to the Trustee or any holder or potential holder of Commodity Securities in connection with any such determination.

The Calculation Agency Agreement will terminate automatically on the termination of either the MLCI Facility Agreement or the UBS Facility Agreement and upon the occurrence of an Insolvency Event with respect to UBS. The Issuer and MLCI may together terminate UBS' appointment as calculation agent upon not less than 45 days' written notice and either may do so earlier on certain breach events. UBS will be entitled to resign as calculation agent upon not less than 45 days' written notice if at the time of giving such notice there are no, and have not for 30 days been any, Commodity Contracts outstanding under the UBS Facility Agreement or the UBS Short and Leveraged Facility Agreement. If UBS' role as calculation agent is terminated (other than by the Issuer and MLCI together absent such breach events) its role as calculation agent under the UBS Facility Agreement will also terminate. Where UBS' role as calculation agent is terminated, the Issuer must identify and appoint a replacement calculation agent (being a Commodity Contract Counterparty).

#### **Security Agreements and Control Agreements**

The Issuer has entered into the UBS Security Agreement (which was entered into in relation to and supplements the UBS Facility Agreement and the UBS Short and Leveraged Facility Agreement) and the MLCI Security Agreement (which was entered into in relation to and supplements the MLCI Facility Agreement and the MLCI Short and Leveraged Facility Agreement) under which UBS and MLCI (respectively) have agreed to provide Collateral in respect of their Collateral Exposure at any time. The Collateral Exposure applicable to a Commodity Contract Counterparty is calculated each Business Day by both the Issuer and that Commodity Contract Counterparty and is verified between the parties each Business Day.



The Issuer has also entered into the UBS Control Agreement with UBS and The Bank of New York Mellon (as Securities Intermediary) and the MLCI Control Agreement with MLCI and The Bank of New York Mellon (as Securities Intermediary). Under the terms of the Security Agreements and the Control Agreements, each Commodity Contract Counterparty is required to post the Collateral to the Collateral Account in its name at the Securities Intermediary.

Under the terms of the Control Agreements, the Securities Intermediary may (in certain circumstances) utilise depositaries and sub-custodians in connection with its duties under the Control Agreements.

### **Provision of Collateral by the Commodity Contract Counterparties**

Each Business Day in respect of each Commodity Contract Counterparty, the Securities Intermediary is required to calculate the value (in accordance with the valuation provisions in the Control Agreement described in more detail below) of the Collateral in the relevant Collateral Account as at the close of business (New York time) on the previous Business Day and each Commodity Contract Counterparty must report the Collateral Exposure calculated as at close of business on the immediately preceding Business Day. Under the Security Agreements and Control Agreements, UBS and MLCI (respectively) are required to transfer to its Collateral Account, securities and obligations to the value (taking into account the value of Eligible Collateral (described below) already credited to such account) of the Issuer's total exposure to UBS or MLCI (as applicable) under (*inter alia*) the fully paid Commodity Contracts between the Issuer and that Commodity Contract Counterparty at the close of business on the immediately preceding Business Day (or, in the case of UBS, the second immediately preceding Business Day, but see below). If on any Business Day the aggregate value of the Collateral in the relevant Collateral Account is greater than such exposure, then the relevant Commodity Contract Counterparty may request that the Securities Intermediary transfers Collateral from the Collateral Account to another account of the relevant Commodity Contract Counterparty's choosing and such transferred Collateral will no longer form part of the Collateral for the purposes of the relevant Security Agreement. The Securities Intermediary may not permit a Commodity Contract Counterparty to transfer assets out of a Collateral Account (i) such that the total value of Collateral in the Collateral Account would equal less than such exposure, or (ii) without the Issuer's consent. For these purposes references to the "value" of the Collateral constitute references to the value thereof determined by the Securities Intermediary in accordance with the valuation provisions in the Control Agreements described in more detail below. Notwithstanding the foregoing, UBS posts Collateral on each Business Day to the value of the Issuer's total exposure to UBS at the close of business on the immediately preceding Business Day under all Commodity Contracts and Short and Leveraged Commodity Contracts with it backing such Commodity Securities and Short and Leveraged Commodity Securities as were in issue on such immediately preceding Business Day.

Under the terms of the Security Agreements and the Control Agreements, the Issuer may take control of the Collateral Account and any Collateral in the Collateral Account in certain circumstances including if a Collateral Account Control Event has occurred. This includes, in summary, situations where (i) a Counterparty Event of Default in respect of the relevant Commodity Contract Counterparty (not caused by a breach by the Issuer) has occurred, (ii) the relevant Commodity Contract Counterparty has failed to transfer Collateral to the relevant Collateral Account when due and such failure continues for two Business Days, (iii) the relevant Commodity Contract Counterparty fails to comply with or perform any other provisions of or obligations under the relevant Security Agreement on a continuing basis, or (iv) the relevant Commodity Contract Counterparty becomes insolvent.

### *Description of Collateral*

Under the terms of the Security Agreements, each Commodity Contract Counterparty may only transfer "Eligible Collateral" into its Collateral Account. For these purposes, "**Eligible Collateral**" means:

- (A) cash in US Dollars, British Pounds or Euro or, in the case of MLCI, in US Dollars provided in each case that it is invested in AAA rated, government or treasury money market funds;
- (B) debt securities or obligations issued by the United States government;
- (C) (1) non-U.S. debt securities or obligations issued by (a) any of the governments of Belgium, Canada, France, Germany, Italy, Japan, The Netherlands, Sweden,



Switzerland or the United Kingdom, or (b) any of the governments of Austria, Australia, Denmark, Finland, Luxembourg, New Zealand, Norway, Portugal or Spain where such government has a long-term issuer rating of not lower than “AA” by Standard & Poor’s Rating Services or (but only in the case of MLCI) “Aa2” by Moody’s Investors Inc.;

- (2) 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 Standard & Poor’s Rating Services or “Aaa” by Moody’s Investors Inc.;
- (D) in the case of UBS, unsubordinated bonds issued by Government National Mortgage Association (for so long as the obligations of the same are guaranteed by the United States government); and
- (E) Eligible Equities (which in the case of MLCI includes common or preferred shares that are constituents only of specified non-U.S. indices),

provided that, *inter alia*:

- (i) none of the foregoing securities or obligations is a security or obligation of the relevant Commodity Contract Counterparty or certain related entities;
- (ii) in the case of (D) above, a liquid market for such securities or obligations is generally available and that bid prices are generally available in the market for such securities as shall be determined by the Securities Intermediary, except that the absence of bid prices for any such securities or obligations on one day shall not necessarily mean that this requirement is not satisfied;
- (iii) securities meeting the criteria in (C)(1), (C)(2) and (E) above shall only constitute Eligible Collateral to the extent that the value of such securities does not exceed the relevant jurisdiction limit (as set out below) applicable to the jurisdiction of the relevant issuer or issuers, as the case may be; and
- (iv) securities comprising Eligible Equities shall only constitute Eligible Collateral to the extent that the value of such securities does not exceed any applicable issuer concentration limit (as set out below).

The following concentration limits apply to each type of Eligible Collateral which may be contained in the Collateral Account:

- (i) in the case of any collateral falling within paragraph (C)(1) above in the definition of “Eligible Collateral”, the Securities Intermediary will exclude from its calculation of the value of the collateral in the Collateral Account any such securities or obligations in the Collateral Account to the extent that the total value of all such securities or obligations (i) of any of the governments of the United Kingdom, Japan, Germany or France exceeds 50 per cent. of the value of the collateral in the Collateral Account or (ii) of any of the governments of the other countries listed in C(1) above exceeds 25 per cent. of the total value of the collateral in the Collateral Account;
- (ii) in the case of any Collateral falling within paragraph (C)(2) above in the definition of “Eligible Collateral”, the Securities Intermediary will exclude from its calculation of the value of the Collateral in the Collateral Account any such securities or obligations in the Collateral Account to the extent that the total value of all such securities or obligations issued by any issuer listed in paragraph (C)(2) above exceeds 25 per cent. of the total value of the Collateral in the Collateral Account;

- (iii) in the case of any Collateral falling within paragraph (E) above in the definition of “Eligible Collateral”, the Securities Intermediary will exclude from its calculation of the value of the Collateral in the Collateral Account any such Eligible Equities to the extent that (a) the total value of any Eligible Equities in the Collateral Account issued by one issuer represents: (i) 3.3 per cent. of the value of the collateral in the Collateral Account or in the case of UBS \$10 million (whichever is greater); (ii) 2.5 per cent. of the aggregate issued and outstanding share capital of that issuer; or (iii) 100 per cent. of the 30 day average daily volume of such Eligible Equities as determined by the Securities Intermediary; (b) in the case of UBS the value of all Eligible Equities in the Collateral Account issued by United States issuers exceeds 75 per cent. of the value of the Collateral in the Collateral Account; (c) the value of all Eligible Equities in the Collateral Account issued by issuers from each of the United Kingdom, Japan, Germany or France exceeds 25 per cent. of the value of the Collateral in the Collateral Account; and (d) the value of all Eligible Equities in the Collateral Account issued by an issuer from a country other than the United States, the United Kingdom, Japan, Germany and France or issued by any authority or agency exceeds 10 per cent. of the value of the Collateral in the Collateral Account; and
- (iv) so long as the Issuer has not taken control of the Collateral Account in accordance with the terms of the Control Agreement and the Commodity Contract Counterparty has fulfilled all of its obligations to transfer collateral under the Security Agreement, the Commodity Contract Counterparty will be entitled to instruct the Securities Intermediary to return to it any Collateral that has been excluded from the Security Intermediary’s calculations by virtue of these concentration limits.

For the purpose of valuing the collateral in the Collateral Account the Securities Intermediary will divide the sum of the values of what it determines to be the market value of each asset of a particular type by the following percentages:

- (i) for cash or money market funds described in paragraph (A) of the definition of “Eligible Collateral”, 100 per cent.;
- (ii) for any security or obligation falling within paragraph (B) and (C) of the definition of “Eligible Collateral”, a percentage determined by the Securities Intermediary based on the remaining time to stated maturity of such security or obligation as follows:
  - (A) less than five years, 100 per cent.,
  - (B) greater than or equal to five years and less than 10 years, 101 per cent. and
  - (C) 10 years or greater, 102 per cent.;
- (iii) for the unsubordinated bonds falling within paragraph (D) of the definition of “Eligible Collateral”, 102 per cent.; and
- (iv) for any security eligible under paragraph (E) of the definition of “Eligible Collateral” either 105 per cent. or 110 per cent., depending on the particular index to which such Eligible Equity belongs.

### Commodity Contracts

50 classes of Commodity Contracts are currently available under the Facility Agreements to be created by the Issuer, corresponding to the 50 classes of Micro Securities and Individual Securities. Where an Authorised Participant has agreed with a Commodity Contract Counterparty the pricing for the issue or redemption of Micro or Commodity Securities and the creation or termination of the corresponding Commodity Contracts (“**Agreed Pricing**”) the Issuer will create or terminate Commodity Contracts at that pricing, but otherwise the creation or termination price per Commodity Contract will be the Price of the corresponding Micro Security on the applicable Pricing Day (“**Settlement Pricing**”).

Whenever Settlement Pricing is used:

- upon receipt by the Issuer of a valid Application Form or Redemption Form, the Issuer will send to the relevant Commodity Contract Counterparty a Creation Notice or Cancellation Notice (together with a copy of the applicable Application Form or Redemption Form, as the case may be) creating or terminating, as the case may be, an Equivalent Number of Commodity Contracts corresponding to the Micro or Commodity Securities which are the subject of the Application Form or Redemption Form; and
- within 30 minutes of the Notice Deadline (or, if later, within 30 minutes of any Creation Notice or Cancellation Notice having been sent by the Issuer to the relevant Commodity Contract Counterparty), the Issuer will contact the relevant Commodity Contract Counterparty by telephone to seek confirmation of acceptance by it of such Creation Notice or Cancellation Notice. The relevant Commodity Contract Counterparty will confirm such Creation Notice or Cancellation Notice provided that it complies with certain formalities (set out in the Facility Agreement) as to form, quantum, procedure, timing and substance.

As referred to under the heading “Applications and Redemptions - The System” in Part 4 (*Description of Commodity Securities*), the Issuer has implemented the System for enabling Authorised Participants to make Applications and request Redemptions by means of a secure website and has agreed provisions with the Commodity Contract Counterparties and certain of the Authorised Participants to enable use of such system in substitution for the lodging of the forms otherwise required by the Facility Agreements, the Authorised Participant Agreements and the Conditions for the purposes of such Applications and Redemptions. It is expected that all Applications will be made and all Redemptions will be requested using this system.

### **Separate Pools**

All Micro Securities and Individual Securities of the same class (and Index Securities to the extent they comprise Micro Securities of that class) will have recourse only to the Secured Property of the Pool attributable to that class and not to the Secured Property of any Pool attributable to any other class. The principal assets to be included in each Pool are the Commodity Contracts of that class with UBS and MLCI, the rights of the Issuer under the Facility Agreements for that class, and the rights in respect of that class of Commodity Contracts under the Security Agreements, the Control Agreements and the BAC Guarantee. The Issuer may issue other types of commodity securities, based on different prices or having some other different characteristics, but any such securities will have recourse only to the Secured Property of the Pool attributable to such new type and not to the assets attributable to any other type.

### **Corresponding Terms of Commodity Contracts with Commodity Securities**

Whenever Micro or Commodity Securities are issued or redeemed, the Issuer will always create or terminate corresponding Commodity Contracts of the corresponding class(es) as those Micro Securities or the Micro Securities which are comprised in those Commodity Securities (as the case may be). Whenever there is a Rebalancing of Index Securities then the number(s) and class(es) of Commodity Contracts referable to the Micro Securities which are to cease to be comprised in each Index Security is terminated and replaced by the number(s) and class(es) of Commodity Contracts referable to the Micro Securities which are to become comprised in each Index Security. Consequently the sum of the exposures of the Commodity Contract Counterparties in respect of Commodity Contracts of each class at any time will always exactly match the exposure of the Issuer in respect of Micro Securities and Individual Securities of the corresponding class, and in respect of Index Securities to the extent they are comprised of Micro Securities, at that time.

Payment for the issue of Micro or Commodity Securities and for the creation of Commodity Contracts will be made by an Authorised Participant directly to the relevant Commodity Contract Counterparty, via CREST. Payment on the redemption of Micro or Commodity Securities will be made by the relevant Commodity Contract Counterparty, in respect of the termination of the corresponding Commodity Contracts by the Issuer, directly to the Authorised Participant redeeming the Micro or Commodity Securities, via CREST, subject to certain set-off arrangements in respect of creation amounts due and unpaid by the Authorised Participant in relation to the issue of Micro or Commodity Securities.

Unless Agreed Pricing is used, the amount payable upon creation or termination of Commodity Contracts is always determined in the same manner as the Price on the applicable Pricing Day for the corresponding Micro or Commodity Securities which are applied for or redeemed. Under the Facility Agreements, a Market Disruption Day is determined in the same manner as the determination of a Market Disruption Day under the Programme. Accordingly, any day that is a Market Disruption Day for the purposes of a Facility Agreement is also a Market Disruption Day for the purposes of the Programme. Commodity Contracts have no equivalent of a Principal Amount.

If Agreed Pricing is used to determine the amount payable upon creation or termination of Commodity Contracts, the same Agreed Pricing applies to the corresponding Micro or Commodity Securities which are applied for or redeemed.

Consequently, save in the event of a compulsory redemption in the circumstances described in the risk factors entitled “Realisation of Collateral” and “Enforcement by the Trustee” above, the amounts payable between Authorised Participants and the Issuer on the issue or redemption of Micro or Commodity Securities (other than Application Fees and Redemption Fees which are payable by Authorised Participants to the Issuer (and save where the Principal Amount of a Micro or Commodity Security exceeds its Price)) will always be identical to the amounts payable between the Issuer and a Commodity Contract Counterparty on the creation and termination of the corresponding Commodity Contracts.

### **Elections**

Upon an Application Form being lodged for new Commodity Securities:

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

### **Management Fee**

The Management Fee, together with the Licence Allowance, will be reflected in the daily adjustments to the Multiplier and Capital Adjustment for the Classic Securities and Longer Dated Securities. The Management Fee and the Licence Allowance will be paid by the Commodity Contract Counterparties to the Issuer.

No other cash payments are settled between the Commodity Contract Counterparties and the Issuer. The net amounts payable on creation or termination of Commodity Contracts are paid directly between the relevant Commodity Contract Counterparty and the Authorised Participant which is applying for or redeeming the Micro or Commodity Securities, via CREST.

### **Calculation Agent**

UBS is required to act as Calculation Agent under and solely for the purposes of the UBS Facility Agreement, the MLCI Facility Agreement and each other Facility Agreement that may be entered into with other Commodity Contract Counterparties.

UBS has two separate roles as Calculation Agent, as follows:

- (a) UBS will determine the existence of a Market Disruption Event in respect of an Individual Commodity Index; and
- (b) if an Individual Commodity Index is not calculated and/or published and a substitute value is required to be calculated and published pursuant to the Facility Agreement, UBS will calculate a substitute value for that Individual Commodity Index in accordance with the Facility Agreement.

In acting as Calculation Agent, UBS is required under the terms of the UBS Facility Agreement and the Calculation Agency Agreement to act in good faith and in a commercially reasonable manner, and in accordance with its obligations under the UBS Facility Agreement and the Calculation Agency Agreement. Subject to those requirements, the calculations of the Calculation Agent are final and conclusive in the absence of manifest error.

The Issuer may provide copies of determinations notified to the Issuer by the Calculation Agent under a Facility Agreement to the Trustee (but no other person) and/or notify the Trustee (and any other persons) of such determinations by the Calculation Agent, but in each case on the express basis that they are for information purposes only; neither the Trustee nor any actual or potential Security Holder can rely as against the Calculation Agent upon any determination of the Calculation Agent; and no duty is owed by the Calculation Agent to the Trustee or any actual or potential Security Holder.

## PART 6

### THE PROGRAMME

#### Overview of the Programme

The rights attached to Micro and Commodity Securities are summarised in Part 4 (*Description of Commodity Securities*), Part 5 (*Description of Facility Agreements and Commodity Contracts*), Part 6 (*The Programme*) and Part 7 (*Trust Instrument and Commodity Securities*).

Micro and Commodity Securities are being made available by the Issuer for subscription only to Authorised Participants. Applications for Micro Securities will not be accepted unless the Issuer in its discretion determines to do so. If an application for Micro Securities is accepted, the same procedures as apply to applications for Individual Securities will apply. Only Authorised Participants may apply for and/or redeem Micro or Commodity Securities (except that a Security Holder who is not an Authorised Participant may request redemption of Micro or Commodity Securities which it holds in the event that on any given Trading Day there are no Authorised Participants or as may be announced by the Issuer from time to time in accordance with the Conditions and such Security Holder submits a valid Redemption Form on such day).

Micro and Commodity Securities are available to be issued in Certificated Form; or in Uncertificated Form in the CREST System. See “CREST” below.

#### Passporting

The Issuer has requested the FCA to provide the competent authority in Austria, the *Österreichische Finanzmarktaufsicht* (Austrian Financial Market Authority), the competent authority in Belgium, the *Autorité des Services et Marchés Financiers* (Financial Services and Markets Authority), the competent authority in Denmark, the *Finanstilsynet* (Financial Supervisory Authority), the competent authority in Finland, the *Finanssivalvonta* (Finnish Financial Supervisory Authority), the competent authority in France, the *Autorité des Marchés Financiers* (Authority for the Financial Markets), the competent authority in Germany, the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the Federal Financial Supervisory Authority), the competent authority in Italy, the *Commissione Nazionale per le Società e la Borsa* (CONSOB), the competent authority in the Netherlands, the *Autoriteit Financiële Markten* (Authority for the Financial Markets), the competent authority in Spain, the *Comisión Nacional del Mercado de Valores* (Securities Market Commission), the competent authority in Sweden, *Finansinspektionen* (Financial Supervisory Authority), the competent authority in Ireland, the Central Bank of Ireland, and the competent authority in Norway, the *Kredittilsynet* (Norwegian Financial Supervision 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 FCA to provide competent authorities in 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 Commodity Securities on a regulated market therein or both.

#### Transparency Directive

The Issuer announced on 26 February 2016 by RIS announcement that it had elected the United Kingdom as its Home Member State for the purposes of the Transparency Directive.

#### Procedure for Application

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

As described under the heading “Applications and Redemptions” in Part 4 (*Description of Commodity Securities*), the Issuer has implemented the System for enabling Authorised Participants to make Applications and request Redemptions by means of a secure website in substitution for the lodging of the forms otherwise required by the Facility Agreements, the Authorised Participant Agreements and the Conditions for the purposes of such Applications and Redemptions. It is expected that all Applications will be made and all Redemptions will be requested using this system.



For those Applicants who wish to hold their Commodity Securities in Certificated Form, certificates in respect of the Commodity Securities will be dispatched within 10 Business Days of the Commodity Securities being issued. For those Applicants who desire to hold their Commodity Securities in Uncertificated Form, the relevant CREST account will be credited on the day on which the Commodity Securities are issued against payment. The Issuer considers it preferable that Commodity Securities be held in Uncertificated Form. Notwithstanding any other provision in this document, the Issuer reserves the right to issue any Commodity 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 or lodging an Application order through the System, the Applicant confirms and agrees that:

- (a) it is not relying on any information or representation other than such as may be contained in this document;
- (b) 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;
- (c) it is an Authorised Person, an Exempt Person or an Overseas Person;
- (d) it understands that Micro and Commodity Securities are direct, limited recourse obligations of the Issuer alone; and
- (e) it understands that the obligations of the Issuer under Micro and Commodity Securities are not guaranteed by UBS or any member of the UBS Group, MLCI, BAC or any other member of the BAC Group or any other Commodity Contract Counterparty or Guarantor.

Further details on new issues are set out in Part 4 (*Description of Commodity Securities*).

### **Subscription for Commodity Securities**

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

Commodity Securities in respect of which the Application has been made will not be issued unless the Commodity Contracts created and to be paid for with the Application Moneys for that Application are in force.

### **Listing**

The following Classic Commodity Securities have been admitted to listing on Euronext Amsterdam since 15 December 2006:

#### **Classic Individual Securities**

ETFS Aluminium  
 ETFS Coffee  
 ETFS Copper  
 ETFS Corn  
 ETFS Cotton  
 ETFS WTI Crude Oil  
 ETFS Gasoline  
 ETFS Gold  
 ETFS Natural Gas  
 ETFS Nickel  
 ETFS Silver  
 ETFS Soybeans  
 ETFS Sugar  
 ETFS Wheat  
 ETFS Zinc

#### **Classic Index Securities**

ETFS All Commodities  
 ETFS Energy  
 ETFS Petroleum  
 ETFS Ex-Energy  
 ETFS Precious Metals  
 ETFS Industrial Metals  
 ETFS Agriculture  
 ETFS Softs  
 ETFS Livestock  
 ETFS Grains

The Classic Commodity Securities (other than the CLPT Securities, BG Securities and KS Securities) were admitted to listing on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on 1 November 2006, Euronext Paris SA on 15 February 2007 and the ETFplus market of the Borsa Italiana on 20 April 2007.

The following Classic Commodity Securities were delisted from the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on 26 May 2015 and relisted on 28 May 2015:

ETFS Nickel	ETFS Sugar
ETFS Petroleum	ETFS Zinc
ETFS Precious Metals	

ETFS Livestock Commodity Security was delisted from the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on 26 May 2015.

The following Longer Dated Commodity Securities have been admitted to listing on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 27 November 2007:

#### **Longer Dated Individual Securities**

ETFS Longer Dated Natural Gas

#### **Longer Dated Index Securities**

ETFS Longer Dated Agriculture  
 ETFS Longer Dated All Commodities  
 ETFS Longer Dated Energy  
 ETFS Longer Dated Ex-Energy  
 ETFS Longer Dated Grains  
 ETFS Longer Dated Industrial Metals  
 ETFS Longer Dated Livestock  
 ETFS Longer Dated Petroleum  
 ETFS Longer Dated Softs

The ETFS Brent Crude Individual Securities and the ETFS Brent Crude Longer Dated Individual Securities have been listed on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 14 March 2012. The ETFS Brent Crude Individual Securities have been listed on the ETFplus market of the Borsa Italiana since 30 August 2012.

The ETFS Ex-Agriculture & Livestock Index Securities have been listed on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 29 November 2012.

The ETFS Longer Dated Brent Crude and ETFS Ex-Energy Commodity Securities were delisted from Borsa Italiana S.p.A. on 26 May 2015.

Although all Micro Securities have been admitted to trading on the Main Market of the London Stock Exchange, the Issuer does not anticipate that an active secondary market will develop in any of the Micro Securities.

#### **Settlement**

##### **CREST**

The Issuer is a participating issuer in, and the Micro Securities and Commodity 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 Micro and Commodity Securities are issued in Uncertificated Form, settlement of transactions in the Micro and Commodity Securities will take place within the CREST system.

#### *Settlement and Delivery on the Eurolist by Euronext Amsterdam*

All Commodity Securities traded on Euronext Amsterdam are eligible for settlement in the systems of Euroclear Bank Brussels and Euroclear NIEC (*Euroclear Nederlands Interprofessioneel Effecten Centrum*), the Euroclear Dutch Interprofessional Securities Centre.

For the purposes of discharging any obligations under the Commodity Securities, the Issuer will treat the persons or entities registered in the Register as the sole Security Holders. In so far as any Commodity Securities are held through them, Euroclear Bank Brussels or Euroclear NIEC (or their nominee) will be registered in the Register as the Security Holder and consequently will be treated by the Issuer as sole Security Holder in respect of such Commodity Securities. Account holders recorded in the systems of Euroclear Bank Brussels or Euroclear NIEC as the holders of Commodity Securities must look to Euroclear Bank Brussels or Euroclear NIEC (respectively) to receive any and all entitlements under such Commodity Securities.

#### *Settlement and Delivery on the Frankfurt Stock Exchange*

For the purpose of good delivery of the Commodity Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("**Clearstream**") will issue, for each series and the relevant number of Commodity 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 Classic Commodity Securities. The Global Bearer Certificates have the following German ISIN Codes:

<b>Type of Global Bearer Certificate</b>	<b>ISIN Code</b>
ETFS Aluminium	DE000A0KRJS4
ETFS Brent Crude	DE000A1N49P6
ETFS Coffee	DE000A0KRJT2
ETFS Copper	DE000A0KRJU0
ETFS Corn	DE000A0KRJV8
ETFS Cotton	DE000A0KRJW6
ETFS Crude Oil	DE000A0KRJX4
ETFS Gasoline	DE000A0KRJY2
ETFS Gold	DE000A0KRJZ9
ETFS Heating Oil	DE000A0KRJ02
ETFS Lean Hogs	DE000A0KRJ10
ETFS Live Cattle	DE000A0KRJ28
ETFS Natural Gas	DE000A0KRJ36
ETFS Nickel	DE000A0KRJ44
ETFS Silver	DE000A0KRJ51
ETFS Soybean Oil	DE000A0KRJ69
ETFS Soybeans	DE000A0KRJ77
ETFS Sugar	DE000A0KRJ85
ETFS Wheat	DE000A0KRJ93
ETFS Zinc	DE000A0KRKA0
ETFS Agriculture	DE000A0KRKB8
ETFS All Commodities	DE000A0KRKC6
ETFS Energy	DE000A0KRKD4
ETFS Ex-Energy	DE000A0KRKE2
ETFS Grains	DE000A0KRKF9
ETFS Industrial Metals	DE000A0KRKG7
ETFS Ex-Agriculture & Livestock	DE000A1RX1P2
ETFS Livestock	DE000A0KRKH5
ETFS Petroleum	DE000A0KRKJ1
ETFS Precious Metals	DE000A0KRKK9
ETFS Softs	DE000A0KRKL7
ETFS Longer Dated Natural Gas	DE000A0SVYC2
ETFS Longer Dated Agriculture	DE000A0SVX83
ETFS Longer Dated All Commodities	DE000A0SVX34
ETFS Longer Dated Energy	DE000A0SVX42
ETFS Longer Dated Ex-Energy	DE000A0SVX67

Type of Global Bearer Certificate	ISIN Code
ETFS Longer Dated Grains	DE000A0SVYB4
ETFS Longer Dated Industrial Metals	DE000A0SVX75
ETFS Longer Dated Livestock	DE000A0SVYA6
ETFS Longer Dated Petroleum	DE000A0SVX59
ETFS Longer Dated Softs	DE000A0SVX91
ETFS Longer Dated Brent Crude	DE000A1N49Q4

A non-binding English language translation of the conditions of the Global Bearer Certificates is set out in Part 10 (*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 type of Commodity Securities will be registered in the name of Vidacos Nominees Limited, London, England (the “**Nominee**”) in the relevant Register of Security Holders and credited to a separate safe custody account of Clearstream with Citibank N.A., London, England (the “**Custodian**”). The safe custody accounts assigned to the Commodity Securities (the “**Safe Custody Account**”) will be designated “Clearstream Banking Aktiengesellschaft (Clearstream) — Special Safe Custody Account for ETFS Commodity Securities Global Bearer Certificate” followed by the name and type of Commodity Security concerned as set out in Annex 2.

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 type of Commodity Securities corresponding to his co-ownership share or any portion thereof in the Global Bearer Certificate of the same type; and
- any registered holder of Commodity Securities of any relevant type will be entitled, at his expense, to have his Commodity Securities delivered to the Custodian for crediting to the Safe Custody Account against a corresponding co-ownership share in the Global Bearer Certificate of the relevant type.

Whenever the number of Commodity Securities represented by the Global Bearer Certificate of any type changes (as a result, for example, of deliveries to the Safe Custody Account, withdrawals from the Safe Custody Account or issues or redemptions of Commodity Securities), Clearstream 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 Commodity Securities in the Safe Custody Account will be held by Clearstream at the disposal of HSBC Trinkaus & Burkhardt AG (the “**Bank**”) of Königsallee 21/23, 40212 Düsseldorf, Federal Republic of Germany. 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.

#### *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 Commodity Securities remain outstanding, copies of this Prospectus (or any replacement prospectus), the German translation of the summary thereto 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 Eurolist of Euronext Paris SA*

All Commodity Securities traded on Euronext Paris SA will be recorded in the Register in the name of Euroclear France or another Euroclear company and held beneficially for persons who have bought through Euronext Paris SA. For those persons Euroclear will maintain its own record of holders ("**French sub-register**"). All Commodity Securities traded on Euronext Paris SA will be settled and cleared through the normal Euroclear systems. Market-makers and other account holders at Euroclear will be permitted to transfer securities between the Register and the French sub-register and any other sub-registers applicable to other markets which the Commodity Securities may be admitted to trading, and thereby be able to move securities between the London Stock Exchange, such other markets and Euronext Paris SA.

For the purposes of discharging any obligations under the Commodity Securities held through Euroclear France, the Issuer will treat Euroclear France (or such other Euroclear company) as the single security holder of such Commodity Securities and the holders recorded in the French sub-register must look to Euroclear France to receive any and all entitlements under such Commodity Securities.

#### *Settlement and Delivery on the ETFplus Market of the Borsa Italiana*

All Commodity Securities traded on 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 Commodity 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 Commodity 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 Commodity Securities held through Monte Titoli S.p.A., the Issuer will treat Monte Titoli S.p.A. as the single security holder of such Commodity 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 Commodity Securities.

#### **Registers**

The Registrar will maintain the Registers in Jersey.

## **UCITS and CIS**

The Issuer has received legal advice that Micro and Commodity Securities do not constitute units in a collective investment scheme. The Issuer has also received legal advice that the Micro and Commodity Securities are capable of constituting transferable securities and do not give rise to an investment in precious metals or constitute certificates representing precious metals and are therefore capable of being eligible investments for a UCITS Scheme. Prospective investing UCITS Schemes would need to satisfy themselves that an investment in the Micro and Commodity Securities in their own circumstances would be in line with their investment objectives and comply with relevant parts of the FCA Handbook.

## **Money Laundering Regulations**

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 Commodity 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 or lodging an Application order through the System, 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 order, 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 Issuer 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.



## PART 7

### TRUST INSTRUMENT AND COMMODITY SECURITIES

The issue of Micro Classic Securities, Classic Individual Securities and Classic Index Securities of Issuer (each having the Principal Amount stated in paragraph 5 of Part 13 (*Additional Information*)) having an aggregate Principal Amount of up to US\$1,000,000,000, of any of the classes and categories described in this Prospectus (other than the CLPT Securities, the CLPT Micro Securities, the BG Securities, the BG Micro Securities, the KS Securities, the KS Micro Securities and the Ex Classic Index Securities) was authorised pursuant to a resolution of the Board passed on 15 September 2006 and such Classic Micro and Commodity Securities are constituted by a Trust Instrument dated 21 September 2006, as amended by a supplemental trust instrument dated 17 September 2007, a second supplemental trust instrument dated 23 April 2008, a third supplemental trust instrument dated 15 August 2008, a fourth supplemental trust instrument dated 15 September 2008, a fifth supplemental trust instrument dated 8 October 2008, a sixth supplemental trust instrument dated 30 June 2009, a seventh supplemental trust instrument dated 7 August 2009, an eighth supplemental trust instrument dated 20 January 2011, a ninth supplemental trust instrument dated 14 March 2011, a tenth supplemental trust instrument dated 22 December 2011, an eleventh supplemental trust instrument dated 26 January 2012, a twelfth supplemental trust instrument dated 14 December 2012 and a thirteenth supplemental trust instrument dated 23 June 2014, a fourteenth supplemental trust instrument dated 6 October 2014, a fifteenth supplemental trust instrument dated 24 November 2014 and a sixteenth supplemental trust instrument dated 3 July 2015 (as so amended, the “**Trust Instrument**” which expression includes further deeds or documents supplemented thereto from time to time), governed by Jersey law between the Issuer and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”), (as amended) and in each case secured by a security deed governed by English law dated 21 September 2006 between the Issuer and the Trustee, as amended. Under the terms of the Trust Instrument the Trustee may (subject to certain conditions) delegate all or any of its trusts, rights, powers, authorities, duties and discretions in respect of the Micro and Commodity Securities upon such terms and subject to such conditions and regulations as the Trustee may in the interests of the Security Holders think fit.

The issue of up to 1,000,000,000 in number of Longer Dated Securities of the Issuer (each having the Principal Amount stated in paragraph 5 of Part 13 (*Additional Information*)) of any of the classes and categories described in this Prospectus (other than the BG Securities, the BG Micro Securities, the KS Securities and the KS Micro Securities) was authorised pursuant to a resolution by the Board passed on 20 July 2007 and such securities of each type are constituted by the Trust Instrument and in each case secured by a security deed relating to the relevant Pool governed by English law dated 17 September 2007 between the Issuer and the Trustee, as amended.

The issue of up to 1,000,000,000 in number of CLPT Micro Securities and CLPT Securities of each class of the Issuer (each having the Principal Amount stated in paragraph 5 of Part 13 (*Additional Information*)) of any of the classes described in this Prospectus was authorised pursuant to a resolution by the Board passed on 11 September 2008 and such securities of each class are constituted by the Trust Instrument and in each case secured by a security deed relating to the relevant Pool governed by English law dated 15 September 2008 between the Issuer and the Trustee, as amended.

The issue of up to 1,000,000,000 in number of BG Micro Securities, BG Securities and Ex Classic Index Securities of each class or category of the Issuer (each having the Principal Amount stated in paragraph 5 of Part 13 (*Additional Information*)) was authorised pursuant to a resolution by the Board passed on 8 December 2011 and such securities of each class or category are constituted by the Trust Instrument and in each case secured by a security deed relating to the relevant Pool governed by English law dated 8 December 2011 between the Issuer and the Trustee.

The issue of up to 1,000,000,000 in number of KS Micro Securities and KS Securities of each class of the Issuer (each having the Principal Amount stated in paragraph 5 of Part 13 (*Additional Information*)) was authorised pursuant to a resolution by the Board passed on 26 November 2012 and such securities of each class are constituted by the Trust Instrument and in each case secured by a security deed relating to the relevant Pool governed by English law dated 14 December 2012 between the Issuer and the Trustee.

The Trustee is a public limited company registered in England with number 1675231 whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX and which was incorporated on 2 November 1982.

Save in the case of fraud, wilful misconduct or gross negligence, the Trustee has no liability under the Trust Instrument for a breach of trust and, save in such circumstances, the Trustee is not liable for any loss arising by reason of any mistake or omission by it 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.

The Trustee is not liable for any liability which may result from the exercise or non-exercise of its trusts, rights, powers, authorities, duties and discretions under the Documents.

The extract from the Trust Instrument below is drafted in legal language, however, information on how the terms and conditions apply to Security Holders is contained throughout this Prospectus including Part 1 (*General*) and Part 4 (*Description of Commodity Securities*). The conditions of issue of each type of Micro and Commodity Securities are set out in the Trust Instrument.

The following are the Conditions applicable to all types of Micro and Commodity Securities:

#### **“The Conditions**

The Micro and Commodity Securities are undated, limited recourse, secured debt securities of ETFS Commodity Securities Limited and are constituted by, are issued subject to and have the benefit of, a trust instrument dated 21 September 2006 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of Micro and Commodity Securities as amended by a supplemental trust instrument dated 17 September 2007, a second supplemental trust instrument dated 23 April 2008, a third supplemental trust instrument dated 15 August 2008, a fourth supplemental trust instrument dated 15 September 2008, a fifth supplemental trust instrument dated 8 October 2008, a sixth supplemental trust instrument dated 29 June 2009, a seventh supplemental trust instrument dated 7 August 2009, an eighth supplemental trust instrument dated 20 January 2011, a ninth supplemental trust instrument dated 14 March 2011, a tenth supplemental trust instrument dated 22 December 2011 an eleventh supplemental trust instrument dated 26 January 2012, a twelfth supplemental trust instrument dated 14 December 2012 and a thirteenth supplemental trust instrument dated 23 June 2014, governed by Jersey law.

The Security Holders (as defined below) 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 Security Deeds (each 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 Baa1 from Moody's Investors Service Inc. (or any successor to the ratings business thereof);

**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** has the meaning given in Condition 8.1(b);

**Agreed Redemption Form** means a notice in the form prescribed from time to time by the Issuer requesting Redemption of Micro and Commodity Securities using Agreed Pricing;

**Applicable Date** means the date of the thirteenth supplemental trust instrument between the Issuer and the Trustee expressed to be supplemental to the Trust Instrument;

**Authorised Participant** means a person which has entered into an Authorised Participant Agreement with the Issuer in relation to Commodity Securities and (except in the case of a Commodity Contract Counterparty which has entered into an Authorised Participant Agreement with the Issuer) has entered into a corresponding Direct Agreement with at least one Commodity Contract Counterparty, and which is not an Unacceptable Authorised Participant in respect of that Commodity Contract Counterparty, *provided that* no person shall be an Authorised Participant in respect of a Commodity Contract Counterparty unless and until the Security Conditions (if any) with respect to the Authorised Participant and that Commodity Contract Counterparty shall have been satisfied and *provided further that* a person can be an Authorised Participant in respect of one Commodity Contract 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 Micro Securities and/or Commodity Securities comprising *inter alia* Micro Securities and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied;

**Bloomberg** means Bloomberg L.P. and/or Bloomberg Finance L.P. and/or the Affiliate of either of them;

**Bloomberg Commodity Index<sup>SM</sup>** means the index known as the Bloomberg Commodity Index<sup>SM</sup> calculated and published by Bloomberg, formerly known as the Dow Jones – UBS Commodity Index<sup>SM</sup>;

**Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>** means the index known as the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> calculated and published by Bloomberg, formerly known as the Dow Jones - UBS Commodity Index 3 Month Forward<sup>SM</sup>;

**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 both London and New York;

**Calculation Agent** means the person from time to time appointed by the Issuer and each Commodity Contract Counterparty for the purposes referred to in Condition 16;

**Capital Adjustment** means an adjustment factor to be included in the calculation of the Multiplier which is agreed from time to time by a Commodity Contract Counterparty and the Issuer;

**category** means, in relation to Index Securities, the type of Index Security determined by the mix of different classes of Micro Securities comprised in the Index Security;

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

**CIP** means “Commodity Index Percentage” as defined in the Handbook from time to time;

**class** means a class of Micro Securities or Individual Securities under which the Issuer's obligations to make payment, and the corresponding class of Commodity Contracts under which any Commodity Contract Counterparty's obligations to make payment, are determined by reference to a particular Individual Commodity Index, and Micro or Individual Securities, and the corresponding class of Commodity Contracts, referable to a particular Individual Commodity Index but of different Strategies are each of a separate and distinct class;

**Classic Commodity Contract** means in relation to Micro Securities of a particular class (or Commodity Securities to the extent they are comprised of Micro Securities of that class), a contract between the Issuer and a Commodity Contract Counterparty created in accordance with a Facility Agreement and giving rise to matching rights and obligations to such Micro Securities;

**Classic Index Security** means a Commodity Security of a class specified as such in Part C of Schedule 6 (*Classes of Micro and Commodity Securities*) to the Trust Instrument, constituted by the Trust Instrument and recorded on the relevant Register;

**Classic Individual Security** means a Commodity Security of a class specified as such in Part B of Schedule 6 (*Classes of Micro and Commodity Securities*) to the Trust Instrument, constituted by the Trust Instrument and recorded on the relevant Register;

**Classic Micro and Commodity Securities** means Micro Classic Securities, Classic Individual Securities and Classic Index Securities and **Classic Micro or Commodity Securities** means any of them;

**Collateral** means all Posted Collateral as defined in any Security Agreement to the extent attributable to the obligations of a Commodity Contract Counterparty under a Facility Agreement;

**Commodity Contract** means in relation to Micro Securities of a particular class (or Commodity Securities to the extent they are comprised of Micro Securities of that class), a contract between the Issuer and a Commodity Contract Counterparty created in accordance with a Facility Agreement and giving rise to matching rights and obligations to such Micro Securities and includes Classic Commodity Contracts and Longer Dated Commodity Contracts;

**Commodity Contract Counterparty** means the counterparty to each Facility Agreement with the Issuer, and for so long as the UBS Facility Agreement remains in force includes UBS and for so long as the MLCI Facility Agreement remains in force includes MLCI;

**Commodity Contract Termination** means the termination of Commodity Contracts by a Commodity Contract Counterparty in accordance with a Facility Agreement;

**Commodity Indices** means both the Bloomberg Commodity Index<sup>SM</sup> and the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> and includes the other related indices and sub-indices of the Bloomberg Commodity Index<sup>SM</sup> and the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> and the **Commodity Index** shall be construed accordingly;

**Commodity Securities** means Index Securities and Individual Securities;

**comprised in** and **comprised of** in relation to a Commodity Security means the Micro Securities by reference to which the amount payable on Redemption of that Commodity Security is calculated and for which a Commodity Security (when in Certificated Form) may be surrendered in accordance with the provisions of the Trust Instrument and **comprise** and **comprised** shall be construed accordingly;

**Compulsory Daily Pricing Number** means, in respect of a Compulsory Redemption and a type of Micro or Commodity Securities, the number of outstanding Micro or Commodity Securities of the relevant type or types which, in relation to each Pricing Day on which Micro or Commodity Securities of that type or those types are required to be priced under the relevant Facility Agreement, shall be:

- (a) if the Compulsory Redemption Number is not more than the Redemption Limit (in each case for the type), the Compulsory Redemption Number;
- (b) if the Compulsory Redemption Number is equal to or more than five times the Redemption Limit, 20 per cent. of the Compulsory Redemption Number; and
- (c) otherwise, the amount shall be the Redemption Limit on the first and on each consecutive Pricing Day thereafter except on the last Pricing Day when the amount shall be the Compulsory Redemption Number minus the sum of the Compulsory Number Priced on each preceding Pricing Day for that class or those classes in relation to that Compulsory Redemption;

**Compulsory Number Priced** means in respect of a Pricing Day and a type of Micro or Commodity Securities, the Compulsory Daily Pricing Number; provided that where the Compulsory Redemption Date is notified in accordance with Condition 9.6 the Compulsory Number Priced in respect of a type of Micro or Commodity Securities for any Pricing Day shall be reduced by the number of Micro or Commodity Securities of that type which are subject to a Redemption Form submitted in respect of that Pricing Day and, if such reduction would result in a negative number, that negative number shall be carried forward and applied to reduce the Compulsory Number

Priced for the next following Pricing Day and any negative number on the last Pricing Day will be ignored;

**Compulsory Redemption** means a Redemption of Micro or Commodity Securities in accordance with Condition 9.11;

**Compulsory Redemption Date** means a date notified in accordance with Conditions 9.1, 9.2, 9.5, 9.6, 9.6A or 9.7;

**Compulsory Redemption Number** means in respect of a Compulsory Redemption Date and a type of Micro or Commodity Securities, where such Compulsory Redemption Date is notified in accordance with:

- (a) Conditions 9.1, 9.2 or 9.6A, the total number of Micro or Commodity Securities of that type outstanding as at the Business Day immediately preceding the Compulsory Redemption Date;
- (b) Condition 9.5, provided that the Individual Commodity Index relates to that type, the total number of Micro or Commodity Securities of that type outstanding as at the Business Day immediately preceding the Compulsory Redemption Date;
- (c) Condition 9.6, the number of that type of outstanding Micro or Commodity Securities in respect of which notice was given by the Issuer in accordance with Condition 9.6 (unless Condition 8.19(d) applies, in which case it means all of the Micro or Commodity Securities of that type outstanding as at the end of the Business Day immediately preceding the Compulsory Redemption Date); and
- (d) Condition 9.7, the number of Micro or Commodity Securities of that type in respect of which notice was given by the Issuer in accordance with Condition 9.7 with respect to the Security Holder in question;

**Conditions** means these terms and conditions on and subject to which Micro and Commodity Securities are issued;

**Control Agreement** means, in relation to any Security Agreement, the Control Agreement as defined in such Security Agreement;

**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;

**Counterparty Event of Default** means:

- (a) the failure of any Commodity Contract Counterparty to make a payment it is due to make in respect of a Commodity Contract Termination in accordance with the relevant Facility Agreement, where such failure is not rectified within five (5) Business Days following the day on which the Commodity Contract Counterparty receives notice of the failure sent by the Issuer, or being in any other breach of the Facility Agreement provided that such breach (if capable of being rectified) is not rectified within five (5) Business Days of the Commodity Contract Counterparty receiving written notice from the Issuer of such breach;
- (b) any Guarantor failing to pay an amount due under the relevant Guarantee, when due;
- (c) any Commodity Contract Counterparty or Guarantor suffering an Insolvency Event;
- (d) the expiration or termination of any Guarantee (other than where a replacement guarantee (or other form of credit support) acceptable to the Issuer and the Trustee in their sole discretion is provided to the Issuer in lieu of a Guarantee upon or prior to such expiration or termination) or the failing or ceasing of a Guarantee to be in full force and effect for the purpose of the relevant Facility Agreement, in each case other than in accordance with its terms, prior to the satisfaction of all obligations of a Commodity Contract Counterparty under the Facility Agreement to which such Guarantee relates and without the written consent of the Issuer (and this paragraph (d) shall apply *mutatis mutandis* to any replacement guarantee (or other form of credit support));
- (e) in the case of a Commodity Contract Counterparty that is a party with the Issuer to a Short and Leveraged Facility Agreement, a Counterparty Default (as defined in such Short and Leveraged Facility Agreement) shall have occurred under such Short and Leveraged Facility Agreement; or
- (f) in the case of a Commodity Contract Counterparty that is a party with the Issuer to a Security Agreement, the occurrence of any Security Agreement Event falling within the definition of Counterparty Default in the relevant Facility Agreement;

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

**Default Rate** means a rate per annum of interest equal to LIBOR plus 2 per cent., compounding daily;

**Defaulted Obligation** means the failure of the Issuer to make or procure any payment in respect of the Redemption of any Micro and Commodity Securities when due, and such failure is not remedied within 48 hours of receipt of notice requiring remedy of the same provided that if the amount paid by a Commodity Contract Counterparty under the terms of a Facility Agreement in respect of a Commodity Contract Termination as a result of such Redemption 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 Commodity Contract Counterparty is not obliged under that Facility 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;

**Direct Agreement** means an agreement entered into between a Commodity Contract Counterparty and an Authorised Participant or a person proposed by the Issuer to become an Authorised Participant;



**ECIPs** means, with respect to a Commodity Index, the effective percentage weights of the constituent commodities in that Commodity Index from time to time as published by Bloomberg (or as determined by the Calculation Agent for the purposes of one or more Facility Agreements if no such percentage weights have been so published);

**Extended Voluntary Rebalancing** means a Voluntary Rebalancing which the Issuer has determined should be conducted over the same days as if a Required Rebalancing was occurring in that month;

**Extraordinary Resolution** means in respect of a particular type or particular types taken together of Micro and Commodity Securities either (a) a resolution passed at a duly convened meeting of the holders of Micro and Commodity Securities of such type or types and carried by a majority consisting of the holders of not less than 75 per cent. by Price (or if no Price was determined on the day of that meeting, the most recently determined Price) of the Micro and Commodity Securities of such type or types voting on such resolution or (b) a resolution in writing of holders of such type or types of Micro and Commodity Securities holding not less than 75 per cent. by Price (as at the date of the last signature (or if no Price was determined on that date, the most recently determined Price)) of such type or types of Micro and Commodity Securities, and in the cases of (a) and (b) where so provided for in the Trust Instrument or these Conditions, holders of Index Securities or Individual Securities may for these purposes be treated as holders of the relevant type or types of Micro Securities comprised therein;

**Facility Agreements** means the agreements entitled “Facility Agreement relating to Classic and Longer Dated Commodity Contracts” between the Issuer and different Commodity Contract Counterparties providing for the creation and termination of Commodity Contracts thereunder, including such an agreement between the Issuer and UBS dated 5 August 2009 (the **UBS Facility Agreement**) and such an agreement between the Issuer and MLCI dated 14 March 2011 (the **MLCI Facility Agreement**);

**FCA** means the UK Financial Conduct Authority;

**FSMA** means the Financial Services and Markets Act 2000;

**Full Pricing Day** means a day which is a Pricing Day in respect of all Individual Commodity Indices;

**Funding Rate** means a rate per annum of interest equal to LIBOR, compounding daily;

**Further Securities** means securities issued by the Issuer in accordance with Condition 20.1;

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

**General Trading Day** means a “Business Day” as defined in the Handbook from time to time (and meaning as at the date of the Trust Instrument “any day on which the sum of the CIPs for those Index Commodities that are open for trading is greater than 50 per cent.” where “Index Commodities” has the meaning given to it in the Handbook);

**Guarantee** means in respect of any Commodity Contract Counterparty, any guarantee or other credit support agreement provided by a guarantor or other credit support provider in respect of such Commodity Contract Counterparty’s obligations under the relevant Facility Agreement insofar as it relates to the relevant Pool;

**Guarantor** means in respect of any Commodity Contract Counterparty, any guarantor or other credit support provider who has entered into a Guarantee in respect of such Commodity Contract Counterparty’s obligations under the relevant Facility Agreement insofar as it relates to the relevant Pool;

**Handbook** means the document called “Index Methodology – The Bloomberg Commodity Index Family” (including its appendices) which sets out the methodology for calculation of the Commodity Indices, prepared and as amended, varied, supplemented or replaced from time to time by Bloomberg, a copy of which, as at the Applicable Date, can be obtained from the following address: <http://www.bloombergindeces.com/>;

**Hedge Roll Day** means each of the fifth to ninth (inclusive) General Trading Days of each Month, provided that if the ninth General Trading Day of that Month is not a Pricing Day for one or more Individual Commodity Indices, the next following Pricing Day for each such Individual Commodity Index shall also be a Hedge Roll Day for Micro Securities of that class;

**Hedging Disruption Event** means an event, circumstance or cause that a Commodity Contract Counterparty reasonably and in good faith determines has had or would reasonably be expected to have a materially adverse effect on that Commodity Contract Counterparty’s ability to hedge its positions in connection with the relevant Facility Agreement or Commodity Contracts of the relevant class, 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 the relevant Facility Agreement or such Commodity Contracts, in each case whether due to market illiquidity, position limits in respect of any futures contract, 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 Securities** means the Classic Index Securities and the Longer Dated Index Securities;

**Individual Commodity Index** means an index for an individual commodity (as adjusted through the addition or removal of other Individual Commodity Indices) as calculated and published by Bloomberg from time to time and in relation to a class of Micro Securities (and the corresponding class of Commodity Contracts) means the Individual Commodity Index specified in relation to such class in the Sixth Schedule (*Classes of Micro and Commodity Securities*) to the Trust Instrument;

**Individual Securities** means together the Classic Individual Securities and the Longer Dated Individual Securities;

**Insolvency Event** means, in relation to a person other than the Issuer, such person (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) institutes or 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, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) 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 (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) 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; (7) 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 30 days thereafter; (8) 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 (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

**Investment Company Act** means the Investment Company Act of 1940 of the United States;

**Issuer** means ETFS Commodity Securities Limited, a company incorporated and registered in Jersey with registered number 90959;

**Issuer Business Day** means a day which is both a General Trading Day and a London Business Day;

**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) institutes or has instituted against it any other 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, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) 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 (B) is not dismissed, discharged, stayed or restrained in each case within 30 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 30 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) (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 the Issuer shall constitute an Issuer Insolvency Event save where acts of the Trustee fall within one or more of clauses (1) to (9) and are taken in respect of security taken over Commodity Contracts, a Facility Agreement or a Guarantee;

**Issuer's Website** means the website having the following internet address: <http://www.etfsecurities.com/csl> or such other internet address as may be notified to Security Holders and the Trustee by RIS announcement;

**Lead Future** means for each Individual Commodity Index and each Trading Day, the particular futures contract which is the "Lead Future" (as defined in the Handbook) for that Individual Commodity Index;

**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 the admission of the Micro and Commodity Securities to the Official List in accordance with the Listing Rules and admission of the Micro and Commodity Securities to trading on the London Stock Exchange’s market for listed securities (or any of such markets 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 Micro or Commodity Securities issued or to be issued under the Programme;

**Listing Failure Date** means the day which was or would have been the date on which payment would have been made for Commodity Contracts pursuant to the terms of the relevant Facility Agreement corresponding to the Micro or Commodity Securities in respect of which a Listing Failure has occurred;

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

**London Business Day** means a day (other than a Saturday or a Sunday) on which banks are open for the transaction of general business 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;

**Longer Dated Commodity Contract** means in relation to Micro Longer Dated Securities of a particular class (or Longer Dated Commodity Securities to the extent they are comprised of Micro Longer Dated Securities of that class), a contract between the Issuer and a Commodity Contract Counterparty created in accordance with a Facility Agreement and giving rise to matching rights and obligations to such Micro Longer Dated Securities;

**Longer Dated Index Security** means a Commodity Security of a class specified as such in Part F of Schedule 6 (*Classes of Micro and Commodity Securities*) to the Trust Instrument, constituted by the Trust Instrument and recorded on the relevant Register;

**Longer Dated Individual Security** means a Commodity Security of a class specified as such in Part E of Schedule 6 (*Classes of Micro and Commodity Securities*) to the Trust Instrument, constituted by the Trust Instrument and recorded on the relevant Register;

**Longer Dated Micro and Commodity Securities** means Micro Longer Dated Securities, Longer Dated Individual Securities and Longer Dated Index Securities and **Longer Dated Micro or Commodity Securities** means any of them;

**Market Disruption Event** means, in respect of a particular Individual Commodity Index, any of the following events:

- (a) the Relevant Exchange fails to determine, announce or publish the relevant Settlement Price(s); or

- (b) the termination or suspension of, or material limitation or disruption in the trading of, any Lead Future or Next Future used in the calculation of an Individual Commodity Index; or
- (c) the Settlement Price of the Lead Future or Next Future used in the calculation of the Individual Commodity Index reflects the maximum permitted price change (as set from time to time by the Relevant Exchange for that Lead Future or Next Future) from the previous day's Settlement Price,

in each case as determined by the Calculation Agent for the purposes of one or more Facility Agreements;

**Micro and Commodity Securities** means Micro Securities, Index Securities and Individual Securities and **Micro or Commodity Securities** means any of them;

**Micro Classic Security** means a Micro Security of a class specified as such in Part A of Schedule 6 (*Classes of Micro and Commodity Securities*) to the Trust Instrument, constituted by the Trust Instrument and recorded on the relevant Register;

**Micro Longer Dated Security** means a Micro Security of a class specified as such in Part D of Schedule 6 (*Classes of Micro and Commodity Securities*) to the Trust Instrument, constituted by the Trust Instrument and recorded on the relevant Register;

**Micro Securities** means the Micro Classic Securities and the Micro Longer Dated Securities;

**MLCI** means Merrill Lynch Commodities, Inc., a corporation established under the laws of the State of Delaware, United States and whose principal place of business is at 20 East Greenway Plaza, Ste 700, Houston, Texas 77046, USA;

**Month** means calendar month;

**Multiplier** means, with respect to each class of Commodity Contract, the number determined in accordance with Condition 6;

**New York Business Day** means a day (other than a Saturday or a Sunday) on which banks are open for the transaction of general business in New York;

**Next Future** means, for each Individual Commodity Index and a Trading Day with respect thereto, the particular futures contract which is the "Next Future" (as defined in the Handbook) for that Individual Commodity Index on that Trading Day;

**Notice Deadline** means, on a General Trading Day, the earlier of 2.30 p.m. or such other time determined by the Issuer as the Notice Deadline in respect of a particular General Trading Day or generally;

**Notifiable Weights** means, in relation to a category of Index Securities:

- (a) for a Required Rebalancing, (i) if the Relevant Commodity Index is the Bloomberg Commodity Index<sup>SM</sup>, the CIPs as published by Bloomberg to be used in rebalancing of the Bloomberg Commodity Index<sup>SM</sup> at the time of the Rebalancing, and (ii) if the Relevant Commodity Index is the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>, the effective percentage weights of the constituent commodities in the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> derived by the Calculation Agent for the purposes of that Required Rebalancing from such CIPs using the Settlement Prices by reference to which the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> is determined on the Rebalancing Calculation Date with respect to that Required Rebalancing; and
- (b) for a Voluntary Rebalancing, the ECIPs for the Relevant Commodity Index at the end of the first General Trading Day following the last Hedge Roll Day of the relevant Month, except where the Commodity Contract Counterparty has given notice under its Facility Agreement



in which case the Notifiable Weights shall be the ECIPs for the Relevant Commodity Index at the end of the fourth General Trading Day of the relevant Month (or, if that day is not a Full Pricing Day, the first prior Full Pricing Day),

in each case expressed as a percentage and adjusted by the Commodity Contract Counterparty if necessary to sum to precisely 100 per cent.;

**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 type of Micro or Commodity Securities, all the Micro or Commodity Securities of that type issued and in respect of which there is for the time being an entry in the Register other than:

- (a) Micro or Commodity Securities which have been redeemed and cancelled pursuant to the Trust Instrument; and
- (b) Micro or Commodity 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, Micro and Commodity Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Issuer, (B) a Commodity Contract Counterparty, (C) ETFS Securities Limited or a Guarantor, (D) any subsidiary of the Issuer or of a Commodity Contract Counterparty, (E) any individual Controller of the Issuer 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 Micro and Commodity Securities shall be deemed not to be Security Holders;

**Pool** means a separate fund or pool to which Micro Securities of a particular class (and Commodity Securities to the extent that they are comprised of that class of Micro Securities) are attributable;

**Pool Factor** means at any time in respect of any Pool and the Micro Securities and Individual Securities/and Index Securities to the extent that they comprise Micro Securities of that class) attributable to that Pool fee number determined as at that time in accordance with Conditions 5.4 and 20.3;

**Price** means:

- (a) for a Micro Security or a class of Micro Securities, the price determined in accordance with Condition 5; and
- (b) for a Commodity Security or type of Commodity Securities, the sum of the Prices of each and every Micro Security comprised in that Commodity Security or that type of Commodity Securities,

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, the day upon which that form is deemed to have been received by the Issuer; or
- (b) in the case of a Settlement Redemption Form in relation to an Individual Security or a Micro Security, the Pricing Day upon which the Redemption Amount is determined; or
- (c) in the case of a Settlement Redemption Form in relation to an Index Security, the Pricing Date determined in accordance with Condition 8.11;



**Pricing Day** means, for each class of Micro Securities, a Trading Day for the Individual Commodity Index applicable to that class of Micro Securities that is not a Market Disruption Day for that Individual Commodity Index (other than a Market Disruption Day for which a substitute value for that Individual Commodity Index is determined by the Calculation Agent in accordance with the provisions of the Facility Agreements);

**Pricing Notice** means a Redemption Form or a Withdrawal Notice;

**Principal Amount** means in respect of each Micro or Commodity Security the amount specified in clause 2 of the Trust Instrument, as may be adjusted in respect of Index Securities in accordance with the Trust Instrument;

**Programme** means the programme for the issuance of Commodity 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 Commodity 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 a Qualified Purchaser, or any person who holds Commodity Securities for the benefit of a US Person who is not a Qualified Purchaser;

**properly authenticated dematerialised instruction** shall bear the meaning given to it in the Regulations;

**Property to be Assigned** means with respect to each Authorised Participant Agreement and each Commodity Contract Counterparty:

- (a) all of the right, title, interest and benefit of the Issuer, existing now or in the future, in, to, under or in respect of the Authorised Participant Agreement as it applies as a separate agreement in relation to that Commodity Contract Counterparty in accordance with its terms; and
- (b) all other rights, moneys and property whatsoever which may from time to time at any time be derived from or accrue with respect to the Authorised Participant Agreement as it so applies including:
  - (i) all of the Issuer’s rights to receive payment of any amounts which may become payable to it pursuant to the Authorised Participant Agreement or with respect to such Authorised Participant Agreement as it so applies;
  - (ii) all amounts due, payable and properly received by the Issuer pursuant to the Authorised Participant Agreement;
  - (iii) all the Issuer’s rights to serve notices and/or make demands pursuant to such Authorised Participant Agreement as it so applies and/or to take such steps as are required to cause payments to become due and payable thereunder or with respect to such Authorised Participant Agreement as it so applies;
  - (iv) all of the Issuer’s rights of action in respect of any breach of such Authorised Participant Agreement as it so applies; and

- (v) all of the Issuer's rights to receive damages or obtain other relief in respect of such Authorised Participant Agreement as it so applies;

**Qualified Purchaser** means a "qualified purchaser" as defined under the Investment Company Act;

**Rebalancing** means an adjustment to the number (and if applicable classes) of Micro Securities comprised in an Index Security and the Principal Amount of an Index Security, in accordance with Condition 14;

**Rebalancing Calculation Date** means, for a Required Rebalancing and for an Extended Voluntary Rebalancing, the fourth General Trading Day of the Month in which the Rebalancing is to be effected (or, if that day is not a Full Pricing Day, the first prior Full Pricing Day); and for any other Voluntary Rebalancing, the first General Trading Day following the last Hedge Roll Day of the relevant Month;

**Redemption** means the redemption of Micro and Commodity Securities by the Issuer in accordance with these Conditions (and **Redeem** shall be construed accordingly);

**Redemption Account** means a bank account to receive payments of the Redemption Amount in respect of the Redemption of Commodity Contracts (and matching Commodity Securities or Micro Securities), which account shall be:

- (a) for an Authorised Participant, the bank account notified in writing by the Authorised Participant to the Issuer, each Commodity Contract Counterparty and the Trustee from time to time;
- (b) for a Compulsory Redemption or where there are no Authorised Participants, the bank account of the Issuer secured for the benefit of the Security Holders or of the Trustee for the benefit of such Security Holders; and
- (c) otherwise, the bank account specified in the Redemption Form;

**Redemption Amount** means the amount payable by the Issuer to the Security Holder upon the Redemption of Micro and Commodity Securities, as may be reduced for any withholdings or deductions for or on account of tax as set out in Condition 10.5;

**Redemption Fee** means the fee payable by a Security Holder upon Redemption of Micro and Commodity Securities in accordance with Condition 11;

**Redemption Form** means an Agreed Redemption Form or a Settlement 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** means the limits on Redemption set out in Condition 8.7;

**Redemption Payment Date** means:

- (a) in the case of a Redemption pursuant to a Settlement Redemption Form:
  - (i) in respect of which the Pricing Date of that Redemption is prior to the T+2 Implementation Date, the third London Business Day following such Pricing Date; or
  - (ii) in respect of which the Pricing Date of that Redemption is on or after the T+2 Implementation Date, the second London Business Day following such Pricing Date,

*provided that* in each case if either that day or the preceding London Business Day is not also a New York Business Day then the Redemption Payment Date shall be on the Business

Day next following the day that would have been the Redemption Payment Date but for this proviso; or

- (b) in the case of a Redemption pursuant to an Agreed Redemption Form, the London Business Day specified for such payment in that form; *provided that* the date so specified shall be not earlier than one London Business Day following the day upon which that form was deemed to have been received by the Issuer; or
- (c) in the case of a Redemption in accordance with a Listing Failure:
  - (i) where the relevant Listing Failure Date is prior to the T+2 Implementation Date, the third London Business Day following such Listing Failure Date; or
  - (ii) where the relevant Listing Failure Date is on or after the T+2 Implementation Date, the second London Business Day following such Listing Failure Date,

*provided that* in each case if either that day or the preceding London Business Day is not also a New York Business Day then the Redemption Payment Date shall be on the Business Day next following the day that would have been the Redemption Payment Date but for this proviso, or such other Business Day as may be agreed by the relevant Commodity Contract Counterparty and the Authorised Participant who submitted the relevant Redemption Form; or

- (d) in the case of a Redemption following the nomination of a Compulsory Redemption Date,
  - (i) where the last Pricing Day on which the Price of Micro and Commodity Securities being Redeemed is determined in accordance with these Conditions is prior to the T+2 Implementation Date, the London Business Day which is the third London Business Day following such last Pricing Day; or
  - (ii) where the last Pricing Day on which the Price of Micro and Commodity Securities being Redeemed is determined in accordance with these Conditions is on or after the T+2 Implementation Date, the London Business Day which is the second London Business Day following such last Pricing Date,

*provided that* in each case if either that day or the preceding London Business Day is not also a New York Business Day then the Redemption Payment Date shall be on the Business Day next following the day that would have been the Redemption Payment Date but for this proviso;

**Registers** means the registers of Security Holders of each type kept and maintained by the Registrar and **“Register”** shall be construed accordingly;

**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;

**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 Micro and Commodity Securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument;

**Relevant Commodity Index** means, in the case of Classic Commodity Contracts and Classic Micro and Commodity Securities, the Bloomberg Commodity Index<sup>SM</sup> and, in the case of Longer Dated Commodity Contracts and Longer Dated Micro and Commodity Securities, the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup>;

**Relevant Exchange** means, for each Individual Commodity Index, the futures exchange on which is traded the futures contract by reference to the prices of which that Individual Commodity Index is calculated;

**Required Rebalancing** means, with respect to an Index Security, a Rebalancing necessitated by and carried out in conjunction with a rebalancing of the Relevant Commodity Index;

**Required Security Document** means, with respect to an Authorised Participant Agreement and a Commodity Contract Counterparty, each security that the relevant Commodity Contract Counterparty requires the Issuer to execute over the Property to be Assigned in favour of the relevant Commodity Contract Counterparty as security for the Secured Obligations (which may include, but shall not be limited to, a Security Assignment), having regard to the jurisdiction of incorporation of the Authorised Participant (or proposed Authorised Participant) or of the branch through which such person is acting for the purposes of such Authorised Participant Agreement (as the case may be);

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

**Secured Obligations** means:

- (a) all present and future obligations (which, for the avoidance of doubt, are all limited recourse obligations) of the Issuer to the relevant Commodity Contract Counterparty on account of Creation Amounts and interest thereon; and
- (b) all losses, damages, legal and other costs, charges and expenses sustained, suffered or incurred by the relevant Commodity Contract Counterparty arising out of or in connection with any act, matter or thing done or omitted to be done by the Issuer under the Facility Agreement or the Security Assignment or any other Required Security Documents;

**Secured Property** means (in respect of Micro Securities of any class and of Commodity Securities to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of the corresponding class) all rights of the Issuer under the corresponding Facility Agreement(s), Commodity Contracts, any Security Agreement and any Guarantee, in each case to the extent that they apply to payments due in respect of Micro and Commodity Securities of that type, or any part thereof, and which are subject to the security created in favour of the Trustee pursuant to the applicable Security Deed;

**Securities Act** means the Securities Act of 1933 of the United States;

**Security Agreement** means in relation to any Facility Agreement in respect of which the Commodity Contract Counterparty enters into a security agreement supplemental to, or supporting the obligations of the Commodity Contract Counterparty pursuant to, (*inter alia*) that Facility Agreement, such security agreement, and includes such an agreement between the Issuer and UBS dated 5 August 2009 (the **UBS Security Agreement**) and such an agreement between the Issuer and MLCI dated 14 March 2011 (the **MLCI Security Agreement**);

**Security Agreement Event** means, in respect of a Commodity Contract Counterparty that is a party with the Issuer to a Security Agreement, the occurrence of any event by which the security under such Security Agreement becomes enforceable;

**Security Assignment** means, in respect of each Authorised Participant Agreement and each Commodity Contract Counterparty, the Security Assignment (if any) pertaining to that Authorised Participant Agreement as it applies in relation to that Commodity Contract Counterparty entered into between the Issuer and the relevant Commodity Contract Counterparty and securing the Secured Obligations of the Issuer to that Commodity Contract Counterparty;

**Security Conditions** means, with respect to a proposed Authorised Participant and a Commodity Contract Counterparty, to the extent required pursuant to the Facility Agreement to which that Commodity Contract Counterparty is a party, that (a) each Required Security Document with respect to the relevant Authorised Participant Agreement and Commodity Contract Counterparty has been duly executed by the Issuer, (b) notice (duly executed by the Issuer) of each such Required Security Document has been duly given by the Issuer to such proposed Authorised

Participant and (c) such proposed Authorised Participant has executed an acknowledgement of such notice in favour of the relevant Commodity Contract Counterparty;

**Security Deed** means in respect of each Pool and the corresponding class of Commodity Contracts, the security deed entered into between the Issuer and the Trustee pertaining to that Pool;

**Security Holder** means a registered holder of Micro or Commodity Securities;

**Settlement Failure** means, in respect of a Redemption where the Security Holder has delivered the Micro and Commodity 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;

**Settlement Price** means, in relation to any Pricing Day and a futures contract traded on a Relevant Exchange, the official settlement price of the Relevant Exchange for such day in relation to such futures contract as determined in accordance with the regulations of the Relevant Exchange;

**Settlement Pricing** has the meaning given in Condition 8.1(a);

**Settlement Redemption Form** means a notice in the form prescribed from time to time by the Issuer for requesting Redemption of Micro and Commodity Securities using Settlement Pricing;

**Short and Leveraged Commodity Securities** means the securities of the Issuer known as Short and Leveraged Commodity Securities constituted by the Short and Leveraged Trust Instrument as more fully described in the prospectus of the Issuer dated on or about the Applicable Date;

**Short and Leveraged Facility Agreements** means the agreements entitled "Facility Agreement relating to Short and Leveraged Commodity Contracts" between the Issuer and different persons defined for the purposes of the Short and Leveraged Trust Instrument as Commodity Contract Counterparties providing for the creation and termination of Commodity Contracts (as defined for the purposes of the Short and Leveraged Trust Instrument), including such an agreement between the Issuer and UBS dated 5 August 2009 (the **UBS Short and Leveraged Facility Agreement**) and such an agreement between the Issuer and MLCI dated 14 March 2011 (the **MLCI Short and Leveraged Facility Agreement**);

**Short and Leveraged Trust Instrument** means the trust instrument between the Issuer and the Trustee dated 8 February 2008;

**Strategy** means each of the two groups of Micro and Commodity Securities constituted by these Conditions, being Classic Micro and Commodity Securities and Longer Dated Micro and Commodity Securities and **Strategies** will be construed accordingly;

**T+2 Implementation Date** means the date specified as such in or determined as such in accordance with a notice given by the Issuer to the Security Holders not less than 5 days prior thereto;

**Target Number** means the targeted number of Micro Securities in each category of Index Security following a Rebalancing, calculated as set out in Condition 10;

**Trading Day** means, for each Individual Commodity Index, a day on which the Relevant Exchange for that Individual Commodity Index is open for trading during its regular trading session, notwithstanding such Relevant Exchange closing prior to its scheduled closing time;

**Trustee** means The Law Debenture Trust Corporation p.l.c. of Fifth Floor, 100 Wood Street, London EC2V 7EX, England and any replacement trustee under the Trust Instrument;



**Trustee Consent Documents** means each Facility Agreement (but excluding the schedules to that Facility Agreement, save schedules 1, 11 and 12), Commodity Contracts created thereunder, any Guarantee and any Security Agreement (but excluding the definitions of “Eligible Collateral”, “Issuer Concentration Limit”, “Jurisdiction Limit”, “Valuation Percentage” and “Value” therein);

**Trust Instrument** means the trust instrument dated 21 September 2006 between the Issuer and the Trustee, constituting Micro and Commodity Securities;

**type** means, in relation to Micro Securities and Individual Securities, a class thereof and, in relation to Index Securities, the category thereof;

**UBS** means UBS AG, a corporation domiciled in Basel, Switzerland, registered as an overseas company in England and Wales with registered number FC021146 and operating in the United Kingdom under branch registration number BR004507, acting through its London branch at 1 Finsbury Avenue London EC2M 2PP, England;

**UBS Securities** means UBS Securities LLC, a Delaware limited liability company whose principal place of business is at 677 Washington Boulevard, Stamford, Connecticut 06901;

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

**UK Listing Authority** means the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA;

**Unacceptable Authorised Participant** means, in respect of a Commodity Contract Counterparty, an Authorised Participant in respect of which the relevant Commodity Contract Counterparty has given and not withdrawn notice under that Commodity Contract Counterparty’s Facility Agreement that the Authorised Participant is to be treated as an Unacceptable Authorised Participant in respect of that Commodity Contract 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;

**US Dollars or US\$** means the lawful currency of the USA;

**US Person** means a “US person” as defined in Regulation S under the Securities Act;

**US or United States** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

**Value** means, in relation to a Micro Security and a day, the Price of a Commodity Contract of the same class as that Micro Security on that same day;

**VAT** means value added tax;

**Voluntary Rebalancing** means a Rebalancing other than a Required Rebalancing; and

**Weights** means the proportionate target weightings of each commodity represented in an Index Security used in carrying out a Rebalancing, established as set out in Condition 14.7 and expressed as a percentage.

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.

## **2. STATUS OF MICRO AND COMMODITY SECURITIES**

- 2.1 Micro and Commodity Securities constitute undated limited recourse secured debt obligations of the Issuer secured as set out in Condition 3. The Micro and Commodity Securities of each type rank *pari passu* among themselves.
- 2.2 Each Individual Security and each Index Security constitutes a separate security from the Micro Securities by reference to which the amount payable on Redemption of that Individual Security or Index Security is calculated and for which they may be surrendered in accordance with the provisions of the Trust Instrument.
- 2.3 The amount payable upon Redemption of an Individual Security of a particular class is equal to the aggregate amount which would be payable on the Redemption of one million Micro Securities of that same class. Each Individual Security may be surrendered in accordance with the provisions of the Trust Instrument in exchange for such Micro Securities.
- 2.4 The amount payable upon Redemption of an Index Security is equal to the aggregate amounts which would be payable on the Redemption of a defined number of Micro Securities of various classes as set out in the table in the Trust Instrument (subject to Rebalancing). Each Index Security may be surrendered in accordance with the provisions of the Trust Instrument in exchange for such Micro Securities (subject to Rebalancing).
- 2.5 A Security Holder holding:
  - (a) Commodity Securities in Certificated Form may surrender the certificates for cancellation and receive certificates in respect of the Micro Securities comprised in such Commodity Securities; or
  - (b) Micro Securities in Certificated Form of the appropriate classes and in at least the appropriate numbers of each class may surrender the certificates for cancellation and receive certificates for such number of Commodity Securities of any class or classes requested by him as are comprised of the Micro Securities represented by such surrendered certificates as he requested to be combined in the form of such Commodity Securities and one or more Certificates in respect of the balance of the Micro Securities not so combined in the form of Commodity Securities,

in each case in accordance with the provisions of the Trust Instrument.
- 2.6 The Issuer shall at all times publish on the Issuer's Website:
  - (a) the classes of Micro Securities and corresponding Individual Securities which are in issue or available to be issued; and
  - (b) the categories of Index Securities which are in issue or available to be issued, and the number and classes of Micro Securities which at that time are comprised in each category of Index Securities.

### **3. SECURITY AND LIMITED RECOURSE**

- 3.1 The obligations of the Issuer in respect of each class of Micro Securities (and any type of Commodity Securities to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of that class) are secured pursuant to the Security Deed applicable to that class by a first ranking floating charge in favour of the Trustee for the Security Holders over, and by an assignment by way of security of, all the Issuer's rights in relation to the Secured Property of that class.
- 3.2 The Trustee and the Security Holders of any class of Micro Securities (and any type of Commodity Securities if and to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of that class) shall have recourse only to sums derived from the Secured Property relating to the relevant Pool. If, the Trustee (or any other secured party) having realised the same, the net proceeds are insufficient for the Issuer to make all payments which, but for the effect of this Condition, would then be due, the obligations of the Issuer will be limited to such net proceeds of realisation, neither the Trustee nor any person acting on its behalf shall be entitled to take any further steps against the Issuer to recover any further sums and no debt shall be owed by the Issuer to any such person in respect of any such further sum. In particular, neither the Trustee nor any Security Holder 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, reorganisation, arrangement, insolvency or liquidation proceeding or other proceeding under any similar law (whether court based or otherwise) in relation to the Issuer (except for the appointment of a receiver and manager pursuant to the relevant 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 sum arising in respect of the Secured Property for any other Pool or any other assets of the Issuer including, but not limited to, any sums derived from or in connection with any Short and Leveraged Commodity Securities.

### **4. FORM AND TRANSFER**

- 4.1 Micro and Commodity Securities are in registered form and are individually transferable.
- 4.2 Micro and Commodity 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 Micro and Commodity Securities in Uncertificated Form. A Security Holder may request that his Micro or Commodity Securities be held in Certificated Form, in which case such Micro or Commodity 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 Micro Securities, Index Securities and Individual 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.
- 4.4 The Issuer, the Trustee and, to the extent relevant, each Security Holder, by accepting a Micro or Commodity Security, agrees to treat the Micro and Commodity Securities as equity interests in the Issuer for all U.S. federal tax purposes.

## 5. PRICE OF MICRO SECURITIES

- 5.1 The Price for a Micro Security of a particular class for a Pricing Day is the amount determined for that class by the following formula (calculated to thirteen places of decimals with 0.00000000000005 rounded upwards):

$$P_{(i,t)} = I_{(i,t)} \times M_{(i,t)} \times PF_{(i,t)} / 10,000,000;$$

where:

i refers to the relevant class of Micro Securities;

t refers to the applicable Pricing Day;

$P_{(i,t)}$  is the Price of Micro Securities of class i and for day t;

$I_{(i,t)}$  is the closing settlement price level of the Individual Commodity Index applicable to Micro Securities of class i for day t;

$M_{(i,t)}$  is the Multiplier for class i and for day t; and

$PF_{(i,t)}$  is the Pool Factor applicable to the relevant class of Micro Security on day t.

- 5.2 The Price for a Micro Security on any day other than a Pricing Day is the same as the Price for that class of Micro Security on the most recent Pricing Day for that class (but using the Multiplier determined for that day rather than the Multiplier for the most recent Pricing Day).
- 5.3 The Price of a Commodity Security is the sum of the Prices of each and every Micro Security comprised in that Commodity Security.
- 5.4 The Pool Factor for each Pool and the Micro Securities and Individual Securities (and Index Securities to the extent that they comprise Micro Securities of that class) attributable to that Pool shall be 1.000000 unless and until otherwise determined for that Pool and such Micro Securities and Individual Securities (and Index Securities to such extent) in accordance with Condition 20.3.

## 6. MULTIPLIER

- 6.1 The Multiplier for Micro Classic Securities was 1.0000000 on the day on which the first Classic Micro or Commodity Securities (of any type) were issued. The Multiplier for Micro Longer Dated Securities was 1.0000000 on the day on which the first Longer Dated Micro or Commodity Securities (of any type) were issued.
- 6.2 On every subsequent day, the Multiplier for Micro Securities shall be adjusted in accordance with the following formula (calculated to seven places of decimals with 0.00000005 rounded upwards):

$$M_{(i,t)} = M_{(i,t-1)} \times (1 + CA_{(i,t)});$$

where:

i refers to the relevant class of Micro Securities;

t refers to the applicable day;

$M_{(i,t)}$  is the Multiplier for class i and day t;

$M_{(i,t-1)}$  is the Multiplier for class i the previous day t-1; and

$CA_{(i,t)}$  is the Capital Adjustment applicable for class i on day t, expressed as a decimal.

- 6.3 The Issuer shall announce and publish on the Issuer's Website the Multiplier applicable from time to time.

## **7. CAPITAL ADJUSTMENT**

- 7.1 The calculation of the Price at which Micro and Commodity Securities may be Redeemed includes the Capital Adjustment for each day on which the Price is calculated. The Capital Adjustment shall be as agreed from time to time between the Commodity Contract Counterparties and the Issuer, and shall be included in the calculation of the Multiplier.

## **8. REDEMPTION OF MICRO AND COMMODITY SECURITIES BY SECURITY HOLDERS**

### **Redemption Entitlement**

- 8.1 Each Micro Security of a particular class carries the right on Redemption to payment of either:
- (a) the higher of (i) the Principal Amount for that class, and (ii) the Price of that Micro Security on the applicable Pricing Day determined in accordance with Condition 5.1 (*Settlement Pricing*); or
  - (b) where applicable, an amount determined by agreement between a Commodity Contract Counterparty and a Security Holder which is an Authorised Participant in accordance with Condition 8.15 (*Agreed Pricing*).
- 8.2 Subject as otherwise provided in these conditions, each Commodity Security of a particular type carries the right on Redemption to payment of the aggregate amounts payable on Redemption for all Micro Securities of which it is comprised, such amounts determined in accordance with Condition 8.1.

### **Redemption by Authorised Participants**

- 8.3 A Security Holder who is also an Authorised Participant may (subject as provided herein) require the Issuer to Redeem all or part of its holding of Micro and Commodity Securities by lodging with the Issuer a Redemption Form specifying either Settlement Pricing or Agreed Pricing provided that 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 by the Issuer may be discharged in whole or in part pursuant to the set-off provisions set out in the Authorised Participant Agreement. A Settlement Redemption Form may in addition be deemed to have been lodged by an Authorised Participant with the Issuer on a Listing Failure Date in the circumstances further described in the applicable Authorised Participant Agreement.

### **Redemption by Other Security Holders**

- 8.4 A Security Holder which is not also an Authorised Participant may only require the Issuer to Redeem all or any part of its holding of Micro and Commodity Securities if either:
- (a) on any General Trading Day, there are no Authorised Participants, and the Security Holder submits on such day a valid Settlement Redemption Form; or
  - (b) the Issuer has announced by an RIS in respect of any General Trading Day, or until further announcement or generally, that Redemptions by Security Holders who are not Authorised Participants will be permitted and the Security Holder submits on a General Trading Day a valid notice in the form prescribed for the purpose by the Issuer requesting Redemption of such Micro or Commodity Securities using Settlement Pricing. Any such announcement may be general or subject to conditions, and any notice requesting any Redemption which is not in accordance with any such conditions shall not be valid.

### Redemption Amount

- 8.5 The Redemption Amount with respect to a Redemption shall be the amount (in US Dollars) determined as follows:
- (a) if the Redemption is effected using Settlement Pricing, an amount equal to the sum of the amounts determined in accordance with Condition 8.1 or Condition 8.2 in respect of all of the Micro or Commodity Securities thereby Redeemed; or
  - (b) if the Redemption is effected using Agreed Pricing, the amount specified as the Redemption Amount in the Agreed Redemption Form.
- 8.6 The Issuer shall on the Redemption Payment Date in respect of any Redemption pay (or procure the payment of) the Redemption Amount in respect of that Redemption into the applicable Redemption Account.

### Redemption Limits

- 8.7 Micro Securities of a particular class (and any type of Commodity Securities to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of that class) may not be Redeemed on a day pursuant to a Settlement Redemption Form:
- (a) submitted by any Security Holder (including any Authorised Participant), to the extent that the sum of the Prices of all Micro Securities of that class (and any type of Commodity Securities to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of that class) which are Redeemed on that day would exceed the sum of the Commodity Contract Counterparty Redemption Limits for that class of Micro Securities on that day (such limit being the **Redemption Limit** for that class of Micro Securities); or
  - (b) submitted by any Authorised Participant, to the extent that the sum of the Prices of all Micro Securities of that class (and any type of Commodity Securities to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of that class) which are Redeemed on that day pursuant to Settlement Redemption Forms submitted by that Authorised Participant would exceed the sum of the Commodity Contract Counterparty Redemption Limits for that class of Micro Securities on that day in respect only of those Commodity Contract Counterparties for which that Authorised Participant is an Authorised Participant (such limit being the **Authorised Participant Redemption Limit** for that class of Micro Securities and that Authorised Participant).

For the purposes of this Condition, the **Commodity Contract Counterparty Redemption Limit** with respect to a class of Micro Securities and a Commodity Contract Counterparty is the amount denominated in US Dollars agreed between the Issuer and that Commodity Contract Counterparty as the redemption limit in respect of the corresponding class of Commodity Contracts.

- 8.8 For the purposes of the Redemption Limits, Redemption Forms will be dealt with in order of their actual receipt by the Issuer and, for the purpose of this Condition, Condition 8.12 shall be disregarded.

### Settlement Pricing

- 8.9 A Settlement Redemption Form shall be invalid:
- (a) if it does not specify a number and type of Micro or Commodity Securities to be Redeemed;
  - (b) [not used];
  - (c) for a Settlement 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 6.30 p.m. on an Issuer Business Day;

- (d) if it does not specify the Redemption Account into which the Redemption Amount shall be payable;
- (e) to the extent that the number of Micro or Commodity Securities of that type or in aggregate to be Redeemed would result in a Redemption Limit being exceeded, and the relevant Commodity Contract Counterparty does (or Commodity Contract Counterparties do) not agree to that Redemption Limit being exceeded (in which event such Settlement Redemption Form will not be capable of being invalidated under this Condition 8.9(e) in respect of the greatest number of Micro or Commodity Securities of the relevant type or types that would not result in the Redemption Limit being exceeded);
- (f) if the Settlement Redemption Form is submitted by an Authorised Participant, and the number of Micro or Commodity Securities of that type or in aggregate to be Redeemed would result in an Authorised Participant Redemption Limit being exceeded (in which event such Settlement Redemption Form shall not be capable of being invalidated under this Condition 8.9(f) in respect of the greatest number of Micro or Commodity Securities of the relevant type that would not result in the Authorised Participant Redemption Limit being exceeded);
- (g) where notice of a Compulsory Redemption Date has been given, if the Settlement Redemption Form is received or deemed received on or after: (i) where notice has been given under Condition 9.2 or (either following the giving of notice by the Issuer to nominate a compulsory pricing date under a Facility Agreement following a Counterparty Event of Default or the giving of notice by a Commodity Contract Counterparty to nominate a compulsory pricing date under its Facility Agreement as a result of a Guarantor Tax Event (as defined in any applicable Guarantee)) under Condition 9.1(a), the date on which notice of the Compulsory Redemption Date was given; or (ii) in any other case, the Compulsory Redemption Date;
- (h) if it relates to the Redemption of Individual Securities, and it is received or deemed received on or after the Compulsory Redemption Date in respect of that class of Individual Securities, of which notice has been given in accordance with Condition 9.5;
- (i) if it relates to the Redemption of Micro and Commodity Securities that are the subject of a Listing Failure; or
- (j) if it is invalid pursuant to Condition 8.19(c) or Condition 8.20(c),

and, save as provided in Condition 8.9(e), no Micro and Commodity Securities of the relevant type shall be Redeemed in respect of or under that Settlement Redemption Form.

- 8.10 If the Issuer considers that a purported Settlement Redemption Form is invalid, it shall notify the Security Holder giving that Settlement Redemption Form of that fact as soon as reasonably possible. The Issuer shall not be obliged to Redeem pursuant to a Settlement Redemption Form any Micro or Commodity Securities where the relevant Commodity Contract Counterparty has not confirmed a corresponding Commodity Contract Termination in accordance with the provisions of the relevant Facility Agreement.

If the Issuer in its absolute discretion considers it necessary or desirable to do so in relation to any Settlement Redemption Form for the purpose of arranging (in aggregate) corresponding Commodity Contract Terminations in accordance with two or more Facility Agreements or to enable such Settlement Redemption Form to be settled in part in accordance with Condition 13 (*Settlement of Redemption Forms by Transfer*), or both, the Issuer may determine that the Settlement Redemption Form be deemed to comprise two or more deemed Settlement Redemption Forms, such deemed Settlement Redemption Forms relating to, in aggregate, the same numbers and types of Micro and Commodity Securities as those to which the original Settlement Redemption Form related; and these Conditions shall apply to such deemed Settlement Redemption Forms accordingly. If the Issuer determines to exercise its right to deem a Settlement Redemption Form to comprise two or more deemed Settlement Redemption Forms it shall notify



the Security Holder giving that Settlement Redemption Form of that fact as soon as reasonably possible.

8.11 If a Settlement Redemption Form is deemed received by the Issuer prior to the Notice Deadline on an Issuer Business Day (**Day 1**):

- (a) if Day 1 is a Pricing Day for all types of Micro and Commodity Securities to be Redeemed pursuant to that Settlement Redemption Form, all those Micro and Commodity Securities will be Priced on Day 1 (and that day shall be the Relevant Pricing Day and the Pricing Date for each such type of Micro and Commodity Securities);
- (b) if Day 1 is not a Pricing Date for any type of Micro or Commodity Security to be Redeemed pursuant to that Settlement Redemption Form:
  - (i) the Security Holder may by written notice to the Issuer, sent before the Notice Deadline on the next succeeding Issuer Business Day, cancel the Settlement Redemption Form; and where such a Withdrawal Notice is given no Micro and Commodity Securities shall be Redeemed in respect of or under that Settlement Redemption Form; and
  - (ii) if no notice is issued under Condition 8.11 (b)(i) then the Settlement Redemption Form will be deemed received on the next Issuer Business Day (and no Pricing of Micro and Commodity Securities for that Settlement Redemption Form shall occur before then) and that Issuer Business Day will then constitute Day 1 for the Settlement Redemption Form and this Condition 8.11 shall apply thereto accordingly;
- (c) If Day 1 is a Pricing Day for one or more classes of Micro Security comprised in an Index Security that is to be Redeemed pursuant to that Settlement Redemption Form, the Micro Securities so comprised for which it is a Pricing Day will be Priced on that day (and that day shall be the Relevant Pricing Day for those Micro Securities) and the other classes will be Priced on the next Pricing Day for each such class (and the day on which each such other class is Priced shall be the Relevant Pricing Day for that class) provided that if not all types of Micro Securities comprised in an Index Security that is to be Redeemed have been Priced at the end of the fourth General Trading Day following Day 1 then:
  - (i) the Redemption of the Index Security shall be effected in accordance with Condition 10.7;
  - (ii) the Issuer will be deemed to have received from the relevant Security Holder a Settlement Redemption Form in respect of the Micro Securities to be delivered to the Security Holder by the Issuer pursuant to Condition 10.7 (such deemed Settlement Redemption Form a **Micro Securities Settlement Redemption Form**);
  - (iii) the Security Holder may by written notice to the Issuer, sent before the Notice Deadline on the next succeeding Issuer Business Day, cancel the Micro Securities Settlement Redemption Form, and where such notice is given no Micro Securities shall be Redeemed in respect thereof;
  - (iv) if no notice is given under Condition 8.11 (c)(ii), the Micro Securities Settlement Redemption Form will be deemed received on the next Issuer Business Day and that Issuer Business Day will then constitute Day 1 for Micro Securities Settlement Redemption Form and this Condition 8 shall apply thereto accordingly; and
- (d) where Condition 8.11(c) applies, the Pricing Date in respect of the deemed Settlement Redemption Notice relating to the Priced Securities will be the last Trading Day on which any class of Micro Security comprised in that Index Security is Priced, *provided that* if the proviso in Condition 8.11(c)(i) applies, the Pricing Date for that Index Security will be the fourth General Trading Day following Day 1 (whether or not any Micro Securities comprised in that Index Security are Priced on that day).

- 8.12 A Settlement Redemption Form which is received by the Issuer on an Issuer Business Day after the Notice Deadline but prior to 6.30 p.m. shall be deemed to be received by the Issuer at 8.00 a.m. on the following Issuer Business Day, unless the Issuer agrees to treat that Settlement Redemption Form as having been received prior to the Notice Deadline in which case it shall be deemed to have been received by the Issuer prior to the Notice Deadline.
- 8.13 Within one Business Day after the last Pricing Date in respect of any Settlement Redemption Form, the Issuer shall notify the relevant Security Holder of the Redemption Amount payable in respect of that Settlement Redemption Form, determined as provided above.
- 8.14 The Issuer may change or vary the procedures for the lodgement of Settlement Pricing Forms and these Conditions shall be modified in respect of Redemptions using Settlement Pricing to the extent of any such change or variation.

#### **Agreed Pricing**

- 8.15 A Commodity Contract 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 Commodity Contract Counterparty and the Authorised Participant have agreed upon the Redemption by the Issuer of a number and type of Micro or Commodity Securities specified in the notice(s), and the US Dollar amount which is the Redemption Amount for those Micro or Commodity Securities.
- 8.16 If a Commodity Contract 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 8.18(a), 8.18(b) or 8.18(c); or
  - (b) one of which is invalid under Condition 8.18,
- those notices shall not constitute a valid Agreed Redemption Form and the Issuer shall reject the notices and advise that Commodity Contract Counterparty and that Authorised Participant accordingly.
- 8.17 Where an Agreed Redemption Form is submitted by separate notices from the Authorised Participant and a Commodity Contract 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.
- 8.18 An Agreed Redemption Form shall be invalid in the circumstances specified in Condition 8.20(c) or if it does not set out:
- (a) the number and type of Micro and Commodity Securities to be Redeemed;
  - (b) the Redemption Amount for that Redemption (stated as a total amount); and
  - (c) the Redemption Payment Date for that Redemption, which shall be not earlier than two London Business Days following the day on which the Agreed Redemption Form is deemed received by the Issuer.

#### **Suspension of Redemptions**

- 8.19 If the Price of a class of Micro Security 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 determine to suspend the right to Redeem the Micro Securities of that class and all types of Commodity Securities which are comprised, in whole or in part, of Micro Securities of such class, in each case pursuant to Condition 8.1(a) and, subject as provided in this Condition 8.19, may

terminate any such suspension. The following provisions shall apply where the Issuer determines to exercise its powers under this Condition:

- (a) 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;
- (b) any such suspension may continue in the discretion of the Issuer for a period of up to 30 days, and may continue 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, 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;
- (c) any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Settlement Redemption Form lodged or deemed received on an Issuer Business Day when the right to Redeem Micro or Commodity Securities of that type pursuant to Condition 8.1(a) is suspended pursuant to this Condition shall be invalid; and
- (d) if the right to Redeem Micro Securities of any class or Commodity Securities of any type or types pursuant to Condition 8.1(a) is suspended pursuant to this Condition as at 6.30 p.m. on the second Issuer Business Day prior to a Compulsory Redemption Date for that class pursuant to Condition 9.6, then notwithstanding that a number of Micro Securities of that class or Commodity Securities of that type or types may have been specified pursuant to that Condition which is not all of those Micro or Commodity Securities, such Compulsory Redemption Date shall be a Compulsory Redemption Date for all of the Micro Securities of that class and Commodity Securities of that type or types.

8.20 If the Issuer is considering exercising its power under Condition 20.3 to divide any Pool, or has determined to exercise such power, it may determine to suspend the right to Redeem the Micro Securities of the class attributable to such Pool and all types of Commodity Securities which are comprised, in whole or in part, of Micro Securities of that class under Condition 8.1(a) and Condition 8.1(b) and, subject as provided in this Condition 8.20, may terminate any such suspension. The following provisions shall apply where the Issuer determines to exercise its powers under this Condition:

- (a) 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;
- (b) any such suspension may continue in the discretion of the Issuer for a period of up to 30 days but (without prejudice to Condition 9.4) shall terminate when either the Issuer has determined to divide such Pool and such division has become effective or the Issuer has announced via an RIS that it has determined not to divide such Pool; and
- (c) any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Settlement Redemption Form or Agreed Redemption Form lodged or deemed received on an Issuer Business Day when the right to Redeem Micro or Commodity Securities of that type is suspended pursuant to this Condition shall be invalid.

## **9. COMPULSORY REDEMPTION BY THE ISSUER OR TRUSTEE**

### **Compulsory Redemption on Termination**

9.1 The Issuer may at any time (upon not less than seven days' notice in the case of (a) below and not less than thirty days' notice in the case of (b) below) by RIS announcement nominate an Issuer

Business Day to be a Compulsory Redemption Date for all Micro and Commodity Securities, or all Micro or Commodity Securities of any one or more type, if:

- (a) notice is given by either party thereto terminating a Facility Agreement or nominating a compulsory pricing date thereunder in respect of all Commodity Contracts created thereunder; or
- (b) the Issuer elects to Redeem all Micro and Commodity Securities, or all Micro or Commodity Securities of any one or more type,

*provided* that a notice given under paragraph (b) may be withdrawn until the date not later than seven days prior to the date nominated to be the Compulsory Redemption Date so long as there remains in effect at least one Facility Agreement pursuant to which subsequent to that date Commodity Contracts of the same class as such Micro Securities (or of the same class or classes as the Micro Securities of which Commodity Securities of that type or types are comprised) may be created.

- 9.2 If a Counterparty Event of Default or an Issuer Insolvency Event has occurred and is continuing, the Trustee may at any time, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature) of the affected Micro and Commodity Securities (as a whole) then outstanding or by an Extraordinary Resolution of the Security Holders holding affected Micro and Commodity Securities (as a single class), the Trustee having first been indemnified and/or secured to its satisfaction, give notice to the Issuer that all the affected Micro and Commodity Securities outstanding are required to be Redeemed and nominating an Issuer Business Day falling not less than 20 Issuer Business Days (or two Issuer Business Days in the case of an Issuer Insolvency Event) from the giving of such notice to be a Compulsory Redemption Date and for this purpose "affected Micro and Commodity Securities" means, in the context of an Issuer Insolvency Event, all of them, and in the context of a Counterparty Event of Default, those Micro and Commodity Securities that are attributable to the Pool or Pools which include rights against that particular Commodity Contract Counterparty.

- 9.3 If a Compulsory Redemption Date is nominated by the Issuer pursuant to Condition 9.1(a) in relation to any Micro or Commodity Securities following notice having been given by the Issuer to terminate a Facility Agreement or to nominate a compulsory pricing date thereunder by reason of a Counterparty Event of Default and, prior to the Compulsory Redemption Date, the Issuer has either:

- (a) determined to divide a Pool to which outstanding Commodity Contracts created under that Facility Agreement are attributable by allocating all such Commodity Contracts to the New Pool in accordance with Condition 20.3; or
- (b) announced by an RIS its intention to do so or that it is considering doing so,

the Issuer may determine that the Redemption pursuant to Condition 9.1(a) shall not apply to the Micro or Commodity Securities attributable to that Pool but shall apply (*mutatis mutandis*) to the New Micro Securities, New Individual Securities and New Index Securities attributable to such new Pool and otherwise on the basis of this Condition 9. If in the case of paragraph (b) such division shall not have become effective within 30 days of such announcement, this Condition shall cease to have effect. The Issuer shall give notice of any determination made pursuant to this Condition 9.3 via an RIS as soon as practicable, but failure to give any such notice shall not prevent the exercise of its powers hereunder.

- 9.4 If a Facility Agreement has been terminated, or notice of a compulsory pricing date thereunder by reason of a Counterparty Event of Default has been given, then no further Redemption Forms in respect of Micro or Commodity Securities attributable to a Pool to which outstanding Commodity Contracts created under that Facility Agreement are attributable, given on or after the date of such termination or given or deemed given after the date of such notice shall be effective unless and until whichever occurs earlier of:

- (a) the Issuer has determined to divide such Pool as referred to in Condition 9.3 and such division has become effective; and

- (b) the Issuer has announced by an RIS that Redemption Forms given after, or on or after, the date specified in such announcement will be effective, the date determined in accordance with such announcement. Any such announcement may be general or subject to conditions and any Redemption Form which would not be effective in the absence of such announcement shall not be effective if it is not in accordance with such conditions.

#### **Compulsory Redemption due to Index Disruption**

9.5 The Issuer may at any time (upon not less than thirty days' notice) by RIS announcement nominate an Issuer Business Day to be a Compulsory Redemption Date for all Micro Securities of a particular class (or Commodity Securities which are comprised (in whole or in part) of that class of Micro Securities) if:

- (a) an Individual Commodity Index which relates to that class of Micro Securities is no longer calculated and published in accordance with the Handbook and the Calculation Agent gives notice to the Issuer under a Facility Agreement of its intent to discontinue calculation and notification of that Individual Commodity Index to the Issuer under that Facility Agreement; or
- (b) non-calculation or non-publication of an Individual Commodity Index which relates to that class of Micro Securities for any reason continues for a continuous period of thirty days, and a Commodity Contract Counterparty and the Issuer are unable to reach agreement on a permanent replacement mechanism or amendments to the relevant Facility Agreement to give effect to that mechanism.

#### **Compulsory Redemption due to Hedging Disruption**

9.6 The Issuer may at any time (upon not less than thirty days' notice) by RIS announcement nominate an Issuer Business Day to be a Compulsory Redemption Date for a particular class of Micro Securities (or type of Commodity Securities which are comprised (in whole or in part) of that class of Micro Securities), and the number of such Micro Securities (and the number(s) and type(s) of such Commodity Securities), if as a consequence of a Hedging Disruption Event a Commodity Contract Counterparty or any of its Affiliates is required by law or by the order of a regulatory authority having jurisdiction to close hedging positions (if any) which a Commodity Contract Counterparty (acting reasonably) attributes to the hedging of its obligations in connection with the relevant Facility Agreement or Commodity Contracts of the same class. Any such notice may specify a number of Micro or Commodity Securities (which may not be all of those Micro or Commodity Securities) to be redeemed in consequence of such notice and if in relation to any particular type of Micro or Commodity Securities the Issuer does not redeem all the outstanding Micro or Commodity Securities they will be redeemed in accordance with Condition 9.11 *pro rata* to holdings on the relevant Register as at the Compulsory Redemption Date. Any nomination of a Compulsory Redemption Date by the Issuer under this Condition 9.6 in relation to less than all of the Micro Securities of any particular class or Commodity Securities of any particular type or types is subject to Condition 8.19.

#### **Compulsory Redemption on a fall in the Price relative to the Principal Amount**

9.6A If on any Pricing Day the Price of any class or classes of Micro Security falls to 2.5 times the Principal Amount of such Micro Security or below, the Issuer may at any time, for so long as the Price continues to be less than 2.5 times the Principal Amount of such Micro Security and during the period 60 days thereafter, upon not less than 2 days' notice by RIS announcement nominate an Issuer Business Day to be a Compulsory Redemption Date in respect of that class of Micro Security and all types of Commodity Securities which are comprised, in whole or in part, of Micro Securities of such class and subject to Condition 3.2 investors will receive a sum on such Compulsory Redemption calculated in accordance with Condition 9.11. The right to nominate an Issuer Business Day to be a Compulsory Redemption Date pursuant to this Condition 9.6A shall cease if an Extraordinary Resolution is passed which has the effect of reducing the Principal Amount to a level less than two-fifths of the Price, but this is without prejudice to any subsequent nomination pursuant to this Condition if on any Pricing Day the Price of that class of Micro Security falls to 2.5 times the Principal Amount (as so reduced) of such Micro Security or below.



### **Compulsory Redemption for cause**

9.7 The Issuer may, in its absolute discretion, at any time by written notice to a Security Holder nominate an Issuer Business Day (being not less than seven Trading Days and not more than fourteen Trading Days following the date of the notice) to be a Compulsory Redemption Date in respect of Micro and Commodity Securities held by that Security Holder, if:

- (a) the Issuer required the Security Holder in accordance with Condition 15 to certify whether or not it is a Prohibited Benefit Plan Investor and (i) the Security Holder did not by the date specified in the notice given under Condition 15 provide such a certification to the Issuer in the form and executed in the manner required or (ii) the Security Holder certified that it is a Prohibited Benefit Plan Investor; or
- (b) the Issuer required the Security Holder in accordance with Condition 15 to certify whether or not it is a Prohibited US Person and the (i) Security Holder did not by the date specified in the notice given under Condition 15 provide such a certification to the Issuer in the form and executed in the manner required or (ii) the Security Holder certified that it is a Prohibited US Person; or
- (c) the Issuer considers (in its sole discretion) (i) that such Micro and Commodity Securities are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those Micro and Commodity Securities, or (ii) that the ownership or holding or continued ownership or holding of those Micro and Commodity 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 Micro and Commodity Securities held by it, a notice given by the Issuer under this Condition shall relate only to those Micro and Commodity Securities (and not any other Micro or Commodity Securities held by that Security Holder).

9.8 If a Security Holder which is the subject of a notice under Condition 9.7 provides to the Issuer prior to the Notice Deadline proof required by the Issuer that its Micro and Commodity Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor or a Prohibited US Person, then the Micro and Commodity Securities referred to in that notice shall not be redeemed under these Conditions.

9.9 If a Security Holder which is the subject of a notice under Condition 9.7 does not provide to the Issuer prior to the Notice Deadline proof required by the Issuer that its Micro and Commodity Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor or a Prohibited US Person, then the Micro and Commodity 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 Micro and Commodity Securities.

9.10 The Issuer shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Condition 9. The exercise of the powers conferred by this Condition 9 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 Micro and Commodity Securities, or any other grounds save that such powers shall have been exercised in good faith.



## Compulsory Redemptions

9.11 Where a Compulsory Redemption Date is notified in accordance with these Conditions other than pursuant to Condition 9.7, 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 Pricing Number of Micro and Commodity Securities of each relevant type to be priced on successive Pricing Days for each class commencing on the Compulsory Redemption Date;
- (b) on the Compulsory Redemption Date and on any required succeeding Pricing Day the applicable Compulsory Number Priced for each type of Micro or Commodity Securities to which the Compulsory Redemption Date relates shall be priced until Micro and Commodity Securities of that type (including, in the case of a Compulsory Redemption Date notified in accordance with Condition 9.6, all those Micro or Commodity Securities that have previously been deducted from the Compulsory Daily Pricing Number for that type pursuant to the proviso contained in the definition of "Compulsory Number Priced" in connection with that Compulsory Pricing Date) in a number equal to the Compulsory Redemption Number for that type have been Priced;
- (c) on the Redemption Payment Date for such Compulsory Redemption the Issuer shall (subject to the Security Holder depositing the Micro and Commodity Securities in question into an appropriate CREST account or otherwise delivering such Micro and Commodity Securities to the Issuer by agreement with the Issuer) pay into the appropriate Redemption Account(s) the sum of the Prices of all Micro and Commodity Securities thereby Priced together with an amount equivalent to interest thereon calculated at the rate of the Capital Adjustment then prevailing, in each case from:
  - (i) if the Pricing Day on which that Price was determined is prior to the T+2 Implementation Date, the third London Business Day following the Pricing Day on which that Price was determined (*provided that* if either that day or the preceding London Business Day is not also a New York Business Day then from the Business Day next following the day from which it would have been calculated but for this proviso) until and including the Redemption Payment Date; or
  - (ii) if the Pricing Day on which that Price was determined is on or after the T+2 Implementation Date, the second London Business Day following the Pricing Day on which that Price was determined (*provided that* if either that day or the preceding London Business Day is not also a New York Business Day then from the Business Day next following the day from which it would have been calculated but for this proviso),

in each case until and including the Redemption Payment Date;

- (d) each Redemption Account shall be credited with the relevant Security Holder's *pro-rata* share of the sum of the Prices of all Micro and Commodity Securities thereby Priced (and the Issuer shall be under no obligation to make payment of the amount so Priced until that amount shall have been determined); and
- (e) upon payment in full of that amount all such Micro and Commodity Securities which were so priced shall be cancelled.

9.12 Where a Compulsory Redemption Date is notified to a Security Holder in accordance with Condition 9.7:

- (a) on the Compulsory Redemption Date and on any required succeeding Pricing Day the applicable Compulsory Number Priced of each type of Micro or Commodity Securities shall be priced until Micro and Commodity Securities of that type in a number equal to the Compulsory Redemption Number for that type have been Priced; and

- (b) within three Business Days of the Redemption Payment Date for such Compulsory Redemption the Issuer shall (subject to the Security Holder depositing the Micro and Commodity Securities in question into an appropriate CREST account or otherwise delivering such Micro and Commodity Securities to the Issuer in such manner as may be agreed by the Issuer or otherwise all such Micro or Commodity securities being cancelled to the satisfaction of the Issuer) pay into the appropriate Redemption Account(s) the Redemption Amount.

## **10. SETTLEMENT OF REDEMPTION AMOUNTS**

- 10.1 Where a Redemption Form has been given for the Redemption of Micro or Commodity Securities, the Security Holder which holds those Micro or Commodity Securities which are the subject of that Redemption must deposit the Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities, unless the Redemption Form is validly withdrawn (in accordance with Condition 8.11) the Micro and Commodity 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 Micro or Commodity Securities.
- 10.2 Failure by a Security Holder to deposit those Micro and Commodity Securities into an appropriate CREST account and give correct delivery versus payment instructions shall not invalidate the Redemption of those Micro and Commodity Securities. Where settlement of a Redemption of Micro and Commodity Securities is delayed due to the failure of the Security Holder to deposit the Micro and Commodity Securities in question into an appropriate CREST account or give correct delivery versus payment instructions or otherwise deliver such Micro and Commodity 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 Micro and Commodity Securities to the Issuer (via the CREST system or another method agreed with the Issuer), the Issuer shall be entitled to pay the Redemption Amount in respect thereof into the Trustee's Redemption Account (to be held on trust for the Security Holder), and to cancel the entry in the Register in respect of those Micro and Commodity Securities.
- 10.3 Where Micro or Commodity Securities are Redeemed in accordance with Condition 9, the Issuer shall be entitled, upon payment of the Redemption Amount (less the Redemption Fee, if applicable) into the applicable Redemption Account to cancel the entry in the Register in respect of those Micro and Commodity Securities being Redeemed.
- 10.4 Save to the extent that the proviso to Condition 8.3 applies, payment of the Redemption Amount (less any applicable Redemption Fee deducted under Condition 11) 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 Micro and Commodity Securities which have been Redeemed.
- 10.5 The Issuer may, at any time, notify a Security Holder that a Commodity Contract Counterparty may have to withhold or deduct from a payment for a Commodity Contract Termination 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 Micro or Commodity Securities that may allow the Commodity Contract 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 Commodity Contract Counterparty by the relevant Security Holder or if it is not the beneficial owner of Micro or

Commodity Securities held by such Security Holder and which are to be redeemed, such beneficial owner, 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. If there is more than one Commodity Contract Counterparty the Issuer shall not be under any obligation to select the Commodity Contract Counterparty to whom the Commodity Contract Termination relates with a view to minimising or avoiding any such withholding or deduction or otherwise and shall have no liability to Security Holders in respect of any such selection or otherwise in relation to any such withholding or deduction.

- 10.6 The Redemption of Micro or Commodity Securities by the Issuer pursuant to the occurrence of a Listing Failure, and delivery of Micro or Commodity Securities by an Authorised Participant in connection therewith, shall be effected in accordance with the procedures set out in the applicable Authorised Participant Agreement.
- 10.7 If the proviso in Condition 8.11(c) applies with respect to an Index Security, then on the Redemption Payment Date for that Index Security the Issuer shall Redeem the Index Security:
  - (a) to the extent that it is comprised of Micro Securities which have been Priced at the end of the fourth General Trading Day following Day 1 (**Priced Securities**), by payment into the relevant Redemption Account of an amount equal to the Redemption Amount that would have been determined for that Index Security if it had been comprised of the Priced Securities only; and
  - (b) to the extent that it is comprised of Micro Securities still not priced at the end of the fourth General Trading Day following Day 1 (**Delayed Securities**), by delivering to the relevant Security Holder Micro Securities of the same classes and in the same number as such Delayed Securities, and otherwise in accordance with this Condition 10. 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.

## 11. REDEMPTION FEE

- 11.1 Subject as provided below, it is a condition to the performance by the Issuer of the obligation to Redeem Micro and Commodity Securities that the Issuer may deduct the Redemption Fee from the Redemption Amount and that if it does not the Security Holder of such Micro and Commodity Securities shall pay to the Issuer the Redemption Fee in respect of such Redemption in accordance with this Condition 11. The Issuer may offset the amount of the Redemption Fee payable hereunder against the Redemption Amount payable to the Security Holder.
- 11.2 On a Redemption of Micro and Commodity 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 Micro and Commodity Securities being redeemed.
- 11.3 On a Redemption of Micro and Commodity 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 through a RIS.
- 11.4 On a Compulsory Redemption of Micro and Commodity 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 15 and the cost of giving notices under Condition 9 being not greater than £500 or such other amount as may be notified through a RIS. The Issuer shall notify Security Holders whose Micro and Commodity 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.

- 11.5 The Issuer may set off any amount payable to the Issuer in accordance with this Condition 11 by the holder of Micro and Commodity Securities in respect of the Redemption Fee against the Redemption Amount payable by the Issuer to such holder.

## 12. INTEREST ON SETTLEMENT FAILURE

- 12.1 Following the occurrence of a Settlement Failure, interest shall accrue on any balance of the Redemption Amount not paid or otherwise discharged by or on behalf of the Issuer from the Settlement Failure Date. Such interest shall:

- (a) accrue at the Funding Rate from and including the Settlement Failure Date to but excluding:
  - (i) if the Settlement Failure Date is prior to the T+2 Implementation Date, the date falling three Business Days after the Settlement Failure Date; or
  - (ii) if the Settlement Failure Date is on or after the T+2 Implementation Date, the date falling two Business Days after the Settlement Failure Date,and in each case thereafter at the Default Rate; and
- (b) cease to accrue on the date on which such balance is paid into the relevant Redemption Account.

## 13. SATISFACTION OF REDEMPTION FORMS BY TRANSFER

- 13.1 The Issuer may in its absolute discretion elect to satisfy Redemption Forms by transfer of the appropriate number of Micro and Commodity 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 Micro and Commodity 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 Day will be the date of the transfer(s).

## 14. REBALANCING OF INDEX SECURITIES

- 14.1 The rights of an Index Security shall be adjusted from time to time, so that the numbers and classes of Micro Securities comprised in such Index Securities and the Principal Amount of such Index Securities shall be adjusted as provided in this Condition 14 (a **Rebalancing**).
- 14.2 A Rebalancing will take place whenever Commodity Indices are rebalanced (a **Required Rebalancing**), and may at the election of the Issuer take place on other occasions if the Issuer considers in good faith a Rebalancing to be desirable to help reduce tracking error with the Commodity Indices or any of their sub-indices (a **Voluntary Rebalancing**).
- 14.3 A Rebalancing shall not create, issue, redeem or cancel any Micro and Commodity Securities and no payment shall be made to a Security Holder in respect of any Rebalancing.
- 14.4 The Issuer covenants under the Trust Instrument that it shall procure that, in conjunction with each Rebalancing of Index Securities, the number of Commodity Contracts of each class in existence (and possibly, in the case of a Required Rebalancing, classes of Commodity Contracts) in existence will be adjusted to correspond with the number and classes of Micro and Commodity Securities in existence immediately following the Rebalancing.
- 14.5 If there is to be a change in the classes of Micro Securities that are comprised in a category of Index Securities following a Required Rebalancing, the Issuer shall notify the holders of those Index Securities of the change not less than fifteen days prior to the Rebalancing Calculation Date. The classes so notified may include new classes of Micro Securities representing new commodities the prices of which are to be included in the calculation of the Commodity Indices following the Rebalancing. In the absence of a notification there shall be no change to the classes of Micro Securities which are comprised in a category of Index Securities.

14.6 The Issuer shall notify holders of Index Securities of a Voluntary Rebalancing not less than 10 days prior to the expected Rebalancing Calculation Date of that Rebalancing, at the same time notifying them of the month in which that Voluntary Rebalancing is to be effected and whether the Voluntary Rebalancing is to be an Extended Voluntary Rebalancing.

14.7 The Weights to be used in a Rebalancing shall be as follows:

- (a) the Weights for the ETFS All Commodities Index Securities and the ETFS Longer Dated All Commodities Index Securities shall be the same as the Notifiable Weights of the Relevant Commodity Index notified by the Commodity Contract Counterparty in accordance with the Facility Agreement; and
- (b) the Weights for each other category of Index Securities shall be the Weights determined in accordance with paragraph (a) above (excluding those Weights of commodities which are not represented in that category of Index Security), re-weighted proportionally so that the sum of the Weights of the commodities represented in that Index Security equals exactly 100 per cent.

14.8 The Issuer shall notify the holders, by way of RIS announcement, of each category of Index Securities of the Weights used in the Rebalancing of the Index Securities following their calculation.

14.9 On a Rebalancing Calculation Date, the Target Number of Micro Securities comprised in each Index Security of a particular category following a Rebalancing shall be calculated by applying the following formula to each class of Micro Securities to be comprised in that category of Index Securities:

$$MST_{(i,j)} = VSum_{(j,T)} \times Weight_{(i,j,T)} / P_{(i,T)}$$

where:

T refers to the Rebalancing Calculation Date;

i refers to the relevant class of Micro Securities;

j refers to the relevant category of Index Securities;

$MST_{(i,j)}$  is the Target Number of Micro Securities of class i to be comprised in each Index Security of category j following the Rebalancing;

$VSum_{(j,T)}$  is the sum of the Values of each and every Micro Security comprised in an Index Security of category j on the Rebalancing Calculation Date *provided that* if that day is a Market Disruption Day for any Individual Commodity Index, a substitute value for such index for the relevant day calculated by the Calculation Agent for the purposes of the Facility Agreement shall be used instead;

$Weight_{(i,j,T)}$  is the applicable Weight for Micro Securities of class i in Index Securities of category j, on the Rebalancing Calculation Date, determined in accordance with Condition 14.7, expressed as a decimal (so that 1 per cent. is expressed as 0.01); and

$P_{(i,T)}$  is the Price of Micro Securities of class i, on the Rebalancing Calculation Date *provided that* if that day is a Market Disruption Day for any Individual Commodity Index, a substitute value for such index for the relevant day calculated by the Calculation Agent for the purposes of the Facility Agreement shall be used instead.



14.10 For a Required Rebalancing and an Extended Voluntary Rebalancing, the number of Micro Securities of each class comprised in each Index Security of a particular category will be adjusted as follows:

- (a) Where the number of Micro Securities comprised in a category of Index Securities is being reduced (because the Target Number of Micro Securities of that class for the category of Index Security in question, determined in accordance with Condition 14.9, is less than the number of Micro Securities of that class comprised in each Index Security of that category prior to the Rebalancing), at the commencement of each day (day t) following each of the first “N” (as defined below) Hedge Roll Days the reduction in number of Micro Securities of each such class, in relation to that category of Index Securities, shall be:

$$MSDR_{(i,j,t)} = (MSB_{(i,j)} - MST_{(i,j)})/N$$

where:

i refers to the relevant class of Micro Securities;

t refers to day t;

j refers to the relevant category of Index Securities;

$MSDR_{(i,j,t)}$  is the number of Micro Securities of class i reduced on day t;

$MSB_{(i,j)}$  is the number of Micro Securities of class i before the Rebalancing;

$MST_{(i,j)}$  is the Target Number of Micro Securities of class i, determined in accordance with Condition 14.9; and

N is five, or such other number of days scheduled for the Rebalancing (assuming no Market Disruption Days);

*provided however* that if the Hedge Roll Day is not a Pricing Day for a class of Individual Commodity Index, “ $MSDR_{(i,j,t)}$ ” for that class of Micro Security shall be zero on day t and on the day following the next Pricing Day for that class of Individual Commodity Index that number of Micro Securities will be reduced in addition to any other reduction to occur on such day.

- (b) Where the number of Micro Securities comprised in a category of Index Securities is being increased or established (because the Target Number of Micro Securities of that class for the category of Index Security in question, determined in accordance with Condition 14.9, is greater than the number of Micro Securities of that class comprised, or that class was not comprised, in each Index Security of that category prior to the Rebalancing), at the commencement of each day (day t) on which there is a reduction in Micro Securities pursuant to Condition 14.10(a), the increase in number of Micro Securities of each such class, in relation to that category of Index Securities, shall be:

$$MSDI_{(i,j,t)} = VPTI_{(i,j,T)} \times VMSDR_{(j,t)} / P_{(i,t-1)}$$

where:

i refers to the relevant class of Micro Securities;

t refers to day t;

j refers to the relevant category of Index Securities;

$MSDI_{(i,j,t)}$  is the increase in the number of Micro Securities of class i on day t;



$VPTI_{(i,j,t)}$  is the Value, on the Rebalancing Calculation Date, of the Micro Securities of class i to be increased during the Rebalancing expressed as a percentage of the Value of all Micro Securities comprised in Index Securities of category j to be increased during the Rebalancing;

$VMSDR_{(j,t)}$  is the Value, on the Pricing Day immediately prior to day t, of all Micro Securities comprised in Index Securities of category j reduced on day t in accordance with Condition 14.10(a); and

$P_{(i,t-1)}$  is the Price of Micro Securities of class i, on the Pricing Day immediately prior to day t;

*provided however* if the day prior to day t is not a Pricing Day for a class of Individual Commodity Index, “MSDI<sub>(i,j,t)</sub>” for that class of Micro Security shall be zero on day t and shall be recalculated (by changing only  $P_{(i,t-1)}$ ) on the day following the next Pricing Day for that class of Individual Commodity Index and that recalculated number of Micro Securities will be increased in addition to any other increase to occur on such day.

- (c) Micro Securities required to be removed from an Index Security in accordance with Condition 14.10(a) shall thereupon, without further action by the Security Holder, be converted into the Micro Securities required to be added in accordance with Condition 14.10(b).

14.11 For a Voluntary Rebalancing other than an Extended Voluntary Rebalancing, at the commencement of the day following the Rebalancing Calculation Date each class of Micro Securities comprised in each category of Index Securities in existence will be adjusted in accordance with Condition 14.10 except that N shall be 1 and day t shall be the first General Trading Day following the Rebalancing Calculation Date.

14.12 A Commodity Contract Counterparty and the Issuer may agree refinements to the Rebalancing mechanisms set out above from time to time, without the consent of the Trustee. Subject to the same provisos to Condition 30.2(d), the Rebalancing mechanisms set out above shall be amended in the manner agreed in writing by the Commodity Contract Counterparty and the Issuer and notified to Security Holders in an RIS announcement.

14.13 No money shall be payable by the Issuer to Security Holders, or by Security Holders to the Issuer, in respect of a Rebalancing.

## 15. ENQUIRIES AS TO STATUS OF SECURITY HOLDERS

15.1 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 Trading 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 type of Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities held by it, specifying the number and type of Micro and Commodity Securities in respect of which it is, and is not, a Prohibited Benefit Plan Investor or is, and is not, a Prohibited US Person).

- 15.2 The Issuer may provide to any Commodity Contract Counterparty copies of any enquiries made by it under this Condition 15 and any responses received from the Security Holder.
- 15.3 The Issuer shall be entitled, save to the extent that it has made enquiry under this Condition 15, to assume that none of the Micro and Commodity Securities are held by Prohibited US Persons or Prohibited Benefit Plan Investors.

## **16. CALCULATION AGENT**

- 16.1 The Calculation Agent is appointed by the Issuer and each Commodity Contract Counterparty for the purposes of the relevant Facility Agreement (but not for the purposes of these Conditions, the Micro and Commodity Securities or the Trust Instrument):
- (a) to determine whether a Market Disruption Event exists;
  - (b) if an Individual Commodity Index is not published for five or more consecutive Trading Days by reason of those Trading Days being Market Disruption Days in respect of that Individual Commodity Index, to calculate and provide to the Issuer a substitute value for that Individual Commodity Index on each subsequent Trading Day for as long as the Market Disruption Event continues;
  - (c) if an Individual Commodity Index is not published on a Trading Day for any reason other than that Trading Day being a Market Disruption Day in respect of that Individual Commodity Index, to calculate and provide to the Issuer a substitute value for that Individual Commodity Index for that Trading Day and for each subsequent Trading Day for as long as the non-publication continues;
  - (d) to make the determinations and calculations provided for in Condition 14.9; and
  - (e) to make the determinations and notifications referred to in the definitions of ECIPs and Notifiable Weights.
- 16.2 The Calculation Agent is or will be required under each relevant Facility Agreement (or any calculation agency agreement entered into by it in connection therewith) to act in good faith and in a commercially reasonable manner and in accordance with its obligations set out in that Facility Agreement (or such calculation agency agreement). Subject thereto, in the absence of manifest error the determinations of the Calculation Agent are final and conclusive.
- 16.3 Where for the purposes of each Facility Agreement a substitute value for an Individual Commodity Index is calculated by the Calculation Agent for a Trading Day, that substitute value shall be used in the calculation of the Price of Micro Securities to which that Individual Commodity Index is applicable for that Trading Day, in lieu of the Individual Commodity Index.
- 16.4 If the Issuer provides copies to the Trustee of determinations notified to the Issuer by the Calculation Agent and/or notifies the Trustee (or any other person) of determinations made by the Calculation Agent, but it shall do so on the express basis that:
- (a) such copies and notifications are provided to the Trustee for information purposes only;
  - (b) neither the Trustee nor any holder or potential holder of Micro and Commodity Securities shall be entitled to rely as against the Calculation Agent upon any determination of the Calculation Agent;
- and
- (c) no duty shall be owed by the Calculation Agent to the Trustee or any holder or potential holder of Micro and Commodity Securities in connection with any such determination.

## 17. ENFORCEMENT

17.1 In addition to any of the powers conferred on the Trustee pursuant to the Security Deed with respect to the Secured Property, the Trustee may at any time:

- (a) after the occurrence of a Defaulted Obligation, at its discretion, and shall, if so directed in writing by the Security Holder to whom such Defaulted Obligation is owed, the Trustee having first been indemnified and/or secured 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 to enforce any such obligation of the Issuer under the Trust Instrument and the security constituted by the Security Deed(s) in respect of the relevant Micro and Commodity Securities to which such Defaulted Obligation relates; and
- (b) if a Counterparty Event of Default and/or an Issuer Insolvency Event has occurred and is continuing, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature or, if no Price was determined on such date the most recently determined Price) of the affected Micro and Commodity Securities (as a whole) then outstanding or by an Extraordinary Resolution of the Security Holders holding affected Micro and Commodity Securities (as a single class), the Trustee having first been indemnified and/or secured 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 to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed(s) in respect of all affected and outstanding Micro and Commodity Securities and for this purpose (and Condition 17.3) "affected Micro and Commodity Securities" means, in the context of an Issuer Insolvency Event, all of them, and in the context of a Counterparty Event of Default, those Micro and Commodity Securities that are attributable to the Pool or Pools which include rights against that particular Commodity Contract Counterparty.

17.2 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 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 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 General Trading Day until the date one month from such General Trading Day (inclusive) during which each Security Holder will be entitled to redeem all (but not some only) of the Micro and Commodity 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.

17.2A In the event that at any time during the Breach Redemption Period the right to Redeem Micro Securities of any class or Commodity Securities of any type or types pursuant to Condition 8.1(a) is suspended pursuant to Condition 8.19 or the right to Redeem Micro Securities of any class or Commodity Securities of any type or types is suspended pursuant to Condition 8.20, then the right to Redeem Micro Securities of that class and Commodity Securities of that type or types pursuant to Condition 17.2 shall be suspended in like manner and the provisions of Condition 8.19(c) or Condition 8.20(c) (as the case may be) shall apply *mutatis mutandis*. Upon the suspension ceasing under Condition 8.19 or Condition 8.20 (as the case may be), the right to Redeem Micro Securities of that class and Commodity Securities of that type or types pursuant to Condition 17.2 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.

17.3 If a Counterparty Event of Default and/or an Issuer Insolvency Event is occurring at the same time as a Defaulted Obligation, a Security Holder holding affected Micro and Commodity Securities to

whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action in accordance with Condition 17.1(a) until the expiry of 30 days from the occurrence of the Counterparty Event of Default and/or Issuer Insolvency Event, nor shall he be so entitled if, during such period of 30 days, the Trustee has elected, or been required, to take action in accordance with Condition 17.1(b).

- 17.4 Subject to Condition 17.6, only the Trustee may enforce the provisions of the Trust Instrument or the Security Deeds. Where the Trustee has elected or been directed to enforce the Issuer's obligations under the Trust Instrument and the security constituted by a Security Deed, the right of Security Holders to lodge a Redemption Form with the Issuer shall cease. Valid Redemption Forms lodged before the date the Trustee announces its intention to enforce the security (the **Election Date**) will be Redeemed in the normal manner. The Price for all Micro and Commodity Securities of a particular type outstanding at the Election Date will be the average Redemption Amount of the remaining Micro or Commodity Securities of that type.
- 17.5 If the Trustee takes any action pursuant to Condition 17.1 with respect to any Micro or Commodity Securities to which a Defaulted Obligation relates, it shall give notice to the Issuer that such Micro and Commodity Securities in respect of which such action is taken are, and they shall become, due and payable at their Redemption Amount, calculated in accordance with Condition 8.1 (*Redemption Entitlement*).
- 17.6 No Security Holder will be entitled to proceed directly against the Issuer unless the 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 is entitled to exercise against or in relation to the Issuer.

## 18. APPLICATION OF MONEYS

- 18.1 All moneys received by the Trustee pursuant to the realisation of Secured Property in respect of a particular class of Micro Securities (and any type of Commodity Securities to the extent that the amount payable on Redemption of such Commodity Securities is calculated by reference to Micro Securities of that class and for which they may be surrendered in accordance with the provisions of the Trust Instrument) shall be held by the Trustee upon trust, to apply them:
- (a) FIRST in payment or satisfaction of all amounts then due to the Trustee and unpaid (including to its attorneys, managers, agents, delegates or other person appointed by the Trustee) under terms of the Trust Instrument, 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;
  - (b) SECONDLY in or towards payment or performance *pari passu* and rateably of all amounts then due and unpaid and all obligations due to be performed and unperformed in respect of Micro Securities of that class and any type of Commodity Securities to the extent that they are comprised of Micro Securities of that class; and
  - (c) THIRDLY in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

## 19. RESTRICTIONS

- 19.1 So long as any Micro and Commodity Securities of a particular type are outstanding, the Issuer covenants in the Trust Instrument, *inter alia*:
- (a) not to incur or permit to subsist in respect of any Pool any indebtedness for borrowed money other than Micro and Commodity Securities or Further Securities, 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 applicable Security Deed, not to dispose of any of the Secured Property 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 Micro and Commodity Securities, the acquisition and disposal of Commodity Contracts, the issue and redemption of Short and Leveraged Commodity Securities (and any other securities constituted by the Short and Leveraged Trust Instrument) and the acquisition and disposal of Commodity Contracts (as defined in the Short and Leveraged Trust Instrument) and in each case entering into the necessary documents 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 Micro or Commodity Securities of any type unless it has purchased Commodity Contracts with corresponding terms and in an aggregate matching Redemption Amount;
- (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;
- (i) to procure that the Pools are at all times maintained in a manner so that they are readily distinguishable from each other and from any other pool to which any other class of securities of the Issuer is attributable (including but not limited to any Pool (as defined for the purposes of the Short and Leveraged Trust Instrument)); and
- (j) to exercise its rights in respect of any Collateral in any circumstance where such rights become exercisable and there are amounts due from the relevant Commodity Contract Counterparty and unpaid.

## **20. FURTHER SECURITIES; OTHER POOLS; TRANSFERS TO NEW POOLS; CONSOLIDATION AND DIVISION**

- 20.1 Subject to its ability to create corresponding Commodity Contracts, the Issuer may (without the consent of the 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 and may establish additional pools for the purposes of such securities and the Trustee shall join in such instrument or deed and thereupon such pool shall be a "Pool" for the purposes of the Trust Instrument and such securities shall be "Micro Securities" for such purposes, and the Issuer may further create and issue Commodity Securities, the amount payable on Redemption of which is calculated by reference to such Micro Securities in accordance with the Trust Instrument (and for which such Commodity Securities when in Certificated Form may be surrendered in accordance with the provisions of the Trust Instrument). Any such additional classes of Micro Securities shall have recourse only to the Pool attributable to the relevant classes and not to any other Pool. Other such securities created and issued by the Issuer under this Condition 20.1 may relate to different commodities than those in respect of which Individual Securities are initially issued, or involve the same commodities but different commodity indices, or be Index Securities involving different combinations of Micro Securities or with different weightings, or involve different pricing mechanisms. Other such securities created by the Issuer under this Condition 20.1 may be created and issued subject to different terms and conditions in lieu of the Trust Instrument (including but not limited to different pricing mechanisms), to be determined by the Issuer. If other securities issued by the Issuer under this Condition 20.1 are subject to different terms and conditions in lieu



of the Trust Instrument the Issuer shall publish those new conditions in its RIS announcement or in a prospectus or listing particulars or supplementary prospectus or supplementary listing particulars and on the Issuer's Website.

- 20.2 The Issuer shall not accept Applications for, or issue, Micro Securities of a new class, or Commodity Securities (the amount payable on Redemption of which is calculated by reference to (and when held in Certificated form may be surrendered in exchange for) Micro Securities of a new class) under Condition 20.1 unless it has first (a) created corresponding Commodity Contracts under the terms of a Facility Agreement and (b) executed and delivered to the Trustee a Security Deed assigning by way of security for the benefit of the Trustee and the relevant Security Holders the contractual rights of the Issuer under each commodity contract of the relevant class and creating a first floating charge for the benefit of the Trustee and the relevant Security Holders over the rights of the Issuer under that facility agreement (to the extent that it relates to such class), commodity contracts of that class created under it and any Guarantee supporting the obligations of the relevant Commodity Contract Counterparty to the Issuer to the extent that they apply to payments due in respect of that new class, for the benefit of the Trustee and the relevant Security Holders.
- 20.3 The Issuer may at any time (without the consent of the Security Holders and without giving prior notice) determine to divide any Pool (the **Existing Pool**) by allocating some of the Secured Property attributable to that existing Pool to a new Pool (the **New Pool**). If it determines to do so, the following shall apply:
- (a) the Issuer may only transfer all (and not merely some) of the Commodity Contracts with any one Commodity Contract Counterparty attributable to that Pool;
  - (b) prior to or on the transfer becoming effective, the Issuer shall create undated limited recourse secured micro securities (**New Micro Securities**) and undated limited recourse secured individual securities (**New Individual Securities**) of a new class referable to the same Individual Commodity Index and otherwise on the same terms as the Micro Securities attributable to the Existing Pool (the **Existing Micro Securities**) and the Individual Securities attributable to the Existing Pool (the **Existing Individual Securities**), each having a principal amount determined in accordance with Condition 20.3(d) 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 Micro Securities or the New Individual Securities) and on terms that such New Micro Securities and New Individual Securities shall have recourse only to the assets attributable to the New Pool, and (subject as provided in paragraph (f)) shall issue such New Micro Securities to the Security Holders of the Existing Micro Securities outstanding immediately prior to the transfer becoming effective on the basis of one New Micro Security for each Existing Micro Security then held and such New Individual Securities to the Security Holders of the Existing Individual Securities outstanding immediately prior to the transfer becoming effective on the basis of one New Individual Security for each Existing Individual Security then held. For this purpose (but subject as provided in paragraph (f)) any Micro Security or Individual Security in respect of which a Defaulted Obligation has occurred and is continuing shall be treated as outstanding;
  - (c) prior to or on the transfer becoming effective, the Issuer shall also create new classes of undated limited recourse secured index securities (**New Index Securities**), each on the same terms as the existing categories of Index Securities (**Existing Index Securities**) which comprise Existing Micro Securities, each having a principal amount determined in accordance with Condition 20.3(d) 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 Index Securities of any category) and on terms that such New Index Securities shall have recourse only to the assets attributable to the New Pools to which they are attributable, such New Index Securities being capable when in Certificated Form of surrender in exchange for the New Micro Securities of which they are comprised (being New Micro Securities corresponding to the Existing Micro Securities of which the Existing Index Securities to which that category of New Index Securities corresponds are comprised)



and by reference to which the amount payable on Redemption of such New Index Securities is calculated, and (subject as provided in paragraph (f)) shall issue such New Index Securities to the Security Holders of the Existing Index Securities outstanding immediately prior to the transfer becoming effective on the basis of one New Index Security for each Existing Index Security then held. For this purpose (but subject as provided in paragraph (f)) any Index Security in respect of which a Defaulted Obligation has occurred and is continuing shall be treated as outstanding;

- (d) the principal amount and Pool Factor of each New Micro Security and each New Individual Security shall (subject as provided in paragraph (f)) be the proportion of the principal amount and Pool Factor respectively, of each Existing Micro Security and each Existing Individual Security (respectively) outstanding immediately prior to the transfer becoming effective that the aggregate Price of the Commodity Contracts to be transferred bears to the aggregate Price of the Commodity Contracts attributable to the Existing Pool, and on the creation and issue of the New Micro Securities and the New Individual Securities becoming effective the principal amount and Pool Factors of each Existing Micro Security and each Existing Individual Security and the principal amount of each Existing Index Security shall be reduced accordingly and the principal amount of each New Index Security determined accordingly;
- (e) the Issuer shall enter into a Security Deed with the Trustee in relation to the assets attributable to the New Pool to secure the New Micro Securities and the New Individual Securities (and the New Index Securities to the extent that they comprise New Micro Securities), which shall be on the same terms (*mutatis mutandis*) as the Security Deed (the **Existing Security Deed**) in relation to the Existing Pool, and the Trustee shall release the property to be transferred from the Existing Security Deed; and
- (f) any valid Redemption Form received or deemed received prior to (and being in respect of Micro or Commodity Securities which have not by then been Redeemed and in respect of which the Redemption Amount has not been paid in accordance with Condition 10):
  - (i) in a case where in respect of the Existing Micro Securities, Existing Individual Securities or Existing Index Securities (as the case may be) (together the **Existing Securities**) notice of a Compulsory Redemption Date has been given under Condition 9.2 prior to such division becoming effective, the date on which such notice of a Compulsory Redemption Date was given;
  - (ii) in a case where in respect of the relevant Existing Securities notice of a Compulsory Redemption Date has been given (either following the giving of notice by the Issuer to nominate a compulsory pricing date under a Facility Agreement following a Counterparty Event of Default or the giving of notice by a Commodity Contract Counterparty to nominate a compulsory pricing date under its Facility Agreement as a result of a Guarantor Tax Event (as defined in any applicable Guarantee)) under Condition 9.1(a) prior to such division becoming effective, the date on which notice of the Compulsory Redemption Date was given;
  - (iii) in any other case where in respect of the relevant Existing Securities, notice of a Compulsory Redemption Date has been given prior to such division becoming effective, the Compulsory Redemption Date; and
  - (iv) in any other case, the date on which such division becomes effective,

and in each case being valid notwithstanding Condition 8.9(g) and Condition 9.4, shall have effect as if given in respect either of the Existing Securities or of the New Micro Securities, New Individual Securities or New Index Securities (as the case may be) (together the **New Securities**) dependent upon the Commodity Contract Counterparty (the **Relevant Counterparty**) to whom a Cancellation Notice (as defined in the Facility Agreement) (the **Relevant Cancellation Notice**) had been delivered under a Facility Agreement for the

purposes of the Redemption intended to be effected pursuant to such Redemption Form as determined in its absolute discretion by the Issuer. Accordingly:

- (i) for the purposes of the calculations to be made in accordance with paragraph (d), Commodity Contracts the subject of all Relevant Cancellation Notices shall be excluded, and the principal amounts and Pool Factors referred to therein shall be calculated as though all such Commodity Contracts had been terminated;
- (ii) for the purposes of the calculations to be made in accordance with paragraph (d), Commodity Contracts that have been created for the purposes of an Application that has not been completed by the issue of Micro or Commodity Securities shall be excluded, and the principal amounts and Pool Factors referred to therein shall be calculated as though all such Commodity Contracts had not been created;
- (iii) each Security Holder from whom such a Redemption Form in respect of Existing Micro Securities was received or deemed received shall not be issued New Micro Securities as provided in paragraph (b) and instead each of the Existing Micro Securities to which such Redemption Form relates shall be divided into Existing Micro Securities or New Micro Securities as are attributable to the Pool to which Commodity Contracts with the Relevant Counterparty are attributable immediately following the transfer becoming effective, each such Existing Micro Security ranking *pari passu* with and having the same principal amount and Pool Factor as the other Existing Micro Securities of that class as reduced in accordance with paragraph (d) and each such New Micro Security ranking *pari passu* with and having the same principal amount and Pool Factor as the other New Micro Securities of that class, and each such Security Holder shall hold upon such division becoming effective such number as nearly as practicable (rounded down to the nearest whole number) of Existing Micro Securities or New Micro Securities (as the case may be) as has the same aggregate principal amount as had the Existing Micro Securities in respect of which the Redemption Form related immediately prior to the division becoming effective;
- (iv) each Security Holder from whom such a Redemption Form in respect of Existing Individual Securities was received or deemed received shall not be issued New Individual Securities as provided in paragraph (b) and instead each of the Existing Individual Securities to which such Redemption Form relates shall be divided into Existing Individual Securities (and as necessary Existing Micro Securities) or New Individual Securities (and as necessary New Micro Securities) as are attributable to the Pool to which Commodity Contracts with the Relevant Counterparty are attributable immediately following the transfer becoming effective, each such Existing Individual Security ranking *pari passu* with and having the same principal amount and Pool Factor as the other Existing Individual Securities of that class as reduced in accordance with paragraph (d) and each such New Individual Security ranking *pari passu* with and having the same principal amount and Pool Factor as the other New Individual Securities of that class, and each such Security Holder shall hold upon such division becoming effective such number as nearly as practicable (rounded down to the nearest whole number) of Existing Individual Securities or New Individual Securities (as the case may be) as has the same aggregate principal amount as had the Existing Individual Securities in respect of which the Redemption Form related immediately prior to the division becoming effective; and
- (v) each Security Holder from whom such a Redemption Form in respect of Existing Index Securities was received or deemed received shall not be issued New Index Securities as provided in paragraph (c) and instead each of the Existing Index Securities to which such Redemption Form relates shall be divided into Existing Index Securities or New Index Securities as are attributable to the Pools to which Commodity Contracts with the Relevant Counterparty are attributable immediately following the transfer becoming effective, each such Existing Index Security ranking *pari passu* with and having the same principal amount as the other Existing Index Securities of that category as reduced in accordance with paragraph (d) and each

such New Index Security ranking *pari passu* with and having the same principal amount as the other New Index Securities of that category, and each such Security Holder shall hold upon such division becoming effective such number as nearly as practicable (rounded down to the nearest whole number) of Existing Index Securities or New Index Securities (as the case may be) as has the same aggregate principal amount as had the Existing Index Securities in respect of which the Redemption Form related immediately prior to the division becoming effective.

- 20.4 Without prejudice to the foregoing, the Issuer may consolidate or divide all of the Micro or Commodity Securities of any type into Micro or Commodity Securities of the same type but with a proportionately larger or smaller Principal Amount and Multiplier. The Issuer may also consolidate or divide all of the Commodity Securities of any type into Commodity Securities of the same type without adjusting their Multiplier by instead changing the number of Micro Securities of which they are comprised and hence their Principal Amount. Such consolidation or division shall be effected by deed or instrument supplemental to the Trust Instrument.
- 20.5 Whenever as a result of consolidation of Micro or Commodity Securities a Security Holder would become entitled to a fraction of a Micro or Commodity Security the Issuer will Redeem such fraction of a Micro or Commodity Security.

## **21. ISSUER'S ABILITY TO PURCHASE MICRO AND COMMODITY SECURITIES**

There is no restriction on the ability of the Issuer or any of its Affiliates to purchase or repurchase Micro and Commodity Securities.

## **22. LISTING**

The Issuer covenants in the Trust Instrument to use its best endeavours to obtain and, so long as any of the Micro and Commodity Securities remain outstanding, maintain a Listing for the Micro and Commodity 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 Micro and Commodity Securities on such other stock exchange as it may (with the prior written approval of the Trustee) decide.

## **23. WAIVER, AUTHORISATION AND DETERMINATION**

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 these Trust Instruments or the Security Deeds, 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, (a) with respect to a Defaulted Obligation, in contravention of any express direction given by the Security Holder to whom such Defaulted Obligation is owed or (b) with respect to an Issuer Insolvency Event or any Counterparty Event of Default or any other breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Instrument, in contravention of any express direction given by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature) of the Micro and Commodity Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders (as a single class), 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.

## **24. EXERCISE OF DISCRETIONS**

The Trustee may exercise its discretions under the Trust Instrument separately in respect of each type of Micro and Commodity Securities, and any Further Securities in issue from time to time, and shall incur no liability for so doing.

## **25. PRESCRIPTION**

The Trust Instrument does not provide for any prescription periods.

## **26. REMOVAL, RETIREMENT OR REPLACEMENT OF TRUSTEE**

- 26.1 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.
- 26.2 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.

## **27. GOVERNING LAW AND JURISDICTION**

The Conditions, the Micro and Commodity Securities and the Trust Instrument are governed by the laws of Jersey. The Security Deeds are governed by the laws of England. Notwithstanding the submission to the jurisdiction of the English courts contained in the Security Deeds, nothing prevents the Trustee from commencing proceedings in any other competent jurisdiction.

## **28. TRUSTEE'S LIABILITY**

Save in the case of fraud, wilful misconduct or negligence, the Trustee (or any director, officer or employee of the Trustee) shall have no liability under the Trust Instrument for a breach of trust and save in such circumstances, no Trustee (and no director, officer or employee of the Trustee) in execution of the trusts and powers under the Trust Instrument, 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, gross negligence or default of another director, officer or employee or Trustee.

## **29. 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 be notified to Security Holders through an RIS announcement, and unless otherwise agreed by the Trustee shall not take effect until at least 30 calendar days following such announcement.

## **30. AMENDMENTS TO DOCUMENTS**

- 30.1 Pursuant to the Trust Instrument, 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, in respect of a Facility Agreement, that amendment is at the election of the relevant Commodity Contract Counterparty to amend the terms of the Facility Agreement to substantially conform that Facility Agreement to another Facility Agreement entered into between the Issuer and another Commodity Contract Counterparty.
- 30.2 The Issuer may by supplemental agreement or supplemental instrument or deed, as applicable, amend the Trust Instrument (including the Conditions), any Security Deeds or any of the Trustee Consent Documents (in respect of Conditions (a), (d), (h) or (i) below without the consent of the Trustee) save where, in respect of and under the terms of a Facility Agreement, that amendment is automatic or at the election of the relevant Commodity Contract Counterparty, and the Trustee agrees in the Trust Instrument to join in a supplemental agreement or supplemental instrument or deed as applicable accordingly, if one or more of the following applies:
- (a) the amendment is to substitute as debtor under a Facility Agreement or a Guarantee another person having an Acceptable Credit Rating;

- (b) 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;
- (c) in the opinion of the Trustee, the amendment is of a formal, minor or technical nature or to correct a manifest or proven error;
- (d) the amendment is to effect changes to any Rebalancing mechanism provided that:
  - (i) the Calculation Agent has notified the Issuer in accordance with the terms of a Facility Agreement that it has determined that such adjustments would more accurately reflect the position of a hypothetical investor seeking to track one or more of the indices embedded within the Index Securities, in which event the Issuer shall be entitled to deliver a copy of such notice to the Trustee, or otherwise give notice to the Trustee of the Calculation Agent's determination, but in each case only on the basis set out in Condition 16.4;
  - (ii) the adjustments so agreed have the consequence that at the time of the Rebalancing there is no change to the value of the Index Securities being Rebalanced; 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;
- (e) the amendment is to substitute a different forward commodity index for the Bloomberg Commodity Index 3 Month Forward<sup>SM</sup> and its sub-indices and consequential changes provided that:
  - (i) the adjustments so agreed have the consequence that at the time of the substitution of the index there is no change to the value of the Index Securities which are the subject of the substitution; and
  - (ii) the adjustments do not take effect until at least 30 days have elapsed after they are announced to Security Holders in an RIS announcement;
- (f) the amendment affects only Index Securities of one or more particular category or categories or the method, process or rights associated with Rebalancing, the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of different categories of Index Securities differently, and the terms of the amendment are authorised by separate Extraordinary Resolutions of the holders of each category of Index Security affected passed in accordance with the Trust Instrument or in any case by a separate resolution in writing of holders of such category of Index Security affected holding not less than 75 per cent. by Price (as at the date of the last signature or if no Price was determined on that date, the most recently determined Price) of such category;
- (g) Condition (f) above does not apply to the amendment, the amendment affects only Index Securities or the method, process or rights associated with Rebalancing and the terms of the amendment are authorised by an Extraordinary Resolution of the holders of the Index Securities (as a single class) passed in accordance with the Trust Instrument or by a resolution in writing of the holders of the Index Securities holding not less than 75 per cent. by Price (as at the date of the last signature or if no Price was determined on that date, the most recently determined Price) of the Index Securities (as a whole);
- (h) Conditions (f) and (g) above do not apply to the amendment, the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of different types of Micro and Commodity Securities differently and the terms of the amendment are authorised by separate Extraordinary Resolutions of the holders of each type of Micro or Commodity Security affected passed in accordance with the Trust Instrument or in each case by a separate resolution in writing of holders of such type of Micro or Commodity Security affected holding not less than 75 per cent. by Price (as at the date of the last signature or if no Price was determined on that date, the most recently determined Price)



of such type, provided that unless the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of Index Securities and/or Individual Securities differently from the holders of the relevant class(es) of Micro Securities, holders of Index Securities and/or Individual Securities shall for this purpose be treated as though they were holders of the Micro Securities by reference to which the amount payable on Redemption of their Index Securities and/or Individual Securities is calculated and not as though they were holders of the Index Securities and/or Individual Securities;

- (i) Conditions (f) to (h) inclusive above do 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 or by a resolution in writing of Security Holders holding not less than 75 per cent. by Price (as at the date of the last signature or if no Price was determined on that date, the most recently determined Price) of the Micro and Commodity Securities (as a whole); or
  - (j) the terms of the amendment are necessary or desirable in the opinion of the Issuer and the Trustee to comply with any statutory or other requirement of law (including as modified or applied in any respect to the Micro and Commodity Securities) or any Listing Rules or to rectify any inconsistency, technical defect, manifest error or ambiguity in the terms of the Trust Instrument, the relevant Security Deed or the relevant Trustee Consent Document.
- 30.3 In the case of an amendment to a Facility Agreement or an Authorised Participant Agreement, the amendment may not take effect for at least 30 calendar days (or five Issuer Business 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.
- 30.4 The Issuer shall notify all Security Holders of a proposed amendment as referred to in Conditions 30.2(a) and (b) by publishing a notice on a RIS at least 30 calendar days prior to such amendment becoming effective.
- 30.5 A change to the Rebalancing mechanism under Condition 30.2(d) shall take effect no earlier than 30 days following the determination and will be notified to Security Holders by publishing a notice on a RIS.
- 30.6 The Issuer shall notify all Security Holders of a proposed amendment as referred to in Conditions 30.2(f) to 30.2(j) (inclusive) by publishing a notice on the RIS as soon as practicable after such amendment is proposed and in any event, upon such amendment becoming effective.
- 30.7 Notwithstanding any provision to the contrary in this Condition 30 or in any other Trustee Consent Document, the power to assent to any modification or amendment to the provision of any Trustee Consent Document which modifies the power to amend such Document shall require a unanimous resolution in writing of holders of the Micro and Commodity Securities of any type then outstanding.
- 30.8 Conditions 30.2 and 30.3 shall not apply to any amendment to the terms of the Facility Agreement which, under the terms thereof, is automatic or at the election of the relevant Commodity Contract Counterparty in the circumstances described in Condition 30.1.
- 30.9 No notice need be given of any amendment as referred to in Conditions 30.2(b), (c) or (g) or 30.8 unless the Trustee otherwise requires.

## **31. NOTICES**

- 31.1 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.
- 31.2 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.

- 31.3 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 Micro 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.

- 31.4 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](mailto:info@etfsecurities.com).

- 31.5 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.

- 31.6 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 Commodity Securities Limited

Address: Ordnance House, 31 Pier Road  
St. Helier, Jersey JE4 8PW  
Channel Islands

Attention: Graeme Ross

Fax number: +44 1534 825 335

or such other address as may be published for the Issuer on the Issuer's Website.

- 31.7 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.

## **32. PAYMENT PROVISIONS**

- 32.1 All monies payable by the Issuer in respect of Micro and Commodity Securities shall be paid in US Dollars in full cleared and immediately available funds.

- 32.2 All monies payable by the Issuer on the Redemption of any Micro and Commodity Securities (including, without limitation, any interest payable under Condition 11.2) 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.

- 32.3 Where a day on which a payment would otherwise be due and payable is not a Business Day, such payment shall be due and payable by the payer on the next following Business Day.”

## PART 8

### PARTICULARS OF SECURITY DEEDS

The Issuer and the Trustee have entered into 50 Security Deeds, in each case creating a first-ranking floating charge over the Secured Property attributable to the relevant class for the benefit of the Trustee and the Security Holders of the Micro Securities and Individual Securities of that class and of the Index Securities to the extent they are comprised Micro Securities of that class.

The particulars of the Security Deeds as set out below are taken from the Security Deeds and are, therefore, drafted in legal language. Certain terms used below are defined in the Security Deeds. Detail on how the provisions of the Security Deeds impact upon Security Holders is contained throughout this Prospectus including under the headings “Security Structure” Part 1 (*General*) and “Security” in Part 4 (*Description of Commodity Securities*).

The Security Deeds contain, *inter alia*, provisions to the following effect:

#### 1. Charge

- (a) *Charge*: The Issuer as continuing security for the payment or discharge of all sums owing by or obligations of the Issuer to the Trustee or the Security Holders from time to time under the applicable type of Micro or Commodity Securities, the Trust Instrument or the relevant Security Deed (the “**Secured Liabilities**”), grants a first ranking floating charge to the Trustee for the benefit of itself and the Security Holders of that type of Micro or Commodity Securities over all the Issuer’s rights, title and interest, present and future, in and to the relevant Secured Property.
- (b) *Assignment by way of Security*: The Issuer as further security for the Secured Liabilities assigns absolutely to the Trustee all of its present and future rights, title and interest in the Facility Agreement, the Security Agreement and the Control Agreement in so far as it pertains to the relevant Pool.

#### 2. Enforcement

- (a) The Security created by the Security Deed shall become enforceable if (a) a Defaulted Obligation has occurred and is continuing, or (b) an Issuer Insolvency Event has occurred and is continuing, or (c) a Counterparty Event of Default has occurred and is continuing, or (d) any event by which the security under the Security Agreement becomes enforceable has occurred and is continuing.
- (b) In addition to any of the powers conferred on the Trustee pursuant to the Trust Instrument with respect to the Secured Property the Trustee may at any time:
  - (i) after the occurrence of a Defaulted Obligation, at its discretion, and shall, if so directed in writing by the Relevant Security Holder to whom such Defaulted Obligation is owed, the Trustee having first been indemnified and/or secured 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 to enforce any such obligation of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of the Relevant Securities to which such Defaulted Obligation relates;
  - (ii) if a Counterparty Event of Default and/or an Issuer Insolvency Event has occurred and is continuing, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature or, if no Price was determined on such date the most recently determined Price) of the affected Micro and Commodity Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders holding affected Micro and Commodity Securities (as a single class), the Trustee having first been indemnified and/or secured 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 to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all outstanding affected Relevant Securities and for this purpose and paragraph (iii) “affected” Micro and Commodity Securities or “affected” Relevant Securities means, in the context of an Issuer Insolvency Event, all of them, and in the context of a Counterparty Event of Default or (in paragraph (iii)) a Counterparty Insolvency Event, those Micro and Commodity Securities (or Relevant Securities, if any) that are attributable to the Pool or Pools which include rights against that particular Commodity Contract Counterparty; and

- (iii) where a Counterparty Event of Default and/or an Issuer Insolvency Event is occurring at the same time as a Defaulted Obligation, a holder of Relevant Securities to whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action as described in paragraph (i) until the expiry of 30 days from the occurrence of the Counterparty Event of Default and/or Issuer Insolvency Event, nor shall he be so entitled if, during such period of 30 days, the Trustee has elected, or been required, to take action as described in paragraph (ii).

### **3. Governing Law**

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

## PART 9

### COMMODITIES, COMMODITY AND FUTURES MARKETS, AND EXCHANGES

#### Commodities Overview

The websites referred to in this “Commodities Overview” section do not form part of the Prospectus.

##### *Aluminium*

Aluminium is the third most abundant element in the Earth's crust, and weighs about one-third as much as steel or copper. It is malleable, ductile, easily machined and cast, and has excellent corrosion resistance and durability. Aluminium is used in transportation (automobiles, airplanes, trucks, railcars, marine vessels), packaging (cans, foil), construction (windows, doors, siding), consumer durables (appliances, cooking utensils), electrical transmission lines, and machinery. The primary raw material used for aluminium production is aluminium ore, most commonly known as bauxite. Bauxite, which occurs mainly in tropical areas, is refined into alumina and then electrolytically reduced into aluminium metal. Two to three metric tons of bauxite is required to produce one metric ton of alumina; two metric tons of alumina are required to produce one metric ton of aluminium metal.

A more detailed description including historical data of the aluminium industry can be found at <http://www.daff.gov.au/abares>, which is updated from time to time by the Australian Bureau of Agriculture and Resources Economics and Sciences.

##### *Brent Crude*

Brent crude is one of the varieties of crude oil, as described under the heading “Crude Oil” below, and is sourced in the North Sea. Brent crude production has been in decline since 1999, and in order to avoid pricing distortions regarding quality and quantity of production for the benchmark, energy consultant Platts began to combine Brent Crude with other varieties of crude oil. The Brent crude oil benchmark is currently a blend of Brent Crude, Forties, Ecofisk, and Oseberg (BFOE) varieties of crude oil that are produced in the North Sea.

##### *Cocoa*

Cocoa grows on cocoa trees, which are generally found in rainforests and in countries near the Equator. Hot and humid conditions are essential for the development of cocoa trees. There are two kinds of cocoa beans “fine” or “flavour” beans, and “bulk” or “ordinary” beans. The latter has dominated most of the world's cocoa production over the past 5 decades. Historically, cocoa is regarded as a stimulant due to its high calorific content. More recently, it has been found that cocoa contains a high level of flavonoid which is beneficial to cardiovascular health. Besides human consumption, cocoa has also been used in the manufacture of pet food since the mid-2000s. Subsequent to cocoa being exported outside South America in the 16th century, it has gained more importance globally as 50 million people depend on cocoa for their livelihood. 70 per cent. of cocoa is produced in West Africa and more than 70 per cent. of the global cocoa supply is provided by small farm owners.

A more detailed description including historical data of the cocoa industry can be found at <http://www.icco.org>, which is updated from time to time by the International Cocoa Organization.

##### *Coffee*

The coffee plant produces its first full crop of beans at about 5 years old and then is productive for about 15 years. Coffee is generally classified into two types of beans — arabica and robusta. The most widely produced coffee is arabica, which is typically grown at high altitudes and makes up approximately 70 per cent. of world production. Brazil and Colombia are the largest producers of Arabica coffee. Robusta coffee, the stronger of the two types, is typically grown at lower altitudes in West and Central Africa, South-East Asia and partly Brazil. About 12-20 kg of export ready coffee is produced from every 100 kg of coffee beans harvested. Seasonal factors have a significant influence on coffee prices, which are often subject to upward spikes in June, July and August due to freeze scares in Brazil during the winter months in the Southern Hemisphere.

A more detailed description including historical data of the coffee industry is updated from time to time by the United States Department of Agriculture (<http://www.usda.gov>) and the International Coffee Organization (<http://www.ico.org>).

### *Copper*

Copper is one of the most widely used industrial metals because it is an excellent conductor of electricity, has strong corrosion-resistance properties, and is very ductile. It is also used to produce the alloys of brass (a copper-zinc alloy) and bronze (a copper-tin alloy), both of which are far harder and stronger than pure copper. Electrical uses of copper including power transmission and generation, and electronic equipment account for about 65 per cent. of total copper usage. Copper is biostatic, meaning that bacteria will not grow on its surface, and is therefore used in air-conditioning systems, food processing surfaces, and doorknobs to prevent the spread of disease. Building construction is the single largest market for copper, followed by industrial applications, power utility, diverse, consumer and general products and automotive.

A more detailed description including historical data of the copper industry can be found at <http://www.icsg.org>, which is updated from time to time by the International Copper Study Group.

### *Corn*

Corn is a hardy plant that grows in many different areas of the world, and is a native grain of the American continents. Corn is used primarily as livestock feed; it is also used in alcohol additives for gasoline, adhesives, corn oil for cooking and margarine, sweeteners, and as a food for humans.

A more detailed description including historical data of the corn industry can be found at <http://www.usda.gov>, which is updated from time to time by the United States Department of Agriculture.

### *Cotton*

Cotton accounts for over 40 per cent. of total world fibre production. It is used in a wide range of products from clothing to home furnishings to medical products. The weight of cotton is typically measured in terms of a "bale", which is deemed to weigh 480 pounds. The value of cotton is determined according to the staple, grade, and character of each bale. Staple refers to short, medium, long, or extra-long fibre length, with medium staple accounting for about 70 per cent. of all U.S. cotton. Grade refers to the colour, brightness, and amount of foreign matter. Character refers to the fibre's diameter, strength, body, maturity (ratio of mature to immature fibres), uniformity, and smoothness.

A more detailed description including historical data of the cotton industry can be found at <http://www.usda.gov>, which is updated from time to time by the United States Department of Agriculture.

### *Crude Oil*

According to the Energy Information Administration (EIA), over the past several decades oil has been the world's foremost source of primary energy consumption. Many varieties of crude oil are produced around the world, each with their own price; the characteristics of each variety depend largely on the particular crude oil's geological history. Because there are so many varieties, crude oils are priced and traded relative to well known benchmarks (called markers). Two of these benchmarks dominate world crude oil futures trading, namely Brent Crude, futures contracts for which are traded in London on the ICE Futures Market, and West Texas Intermediate (WTI) Light Sweet Crude, futures contracts for which are traded on NYMEX. Crude oil prices are influenced by a complex interaction of underlying supply and demand factors, political dynamics and increasingly developed spot, term and futures trading. Therefore these prices tend to be highly volatile. The behaviour of the Organization of the Petroleum Exporting Countries (OPEC) is often the key to price developments in the world crude oil market.

A more detailed description including historical data of the crude oil industry is updated from time to time on the BP Statistical Review of World Energy published on BP website (<http://www.bp.com>) and the International Energy Outlook published by the Energy Information Administration (<http://www.eia.doe.gov>).



### *Gasoline*

Gasoline is primarily used as a fuel for internal-combustion engines. Crude oil is the most economical source of gasoline, and refineries turn more than half of every barrel of crude oil into gasoline. The three basic steps to all refining operations are the separation process (separating crude oil into various chemical components), conversion process (breaking the chemicals down into molecules called hydrocarbons), and treatment process (transforming and combining hydrocarbon molecules and other additives). Octane is a measure of a gasoline's ability to resist pinging or knocking noise from the engine. Additional refining steps are needed to increase the octane level, which increases the retail price.

A more detailed description including historical data of the gasoline industry is updated from time to time on the BP Statistical Review of World Energy published on BP website (<http://www.bp.com>) and the International Energy Outlook published by the Energy Information Administration (<http://www.eia.doe.gov>).

### *Gold*

Three factors set gold apart as an investment from most other commodities: it is indestructible; it is fungible; and the inventory of above-ground stocks is enormous relative to the supply flow. These attributes mean that a sudden surge in gold demand can be met quickly and easily through sales of existing holdings of gold. Additionally, gold's liquidity and responsiveness to price changes differentiates it from other commodities. Gold trading on the global market consists of transactions in spot, forwards, and options and other derivatives on the over-the-counter (OTC) market, together with exchange-traded futures and options. The OTC market trades on a 24-hour per day continuous basis and accounts for most global gold trading.

A more detailed description including historical data of the gold industry can be found at <http://www.gold.org>, which is updated from time to time by the World Gold Council.

### *Heating Oil*

Heating oil is a heavy fuel oil that accounts for approximately 25 per cent. of the yield from a barrel of crude oil, the second largest cut after gasoline. Heating oil prices are highly correlated with crude oil prices, which make up 42 per cent. of the total cost of heating oil, although heating oil prices are also subject to swift supply and demand shifts due to weather changes or refinery shutdowns. However, the primary use for heating oil is residential space heating.

A more detailed description including historical data of the heating oil industry is updated from time to time on the BP Statistical Review of World Energy published on BP website (<http://www.bp.com>) and the International Energy Outlook published by the Energy Information Administration (<http://www.eia.doe.gov>).

### *Kansas Wheat*

Kansas wheat refers to the hard red winter variety whose futures are traded on the Kansas City Board of Trade. Hard red winter wheat is primarily used for bread making and accounts for about 40 per cent. of US wheat production. Winter Wheat is planted in the winter. Hard Red Winter Wheat is grown predominantly in Kansas, Nebraska, Oklahoma, and the Texas panhandle. The cold, sub zero winters and the general lack of precipitation make these regions of the country ideal for hard red winter wheat production.

A more detailed description including historical data of the wheat industry can be found at <http://www.ers.usda.gov/topics/crops/wheat.aspx>, which is updated by the United States Department of Agriculture. A more detailed description of Kansas wheat futures contracts can be found at <http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/kc-wheat.html>, which is updated by the Kansas City Board of Trade.

### *Lead*

Lead is soft, ductile, and highly resistant to corrosion. It has been used for more than 7,000 years and is easy to extract, usually being found in ore with zinc, silver, and copper. Lead's high corrosion resistance makes it ideal for buildings; the high density makes it an effective barrier to radiation in hospitals and helps reduce noise in factories as well as in ships. 80 per cent. of lead's end use is for lead-acid batteries

to provide power in vehicles and emergency power. At least three-quarters of all lead used goes into products which are suitable for recycling and the recovery of lead from scrap requires much less energy than extracting from ore, which is why lead has the highest recycling rate of all the common non-ferrous metals. Over 50 per cent. of lead consumed is derived from recycled or re-used material.

A more detailed description including historical data of the lead industry is updated from time to time on the International Lead and Zinc Study Group website (<http://www.ilzsg.org>), and the Australian Bureau of Agriculture and Resources Economics and Sciences website (<http://www.daff.gov.au/abares>).

### *Lean Hogs*

Hogs are generally bred twice a year in a continuous cycle designed to provide a steady flow of production. The time from birth to slaughter is typically six months. Hogs are ready for slaughter at about 254 pounds, producing an average of 89 pounds of lean meat. The lean meat consists of 21 per cent. ham, 20 per cent. loin, 14 per cent. belly, 3 per cent. spareribs, 7 per cent. butt roast and blade steaks, and 10 per cent. picnic, with the remaining 25 per cent. going into miscellaneous cuts and trimmings. Hogs are produced in three types of operations: feeder pig producers raise pigs from birth to about 10-60 pounds, and feeder pig finishers grow them to slaughter weight; alternatively, farrow-to-finish operations raise hogs from birth to slaughter weight.

A more detailed description including historical data of the lean hog industry can be found at <http://www.usda.gov>, which is updated from time to time by the United States Department of Agriculture.

### *Live Cattle*

The cattle and beef industry is divided into two production sectors: cow-calf operations and cattle feeding. Cow-calf operations — The cattle and beef industry begins with the cow-calf operation, which breeds the new calves. Cow-calf operations are typically located on land not suited or needed for crop production. These operations are dependent upon range and pasture forage conditions, which are in turn dependent upon variations in the average level of rainfall and temperature for the area. Herds of cows are bred in the summer, thus producing the new crop of calves in spring. Calves are weaned from the mother after 6-8 months; they spend the next 6-10 months in a “stocker” operation where they grow to 600-800 pounds or near full-size, after which point they are sent to a feedlot and become “feeder cattle”.

Cattle feedlots — Cattle feedlots produce high-quality beef by feeding grain and other concentrates for about five months. The animal is considered “finished” when it reaches full weight and is ready for slaughter, typically around 1,200 pounds, and then is sold for slaughter to a meat packing plant.

A more detailed description including historical data of the live cattle industry can be found at <http://www.usda.gov>, which is updated from time to time by the United States Department of Agriculture.

### *Natural Gas*

Natural gas is a fossil fuel in gaseous form that is colourless, shapeless, and odourless in its pure form. It is a mixture of hydrocarbon gases formed primarily of methane; it is combustible, clean burning, and gives off a great deal of energy. Natural gas is produced from wells around the world and it is normally transported via pipeline. When pipeline transport is not feasible (e.g. over long distances), the natural gas is turned into a liquid (also called “Liquefied Natural Gas” or LNG) by super-cooling and transported as a liquid on tankers before being warmed up and turned into a gas upon arrival at the delivery port. Natural gas is used primarily for heating and generating electricity by industries such as pulp and paper, metals, chemicals, petroleum refining, stone, clay and glass, plastic, and food processing.

A more detailed description including historical data of the natural gas is updated from time to time on the BP Statistical Review of World Energy published on BP website (<http://www.bp.com>) and the International Energy Outlook published by the Energy Information Administration (<http://www.eia.doe.gov>).

### *Nickel*

Nickel is a hard, malleable, ductile metal that can take on a high polish. Nickel is also a fair conductor of heat and electricity. Approximately 65 per cent. of nickel is used to manufacture stainless steel and 20 per cent. in other steel and non-ferrous (including “super”) alloys, often for highly specialised industrial,

aerospace and military applications. About 9 per cent. is used in plating, and 6 per cent. in other uses including coins and a variety of nickel chemicals (e.g. rechargeable batteries). Nickel plating techniques are employed in applications such as turbine blades, helicopter rotors, extrusion dies, and rolled steel strip.

A more detailed description including historical data of the nickel industry can be found at <http://www.daff.gov.au/abares>, which is updated from time to time by the Australian Bureau of Agriculture and Resources Economics and Sciences.

#### *Platinum*

Platinum is soft, with a high resistance to corrosion and a high melting point, and is the most dense metal known. It is also a good oxidation catalyst, conductive and oxidation resistant. Traditionally, platinum is mainly used for jewellery, industrial usage, and autocatalysts. Recently, investment demand for platinum has increased due to the creation of physical platinum backed exchange traded funds. Platinum together with palladium are the major metals used in gasoline and diesel autocatalysts. Other industrial demands include chemical, electrical, petroleum, glass, and dental uses.

A more detailed description including historical data of the platinum industry can be found at <http://www.platinum.matthey.com>, which is updated from time to time by Johnson Matthey.

#### *Silver*

Silver has been used for thousands of years in ornaments and utensils, for trade, and as the basis for many monetary systems. It is the most malleable and ductile of all metals with the exception of gold, and conducts heat and electricity better than any other metal. It is not very chemically active, although tarnishing occurs when sulphur and sulphides attack silver. Because silver is too soft in its pure form, a hardening agent, usually copper, is mixed into the silver. Most silver emerges as a by-product from mining; only 30 per cent. of output comes from mines where the main source of revenue is silver (primary silver mine). The term "sterling silver" means silver that contains at least 925 parts of silver per thousand (92.5 per cent.) to 75 parts of copper (7.5 per cent.). Silver is used for jewellery, photography, electrical appliances, glass, and as an antibacterial agent for the health industry. Silver has never really enjoyed the safe haven' status that gold possesses. However, its link to gold and the base metals meant that silver was often attractive for speculators, since it was perceived to behave in a similar way to these other markets.

A more detailed description including historical data of the silver industry can be found at <http://www.silverinstitute.org>, which is updated from time to time by The Silver Institute.

#### *Soybean Meal*

Soybean meal is a by-product of soybean processing. Soybean meal is the most valuable component obtained from processing the soybean, ranging from 50 per cent. to 75 per cent. of its value. Livestock feeds account for 98 per cent. of soybean meal consumption, with the remainder used in human foods such as bakery ingredients and meat substitutes.

A more detailed description including historical data of the soybean industry can be found at <http://www.ers.usda.gov/topics/crops/soybeans-oil-crops/background.aspx>, which is updated by the United States Department of Agriculture. A more detailed description of Chicago Board of Trade soybean meal futures contracts can be found at [http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean-meal\\_contract\\_specifications.html](http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean-meal_contract_specifications.html), which is updated by the Chicago Board of Trade.

#### *Soybean Oil*

Soybean oil is the natural oil extracted from whole soybeans; approximately 19 per cent. of a soybean's weight can be extracted as crude soybean oil. It is mainly used in salad and cooking oil, bakery shortening, and margarine, as well as in a number of industrial applications, primarily because soy oil is cholesterol-free and high in polyunsaturated fat. Soybean oil is also used to produce inedible products such as paints, varnish, resins, and plastics. Worldwide, soybean oil is still the largest source of vegetable oil.

A more detailed description including historical data of the soybean oil industry can be found at <http://www.usda.gov>, which is updated from time to time by the United States Department of Agriculture.

### *Soybeans*

Soybeans are used to produce a wide variety of food products because of their high protein content without many of the negative factors of animal meat. Processed soybeans are the largest source of protein feed and vegetable oil in the world. Soybean meal is the most valuable component obtained from processing the soybean, ranging from 50 per cent. to 75 per cent. of its value. Livestock feeds account for 98 per cent. of soybean meal consumption, with the remainder used in human foods such as bakery ingredients and meat substitutes. Popular soy-based food products include whole soybeans, soy oil for cooking and baking, soy flour, protein concentrates, isolated soy protein, soy milk and baby formula, soy yogurt, soy cheese, soy nut butter, soy sprouts, tofu and tofu products, soy sauce, and meat alternatives.

A more detailed description including historical data of the soybean industry can be found at <http://www.usda.gov>, which is updated from time to time by the United States Department of Agriculture

### *Sugar*

Sugar, also known as sucrose, is a member of the larger group of compounds called carbohydrates, and is characterised by a sweet taste. Sucrose occurs in the highest concentration in sugar cane and sugar beets, which are produced in over 100 countries around the world. About 75 per cent. of all sugar produced is processed from sugar cane, and the remainder from sugar beets. Raw sugar and refined sugar are two different products that are both traded internationally. Sugar beet producing countries export refined sugar, while sugar cane producing countries export either raw or refined sugar.

A more detailed description including historical data of the sugar industry can be found at <http://www.usda.gov>, which is updated from time to time by the United States Department of Agriculture

### *Tin*

Tin has been used in the production of bronze for at least 5,500 years. Tin is soft, pliable, resistant to corrosion and does not easily oxidise in the air. Therefore, it is widely used to coat other metals. The other important properties of tin are its low melting point, attractive appearance and the ability to readily form alloys with most other metals to create useful materials. Because of the softness of tin, it is seldom used in its pure form and is mainly combined with other metals. The end uses of tin are metal containers (19 per cent.), solders (16 per cent.), transportation (16 per cent.), construction (11 per cent.) and other applications (38 per cent.).

A more detailed description including historical data of the tin industry is updated from time to time on the United States Geological Survey (<http://www.usgs.gov>), the ITRI website (<http://www.itri.co.uk/default.asp>), and the Australian Bureau of Agriculture and Resources Economics and Sciences website (<http://www.daff.gov.au/abares>).

### *Wheat*

Wheat is a cereal grass that has been grown in temperate regions and cultivated for food since prehistoric times; it is currently widely produced across the world. Wheat is used mainly as a human food and supplies about 20 per cent. of the food calories for the world's population. The primary use for wheat is flour, but it is also used in brewing and distilling, and to make oil, gluten, straw for livestock bedding, livestock feed, hay or silage, newsprint, and other products.

Wheat here refers to the soft red winter variety whose futures are traded on the Chicago Board of Trade. Soft red winter wheat futures are the most actively traded wheat futures contract. Soft red winter wheat is used for cakes, cookies and crackers and accounts for 15 per cent. to 20 per cent. of US wheat production.

A more detailed description including historical data of the wheat industry can be found at <http://www.ers.usda.gov/topics/crops/wheat.aspx>, which is updated by the United States Department of Agriculture. A more detailed description of Chicago Board of Trade wheat futures contracts can be found

at [http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/wheat\\_contract\\_specifications.html](http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/wheat_contract_specifications.html), which is updated by the Chicago Board of Trade.

## *Zinc*

Zinc is never found in its pure state, but is rather produced from ores (primary zinc), or from scrap and residues (secondary zinc). Approximately three quarters of all zinc is consumed as metal, mainly as a coating to protect iron and steel from corrosion (galvanised metal), as alloying metal to make bronze and brass, as zinc-based die casting alloy, and as rolled zinc. The remaining quarter is consumed as zinc compounds mainly in the negative electrode in dry cell (flashlight) batteries, in the zinc-mercuric-oxide battery cell typically used in watches, cameras, and other electronic devices, and as an antiseptic ointment in medicine. Zinc is also a necessary element for proper growth and development of humans, animals, and plants; it is the second most common trace metal, after iron, found naturally in the human body.

A more detailed description including historical data of the zinc industry is updated from time to time on the International Lead and Zinc Study Group website (<http://www.ilzsg.org>), and the Australian Bureau of Agriculture and Resources Economics website (<http://www.daff.gov.au/abares>).

## **Futures Markets**

Futures contracts are typically traded on organised exchanges in a wide variety of physical commodities (including petroleum products, metals, and grains) and financial instruments (such as stocks, bonds, and currencies). They are traded in two ways: either in an open outcry environment or through an electronic trading platform.

Futures contracts have standardised terms that are determined by the exchange, rather than by market participants. Standardised terms include: the amount of the commodity to be delivered (the contract size), delivery months, the last trading day, the delivery location or locations, and acceptable qualities or grades of the commodity. This standardisation enhances liquidity, by making it possible for large numbers of market participants to trade the same instrument. Most futures contracts (by volume) are liquidated prior to expiry to avoid physical delivery. The purpose of the physical delivery provision is to ensure convergence between the futures price and the cash market price (however some futures are only cash settled).

Futures trades that are made on an exchange are cleared through a clearing organisation (clearing house), which acts as the buyer to all sellers and the seller to all buyers. When an investor buys or sells a futures contract, they are technically buying from, or selling to, the clearing organisation rather than the party with whom they executed the transaction on the trading floor or through an electronic trading platform.

Futures traders are not required to put up the entire value of a contract. Rather, they are required to post a margin that is typically between 2 per cent. and 10 per cent. of the total value of the contract. Thereafter, the position is “marked to the market” daily. If the futures position loses value, the amount of money in the margin account will decline accordingly. If the amount of money in the margin account falls below the specified maintenance margin, the futures trader will be required to post additional margin to bring the account up the initial margin level. On the other hand, if the futures position is profitable, the profits will be added to the margin account. Because only a margin is required, this is known as an un-collateralised position. If 100 per cent. margin is deposited (earning interest), then this is known as a fully collateralised position and the return is known as a Total Return.

Futures exchanges and clearing houses in the United States are subject to regulation by the Commodity Futures Trading Commission (CFTC). Exchanges may adopt rules and take other actions that affect trading, including imposing speculative position limits, maximum price fluctuations and trading halts and suspensions, and requiring liquidation of contracts in certain circumstances.

Futures markets outside the United States are generally subject to regulation by comparable regulatory authorities. The structure and nature of trading on non-U.S. exchanges, however, may differ from this description.



## Exchanges

### *CBOT (Chicago Board of Trade)*

CBOT is a leading futures and futures-options exchange located in Chicago. In its early history, the CBOT traded only agricultural commodities such as corn, wheat, oats and soybeans. Futures contracts at the Exchange evolved over the years to include non-storable agricultural commodities and non-agricultural products, including U.S. Treasury bonds and notes, 30-Day Federal Funds, stock indexes, and swaps. In 2007, CBOT merged with the Chicago Mercantile Exchange (“**CME**”), becoming the world’s largest financial exchange market.

### *CME (Chicago Mercantile Exchange)*

CME is the largest futures exchange in the United States, and also owns and operates the largest futures clearing house in the world. CME products fall into five major areas: interest rates, equities, foreign exchange, agricultural commodities and alternative investments. Two forums are available for trading CME products: the long-standing open outcry trading floors and an electronic trading platform. The CME Clearing House guarantees, clears and settles every contract traded through the CME. In 2007, the CME merged with the Chicago Board of Trade (“**CBOT**”), becoming the world’s largest financial exchange market.

### *KCBT (Kansas City Board of Trade)*

The Kansas City Board of Trade was founded in 1856 by a group of Kansas City merchants. It served a function similar to a Chamber of Commerce. Early trading at the exchange was primarily in cash grains. Today, hard red winter wheat futures are the mainstay of the Kansas City Board of Trade. Options on wheat futures were introduced in 1984, and record options volume was traded in 2002. In 2012, the CME group acquired KCBT.

### *LME (London Metal Exchange)*

LME is the world’s largest futures exchange for base and other metals. LME allows for cash trading, and offers hedging, worldwide reference pricing and storage for physical delivery of trades. Eleven companies have exclusive rights to trade by open outcry, and approximately 100 companies trade inter-office through the London Clearing House, which also clears London Stock Exchange trading. Trades are in futures, options and TAPOs (traded average price contracts, a form of Asian option). Commodities traded on LME include aluminium, copper, zinc, lead, nickel, tin, and aluminium alloy.

In 2012, LME was bought by The Hong Kong Exchange and Clearing Limited (HKEX).

### *ICE Futures U.S.*

ICE Futures U.S., formerly the New York Board of Trade (“**NYBOT**”), is a physical commodity futures exchange located in New York City. Its two principle divisions are the New York Coffee Sugar and Cocoa Exchange (“**CSCE**”) and the New York Cotton Exchange (“**NYCE**”). In January 2007, NYBOT was acquired by ICE and renamed ICE Futures U.S.

### *NYMEX (The New York Mercantile Exchange, Inc.)*

NYMEX, or The New York Mercantile Exchange, Inc., is the world’s largest physical commodity futures exchange located in New York City. The exchange handles billions of dollars worth of energy products, metals, and other commodities being traded by open auction and electronically. Trading is conducted through two divisions, the NYMEX Division, home to the energy, platinum, and palladium markets; and the COMEX Division, on which all other metals trade. In 2008, NYMEX merged with CME Group.



## PART 10

### 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 document. 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.

#### Model Form of Global Bearer Certificate (non-binding translation)

<p style="text-align: center;"><b>Global Bearer Certificate</b></p> <p style="text-align: center;">for</p> <p style="text-align: center;">● registered [see Annex 1] [class of Individual/category of Index] Securities</p> <p style="text-align: center;">of</p> <p style="text-align: center;">ETFS Commodity Securities Limited</p> <p style="text-align: center;">Ordnance House, 31 Pier Road, St Helier, Jersey, Channel Islands, JE4 8PW</p> <p style="text-align: center;">divided into securities with a principal amount of ● [see Annex 1] each</p> <p>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 Individual/category of Index] Securities (hereinafter referred to as "Notes") of ETFS Commodity Securities Limited, Jersey, Channel Islands (hereinafter referred to as the "Company") constituted by a Trust Instrument dated 21 September 2006 between the Company and The Law Debenture Trust Corporation p.l.c. (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.</p> <p>In respect of all further matters, the Conditions attached to this Global Bearer Certificate and forming an essential part thereof shall apply.</p> <p>Frankfurt am Main.</p> <p style="text-align: right;"><b>CLEARSTREAM BANKING</b> <b>AKTIENGESELLSCHAFT</b></p>
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**Text of the Conditions of the Global Bearer Certificates  
(non-binding translation)**

**Conditions of the Certificate  
(non-binding translation)**

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 Individual/category of Index] Securities (hereinafter referred to as "Notes") of ETFS Commodity Securities Limited, Jersey, Channel Islands, England, (hereinafter referred to as the "Company") constituted by a Trust Instrument dated 21 September 2006 between the Company and The Law Debenture Trust Corporation p.l.c. (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, in accordance with the foreign exchange control regulations prevailing at the time, unless the co-owner has in time before the due date demanded payment in USD (United States Dollars).

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 officially quoted.
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 Commodity Securities Limited under its multi-type Programme

Type	Original ISIN (of the Notes)	LSE Code	Principal Amount (USD) (at 9 July 2014)
ETFS Aluminium	GB00B15KXN58	ALUM	\$1.00000000
ETFS Brent Crude	JE00B78CGV99	BRNT	\$6.25000000
ETFS Coffee	GB00B15KXP72	COFF	\$0.50000000
ETFS Copper	GB00B15KXQ89	COPA	\$3.00000000
ETFS Corn	GB00B15KXS04	CORN	\$0.25000000
ETFS Cotton	GB00B15KXT11	COTN	\$0.50000000
ETFS Crude Oil	GB00B15KXV33	CRUD	\$1.15000000
ETFS Gasoline	GB00B15KXW40	UGAS	\$5.00000000
ETFS Gold	GB00B15KXX56	BULL	\$1.00000000
ETFS Heating Oil	GB00B15KXY63	HEAT	\$3.00000000
ETFS Lean Hogs	GB00B15KXZ70	HOGS	\$0.11000000
ETFS Live Cattle	GB00B15KY096	CATL	\$2.00000000
ETFS Natural Gas	GB00B15KY104	NGAS	\$0.00800000
ETFS Nickel	GB00B15KY211	NICK	\$2.00000000
ETFS Silver	GB00B15KY328	SLVR	\$2.00000000
ETFS Soybean Oil	GB00B15KY435	SOYO	\$1.00000000
ETFS Soybeans	GB00B15KY542	SOYB	\$2.00000000
ETFS Sugar	GB00B15KY658	SUGA	\$3.00000000
ETFS Wheat	GB00B15KY765	WEAT	\$0.25000000
ETFS Zinc	GB00B15KY872	ZINC	\$1.00000000
ETFS Agriculture	GB00B15KYH63	AIGA	\$1.0079925
ETFS All Commodities	GB00B15KY989	AIGC	\$1.6054922
ETFS Energy	GB00B15KYB02	AIGE	\$0.7830462
ETFS Ex-Energy	GB00B15KYD26	AIGX	\$1.54702300
ETFS Grains	GB00B15KYL00	AIGG	\$0.70272680
ETFS Industrial Metals	GB00B15KYG56	AIGI	\$2.03020900
ETFS Petroleum	GB00B15KYC19	AIGO	\$2.43879670
ETFS Precious Metals	GB00B15KYF40	AIGP	\$1.28009700
ETFS Softs	GB00B15KYJ87	AIGS	\$1.21318700
ETFS Ex-Agriculture & Livestock	JE00B6SV8B36	XRFM	\$1.56662000
ETFS Longer Dated Brent Crude	JE00B78CP782	FBRT	\$7.75000000
ETFS Longer Dated Natural Gas	JE00B24DM351	NGAF	\$0.55000000
ETFS Longer Dated All Commodities	JE00B24DMC49	FAIG	\$2.83183050
ETFS Longer Dated Energy	JE00B24DMD55	ENEF	\$3.99645760
ETFS Longer Dated Petroleum	JE00B24DMF79	FPET	\$7.44849800
ETFS Longer Dated Ex-Energy	JE00B24DMG86	EXEF	\$1.93432400
ETFS Longer Dated Industrial Metals	JE00B24DMJ18	FIND	\$2.81396650
ETFS Longer Dated Agriculture	JE00B24DMK23	FAGR	\$1.18436550
ETFS Longer Dated Softs	JE00B24DML30	SOFF	\$1.06775000
ETFS Longer Dated Livestock	JE00B24DMM47	FLIV	\$2.27815950
ETFS Longer Dated Grains	JE00B24DMN53	GRAF	\$0.94181150

## PART 11

### PARTICULARS OF THE COMMODITY CONTRACT COUNTERPARTIES

#### A Particulars of UBS

UBS AG with its subsidiaries (together, “**UBS AG Group**”; together with the holding company of UBS AG, UBS Group AG, “**UBS Group**”, or “**Group**” or “**UBS**”) is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland with financial advice and solutions. UBS’s business strategy centres on its Wealth Management and Wealth Management Americas businesses and its leading universal bank in Switzerland. These businesses are complemented by its Global Asset Management business and its Investment Bank. UBS AG is incorporated and domiciled in Switzerland and operates under Swiss Code of Obligations and Swiss Federal Banking Law as an Aktiengesellschaft, a stock corporation. UBS AG shares are listed on the SIX Swiss Exchange.

The addresses and telephone numbers of UBS AG’s two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050. The address of UBS AG, London branch is 1 Finsbury Avenue, London EC2M 2PP.

**For the avoidance of doubt, the Commodity Securities issued under this Programme do not represent an obligation of, nor will they be insured or guaranteed by, UBS.**

#### B Particulars of MLCI and BAC

MLCI conducts a commodity business, including in over-the-counter commodity derivatives, with institutional clients in various U.S. domestic and international markets.

MLCI is a company which was incorporated in the State of Delaware, United States on 14<sup>th</sup> June 2004 (Delaware file number 3815358). The registered office of MLCI is care of The Corporation Trust Company, Corporation Trust Center, 1209, Orange Street, Wilmington, Delaware, 19801, United States; and its principal place of business is located at 20, E. Greenway Plaza, Houston, Texas, 77046, United States. MLCI is a wholly-owned and indirectly held subsidiary of BAC.

The payment obligations of MLCI under the MLCI Facility Agreement, MLCI Security Agreement and MLCI Collateral Account Control Agreement are guaranteed by BAC.

BAC is a bank holding company and a financial holding company incorporated in the State of Delaware, United States, in 1998. Through BAC’s banking and various non-banking subsidiaries throughout the U.S. and in international markets, BAC provides a diversified range of banking and non-banking financial services and products.

BAC’s headquarters and principal executive offices are located at 100 North Tryon Street, Charlotte, NC 28255, United States. BAC’s common stock is listed on the New York Stock Exchange. BAC has securities admitted to trading on the regulated market of the London Stock Exchange, including various series of notes issued under its US\$65,000,000,000 Euro Medium-Term Note Programme.

**For the avoidance of doubt, the Commodity Securities issued under this Programme do not represent an obligation of, nor will they be insured or guaranteed by, BAC or any of its subsidiaries (including, but without limitation, MLCI).**

The information on the Commodity Contract Counterparties and BAC in this Prospectus is based upon information made available to the Issuer by the Commodity Contract Counterparties and BAC. 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 the Commodity Contract Counterparties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## PART 12

### TAXATION

#### 1. UK Taxation

##### (a) General

The following paragraphs summarise certain limited aspects of the UK taxation treatment of holding Micro or Commodity 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, are UK resident individuals or which 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 Micro or Commodity 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 corporation tax purposes or through a branch or agency situated in the UK which would bring the Issuer within the charge to UK income tax, the Issuer will not be subject to UK corporation tax or income 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, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

##### (c) Withholding Tax

No payments made by the Issuer to Security Holders are required to be made under deduction or withholding for or on account of UK tax.

##### (d) 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 Micro or Commodity 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 Micro or Commodity Securities and which may include fluctuations in value relating to foreign exchange gains and losses) will be treated as income profits or losses for the purposes of a Security Holder's corporation tax computation.

##### (e) Capital Gains Tax (Individuals)

###### *Subscriptions made before 1 December 2009*

Provided the Micro or Commodity Securities are not treated as "deeply discounted securities" for UK tax purposes, any transfer or redemption of a Micro or Commodity Security by a Security Holder who is a UK individual will be a disposal of that Micro or Commodity Security for UK capital gains tax purposes which may, subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for those purposes.

The Issuer has received a non-statutory confirmation from HM Revenue & Customs that, in its view, the Micro and Commodity Securities are not deeply discounted securities. However, since this confirmation is addressed to the Issuer and is not binding on HM Revenue & Customs in its dealings with Security Holders, investors may wish to consult their own tax advisors in this respect.



The tax treatment of subscriptions made prior to 1 December 2009 will not be affected by the amendment to the definition of “offshore fund” discussed below.

*Subscriptions made on or after 1 December 2009*

The Issuer has not been regarded as an “offshore fund” for UK tax purposes for periods before 1 December 2009. However, on 1 December 2009, a new definition of “offshore fund” took effect which has resulted in the Issuer being treated as an “offshore fund”. Accordingly, subscriptions made on or after this date may be treated as investments in an “offshore fund” for UK tax purposes.

If this is the case, and the Micro or Commodity Securities are not treated as “deeply discounted securities” and no other exemption applies, any gain accruing to an investor upon the sale, redemption or other disposal of Micro or Commodity Securities acquired on or after 1 December 2009 will be taxed as income and not as a capital gain, unless the Issuer achieves certification as a “reporting fund”. The Issuer has obtained notification from HM Revenue & Customs that all the Micro and Commodity Securities have been accepted for entry into the “reporting fund” regime with effect from the accounting period which commenced 1 January 2009 or if later from their date of issue. Whilst it is expected that certification as a “reporting fund” will be maintained for all periods this cannot be guaranteed.

Note that under the reporting fund rules the Issuer is required to report to investors 100 per cent. of the net income attributable to the relevant class of Micro or Commodity Securities. It is not expected that any such reportable income will arise in respect of any of the Micro or Commodity Securities.

A copy of the annual report required to be made to investors under the reporting fund rules will be provided on the following website: [http://etfsecurities.com/en/document/etfs\\_document.asp](http://etfsecurities.com/en/document/etfs_document.asp)

**(f) Income Tax (Individuals)**

If the Micro or Commodity Securities are treated as “deeply discounted securities” for UK tax purposes, and do not qualify as “excluded indexed securities” for those purposes, any profit arising to a Security Holder who is a UK individual on transfer or redemption of Micro or Commodity Securities will be subject to UK income tax and not to UK capital gains tax. As noted in “Capital Gains Tax (Individuals)” above, the Issuer has received a non-statutory confirmation from HM Revenue & Customs that the Micro and Commodity Securities are not deeply discounted securities.

**(g) 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 (currently at the rate of 20 per cent., falling to 17 per cent. by 1 April 2020) 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 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. These provisions do not however apply to a qualified investor scheme which does not meet the genuine diversity of ownership condition. In addition Part 2B of the Regulations treats all capital profits, gains and losses (determined in accordance with UK generally accepted accounting practice, as described above) arising to a UK open-ended investment company or authorised unit trust, which meets the genuine diversity of ownership condition, from an “investment transaction” (which includes loan relationships and derivative contracts) as a non-trading transaction and thus not taxable as income. These Parts of the Regulations 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 in respect of Micro or Commodity Securities will be exempt from tax.

(h) **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 stamp duty nor SDRT will be payable on the issue or the subsequent transfer of, or agreement to transfer, Micro or Commodity Securities in Uncertificated Form.

In the case of Micro or Commodity 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 anything to be done in the UK, neither stamp duty nor SDRT will be payable on the issue or subsequent transfer of Micro or Commodity Securities.

The redemption of Micro or Commodity Securities will not give rise to stamp duty or SDRT.

(i) **Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, tax authorities in participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with other participating tax authorities in which the investors of the reporting financial institution are tax resident on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Jersey has committed to implement the CRS. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of Commodity Securities.

## **2. Jersey Taxation**

(a) **General**

*The following paragraphs summarise certain aspects of Jersey taxation treatment of holding Micro and Commodity Securities. The statements are intended only as a general guide.*

Under the Income Tax (Jersey) Law 1961 (the "**Jersey Income Tax Law**"), the Issuer will be regarded as resident in Jersey but (being neither a financial services company nor a specified utility company under the Jersey Income Tax Law at the date hereof) will (except as noted below) be subject to Jersey income tax at a rate of 0%.

The Issuer will not be required to make any deduction or withholding for, or on account of, Jersey income tax from any payments in respect of the Micro or Commodity Securities. Holders of the Micro or Commodity Securities (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 its Micro or Commodity 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 Micro or Commodity Securities. In the event of the death of an individual sole holder of Micro or Commodity Securities, duty at rates of up to 0.75 per cent. of the value of the Micro and Commodity Securities held, subject to a cap of £100,000, may be payable on registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Micro or Commodity 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) **Jersey and the EU Directive on the Taxation of Savings Income**

Save as regards Austria, the Taxation (Agreements with European Union Member States)(Jersey) Regulations 2005 (the “**Regulations**”) were suspended on 18 January 2016 pursuant to the Taxation (Agreements with European Union Member States)(Suspension of Regulations)(Jersey) Order 2016. The Regulations continue in effect until 31 December 2016 as regards Austria.

A paying agent established in Jersey that makes interest payments (as defined in the Regulations) to an individual beneficial owner resident in Austria prior to 1 January 2017 is obliged to communicate details of such payments to the Comptroller of Taxes in Jersey who will pass on such details to the tax authorities in Austria.

The system of automatic exchange of information regarding interest payments is implemented in Jersey by means of a bilateral agreement with Austria, the Regulations and Guidance Notes issued by the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, Redemption payments do not constitute interest payments for the purposes of the system and therefore neither the Issuer nor any paying agent appointed by them in Jersey is obliged to communicate information to the Comptroller of Taxes in Jersey under these provisions in respect of such payments.

(e) **Intergovernmental Agreement between Jersey and the United States**

The US Hiring Incentives to Restore Employment Act resulted in the introduction of legislation in the US known as the Foreign Account Tax Compliance Act (“**FATCA**”). Under FATCA a 30 per cent withholding tax may be imposed on payments of US source income and certain payments of proceeds from the sale of property that could give rise to US source income, unless the Issuer complies with requirements to report on an annual basis the identity of, and certain other information about, direct and indirect US holders of Micro or Commodity Securities issued by the Issuer to the US Internal Revenue Service (“**IRS**”) or to the relevant Jersey authority for onward transmission to the IRS. A holder of Micro or Commodity Securities issued by the Issuer that fails to provide the required information to the Issuer may be subject to the 30 per cent withholding tax with respect to any payments directly or indirectly attributable to US sources and the Issuer might be required to redeem any Micro or Commodity Securities held by such holder.

On 13 December 2013 an intergovernmental agreement was entered into between Jersey and the US in respect of FATCA which agreement was enacted into Jersey law as of 18 June 2014 by the Taxation (Implementation) (International Tax Compliance) (United States of America) (Jersey) Regulations 2014.

Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of such withholding tax, no assurance can be given that the Issuer will be able to satisfy such obligations. If the Issuer becomes subject to a withholding tax as a result of FATCA, the return on some or all Micro or Commodity Securities issued by the Issuer may be materially and adversely affected. In certain circumstances, the Issuer may compulsorily redeem some or all of the Micro or Commodity Securities held by one or more holders and/or may reduce the redemption proceeds payable to any holder of Micro or Commodity Securities.

(f) **Intergovernmental Agreement between Jersey and the United Kingdom**

On 22 October 2013, Jersey and the UK signed an intergovernmental agreement concerning the automatic exchange of tax information which agreement was enacted into Jersey law as of 18 June 2014 by the Taxation (Implementation) (International Tax Compliance) (United Kingdom) (Jersey) Regulations 2014. The intergovernmental agreement is part of a package of measures intended to enhance existing arrangements in relation to the exchange of tax information in respect of UK residents, similar to the intergovernmental agreement with the US for the purposes of FATCA. Pursuant to the terms of the intergovernmental agreement, the Issuer will, on an annual basis, be required to provide certain information in relation to UK resident holders of Micro or Commodity Securities issued by the Issuer and their holding of the Micro or Commodity Securities to the relevant Jersey authority for onward transmission to HMRC in the UK.

This agreement ceases with effect from the 2015 reporting period and is replaced by reporting under the Common Reporting Standard.

(g) **Organisation for Economic Co-operation and Development (“OECD”) Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. Jersey has committed to implement the CRS. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Broadly, these are that the due diligence requirements under the CRS framework as adopted by Jersey commenced on 1 January 2016, with information to be reported to the Jersey Taxes Office on or before 30 June 2017. Information exchange between the Jersey Taxes Office and partner jurisdictions is due to take place on or before 30 September 2017.

Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of Collateralised Currency Securities.

(h) **Base Erosion and Profit Shifting**

The law and any other rules or customary practice relating to tax, or its interpretation in relation to the Issuer, its assets and any investment of the Issuer may change during its life. In particular, both the level and basis of taxation may change. In particular, the outcome of the on-going global Base Erosion and Profit Shifting (BEPS) project could substantially affect the tax treatment of the Issuer. Additionally, the interpretation and application of tax rules and customary practice to the Issuer, its assets and investors by any taxation authority or court may differ from that anticipated by the Issuer. Both could significantly affect returns to investors.

**3. 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 Micro and Commodity Securities. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Micro and Commodity 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 Micro and Commodity Securities. Only personal advisors are in a position to adequately take into account special tax aspects of the particular Micro and Commodity Securities 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 Prospectus. The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect.

An amendment to the tax legislation was passed by the Austrian National Council and published in the National Gazette on 14 August 2015. It contains a rise of the flat (special) tax rate and the withholding tax rate for individuals from 25 per cent. to 27.5 per cent. from 1 January 2016 for most investment income. Loss compensation rules were also amended.

**(b) Taxation of capital gains or redemption gains upon disposal or redemption of the Micro and Commodity Securities**

**(i) Individual Investors**

Capital gains upon the disposal or redemption of the Micro and Commodity Security are subject to a 25 per cent. flat tax rate. If the Micro and Commodity Securities are deposited with an Austrian custodian bank, the bank will, in most circumstances, withhold the 27.5 per cent. capital gains tax and forward it to the tax authorities. If for an individual the 27.5 per cent. flat rate is higher than the rate which would be applicable under the regular progressive tax rate (0 per cent. – 55 per cent. depending on the individual's total annual income) applicable for this individual, the individual can apply for a tax refund in his or her annual tax return.

For Micro and Commodity Securities acquired and sold or redeemed before 31 March 2012, capital gains might have been subject to the full progressive tax rate of up to 50 per cent. This applied in any event when the holding period did not exceed one year.

Capital gains realised upon Micro and Commodity Securities acquired and sold or redeemed after 31 March 2012 were always taxable at 25 per cent. (until 31 December 2015) or 27.5 per cent. (from 1 January 2016) regardless of the holding period.

Generally, a loss compensation is possible within the class of investment income. Losses derived from the disposal or redemption of the Micro and Commodity Securities can though not be compensated with interest income on bank accounts or distributions by private foundations. Furthermore, investment losses in relation to assets taxed at the special tax rate of 27.5 per cent. for investment income may only be compensated with positive income from assets which are also taxed at this Special Tax Rate.

In case an individual holds the Micro and Commodity Securities as a business asset, losses from a sale or redemption of the Micro and Commodity Securities may be compensated primarily only with positive income from gains on investment assets which are also taxed at the Special Tax Rate. Only 55 per cent. (until 31 December 2015: half) of a remaining loss may be compensated with a positive business income from other sources.

The Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets and the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation provide that a Swiss, respectively a Liechtenstein, paying agent has to withhold a tax amounting to 27.5 per cent. on, *inter alia*, interest income, dividends and capital gains from assets booked with an account or deposit of such Swiss, respectively Liechtenstein, paying agent or managed by a Liechtenstein paying agent, if the relevant holder of such assets is tax resident in Austria. For Austrian income tax purposes this withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for



the effect of final taxation for such income. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss, respectively Liechtenstein, paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

For the purpose of the above outlined principles it is assumed that the Micro and Commodity Securities are securitized, legally and factually offered to an indefinite number of persons (public offering) and are neither equity instruments as shares or participation rights (*Substanzgenussrechte*) nor investment fund units. In case of private placements other principles apply. However, for not securitized derivatives the principles outlined above would be applicable if the custodian bank or paying agent (*auszahlende Stelle*) pays tax as explained above on a voluntary basis.

In case no withholding tax is levied on income from the Micro and Commodity Securities (i.e., income is not paid out by a custodian bank or paying agent in Austria), Austrian resident individual investors will have to declare the income derived from the Micro and Commodity Securities in their income tax returns pursuant to the Austrian Income Tax Act. In this case the income from the Micro and Commodity Securities is subject to a flat income tax rate of 27.5 per cent. pursuant to section 27a subpara 1 Austrian Income Tax Act.

Upon relocation abroad investment income until the time of relocation is taxable in Austria. However, in case of relocation within the European Union or the European Economic Area (under certain conditions regarding assistance among the authorities) taxation can be postponed upon actual realization of the income based on a respective application for Micro and Commodity Securities held as non-business assets. Special rules also apply to the transfer of a custodian account from Austria abroad. Since 1 January 2016 for Micro and Commodity Securities held as business assets, exit tax arises upon relocation but generally may be paid over seven years.

(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 Micro and Commodity Securities are subject to this general 25 per cent. taxation.

Losses from the disposal or redemption of Micro and Commodity Securities are generally deductible and can be carried forward. Restrictions for loss compensations apply for businesses focused on the management of immaterial assets. Losses generated in such business may only be compensated with profits generated in such business (but not other profits).

(c) **Common Reporting Standard and EU Savings Tax Directive**

In December 2014 the European Council adopted directive 2014/107/EU amending provisions on the mandatory automatic exchange of information between tax administrations and thus implementing OECD rules of a Common Reporting Standard. It extended the scope of that exchange to include interest, dividends and other types of income held by private individuals and certain entities. Directive 2014/107/EU entered into force on 1 January 2016. Austria was granted an additional year to apply the new rules. Austrian law implementing Directive 2014/107/EU which came into force on 1 January 2016 provides that information exchange will be applicable for taxable periods from 1 January 2017. However, certain information about opening of new accounts in Austria will be collected from 1 October 2016 already. Transitional provisions for cases of overlap of scope prevent parallel application with the regulations of EC Council Directive 2003/38/EC. Consequently, Directive 2003/48/EC was repealed by the Council on 10 November 2015.

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 of the 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 Micro and Commodity Securities.

However, on 5 May 2014 the Ministers of Finance of 10 participating member countries of the European Union adopted a declaration for enhanced cooperation regarding the introduction of a financial transaction tax based on the proposal by the European Commission adopted on 14 February 2013. Austria is one of the participating countries. The first steps of implementation are planned now for 2016. Although no law has been passed so far in Austria, such financial transaction tax may be incurred on transactions such as the acquisition, disposition or redemption of the Micro and Commodity Securities in the future.

(ii) *Inheritance or Gift Taxes*

The Austrian inheritance and gift tax (*Erbschafts-und Schenkungssteuer*) was abolished with effect as of 1 August 2008.

Gifts, however, have to be notified to the tax authorities. This applies if the donor or the acquirer is an Austrian tax resident at the time of the donation. In case of corporations the registered seat or the actual place of management in Austria is relevant. Exemptions apply to donations between close family members if the value of the gift(s) does not exceed EUR 50,000 within one year and to donations between other persons if the value of the gift(s) does not exceed EUR 15,000 within five years. Although this disclosure requirement does not trigger any tax for the donation in Austria, breach of the disclosure requirement may be fined with an amount up to 10 per cent. of the value of the gift.

Certain gratuitous transfers of assets to (Austrian and foreign) private foundations and comparable legal estates are subject to foundation transfer tax (*Stiftungseingangssteuer*). Such tax is triggered if the transferor and/or the transferee at the time of the transfer have a domicile, their habitual abode, their legal seat or their place of management in Austria. Certain exemptions apply in cases of transfers mortis causa of certain financial assets if income from such financial assets is subject to tax at the flat rate of 27.5 per cent. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5 per cent. with a higher rate of 25 per cent. applying in special cases. Special provisions apply to transfers to entities falling within the scope of the tax treaty between Austria and Liechtenstein.

Further, gratuitous transfers of Micro and Commodity Securities may trigger income tax at the level of the transferor.

(iii) *VAT*

The acquisition or disposal of the Micro and Commodity Securities is not subject to Austrian VAT.

(iv) *Application of the Austrian Investment Fund Act*

There is a risk that Micro and Commodity Securities may in certain cases be requalified as units in a foreign investment fund. Pursuant to section 188 of the Austrian Investment Funds Act, the term "foreign investment fund" comprises (i) undertakings for collective investment in transferable securities ("**UCITS**") the state of origin of which is not Austria, (ii) alternative investment funds ("**AIF**") pursuant to the Austrian Act on Alternative Investment Fund Managers (*Alternative Investmentfonds Manager-Gesetz*) the state of origin of which is not Austria; and (iii) alternatively undertakings subject to a foreign jurisdiction, irrespective of

the legal form they are organized in, the assets of which are invested according to the principle of risk-spreading on the basis either of a statute, of the undertaking's articles or of customary exercise, in cases of abnormally low taxation in the state of residence. However, there are uncertainties about the conditions that have to be met by a foreign issuer to be qualified as AIF manager. Regarding the definition of an AIF, the guidelines of the Austrian Financial Market Authority (FMA) have to be observed. Prospective investors are advised to consult their tax advisors to obtain further information about the interpretation and tax consequences in this regard.

The consequence of such treatment could be a taxation of capital and other income derived from the investment regardless of actual disposals, redemptions or distributions. For fiscal years ending after 30 September 2015 the time of attribution of such taxable income was generally moved to earlier dates than before. Please also discuss this issue with your personal tax advisor if you consider investing in Micro and Commodity Securities.

#### **4. Belgian Taxation**

##### **(a) General**

The following paragraphs summarise certain aspects of the Belgian tax treatment of investing in Micro and Commodity Securities. They are based upon current Belgian tax law and regulations and interpretations thereunder, all of which are subject to change, possibly with retroactive effect. The statements in this summary are intended only as a general guide, and should not be taken as an exhaustive or definitive description of all relevant Belgian tax considerations. Any person who is contemplating acquiring Micro and Commodity Securities is strongly advised to first consult his or its professional advisers for definitive tax advice, taking into account any special circumstances related to the situation of that particular person.

##### **(b) Taxation of Belgian resident individuals**

In a Circular issued in January 2013 concerning the tax treatment of structured notes (Circular No. Ci.RH.231/532.259 (AGFisc N°3/2013) of 25 January 2013 (the “**January 2013 Circular**”)) the Belgian Income Tax Administration has confirmed its view that for Belgian income tax purposes instruments such as the Micro and Commodity Securities are to be considered as “fixed-income securities” as defined in Article 2, §1,8° of the Belgian Income Tax Code 1992 (“ITC”). Although the positions adopted by the Administration in the January 2013 Circular have been criticised by certain tax practitioners as being at odds with applicable statutes and case law, insofar as instruments providing no guarantee of principal and no current income are concerned, and have not yet been tested in the Belgian courts, the present summary reflects the positions expressed in the January 2013 Circular. For a Belgian resident individual who is subject to the Belgian personal income tax (“*impôt des personnes physiques/personenbelasting*”) an investment in Micro and Commodity Securities will accordingly normally be subject to the tax regime described hereunder. Different rules may apply, however, in specific situations such as in the case of Belgian resident individuals who acquire Micro and Commodity Securities in the framework of a professional activity or in circumstances which fall outside the scope of the normal management of the individual's personal assets.

Any capital gain realised upon redemption of the Micro and Commodity Securities will be treated as deemed interest income for Belgian personal income tax purposes and will be subject to Belgian withholding tax at the rate of 27 per cent. if received via a Belgian paying agent. This withholding tax will be withheld by the Belgian financial institution via which the redemption proceeds are paid and will constitute a final tax, thereby relieving the Belgian investor from the obligation to declare the interest income in his personal income tax return. If, on the other hand, the Belgian holder of the Micro and Commodity Securities redeems his securities outside of Belgium in another EU member state without deduction of the Belgian withholding tax, the deemed interest income arising upon the redemption will have to be declared in the holder's Belgian personal income tax return and will be subject to separate taxation at the rate of 27 per cent. Any losses sustained upon redemption of the Micro and Commodity Securities will not be deductible.

Capital gains realised on the sale of Micro and Commodity Securities to a party other than the Issuer will not be taxable, except for income imputable as accrued interest at the time of sale, which should, in principle, be reported on a pro rata temporis basis in the investor's Belgian personal income tax return in accordance with the provisions of Article 19, §2 of the ITC and will generally be subject to tax at the rate of 27 per cent. Due to the non-interest-bearing character of the Micro and Commodity Securities and the absence of clear guidance in the relevant law and regulations, the calculation of accrued interest on a pro rata temporis basis may in this case be difficult to effectuate. Any capital loss sustained upon such a sale will not be deductible. As noted above, different rules may apply if a Belgian resident individual holds Micro and Commodity Securities as part of a professional activity or outside the scope of the normal management of his personal assets.

**(c) Taxation of Belgian resident companies**

Belgian companies subject to Belgian corporate income tax (*"impôt des sociétés vennootschapsbelasting"*) which acquire Micro and Commodity Securities will be required to treat any gain from the redemption or sale of Micro and Commodity Securities as normal trading income subject to tax at the normal Belgian corporate income tax rate.

If redemption or sale proceeds are received via a Belgian paying agent, a Belgian corporate taxpayer may, upon application, obtain an exemption from the 27 per cent. withholding tax referred to above. If such exemption is not applied for, the Belgian company will be entitled to claim a credit for or refund of such withholding tax if it has held the full legal ownership of the Micro and Commodity Securities during the period to which the withholding tax relates.

Capital losses sustained upon the redemption or sale of Micro and Commodity Securities will in principle be fully deductible for Belgian corporate income tax purposes.

**(d) Taxation of Belgian persons subject to the "tax on legal entities"**

Belgian investors which are subject to the Belgian tax on legal entities (*"impôt des personnes morales/rechtspersonenbelasting"*) will be subject to taxation similar to that described above with respect to Belgian resident individuals. Any amount paid by the Issuer in excess of the issue price will be deemed to constitute taxable interest income and will be subject to 27 per cent. withholding tax if paid via a Belgian paying agent. The withholding tax will in such case constitute a final tax with respect to such income. If no withholding tax is levied, the Belgian legal entity will have to declare and pay the 27 per cent. tax itself. Capital gains realised on the sale of Micro and Commodity Securities to a party other than the Issuer will not be taxable except for any accrued interest calculated on a pro rata temporis basis.

**(e) Taxation of non-residents**

Redemption or sale proceeds of Micro and Commodity Securities received by a non-resident investor via a Belgian paying agent will be deemed to constitute interest income and will, in principle, be subject to a 27 per cent. Belgian withholding tax. However, if the non-resident investor is a resident of a country with which Belgium has entered into a double taxation treaty, a reduction or exemption from such withholding tax may be available. An exemption from such withholding tax may also be available under relevant provisions of Belgian income tax law for non-resident investors who hold Micro and Commodity Securities in open custody with a Belgian financial institution and unconnected with the exercise of a professional activity in Belgium.

A non-resident company which holds Micro and Commodity Securities in connection with the exercise of a professional activity in Belgium via a permanent establishment will be subject to the same rules discussed above under "Taxation of Belgian resident companies".

**(f) Stock Exchange Transactions Tax**

Sales of Micro and Commodity Securities via a broker or financial institution located in Belgium may give rise to a stock exchange transactions tax (*"taxe sur les opérations de bourse/taks op beursverrichtingen"*) of 0.27 per cent. The tax is due separately by the seller and the purchaser of

the securities and is capped at an amount of EUR 800 per party and per transaction. Exemptions from the tax are available to certain categories of investors (e.g., financial institutions, insurance companies, pension funds and non-residents of Belgium).

(g) **The European Savings Directive/The European Administration Cooperation Directive**

Pursuant to the Belgian Law of 17 May 2004 implementing EU Council Directive 2003/48/EC of 3 June 2003 concerning the taxation of savings income (the “Savings Directive”) payments of interest made by Belgian paying agents to individual residents of other EU member states (and of certain Dependant and Associated Territories) on or after 1 July 2005 were subject to a special EU withholding tax (“*prélèvement pour l’Etat de Résidence/woonstaatheffing*”), initially imposed at the rate of 15 per cent. and which increased to 20 per cent. on 1 July 2008. It should be noted, however, that the definition of “interest” for the purposes of the Savings Directive and the Belgian Law of 17 May 2004 is different from the definition of “interest” for the purposes of Belgian domestic income tax law. The Belgian Income Tax Administration confirmed in April 2007 in response to a ruling request submitted in relation to securities (Gold Bullion Securities) that have attributes identical in all material respects to the Micro and Commodity Securities that, given the special nature of such securities and, in particular, the consideration that there is no principal guarantee provided and that the redemption value at any time will vary as a function of the then market price of gold, the proceeds of a redemption or sale of such securities effectuated via a Belgian paying agent need not be subjected to any withholding tax under the Savings Directive. Such confirmation was subject to the reservation that the Administration’s position could change if, in the future, the EU authorities should adopt an official position with respect to the treatment of derivative instruments such as the Micro and Commodity Securities under the Savings Directive.

Effective 1 January 2010 the withholding tax regime previously applicable in Belgium under the Law of 17 May 2004 implementing the Savings Directive was replaced by a system of automatic reporting and exchange of information with member states in which individual investors reside such as that in effect in most other EU member states. However, as was previously the case with respect to the Belgian withholding tax regime, such reporting only applies to amounts deemed to constitute “interest” for the purposes of the Savings Directive and, in this respect, the April 2007 ruling of the Belgian Income Tax Administration should remain pertinent.

On the other hand, an individual resident Belgian investor will be subject to the provisions of the Savings Directive if he should redeem Micro and Commodity Securities (or receive proceeds from the sale of Micro and Commodity Securities) via a paying agent (as defined in the Savings Directive) established in another EU member state (or in certain Dependant and Associated Territories as well as certain countries and territories, such as Switzerland, Liechtenstein, Andorra, Monaco, Guernsey, Jersey, the Isle of Man and Curaçao, amongst others, which have entered into bilateral agreements with the EU to apply the rules of the Savings Directive). Depending upon the manner in which the Directive has been implemented in the source country the proceeds – if deemed by the source country tax authorities to constitute “interest” for the purpose of the Savings Directive – will be subject either to a reporting obligation or to a withholding tax similar to the withholding tax previously applied in Belgium under the Savings Directive.

On 10 November 2015 the EU Council adopted Directive (EU) 2015/2060 which repealed the Savings Directive effective 1 January 2016. Such repeal was justified by and timed to coincide with the introduction of Council Directive 2014/107/EU of 9 December 2014 (the “**Administrative Cooperation Directive**”) which provides for a much more extensive and comprehensive exchange of taxpayer-related account information amongst member states and also with third countries based upon the Common Reporting Standard (“**CRS**”) developed by the OECD in order to address the issue of offshore tax evasion on a global basis. Pursuant to the Administrative Cooperation Directive and the CRS, participating jurisdictions will be required to obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. Accordingly, as from 1 January 2016 the above-described rules under the Savings Directive no longer apply (save with respect to transactions effectuated and information compiled prior to 1 January 2016) and are replaced by pertinent provisions of the Administrative Cooperation Directive. Thus, for example, should a non-resident investor acquire, sell or hold Micro and Commodity Securities via an account held with a

Belgian financial institution the relevant account information will normally be subject to automatic exchange with the tax authorities of the investor's home country pursuant to the provisions of the Administrative Cooperation Directive.

## **5. Taxation in Denmark**

### **General**

This is a brief summary of relevant principles of Danish tax law for Danish holders of Micro and Commodity Securities. The summary does not purport to include all Danish tax issues in connection with an acquisition of Micro and Commodity Securities. It does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. The summary is based on Danish tax law as of 18 April 2016. The summary deals with taxation in Denmark only.

Any taxes in other countries are not included in the summary. Danish tax law, including the taxation of Micro and Commodity 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. In order to assess their individual tax positions, investors should consult their own tax advisors as for any tax consequences that may be relevant when acquiring, holding, redeeming, selling or any other transferring of Micro and Commodity Securities.

Under Danish Law, financial instruments, including Micro and Commodity Securities are deemed debt instruments governed by the special provisions on financial contracts in the Danish Act on Taxation of Debt, Debt Claims and Financial Contracts (in Danish: Kursgevinstloven) (the "Act"). Basically, this means that the taxable base of Micro and Commodity Securities are taxed separately from the underlying assets applying a mark-to-market principle, i.e. on an unrealised basis.

Any profit or loss for tax purposes only is calculated at the end of each tax period (usually a period of 12 months). Any increase of value or gain in the period is taxed and any decrease of value or loss in the period may be deductible.

### **Security Holders liable to corporate tax**

The taxable base of Micro and Commodity Securities is taxed separately from the underlying assets applying a mark-to-market principle, i.e. on an unrealised basis. Any profit or loss for tax purposes only is calculated at the end of each tax period (usually a period of 12-months). Any increase of value or gain in the period is taxed and any decrease of value or loss in the period is deductible. Profit calculated is taxed at a flat rate of 23.5 per cent. in 2015 and 22 per cent. in 2016 and subsequent years. Calculated loss is generally deductible (certain exceptions apply).

### **Individuals holding Micro and Commodity Securities**

The taxable base of Micro and Commodity Securities is taxed separately from the underlying assets applying a mark-to-market principle, i.e. on an unrealised basis. Any profit or loss for tax purposes only is calculated at the end of each tax period (usually a period of 12 months). Any increase of value or gain in the period is taxed. Profit calculated is taxed as capital income at a marginal tax rate of 42 per cent. Individuals can, however, only deduct such losses against taxable profit from other financial instruments in the same tax period. Utilisation of any additional losses requires that the individual has had profit from financial instruments which has been taxed in previous years from 2002 and onwards. Any further losses may be carried forward and deducted against profit from financial instruments in future income years. Moreover, certain additional exceptions apply regarding deduction of losses. Finally, additional rules apply if an individual is deemed a professional investor under Danish tax law (in Danish: *pengenæringsdrivende*).

### **Investors holding Micro and Commodity Securities via a pension scheme**

The investor will in general be taxed on the same tax base as individuals holding Micro and Commodity Securities directly (see above). The Danish individual investor will be taxed at a flat



rate of 15.3 per cent. of the profit pursuant to section 2 of The Pension Investment Returns Tax Act (in Danish: *pensionsafkastbeskatningsloven*).

### **Individuals covered by the business tax scheme**

It is possible for an individual to hold Micro and Commodity Securities through the business tax scheme (in Danish: *virksomhedsskatteordningen*).

### **Withholding taxes**

As the Issuer is not established in Denmark, there is no deduction of or withholding for or on account of Danish tax on payments from the Issuer to the investors upon redemption of Micro and Commodity Securities.

### **VAT**

A transfer of Micro and Commodity Securities is not subject to Danish value added tax.

### **Inheritance/Gift tax**

Upon inheritance, a tax must be paid if the deceased is resident within Danish jurisdiction. The tax rate for close relatives is 15 per cent. and for other beneficiaries 36.25 per cent. calculated based on a total value of inheritance exceeding, in 2016, DKK 276,600 (corresponding to approximately EUR 37,100). A non-separated spouse is not taxed on the inheritance.

Basically, gifts are taxed on the same basis as inheritance. Gifts to a spouse are tax exempt. Gifts exceeding DKK 61,500 per year (corresponding to approximately EUR 8,250) (2016) to certain relatives are taxed at a rate of 15 per cent.

### **Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable identified by financial institutions on the basis of common due diligence and reporting procedures. Jersey has committed to implement the CRS. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Broadly, these are that the due diligence requirements under the CRS framework as adopted by the Jersey Taxes Office on or before 30 June 2017. Information exchange between the Jersey Taxes Office and partner jurisdictions is due to take place on or before 30 September 2017.

Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of Micro and Commodity Securities.

The CRS has effectively replaced the EU Savings Taxation Directive, which was replaced with effect from 1 January 2016. The CRS is generally broader in scope than the Directive but does not impose withholding taxes.

## **6. 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 Micro and



Commodity Securities. The summary does not fully cover all aspects of Finnish tax law that may be of relevance to the Micro and Commodity Securities. The summary is based on Finnish tax law as of the date of this Prospectus (rates as at 19 April 2016).

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 Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities, are subject to capital gains taxation at the rate of 30 per cent. or 34 per cent. for taxable capital income exceeding EUR 30,000. The taxable capital gain on disposal of Micro and Commodity 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 Micro and Commodity Securities held for at least 10 years). According to the Finnish Income Tax Act, capital losses can be deducted primarily from capital gains and since 2016 secondarily 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 20 per cent. This applies to both business income and other income.

Any capital gain or income on the Micro and Commodity 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 Micro and Commodity Securities does not form part of business assets, tax assessment is made according to the Income Tax Act. Capital gains and income on the Micro and Commodity Securities are then taxed as other income of the company. Capital losses from the disposal and/or redemption of the Micro and Commodity 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 Micro and Commodity Securities.

**(d) Inheritance and gift taxes**

A transfer of the Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities.

(g) **Organisation for Economic Co-Operation and Development (“OECD”) Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, tax authorities in participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with other participating tax authorities in which the investors of the reporting financial institution are tax resident on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Jersey has committed to implement the CRS. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of Commodity Securities.

The Finnish Parliament has accepted the local legislative changes required to implement the CRS obligations in Finland. The changes provide that Finland may participate in the automatic exchange of information in accordance with the CRS. As a result of the changes, Finnish authorities would receive information on assets and profits owned by Finnish residents outside Finland. The legislative changes entered into force on 15 April 2016. The first information exchanges are expected to begin in 2017 regarding information of year 2016

## **7. Taxation in France**

(a) **General**

The following summary describes the main French taxes applicable to the holding of the Micro and Commodity Securities by a French investor residing in France for tax purposes following an offer of the Micro and Commodity 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 Micro and Commodity Securities. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future (and possibly implemented with retroactive effect).

This summary is based on the French tax laws as of the date of this Prospectus and on the legal qualification of the Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities. Only a tax adviser is able to adequately assess the individual tax situation of a specific investor.

(b) **Investors residing in France**

*Taxation of individuals*

*Taxation of capital gains*

Capital gains derived from the disposal of the Micro and Commodity Securities should be subject to personal income tax at the standard progressive rate, whose maximum applicable rate is

currently 45 per cent. Tax deductions may be applicable. An additional contribution on high revenues may also be applicable, at a progressive rate (3 per cent., or 4 per cent., for revenues over EUR 250,000, EUR 500,000 and EUR 1 million).

In addition, social contributions should be applicable, at a total rate of 15.5 per cent.

If a French investor disposes of the Micro and Commodity 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 having its tax residence in France should be subject to personal income tax at a standard progressive rate, whose maximum applicable rate is currently 45 per cent.

Personal income tax is payable in two steps, in principle. A 24 per cent. tax is paid when the premium is received, such payment being made by the individual or by the paying agent if the latter is established in France. Then, it gives rise to a tax credit which may be set off against income tax due the year after and calculated by applying the standard progressive income tax schedule. The excess tax credit, if any, may be refunded.

As an exception, to the above, when interest income – which definition includes redemption premium – received during the calendar year by the individual and her/his spouse or partner does not exceed EUR 2,000, the above 24 per cent. tax is a final levy (i.e. no additional income tax may be due at a later stage).

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 Micro and Commodity Securities should be 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). Additional contributions to corporate income tax may also be applicable depending on the amount of (i) corporate income tax due by the company (additional contribution at a 3.3 per cent. rate, if the amount of corporate income tax due is higher than EUR 763,000) or (ii) the gross sales of the company (exceptional contribution at a 10.7 per cent. rate, if gross sales are higher than EUR 250 million). 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, it being noted that carry forward losses can only be offset against profits of a given year up to an amount of EUR 1,000,000 plus 50 per cent. of the taxable profit of that year).

#### *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 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 Micro and Commodity Securities are not subject to capital gains tax in France. The same applies

to companies, provided that the Micro and Commodity Securities are not booked in a permanent establishment or fixed base in France.

(d) **Organisation for Economic co-operation and Development (“OECD”) Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence reporting and exchange of financial account information. Pursuant to CRS, tax authorities in participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with other participating tax authorities in which the investors of the reporting institution are tax resident on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. France has committed to implement the CRS in its legislation. Following the CRS standard, the Issuer will identify the tax residence of the Security Holders holding Commodity Securities. Security Holders must provide information with respect to such accounts, in particular any and all revenue received (interest, dividends...). The CRS should be effective as from January 2017 within all financial institutions.

**8. Taxation in Germany**

The following is a brief summary of some important principles of German tax law that may be of relevance for German investors acquiring, holding, redeeming or selling Micro and Commodity Securities. The summary does not fully cover all aspects of German tax law that may be of relevance to the Micro and Commodity 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 Micro and Commodity Securities should consult their tax advisors with regard to any tax consequences that may be involved in acquiring, holding, selling or otherwise transferring the Micro and Commodity Securities.**

**Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.**

(a) **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 most recently further amended on 18 January 2016, (the “**Tax Circular**”). Pursuant to this Tax Circular gains or losses from a note instrument, eligible for listings on stock exchanges, which neither provide for the payment of interest payments, nor for a guaranteed repayment of principal 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” (*Terminingeschäft*) 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 Micro and Commodity Securities, which do not provide for any ongoing interest payments.

The tax rate in respect of such capital gains for German individual investors who hold the Micro and Commodity 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 Micro and Commodity 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 an individual investor in respect of such income (unless the investor elects for the tax assessment of such income).

Losses from the sale of the Micro and Commodity 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 Micro and Commodity Securities are held as business assets, all capital gains from the sale or other disposal of the Micro and Commodity 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.

(b) **Applicability of the Investment Tax Act (*Investmentsteuergesetz*)**

The Issuer believes that there exist good arguments that investors in Micro and Commodity Securities will not be subject to the German Investment Tax Act. This should also apply under the revised version of the German Investment Tax Act as amended by the AIFM Tax-Amendment Act (AIFM-St-AnpG), dated 18 December 2013). In principle, such vehicles for collective investments are only considered an investment fund (*Investmentfonds*) if (i) such vehicle is subject to a regulatory supervision for collective investment schemes or (ii) investors in such vehicles either may redeem units in such collective investment vehicle at least once a year or the units of such collective investment vehicle are traded on a certain exchange, (iii) the principle of risk diversification is complied with and (iv) certain qualified assets (as defined in the German Investment Tax Act) are held. As the issuer believes that the criteria of “principle of risk diversification” and certain other criteria of a collective investment vehicle are not fulfilled, Micro and Commodity Securities should not be treated as an unit in an investment fund (*Investmentfonds*) within the meaning of the German Investment Tax Act.

In this context it has to be noted that according to a circular published by the German regulator BaFin also “performance tracking debt instruments” may qualify as units in an Alternative Investment Fund (“AIF”). Investors should therefore carefully analyze any changes to the application or interpretation of the German Investment Tax Act. If the German tax administration would take a different view than the Issuer and would treat Micro and Commodity Securities as units in an investment fund (*Investmentfonds*) German tax resident investors may be subject to a higher tax than as a consequence of ordinary German tax rules.

A further amendment of the German Investment Tax Act has been proposed through a draft legislative Act dated 24 February 2016. Investors should therefore monitor the further legislative process and any potential tax consequences.

(c) **Gift or inheritance tax**

A transfer of the Micro and Commodity 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 Micro and Commodity Securities constitute business assets attributable to a permanent establishment or a permanent representative in Germany.

(d) **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 Micro and Commodity Securities, the Global Bearer Certificates or any interest therein. No net asset tax is currently levied in Germany.

(e) **OECD Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions and automatically exchange with exchange partners on an annual basis financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Germany has enacted a law implementing the CRS, which has entered into force on 1 January 2016 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that Security Holders hold the Micro and Commodity Securities through a German financial institution (as meant in the (German implementation of the) CRS), Security Holders may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the (German implementation of the) CRS.

## **9. Taxation in Ireland**

(a) **General**

The following summary outlines certain aspects of Irish tax law and practice regarding the ownership and disposition of Micro and Commodity Securities. This summary deals only with Micro and Commodity 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.

(b) **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 Micro and Commodity 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 Micro and Commodity Securities were secured on Irish situated assets which it is understood will not be the case. The mere offering of the Micro and Commodity 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 Micro and Commodity Securities in Ireland on behalf of a Security Holder, will be obliged to operate a withholding tax.

(c) **Taxation of Income**

Unless exempted, an Irish resident or ordinarily resident Security Holder and a non-resident Security Holder holding Micro and Commodity 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.

(d) **Taxation of Capital Gains**

Irish resident or ordinarily resident Security Holders and non-resident Security Holders holding Micro and Commodity 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 Micro and Commodity Securities. Reliefs and allowances may be available in computing the Security Holder's liability.

(e) **Stamp Duty**

Transfers of Micro and Commodity 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.

(f) **Capital Acquisitions Tax**

A gift or inheritance comprising of Micro and Commodity 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 Micro and Commodity Securities are regarded as property situated in Ireland. The Micro and Commodity Securities could only be considered property situated in Ireland if the register of Micro and Commodity Security Holders was maintained in Ireland or, to the extent that certificates are issued in bearer form, the bearer certificates were located in Ireland.

(g) **Offshore Fund Taxation**

While a holding of Micro and Commodity 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 released guidance indicating that exchange traded commodities which are generally structured as debt instruments will not come within the tax regime for offshore funds but instead will come within general tax principle (as to which we refer to paragraphs (c) and (d) above). As recommended above, Security Holders should obtain independent tax advice in relation to the tax implications of holding and disposing of Micro and Commodity Securities.

(h) **Provision of Information**

*Generally*

Security Holders should be aware that where any interest or other payment on Micro and Commodity 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.

### *Common Reporting Standard (“CRS”)*

On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the “**Standard**”) was published, involving the use of two main elements, the Competent Authority Agreement (“**CAA**”) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local financial institutions relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS. Regulations, giving effect to the OECD’s Standard and Directive 2014/107/EU from 1 January 2016 were enacted on 31 December 2015.

To the extent that the Company is required to comply with the CRS due diligence and reporting requirements, Security Holders resident in Ireland may be required to provide additional information to the Company which may ultimately be shared by the Jersey tax authorities with their counterparts in Ireland.

The CRS has effectively replaced the European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC) (the EU Savings Directive) with effect from 1 January 2016. The CRS is generally broader than the EU Savings Directive, although it does not impose withholding taxes.

## **10. 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 Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities should consult their own tax advisors as to the Italian or other tax consequences of the purchase, holding and disposition of Micro and Commodity 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 according to Article 73(3) of Presidential Decree no. 917 of 1986 and does not have (and will not have at any time) a permanent establishment in Italy as defined under Article 162 of Presidential Decree no. 917 of 1986.

### **(b) Tax on income and capital gains**

Provided the Micro and Commodity Securities qualify broadly as derivative instruments for the purposes of Italian tax law, which they are expected to do, then the following consequences apply

to a Security Holder in respect of the net proceeds received from a redemption or sale of the Micro and Commodity Securities over the sum paid by such a holder on their subscription or purchase:

- (i) proceeds from the sale or redemption of the Micro and Commodity Securities received by a Security Holder which is (a) an Italian resident corporation or similar commercial entity, (b) an Italian individual engaged in entrepreneurial activities to which the Micro and Commodity Securities are effectively connected, or (c) a permanent establishment in Italy of a non-Italian resident to which the Micro and Commodity Securities are effectively connected, as well as unrealised gains reported in the statutory financial statements, may have to be included in the relevant holder's taxable income and are therefore subject to the general Italian corporate income tax (IRES currently applicable at an ordinary rate of 27.5 per cent. which will become 24 per cent. starting from the tax period following 31 December 2016), or to personal income taxation (as business income), as the case may be, according to the ordinary rules. In certain cases, depending on the status of the Security Holder, such proceeds may also have to be included in its taxable base for regional tax purposes (*IRAP*, currently applicable at a rate of 3.9 per cent. *IRAP* rate may be increased in certain Italian regions; *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);
- (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 Micro and Commodity Securities are effectively connected, and by certain other non-commercial entities upon the sale for consideration or redemption of the Micro and Commodity Securities are subject to a substitute tax (*imposta sostitutiva*) currently at the rate of 26 per cent. Under the tax return regime (*regime della dichiarazione*), which is the standard regime for 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 Micro and Commodity Securities and other financial instruments triggering a capital gain that is subject to the taxation of capital gains 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 succeeding 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 Micro and Commodity 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 Micro and Commodity Securities (under a 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 Micro and Commodity 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 through such intermediary, and (c) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Micro and Commodity Securities holder. The financial intermediary, also 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 Micro and Commodity 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 Micro and Commodity Securities holder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity 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 Micro and Commodity Securities are effectively connected, and by certain other non-commercial entities, who have elected for the so called *Risparmio Gestito* regime (namely, a regime managed by an intermediary providing discretionary 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 26 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 Micro and Commodity Securities;
- (v) the increase or decrease in the fair market value of the Micro and Commodity 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 the fair market value of the Micro and Commodity 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 assets under management that is subject to a substitute tax (*imposta sostitutiva*) currently at a rate of 20 per cent;
- (vii) non-Italian resident Security Holders without a permanent establishment in Italy to which the Micro and Commodity Securities are effectively connected are not subject to income tax in Italy on the proceeds realised on the sale of the Micro and Commodity Securities, provided that:
  - the Micro and Commodity Securities have been deposited in Italy and are traded on a regulated market; or
  - the Micro and Commodity Securities have been deposited in Italy but are not traded on a regulated market and the beneficial owner of proceeds from the relevant Micro and Commodity Securities (i) complies with certain filing requirements; and (ii) is a resident of a country which is included in the list of jurisdictions allowing exchange of information with the Italian tax authorities as provided under the relevant list which is contained in a specific Ministerial Decree and in the following periodical updating; or
  - the Micro and Commodity Securities have not been deposited in Italy.

The tax treatment of the Micro and Commodity Securities described above has been confirmed by the Italian tax authority decision No. 72/E of 12 July 2010 dealing with the Italian tax treatment of the investment in secured exchange commodities ("ETC"). Nevertheless, should the Italian tax authority and/or tax courts take the view that, regardless of the previous position taken by the Italian tax authority in its decision No. 72/E quoted, the Micro and Commodity 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 a different tax treatment would apply. Interest and other proceeds deriving from "atypical securities" issued by non-Italian resident issuers are subject to a 26 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 Micro and Commodity Securities) and rights by reason of death or gift.

As regards the inheritance and gift tax to be paid at the transfer of the Micro and Commodity Securities by reason of death or gift, the following rates apply:

- (i) 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 EUR 1,000,000.00 for each beneficiary;
- (ii) 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 EUR 100,000.00 for each beneficiary;
- (iii) 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;
- (iv) 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;
- (v) 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 EUR 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 Micro and Commodity 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 Micro and Commodity 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 will be payable by a holder of Micro and Commodity Securities in consideration for the issue or transfer of Micro and Commodity Securities.

(e) **Securities Transfer and Registration 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 Micro and Commodity Securities is not subject to Italian transfer tax.

Contracts relating to the transfer of Micro and Commodity Securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of EUR 200; (ii) private deeds are subject to registration tax at a rate of EUR 200 only in case of voluntary registration or if the so called "*caso d'uso*" and "*enunciazione*" occur.



(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, carrying out their business activity within the Italian territory, to their clients for the Micro and Commodity Securities deposited therewith. The stamp duty applies at the current rate of 0.2 per cent.; 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 Micro and Commodity Securities held. The stamp duty can be no lower than EUR 34.20. If the client is not an individual, the stamp duty cannot be higher than EUR 14,000.

(g) **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Micro and Commodity Securities outside the Italian territory are required to pay an additional tax at the current rate of 0.2 per cent.

This tax is calculated on the market value of the Micro and Commodity 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) **OECD Common Reporting Standards**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Italy has enacted Law No. 95 of 18 June 2015 ("**Law 95/2015**"), implementing the CRS (and the amended EU Directive on Administrative Cooperation), which has entered into force on 1 January 2016 and provides for the exchange of information in relation to the calendar year 2016 and later. In the event that Security Holders hold the Micro and Commodity Securities through an Italian financial institution (as meant in the Ministerial Decree of 28 December 2015 implementing Law 95/2015), Security Holders may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

## **11. Netherlands Taxation**

(a) **General**

The information set out below is a general summary of certain material Netherlands tax consequences of the acquisition, ownership and transfer of Micro or Commodity Securities and it does not purport to be a comprehensive description of all the Netherlands tax considerations that may be relevant to a decision to purchase Micro or Commodity 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 in printed form 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.



All references in this summary to the Netherlands and Netherlands law are to the European part of the Kingdom of the Netherlands and its law, respectively, only. In addition, any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation Netherlands-Curacao (*Belastingregeling Nederland-Curacao*) and the Tax Regulation for the country of the Netherlands (*Belastingregeling voor het land Nederland*). The Netherlands has also agreed a Tax Regulation with St. Maarten (*Belastingregeling Nederland-Sint-Maarten*) which is expected to enter into force on 1 January 2017.

Because it is a general summary, prospective holders of Micro or Commodity Securities should consult their own tax advisors as to the Netherlands or other tax consequences of the acquisition, ownership and transfer of Micro or Commodity 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.

For Netherlands tax purposes, a holder of Micro or Commodity Securities may include an individual who or an entity that does not have the legal title to the Micro or Commodity Securities, but to whom nevertheless the Micro or Commodity Securities are attributed based either on such individual or entity holding a beneficial interest in the Micro or Commodity Securities or based on specific statutory provisions, including statutory provisions pursuant to which the Micro or Commodity Securities are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Micro or Commodity Securities.

The Issuer believes that it is not a resident nor that it is deemed to be a resident of the Netherlands nor that it has a presence in the Netherlands for Netherlands tax purposes, and the following summary assumes that the Issuer is not, nor will be, treated as a resident or deemed resident of the Netherlands nor that it is, nor will be, treated as having a presence in the Netherlands for Netherlands tax purposes.

**(b) Withholding tax**

Payments of the Issuer with regard to the Micro or Commodity 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 the Prospectus is not intended for any holder of Micro or Commodity Securities, who:

- (i) is an individual and for whom the income or capital gains derived from Micro or Commodity 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 an exempt investment institution (*vrijgestelde beleggingsinstelling*) or a fiscal investment institution (*fiscale beleggingsinstelling*), as meant in Articles 6a and 28 of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*), respectively; or
- (iv) has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest as defined in the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) in the Issuer.

## *Residents of the Netherlands*

### *Individuals*

An individual who is a resident or deemed to be a resident of the Netherlands for purposes of Dutch taxation (a “**Dutch Resident Individual**”) and who holds Micro or Commodity Securities is subject to Netherlands income tax on income and/or capital gains derived from Micro or Commodity Securities at progressive rates (up to 52 per cent.; rate for 2016) 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 Micro or Commodity Securities are attributable or deemed attributable; or
- (ii) the holder derives income or capital gains from Micro or Commodity 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 Micro or Commodity Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Micro or Commodity 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 benefits derived from the Micro or Commodity 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 Micro or Commodity 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 2016).

A law has been enacted, pursuant to which as from 1 January 2017 the taxation of income from savings and investments will be amended and the deemed return will no longer be fixed at 4 per cent., but instead a variable return between 2.9 per cent. and 5.5 per cent. depending on the amount of the tax payers' yield basis will be applied. However, at the request of the Dutch Parliament the Dutch Ministry of Finance will also review in the course of 2016 whether the taxation of income from savings and investments based on the actual income and/or gains realised instead of a deemed return can be implemented.

### *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 Micro or Commodity 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 2016).

### *Non-residents of the Netherlands*

A person who is neither a Dutch Resident Individual nor a Dutch Resident Entity (a “**Non-Dutch Resident**”) and who holds Micro or Commodity Securities is generally not subject to Netherlands income tax or corporate income tax on income and capital gains derived from Micro or Commodity 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, the Micro or Commodity 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 Micro or Commodity Securities that are taxable as benefits

from “miscellaneous activities” performed or deemed to be performed in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*, as defined in the Netherlands Income Tax Act 2001), which include the performance of activities with respect to the Micro or Commodity Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*);

- (iii) in the case of a Non-Dutch Resident who is not an individual, such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise effectively managed in the Netherlands nor co-entitled to the net worth of such enterprise, other than by way of the holding of securities, to which enterprise the Micro or Commodity Securities or payments in respect of Micro or Commodity Securities are attributable; and
- (iv) in the case of a Non-Dutch Resident who is an individual, such individual is not entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment relationship, to which enterprise the Micro or Commodity Securities or payments in respect of Micro or Commodity Securities are attributable.

A Non-Dutch Resident that falls under any of the exclusions (i) through (iv) mentioned above, may be subject to Netherlands income tax or Netherlands corporate income tax on income and capital gains derived from the Micro or Commodity Securities. In case such holder of a Micro or Commodity Security; is considered to be a resident of a country other than the Netherlands under the provisions of a treaty for the avoidance of double taxation the Netherlands has concluded with such country, the following may apply. Such holder of a Micro or Commodity Security may, depending on the terms of and subject to compliance with the procedures for claiming benefits under treaty for the avoidance of double taxation be eligible for a full or partial exemption from, reduction or refund of Netherlands taxes (if any) on the (deemed) income or capital gains in respect of a Micro or Commodity Security, provided such holder is entitled to the benefits treaty for the avoidance of such double taxation.

(d) **Gift or inheritance tax**

No Netherlands gift or inheritance tax will be levied on the transfer of Micro or Commodity 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;
- (ii) such holder dies while being a resident or deemed resident of the Netherlands within 180 days after the date of a gift of Micro or Commodity Securities; or
- (iii) the gift is made under a condition precedent and such holder is or is deemed to be a resident of the Netherlands at the time the condition is fulfilled.

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 of 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 a 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. An applicable tax treaty may override deemed residency.

(e) **Value added tax**

No Netherlands value added tax will be payable by a holder of Micro or Commodity Securities in consideration for the issue of Micro or Commodity 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 Micro or Commodity Securities in respect of or in connection with the acquisition, ownership or transfer of the Micro or Commodity Securities.

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

The Netherlands has enacted a law implementing the CRS and the amended EU Directive on Administrative Cooperation, which law has entered into force on 1 January 2016 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that Security Holders hold the Micro or Commodity Securities through a Dutch financial institution (as meant in the (Dutch implementation of the) CRS), Security Holders may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the (Dutch implementation of the) CRS.

The aforementioned amended EU Directive on administrative cooperation has effectively replaced the EU Savings Taxation Directive, which was repealed with effect from 1 January 2016. The amended EU Directive on administrative cooperation is generally broader in scope than the EU Savings Taxation Directive but does not impose withholding taxes.

## 12. **Taxation in Norway**

(a) **General**

The following summary of certain tax issues that may arise as a result of holding Micro or Commodity Securities is based on the Norwegian tax legislation in force as of the date of the Base 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 Micro or Commodity Securities, nor does it cover the specific rules where Micro or Commodity 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 Micro or Commodity Securities consult their own tax advisors for information with respect to the special tax consequences that may arise as a result of holding Micro or Commodity 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 Micro or Commodity Securities who are Norwegian resident corporations or individuals, and who sell or redeem their Micro or Commodity Securities are subject to capital gains taxation in Norway. Correspondingly, losses may be deducted.

The tax liability applies irrespective of how long the Micro or Commodity Securities have been owned and the number of Micro or Commodity 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 25 per cent.

The capital gain or loss is calculated per Micro or Commodity Security and equals the remuneration received in respect of the Micro or Commodity Security less the purchase price and acquisition and realisation costs for the Micro or Commodity 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 Micro or Commodity 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 Micro or Commodity 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. Securities are included as part of the taxable base for this purpose. The securities will be valued at market value on 1 January in the year after the income year. The maximum aggregated rate of net wealth tax is currently 0.85 per cent.

(e) **Stamp duty**

Norway does not impose stamp duty or other charges on the purchase, sale or realisation of Micro or Commodity Securities.

(f) **Inheritance tax**

Norway does not impose inheritance tax or similar tax on inheritance or gifts. However, the heirs acquire the donor's tax input value of the Securities based on principles of continuity. Thus, the heirs will be taxable for any increase in value in the donor's ownership, at the time of the heir's realisation of the Securities. However, gifts distributed to other persons than heirs according to law or testament, will be able to revalue the received Securities to market value.

(g) **VAT**

Transactions regarding Micro or Commodity Securities are exempt from Norwegian value added tax.

(h) **Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, tax authorities in participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with other participating tax authorities in which the investors of the reporting financial institution are tax resident on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Both Jersey and Norway has committed to implement the CRS. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to



liability for any resulting penalties or other charges and/or mandatory redemption of Commodity Securities.

### **13. Taxation in Spain**

#### **(a) General**

A brief summary is provided below of the Spanish tax regime applicable to the investments arising in respect of the Micro and Commodity Securities, 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 Micro and Commodity 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 Micro and Commodity Securities would be considered interest generating 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 Micro and Commodity 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 Micro and Commodity Securities should consult their own tax advisors as to the Spanish or other tax consequences of the purchase, holding and disposition of Micro and Commodity 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, taking into account the tax uncertainties arising.

This summary assumes that all Micro and Commodity 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 Micro and Commodity Securities may change from time to time.

Finally, it should be pointed out that 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 Micro and Commodity Securities**

*Natural or legal persons resident in Spain*

*Personal Income Tax: Natural persons*

The income obtained by individuals holders of the Micro and Commodity Securities who have the status of taxpayers for the purposes of Spanish Personal Income Tax, due to the purchase, holding and disposition of such Micro and Commodity Securities, 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 ("**PIT Act**"). 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.



From 1 January 2016, pursuant to article 101.4 of the PIT Act, any income derived from the purchase, holding and disposition of the Micro and Commodity Securities will be subject to withholding tax of 19 per cent. 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.

Also by application of PIT Act for the same reason, for tax period 2016, income included in the savings income taxable base will be taxed 19 per cent. (applicable to the first 6,000 Euros), 21 per cent. (applicable to the following 44,000 Euros) and 23 per cent. (applicable to the remainder amounts).

#### *Corporate Income Tax: Entities*

The tax regime for Spanish-resident entities holders of Micro and Commodity Securities is included in the Royal Law 27/2014 of November 27, on the Corporate Income Tax ("**Law 27/2014**") and the Royal Decree 634/2015, of July 10, that approves the Corporate Income Tax Ruling ("**Royal Decree 634/2015**").

According to article 10.3 of Law 27/2014, 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 Micro and Commodity Securities, by entities which are considered taxable persons for Corporate Income Tax purposes will not be subject to withholding tax on account of Corporate Income Tax, in accordance with the provisions of Article 61.s) of Royal Decree 634/2015.

#### *Natural or legal persons not resident in Spain*

The income obtained from the purchase, holding and disposition by holders of Micro and Commodity 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 Micro and Commodity 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-source 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**

The general rules foreseen in the Spanish Value Added Tax legislation would apply to the purchase, holding and disposition of the Micro and Commodity Securities.

#### (d) **Transfer Tax**

The purchase, holding and disposition of the Micro and Commodity Securities would not be taxed under the Spanish Transfer Tax.

(e) **Inheritance and Gift Tax**

The transfer of the Micro and Commodity 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 would not be subject to the Spanish Inheritance and Gift tax on the acquisition of the Micro and Commodity Securities. No taxation would arise in Spain on the acquisition of the Micro and Commodity Securities by non-Spanish entities without a permanent establishment in the Spanish territory.

(f) **Net Wealth Tax**

The ownership of Micro and Commodity Securities would be subject to the Spanish Net Wealth Tax pursuant to the Royal Decree 13/2011, of 16 September that has restored temporarily for years 2011 and 2012 the Spanish Net Wealth Tax regulated by Law 19/1991, of 6 June (hereinafter "**Net Wealth Tax Law**"), subject to the application of any relevant double tax treaties. Pursuant to Law 48/2015, October 29, this restoration has been extended to tax year 2016.

Only natural persons holders of Micro and Commodity Securities would be subject to the Spanish Net Wealth Tax.

*Ownership of Micro and Commodity Securities by natural persons resident in Spain*

Under article 5 of the Net Wealth Tax Law, the relevant taxpayers will be all those natural persons 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 Micro and Commodity Securities by individuals resident for tax purposes in Spain will be subject to taxation under the Net Wealth Tax 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 Net Wealth Tax depending on the region in which an investor resides.

*Ownership of Micro and Commodity Securities by natural persons not resident in Spain*

Non-Spanish residents would not be subject to the Net Wealth Tax on the holding of the Micro and Commodity Securities.

(g) **Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis.

Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, tax authorities in participating jurisdictions will obtain from reporting financial institutions, and automatically exchange, with other participating tax authorities in which the investors of the reporting financial institution are tax residents on an annual basis, financial

information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures.

The first information exchanges are expected to begin in 2017.

Jersey has committed to implement the CRS. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Jersey. Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS.

This information may be provided by the Jersey tax authorities to the Spanish tax authorities.

Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of Commodity Securities.

## **14. Taxation in Sweden**

### **(a) General**

The following summary of certain tax issues that may arise as a result of holding Micro or Commodity 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 Micro or Commodity 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 Micro or Commodity Securities are held in an investment savings account (*Sw. Investeringsparkonto*) 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 Micro or Commodity Securities consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Micro or Commodity 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 neither 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 Micro or Commodity 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 Micro or Commodity Securities. The acquisition cost is calculated according to the so called average method. This means that the costs of acquiring all Micro or Commodity 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 Micro or Commodity 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 Micro or Commodity Securities) as income from business activities at a flat rate of 22 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 Micro or Commodity Securities is in full 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 Micro or Commodity Securities.

(e) **Inheritance and gift taxes**

No Swedish gift or inheritance tax will be levied on the transfer of Micro or Commodity 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 Micro or Commodity 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 Micro or Commodity Security.

(h) **Organisation for Economic Co-operation and Development ("OECD") Common Reporting Standard**

The US regime, Foreign Account Tax Compliance Act (FATCA), was on April 1, 2015, implemented into Swedish domestic legislation through a new local Swedish FATCA legislation ( Law (2015:62) of the identification of reportable accounts due to the FATCA agreement). Inspired by FATCA, OECD, agreed on a standard for the automatic exchange of information between countries, Common Reporting Standard (CRS ). As Sweden was part of the so called "Early Adopters group", the Swedish CRS rules were implemented into domestic legislation on January 1, 2016, through a new local (Law (2015:911) of identification of reportable accounts for automatic exchange of information for financial accounts.

In connection with the implementation of CRS, and in order to avoid any double reporting requirements, the Swedish rules implementing the EUSD have been repealed with effect from 1 January 2016. However, the following obligations continue to apply:

- (a) the obligations of Member States and economic operators established therein under the second subparagraph of Article 4(2) of Directive 2003/48/EC shall continue to apply until 5 October 2016 or until those obligations have been fulfilled;
- (b) the obligations of paying agents under Article 8 and of Member States of paying agents under Article 9 shall continue to apply until 5 October 2016 or until those obligations have been fulfilled;
- (c) the obligations of Member States of residence for tax purposes of the beneficial owners under Article 13(2) shall continue to apply until 31 December 2016;

- (d) the obligations of Member States of residence for tax purposes of the beneficial owners under Article 14, with regard to withholding tax levied during 2016 and previous years, shall continue to apply until those obligations have been fulfilled.

Notwithstanding the above the EUSD shall continue to apply in its entirety with regard to Austria until 31 December 2016.

## PART 13

### ADDITIONAL INFORMATION

#### 1. Incorporation and Share Capital of Issuer

- (a) The Issuer was incorporated as a private limited company in Jersey on 16 August 2005 under the Companies (Jersey) Law 1991 (as amended) (the “**Law**”) and changed status to a public company on 15 September 2006 pursuant to a written resolution dated 15 September 2006. The Issuer operates under the Law and secondary legislation made thereunder. The Issuer is registered in Jersey under number 90959. The name of the Issuer was changed to “ETFS Commodity Securities Limited” on 15 June 2006.
- (b) 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.
- (c) The Issuer does not have any subsidiary undertakings.
- (d) All of the Issuer’s issued ordinary shares are owned by HoldCo.

#### 2. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer and are or may be material or have been entered into at any time by the Issuer and (not being contracts entered into in the ordinary course of business) contain provisions under which the Issuer has an obligation or entitlement which is or may be material to the Issuer as at the date of this document. The summaries below are drafted in legal language, however, details on how each of the agreements impacts on Security Holders are contained throughout this Prospectus, including in Part 1 (*General*) and Part 4 (*Description of Commodity Securities*).

- (a) the Trust Instrument dated 21 September 2006 and the supplemental trust instruments thereto dated 17 September 2007, 23 April 2008, 15 August 2008, 15 September 2008, 8 October 2008, 29 June 2009, 7 August 2009, 20 January 2011, 14 March 2011, 22 December 2011, 26 January 2012, 14 December 2012, 23 June 2014, 6 October 2014, 24 November 2014 and 3 July 2015, a summary of the principal terms of which is set out in Part 7 (*Trust Instrument and Commodity Securities*);
- (b) the following Security Deeds, a summary of the principal terms of which are set out in Part 8 (*Particulars of Security Deeds*):
  - the Classic Aluminium Security Deed dated 21 September 2006;
  - the Classic Brent Crude Security Deed dated 22 December 2011;
  - the Classic Cocoa Security Deed dated 15 September 2008;
  - the Classic Coffee Security Deed dated 21 September 2006;
  - the Classic Copper Security Deed dated 21 September 2006;
  - the Classic Corn Security Deed dated 21 September 2006;
  - the Classic Cotton Security Deed dated 21 September 2006;
  - the Classic Crude Oil Security Deed dated 21 September 2006;
  - the Classic Gas Oil Security Deed dated 22 December 2011;
  - the Classic Gasoline Security Deed dated 21 September 2006;
  - the Classic Gold Security Deed dated 21 September 2006;



- the Classic Heating Oil Security Deed dated 21 September 2006;
- the Classic Kansas Wheat Security Deed dated 14 December 2012;
- the Classic Lead Security Deed dated 15 September 2008;
- the Classic Lean Hogs Security Deed dated 21 September 2006;
- the Classic Live Cattle Security Deed dated 21 September 2006;
- the Classic Natural Gas Security Deed dated 21 September 2006;
- the Classic Nickel Security Deed dated 21 September 2006;
- the Classic Platinum Security Deed dated 15 September 2008;
- the Classic Silver Security Deed dated 21 September 2006;
- the Classic Soybean Meal Security Deed dated 14 December 2012;
- the Classic Soybean Oil Security Deed dated 21 September 2006;
- the Classic Soybeans Security Deed dated 21 September 2006;
- the Classic Sugar Security Deed dated 21 September 2006;
- the Classic Tin Security Deed dated 15 September 2008;
- the Classic Wheat Security Deed dated 21 September 2006;
- the Classic Zinc Security Deed dated 21 September 2006;
- the Longer Dated Aluminium Security Deed dated 17 September 2007;
- the Longer Dated Brent Crude Security Deed dated 22 December 2011;
- the Longer Dated Coffee Security Deed dated 17 September 2007;
- the Longer Dated Copper Security Deed dated 17 September 2007;
- the Longer Dated Corn Security Deed dated 17 September 2007;
- the Longer Dated Cotton Security Deed dated 17 September 2007;
- the Longer Dated Crude Oil Security Deed dated 17 September 2007;
- the Longer Dated Gas Oil Security Deed dated 22 December 2011;
- the Longer Dated Gasoline Security Deed dated 17 September 2007;
- the Longer Dated Gold Security Deed dated 17 September 2007;
- the Longer Dated Heating Oil Security Deed dated 17 September 2007;
- the Longer Dated Kansas Wheat Security Deed dated 14 December 2012;
- the Longer Dated Lean Hogs Security Deed dated 17 September 2007;
- the Longer Dated Live Cattle Security Deed dated 17 September 2007;
- the Longer Dated Natural Gas Security Deed dated 17 September 2007;
- the Longer Dated Nickel Security Deed dated 17 September 2007;
- the Longer Dated Silver Security Deed dated 17 September 2007;

- the Longer Dated Soybean Meal Security Deed dated 14 December 2012;
  - the Longer Dated Soybean Oil Security Deed dated 17 September 2007;
  - the Longer Dated Soybeans Security Deed dated 17 September 2007;
  - the Longer Dated Sugar Security Deed dated 17 September 2007;
  - the Longer Dated Wheat Security Deed dated 17 September 2007;
  - the Longer Dated Zinc Security Deed dated 17 September 2007;
- (c) the Facility Agreement dated 5 August 2009 between the Issuer and UBS, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*);
- (d) the Facility Agreement dated 14 March 2011 between the Issuer and MLCI, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*);
- (e) a Capital Adjustment Agreement dated 5 August 2009 between the Issuer and UBS pursuant to which UBS agrees to pay monthly to the Issuer the Management Fee and the Licence Allowance in respect of the Commodity Contracts to which it is party and the Issuer and UBS agree that the Capital Adjustment will be at a rate equal to the rate per annum which is the most recent weekly auction high rate for 3 month U.S. Treasury Bills less a Spread agreed between the Issuer and UBS (currently agreed to be 0.45 per cent. per annum in respect of the Classic Securities and 0.6 per cent. per annum in respect of the Longer Dated Securities) less the Management Fee rate notified to UBS by the Issuer (currently being 0.49 per cent. per annum) and the Licence Allowance rate notified to UBS by the Issuer (currently being 0.05 per cent. per annum);
- (f) a Capital Adjustment Agreement dated 14 March 2011 between the Issuer and MLCI pursuant to which MLCI agrees to pay monthly to the Issuer the Management Fee and the Licence Allowance in respect of the Commodity Contracts to which it is party and the Issuer and MLCI agree that the Capital Adjustment will be at a rate equal to the rate per annum which is the most recent weekly auction high rate for 3 month U.S. Treasury Bills less a Spread agreed between the Issuer and MLCI (currently agreed to be 0.45 per cent. per annum in respect of the Classic Securities and 0.6 per cent. per annum in respect of the Longer Dated Securities) less the Management Fee rate notified to MLCI by the Issuer (currently being 0.49 per cent. per annum) and the Licence Allowance rate notified to MLCI by the Issuer (currently being 0.05 per cent. per annum);
- (g) the Calculation Agency Agreement dated 14 March 2011 between the Issuer, MLCI, UBS Securities and UBS;
- (h) the Security Agreement between the Issuer and UBS, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*);
- (i) the Security Agreement between the Issuer and MLCI, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*);
- (j) the Collateral Account Control Agreement between the Issuer, UBS and The Bank of New York Mellon, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*);
- (k) the Collateral Account Control Agreement between the Issuer, MLCI and The Bank of New York Mellon, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreements and Commodity Contracts*);

- (l) the following Authorised Participant Agreements, a summary of the principal terms of which is set out in paragraph 3 below:
- (i) an Authorised Participant Agreement between the Issuer, ETFSL and ABN AMRO Clearing Bank N.V. dated 21 September 2006;
  - (ii) an Authorised Participant Agreement between the Issuer, ETFSL and Banca IMI S.p.A. dated 28 April 2008;
  - (iii) an Authorised Participant Agreement between the Issuer, ETFSL and Barclays Capital Securities Limited dated 5 January 2007;
  - (iv) an Authorised Participant Agreement between the Issuer, ETFSL and Bluefin Europe LLP dated 9 March 2011;
  - (v) an Authorised Participant Agreement between the Issuer, ETFSL and Goldenberg Hehmeyer LLP date 17 April 2012;
  - (vi) an Authorised Participant Agreement between the Issuer, ETFSL and Goldman Sachs International dated 3 March 2008;
  - (vii) an Authorised Participant Agreement between the Issuer, ETFSL and KCG Europe Limited dated 14 October 2009;
  - (viii) an Authorised Participant Agreement between the Issuer, ETFSL and Merrill Lynch International dated 21 March 2007;
  - (ix) an Authorised Participant Agreement between the Issuer, ETFSL and Morgan Stanley & Co. International plc dated 4 October 2006;
  - (x) an Authorised Participant Agreement between the Issuer, ETFSL and The Royal Bank of Scotland plc dated 8 March 2007;
  - (xi) an Authorised Participant Agreement between the Issuer, ETFSL and Susquehanna International Securities Limited dated 14 October 2009;
  - (xii) an Authorised Participant Agreement between the Issuer, ETFSL and Susquehanna Pacific Pty Limited dated 23 November 2011;
  - (xiii) an Authorised Participant Agreement between the Issuer, ETFSL and Susquehanna Ireland Limited dated 14 October 2009;
  - (xiv) an Authorised Participant Agreement between the Issuer, ETFSL and UBS AG, London Branch dated 20 December 2006;
  - (xv) an Authorised Participant Agreement between the Issuer, ETFSL and UniCredit Bank AG dated 19 February 2007;
  - (xvi) an Authorised Participant Agreement between the Issuer, ETFSL and Virtu Financial Ireland Limited dated 13 December 2012;
  - (xvii) an Authorised Participant Agreement between the Issuer, ETFSL and Société Générale dated 22 October 2013; and
  - (xviii) an Authorised Participant Agreement between the Issuer, ETFSL and Jane Street Financial Limited dated 12 March 2015;

- (m) the following Security Assignments between UBS and the Issuer securing to UBS the Secured Obligations of the Issuer in relation to the Authorised Participant Agreement to which it pertains:
- (i) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and ABN AMRO Clearing Bank N.V.;
  - (ii) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Banca IMI S.p.A.;
  - (iii) Security Assignment dated 4 September 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Barclays Capital Securities Limited;
  - (iv) Security Assignment dated 9 January 2012 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Bluefin Europe LLP;
  - (v) Security Assignment dated 20 April 2012 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Goldenberg Hehmeyer LLP;
  - (vi) Security Assignment dated 20 April 2012 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Susquehanna Pacific Pty Limited;
  - (vii) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Goldman Sachs International;
  - (viii) Security Assignment dated 14 October 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and KCG Europe Limited;
  - (ix) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Merrill Lynch International;
  - (x) Security Assignment dated 7 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Morgan Stanley & Co. International plc;
  - (xi) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and The Royal Bank of Scotland plc;
  - (xii) Security Assignment dated 3 November 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Susquehanna International Securities Limited;
  - (xiii) Security Assignment dated 3 November 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Susquehanna Ireland Limited;
  - (xiv) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and UniCredit Bank AG; and
  - (xv) Security Assignment dated 13 December 2012 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Virtu Financial Ireland Limited;
  - (xvi) Security Assignment dated 7 January 2014 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Société Générale; and
  - (xvii) Security Assignment dated 18 March 2015 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Jane Street Financial Limited;

- (n) the following Security Assignments between MLCI and the Issuer securing to MLCI the Secured Obligations of the Issuer in relation to the Authorised Participant Agreement to which it pertains:
- (i) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and ABN AMRO Clearing Bank N.V.;
  - (ii) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Banca IMI S.p.A.;
  - (iii) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Barclays Capital Securities Limited;
  - (iv) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Bluefin Europe LLP;
  - (v) Security Assignment dated 20 April 2012 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Goldenberg Hehmeyer LLP;
  - (vi) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Goldman Sachs International;
  - (vii) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and KCG Europe Limited;
  - (viii) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Merrill Lynch International;
  - (ix) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Morgan Stanley & Co. International plc;
  - (x) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and The Royal Bank of Scotland plc;
  - (xi) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Susquehanna International Securities Limited;
  - (xii) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Susquehanna Ireland Limited;
  - (xiii) Security Assignment dated 20 April 2012 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Susquehanna Pacific Pty Limited;
  - (xiv) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and UBS AG, London branch;
  - (xv) Security Assignment dated 13 April 2011 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and UniCredit Bank AG;
  - (xvi) Security Assignment dated 13 December 2012 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Virtu Financial Ireland Limited;
  - (xvii) Security Assignment dated 29 November 2013 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Société Générale; and
  - (xviii) Security Assignment dated 27 March 2015 between the Issuer and MLCI pertaining to the Authorised Participant Agreement between the Issuer and Jane Street Financial Limited;

- (o) the Services Agreement dated 14 December 2012 whereby ManJer is responsible for supplying or procuring the supply of all management and administration services for the Issuer and for paying all the management and administration costs of the Issuer (including the fees and expenses of the Registrar and any administrator and the fees and expenses of the Trustee in relation to its role under the Trust Instrument) and the Issuer agrees to pay to ManJer the Management Fee and a processing fee representing the Application Fees and Redemption Fees which the Issuer has received (including by way of set-off). ManJer may delegate to other entities certain of its duties and functions under the Services Agreement;
- (p) the Administration Agreement dated 14 December 2012 whereby R&H Fund Services (Jersey) Limited is responsible for supplying or procuring the supply of certain administrative, company secretarial and registrar services to the Issuer as set out in schedule 1 of the Administration Agreement and for which the Issuer agrees to pay R&H Fund Services (Jersey) Limited a fee.

R&H Fund Services (Jersey) Limited may delegate in whole or in part the discharge of any of its duties or functions and the exercise of any powers and discretion under the Administration Agreement.

R&H Fund Services (Jersey) Limited is not liable to the Issuer for any error of judgement or for any loss suffered by the Issuer in connection with the subject of the Administration Agreement unless such loss arises from fraud, bad faith, wilful default or negligence in the performance or nonperformance by R&H Fund Services (Jersey) Limited or persons designated by it of its obligations or duties and in particular (but without limitation) will not be liable as a result of any loss, delay, misdelivery or error in transmission of any cable or telegraphic communication or as a result of acting upon any forged transfer or request for redemption of any securities in the Issuer; and

- (q) the Registrar Agreement dated 14 December 2012 whereby the Registrar is responsible for supplying or procuring the supply of certain registrar services, including the provision of a registration and transfer office, to the Issuer as set out in schedule 1 of the Registrar Agreement and for which the Issuer agrees to pay the Registrar a fee. The Registrar may delegate certain of its duties or functions under the Registrar Agreement.

The Registrar and its officers and employees will not be liable to the Issuer for any direct damages, loss, costs, claims or expenses ("**Loss**") sustained by the Issuer or in respect of any matter relating to the Registers as a result of loss, delay, misdelivery or error in transmission of any cable, telex, telefax or telegraphic communication, or if any document accepted by the Registrar shall later be proved to be forged or otherwise defective or erroneous (except in respect of any Loss incurred by the Issuer as a result of the fraud, wilful default, bad faith or negligence of the Registrar).

The Registrar will not be liable to the Issuer in respect of any loss, liability, claim, cost, expense (including legal expenses) or damage suffered or incurred by the Issuer as a result of the discharge of its duties and obligations under the Registrar Agreement, save where such loss, liability, claim, cost, expense or damage is suffered or incurred as a result of its fraud, wilful default, bad faith or negligence.

The aggregate liability of the Registrar to the Issuer over any 12 month period, howsoever any such liability arises, shall in no circumstances whatsoever exceed twice the amount of the fees payable by the Issuer to the Registrar in any 12 month period.

The Registrar is not liable to the Issuer for any Loss suffered or incurred by the Issuer as a result of the operation, failure, interruption or suspension of or changes to all or any part of the CREST Service (as defined in the Registrar Agreement) by Euroclear UK & Ireland Limited or as a result of any timetable changes in connection with the provision of the CREST Service by Euroclear UK & Ireland Limited. The Registrar is not liable to the Issuer for any Loss suffered or incurred by the Issuer as a result of any acts or omissions of the Registrar that the Registrar reasonably considers are required in order for it to comply with the CREST Requirements (as defined in the Registrar Agreement).



### 3. Authorised Participant Agreements

The Authorised Participants as at the date of this document are the persons who have entered into an Authorised Participant Agreement with the Issuer as described in paragraph 2(l) above.

The summaries below are drafted in legal language, however, details on how each of the agreements impacts on Security Holders are contained throughout this Prospectus, including in Part 1 (*General*) and Part 4 (*Description of Commodity Securities*).

Pursuant to the terms of the Authorised Participant Agreements, each Authorised Participant represents, warrants and undertakes to the Issuer that:

- (a) in relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Micro or Commodity Securities to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Micro or Commodity Securities to the public in that Relevant Member State:
  - (i) in the period beginning on the date of publication of a prospectus in relation to those Micro or Commodity Securities which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another member state and notified to the competent authority in that Relevant 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 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 Micro or Commodity Securities to the public” in relation to any Micro or Commodity Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Micro or Commodity Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Micro or Commodity Securities, as the same may be varied in that Relevant 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 Relevant Member State;

- (b) 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 Micro or Commodity Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Affiliate of the Issuer;
- (c) 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 Commodity Securities or Micro Securities in, from or otherwise involving the United Kingdom;

- (d) neither it nor any of its Affiliates (including any person acting on behalf of it or any of its Affiliates):
  - (i) has knowingly offered or sold or will knowingly offer or sell Commodity Securities or Micro Securities within the United States or to US Persons, whether before, on or after the relevant Application Date;
  - (ii) has knowingly offered or sold or will knowingly offer or sell Micro or Commodity Securities to a Prohibited US Person or a Prohibited Benefit Plan Investor, whether before, on or after the relevant Application Date; or
  - (iii) has engaged or will engage in any “directed selling efforts” with respect to Commodity Securities or Micro Securities.

Terms used in this paragraph 3(d) have the meanings given to them by Regulation S under the Securities Act of 1933 of the United States; and

- (e) it will not permit Commodity Securities or Micro Securities to be offered to, sold to, or purchased by 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 Micro and Commodity Securities and on the distribution of this Prospectus are set out in paragraph 10 of Part 13 (*Additional Information*).

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

The Issuer may enter into agreements with institutions to act as Authorised Participants and/or market-makers which may include commitments to make markets on varying terms, but which may include commitments to maintain particular maximum spreads and minimum lot sizes.

#### 4. Licence Agreement

ETFSL has entered into an agreement with Bloomberg and UBS Securities dated as of 16 June 2014 pursuant to which the parties agreed to enter a new licence agreement (the “**Licence Agreement**”) with respect to the Bloomberg Commodity Index<sup>SM</sup> and related indices, effective 1 July 2014. Pursuant to the terms of the Licence Agreement, ETFSL has been granted the right to use the Bloomberg Commodity Index<sup>SM</sup> and related indices, including the Individual Commodity Indices for the issuance and trading of, *inter alia*, the Micro and Commodity Securities and the right to use and refer to the trademarks of UBS Securities and Bloomberg associated with such Commodity Indices for certain purposes in connection with the issuance, distribution, marketing and promotion of, *inter alia*, the Micro and Commodity Securities. The Licence Agreement also permits ETFSL to post on its website delayed intra-day and settlement pricing for such Commodity Indices. The Licence Agreement continues in full force and effect unless terminated by either party 90 days prior to the renewal date (such date being 30 June of each year).

ManJer will, out of the Licence Allowance, pay ETFSL such amounts as ETFSL requires to pay such fees as are due under the Licence Agreement from time to time.

The Issuer has the right to use the Commodity Indices and sub-indices thereof including the Individual Commodity Indices and the trademarks of UBS Securities and/or Bloomberg in connection with the issuance, marketing and promotion of the Micro and Commodity Securities, provided it agrees to be bound by all the provisions of the Licence Agreement as if it were the licensee thereunder including, without limitation, those provisions imposing any obligations on ETFSL.

## 5. ISINs and Principal Amounts of the Commodity Securities and the Micro Securities

27 classes of Classic Individual Securities and 23 classes of Longer Dated Individual Securities are specifically described in this Prospectus. The ISINs and Principal Amounts of such Individual Securities are as follows:

<b>Class of Classic Individual Securities</b>	<b>ISIN</b>	<b>Principal Amount</b>
ETFS Aluminium	GB00B15KXN58	\$1.00000000
ETFS Brent Crude	JE00B78CGV99	\$6.25000000
ETFS Cocoa	JE00B2QXZK10	\$0.50000000
ETFS Coffee	GB00B15KXP72	\$0.50000000
ETFS Copper	GB00B15KXQ89	\$3.00000000
ETFS Corn	GB00B15KXS04	\$0.25000000
ETFS Cotton	GB00B15KXT11	\$0.50000000
ETFS WTI Crude Oil	GB00B15KXV33	\$1.15000000
ETFS Gas Oil	JE00B78BDZ24	\$3.75000000
ETFS Gasoline	GB00B15KXW40	\$5.00000000
ETFS Gold	GB00B15KXX56	\$1.00000000
ETFS Heating Oil	GB00B15KXY63	\$3.00000000
ETFS Kansas Wheat	JE00B8KTKH91	\$1.25000000
ETFS Lead	JE00B2QY0436	\$3.50000000
ETFS Lean Hogs	GB00B15KXZ70	\$0.11000000
ETFS Live Cattle	GB00B15KY096	\$2.00000000
ETFS Natural Gas	GB00B15KY104	\$0.00800000
ETFS Nickel	GB00B15KY211	\$2.00000000
ETFS Platinum	JE00B2QYOF45	\$6.50000000
ETFS Silver	GB00B15KY328	\$2.00000000
ETFS Soybean Meal	JE00B931G598	\$6.25000000
ETFS Soybean Oil	GB00B15KY435	\$1.00000000
ETFS Soybeans	GB00B15KY542	\$2.00000000
ETFS Sugar	GB00B15KY658	\$3.00000000
ETFS Tin	JE00B2QY0H68	\$3.50000000
ETFS Wheat	GB00B15KY765	\$0.25000000
ETFS Zinc	GB00B15KY872	\$1.00000000

<b>Class of Longer Dated Individual Securities</b>	<b>ISIN</b>	<b>Principal Amount</b>
ETFS Longer Dated Aluminium	JE00B24DLR27	\$1.00000000
ETFS Longer Dated Brent Crude	JE00B78CP782	\$7.75000000
ETFS Longer Dated Coffee	JE00B24DLS34	\$0.50000000
ETFS Longer Dated Copper	JE00B24DLT41	\$5.00000000
ETFS Longer Dated Corn	JE00B24DLV62	\$0.50000000
ETFS Longer Dated Cotton	JE00B24DLW79	\$0.50000000
ETFS Longer Dated WTI Crude Oil	JE00B24DLX86	\$8.00000000
ETFS Longer Dated Gas Oil	JE00B4L6KM69	\$4.45000000
ETFS Longer Dated Gasoline	JE00B24DLY93	\$8.00000000
ETFS Longer Dated Gold	JE00B24DLZ01	\$1.00000000
ETFS Longer Dated Heating Oil	JE00B24DM021	\$5.00000000
ETFS Longer Dated Kansas Wheat	JE00B931G598	\$1.75000000
ETFS Longer Dated Lean Hogs	JE00B24DM138	\$3.00000000
ETFS Longer Dated Live Cattle	JE00B24DM245	\$1.50000000
ETFS Longer Dated Natural Gas	JE00B24DM351	\$0.55000000
ETFS Longer Dated Nickel	JE00B24DM468	\$5.00000000
ETFS Longer Dated Silver	JE00B24DM575	\$1.50000000
ETFS Longer Dated Soybean Meal	JE00B8W43C80	\$3.50000000
ETFS Longer Dated Soybean Oil	JE00B24DM682	\$1.00000000
ETFS Longer Dated Soybeans	JE00B24DM799	\$1.00000000
ETFS Longer Dated Sugar	JE00B24DM807	\$1.50000000
ETFS Longer Dated Wheat	JE00B24DM914	\$1.00000000
ETFS Longer Dated Zinc	JE00B24DMB32	\$1.50000000

In addition 18 categories of Classic Index Securities and ten categories of Longer Dated Index Securities are specifically described in this Prospectus. The ISINs and Principal Amounts (as at 19 April 2016) of such Index Securities are as follows:

<b>Category of Classic Index Securities</b>	<b>ISIN</b>	<b>Principal Amount</b>
ETFS Agriculture	GB00B15KYH63	\$1.55059050
ETFS All Commodities	GB00B15KY989	\$1.859886470
ETFS Energy	GB00B15KYB02	\$0.803028124
ETFS Ex-Energy	GB00B15KYD26	\$1.86196353
ETFS Grains	GB00B15KYL00	\$0.79969150
ETFS Industrial Metals	GB00B15KYG56	\$2.07923800
ETFS Livestock	GB00B15KYG92	\$0.77271033
ETFS Petroleum	GB00B15KYC19	\$2.50459835
ETFS Precious Metals	GB00B15KYF40	\$1.32550800
ETFS Softs	GB00B15KYJ87	\$1.27971550
ETFS Ex-Agriculture & Livestock	JE00B6SV8B36	\$1.678261864
ETFS Ex-Industrial Metals	JE00B6TL6S53	\$3.428907850
ETFS Ex-Precious Metals	JE00B6YTKX71	\$2.962975726
ETFS Ex-Agriculture	JE00B73CZX99	\$1.469364820
ETFS Ex-Livestock	JE00B73JV547	\$3.262710142
ETFS Ex-Softs	JE00B6SVDR49	\$2.047177108
ETFS Ex-Grains	JE00B6WG8H09	\$2.818958068
ETFS Ex-Petroleum	JE00B644BV75	\$2.798688848

<b>Category of Longer Dated Index Securities</b>	<b>ISIN</b>	<b>Principal Amount</b>
ETFS Longer Dated All Commodities	JE00B24DMC49	\$3.34707225
ETFS Longer Dated Energy	JE00B24DMD55	\$4.19585815
ETFS Longer Dated Petroleum	JE00B24DMF79	\$7.64862975
ETFS Longer Dated Ex-Energy	JE00B24DMG86	\$2.23783675
ETFS Longer Dated Precious Metals	JE00B24DMH93	\$1.20076300
ETFS Longer Dated Industrial Metals	JE00B24DMJ18	\$2.88788050
ETFS Longer Dated Agriculture	JE00B24DMK23	\$1.50414025
ETFS Longer Dated Softs	JE00B24DML30	\$1.09456550
ETFS Longer Dated Livestock	JE00B24DMM47	\$2.34489750
ETFS Longer Dated Grains	JE00B24DMN53	\$1.16274775

29 classes of Micro Classic Securities and 25 classes of Micro Longer Dated Securities are specifically described in this Prospectus. The ISINs and Principal Amounts of such Micro Securities are as follows:

<b>Class of Micro Classic Securities</b>	<b>ISIN</b>	<b>Principal Amount</b>
Aluminium	GB00B16TD867	\$0.00000100
Brent Crude	JE00B75GVD18	\$0.00000625
Cocoa	JE00B2QXZD43	\$0.00000050
Coffee	GB00B16TD974	\$0.00000050
Copper	GB00B16TDB98	\$0.00000300
Corn	GB00B16TDC06	\$0.00000025
Cotton	GB00B16TDD13	\$0.00000050
WTI Crude Oil	GB00B16TDF37	\$0.00000115
Gas Oil	JE00B5MW7M94	\$0.00000375
Gasoline	GB00B16TDG44	\$0.00000500
Gold	GB00B16TDH50	\$0.00000100
Heating Oil	GB00B16TDJ74	\$0.00000300
Kansas Wheat	JE00B99BG862	\$0.00000125
Lead	JE00B2QXZY55	\$0.00000350
Lean Hogs	GB00B16TDK89	\$0.00000011
Live Cattle	GB00B16TDL96	\$0.00000200
Natural Gas	GB00B16TDM04	\$0.000000008

<b>Class of Micro Classic Securities</b>	<b>ISIN</b>	<b>Principal Amount</b>
Nickel	GB00B16TDN11	\$0.00000200
Platinum	JE00B2QY0766	\$0.00000650
Silver	GB00B16TDP35	\$0.00000200
Soybean Meal	JE00B99BGC07	\$0.00000625
Soybean Oil	GB00B16TDQ42	\$0.00000100
Soybeans	GB00B16TDR58	\$0.00000200
Sugar	GB00B16TDS65	\$0.00000300
Tin	JE00B2QYOD21	\$0.00000350
Wheat	GB00B16TDT72	\$0.00000025
Zinc	GB00B16TDV94	\$0.00000100

<b>Class of Micro Longer Dated Securities</b>	<b>ISIN</b>	<b>Principal Amount</b>
Longer Dated Aluminium	JE00B24F1W31	\$0.00000100
Longer Dated Brent Crude	JE00B6SCJ466	\$0.00000775
Longer Dated Coffee	JE00B24F1X48	\$0.00000050
Longer Dated Copper	JE00B24F1Y54	\$0.00000500
Longer Dated Corn	JE00B24F1Z61	\$0.00000050
Longer Dated Cotton	JE00B24F2084	\$0.00000050
Longer Dated WTI Crude Oil	JE00B24F2191	\$0.00000800
Longer Dated Gas Oil	JE00B6TQQT14	\$0.00000445
Longer Dated Gasoline	JE00B24F2209	\$0.00000800
Longer Dated Gold	JE00B24F2316	\$0.00000100
Longer Dated Heating Oil	JE00B24F2423	\$0.00000500
Longer Dated Kansas Wheat	JE00B93KRR51	\$0.00000175
Longer Dated Lean Hogs	JE00B24F2530	\$0.00000300
Longer Dated Live Cattle	JE00B24F2647	\$0.00000150
Longer Dated Natural Gas	JE00B24F2753	\$0.00000055
Longer Dated Nickel	JE00B24F2860	\$0.00000500
Longer Dated Silver	JE00B24F2977	\$0.00000150
Longer Dated Soybean Oil	JE00B24F2B92	\$0.00000100
Longer Dated Soybean Meal	JE00B93PLP62	\$0.00000350
Longer Dated Soybeans	JE00B24F2C00	\$0.00000100
Longer Dated Sugar	JE00B24F2D17	\$0.00000150
Longer Dated Wheat	JE00B24F2F31	\$0.00000100
Longer Dated Zinc	JE00B24F2G48	\$0.00000150

## 6. Sources

The information given under the heading “Composition and Weightings” in Part 3 (*The Bloomberg Commodity Index Family*) is sourced from the Handbook.

The information given in “Table 2(a) — Designated Contracts and Designated Month Contracts” and “Table 2(b) — Lead Futures Contracts for Bloomberg Commodity Index<sup>SM</sup>” under the heading “Designated Contracts” in Part 3 (*The Bloomberg Commodity Index Family*) is sourced from the Handbook.

The “Index Value” figures given in “Tables 3(a) and 3(b) — Simulated Historical Investment Returns” under the heading “Simulated Historical Investment Returns” in Part 3 (*The Bloomberg Commodity Index Family*) are extracted from data made available by Bloomberg. The “Index Return” figures given in such table have been calculated by ETFSL based on the “Index Value” figures. The “Individual Security Value” and “Individual Security Return” figures given in such table have been calculated by ETFSL based on a Multiplier of 1.0000000 on 1 January 1991, Management Fees of 0.49 per cent. per annum, Licence Allowance of 0.05 per cent. per annum and a Spread of 0.45 per cent. per annum in respect the Classic Securities and 0.6 per cent. per annum in respect of the Longer Dated Securities. The “Multiplier” figures given in such table have been calculated by ETFSL based on data published by Bloomberg.



### *Aluminium*

The statements under the heading “Aluminium” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau, and the United States Geological Survey website (<http://www.usgs.gov>).

### *Brent Crude*

The statements under the heading “Brent Crude” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the website of Platts (<http://www.platts.com>), a division of The McGraw-Hill Companies.

### *Cocoa*

The statements under the heading “Cocoa” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the website of the International Cocoa Organization (<http://www.icco.org/about/growing.aspx>).

### *Coffee*

The statements under the heading “Coffee” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau, and the International Coffee Organization website (<http://www.ico.org>).

### *Copper*

The statements under the heading “Copper” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau, and the International Copper Study Group website (<http://www.icsg.org>) and the Copper Development Association (<http://www.copperalliance.org.uk>).

### *Corn*

The statements under the heading “Corn” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Cotton*

The statements under the heading “Cotton” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Crude Oil*

The statements under the heading “Crude Oil” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) that over the past several decades oil has been the world’s foremost source of primary energy consumption, and that the behaviour of the Organization of the Petroleum Exporting Countries (OPEC) is often the key to price developments in the world crude oil market are derived from the International Energy Outlook, published by the Energy Information Administration.

### *Gasoline*

The statements under the heading “Gasoline” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005 published by the Commodity Research Bureau.

### *Gold*

The statements under the heading “Gold” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the Thomson Reuters GFMS Limited Gold Survey 2014 and World Gold Council.



### *Heating Oil*

The statements under the heading “Heating Oil” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Kansas Wheat*

The statements under the heading “Kansas Wheat” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the United States Department of Agriculture (<http://www.ers.usda.gov/topics/crops/wheat.aspx>) and the Kansas City Board of Trade (<http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/kc-wheat.html>).

### *Lead*

The statements under the heading “Lead” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the website of the International Lead and Zinc Study Group (<http://www.ilzsg.org>) and Lead Development Association International (<http://www.ldaint.org>).

### *Lean Hogs*

The statements under the heading “Lean Hogs” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Live Cattle*

The statements under the heading “Live Cattle” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Natural Gas*

The statements under the heading “Natural Gas” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Nickel*

The statements under the heading “Nickel” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau and the Nickel Institute (<http://www.nickelinstitute.org>).

### *Platinum*

The statements under the heading “Platinum” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the website of the International Platinum Group Metals Association (<http://www.ipa-news.com/pgm/platinum/index.htm>), and Johnson Matthey ([www.matthey.com](http://www.matthey.com)).

### *Silver*

The statements under the heading “Silver” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau, and the Silver Institute website (<http://www.silverinstitute.org>).

### *Soybean Meal*

The statements under the heading “Soybean Meal” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from United States Department of Agriculture (<http://www.ers.usda.gov/topics/crops/soybeans-oil-crops/background.aspx>) and the Chicago Board of Trade ([http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean-meal\\_contract\\_specifications.html](http://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean-meal_contract_specifications.html)) and The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Soybean Oil*

The statements under the heading “Soybean Oil” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Soybeans*

The statements under the heading “Soybeans” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Sugar*

The statements under the heading “Sugar” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau.

### *Tin*

The statements under the heading “Tin” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau and the ITRI (<http://www.itri.co.uk/default.asp>) and the U.S. Geological Survey website (<http://www.usgs.gov>).

### *Wheat*

The statements under the heading “Wheat” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau, and the United States Department of Agriculture’s Economic Research Service.

### *Zinc*

The statements under the heading “Zinc” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from The CRB Commodity Yearbook 2005, published by the Commodity Research Bureau, and the International Lead and Zinc Study Group website (<http://www.ilzsg.org>).

## **Futures Markets**

The statements under the heading “Futures Markets” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the Commodity Futures Trading Commission website ([www.cftc.gov](http://www.cftc.gov)), and the Chicago Mercantile Exchange website (<http://www.cme.com>).

## **Exchanges**

The statements under the heading “CBOT (Chicago Board of Trade)” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the Chicago Board of Trade website (<http://www.cmegroup.com>).

The statements under the heading “CME (Chicago Mercantile Exchange)” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the Chicago Mercantile Exchange website (<http://www.cmegroup.com>).

The statements under the heading “KCBT (Kansas City Board of Trade)” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the Kansas City Board of Trade (<http://www.cmegroup.com>).

The statements under the heading “LME (London Metal Exchange)” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the London Metal Exchange website (<http://www.lme.com>).

The statements under the heading “ICE Futures U.S.” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the Intercontinental Exchange website (<http://www.theice.com>).

The statements under the heading “NYMEX (The New York Mercantile Exchange, Inc.)” in Part 9 (*Commodities, Commodity and Futures Markets, and Exchanges*) are derived from the New York Mercantile Exchange website (<http://www.cmegroup.com>).

To the extent that the information referred to in this paragraph 6 above has been sourced from a third party, such information has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information published by the referenced third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the documents or websites referred to in this paragraph 6 above are incorporated into or form part of this Prospectus for the purposes of the Prospectus Directive or the Prospectus Rules.

## **7. General**

- (a) The Issuer’s auditors since 4 December 2015 are KPMG Channel Islands Limited of 37 Esplanade, St Helier, Jersey, Channel Islands JE4 8WQ. The Company’s auditors were previously Deloitte LLP of Lord Coutanche House, 66-68 Esplanade, St Helier, Jersey JE4 8WA, who audited the Company’s annual accounts in accordance with national law from 24 March 2004 to 4 December 2015. The annual reports of the Issuer for the years ended 31 December 2014 and 31 December 2015 as published by the Issuer through the Regulatory News Service of the London Stock Exchange on 2 April 2015 and 15 April 2016 respectively are incorporated in this document by reference and are available at the Issuer’s website at <http://www.etfsecurities.com/retail/uk/eb-go/documents.aspx> and at the registered office of the Issuer as set out in paragraph 8 of Part 13 (*Additional Information*). The annual audited accounts of the Issuer will generally be published within four months of year end, currently 31 December in each year. Half-yearly unaudited accounts will generally be published within four months of the mid-year end, currently 30 June in each year. Each of the annual audited accounts and half-yearly unaudited accounts will be made available on the Issuer’s website at <http://www.etfsecurities.com/retail/uk/en-gb/documents.aspx>.
- (b) The Issuer’s financial statements are presented in US Dollars. The value of any assets and liabilities denominated in currencies other than US Dollars is converted into US Dollars at rates quoted by independent sources.

The valuation of the assets and liabilities of the Issuer attributable to any Pool is determined under the supervision of the Board.

The Commodity Contracts constitute an asset of the Issuer. For the purposes of the valuation of the Issuer’s assets, the Commodity Contracts are valued at the Price as at the date of valuation.

- (c) There has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its last published audited financial statements on 31 December 2015.
- (d) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period of 12 months preceding the date of this document, which may have or have had in the recent past significant effect on the Issuer’s financial position or profitability.
- (e) All Micro and Commodity 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 Micro Securities, Individual Securities and Index 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 Micro Securities, Individual Securities and Index Securities to be admitted to trading on the Main Market.
- (f) The Issuer intends to publish annual financial statements each year and Final Terms as required by Listing Rules and Transparency Rules. Each pricing day the Issuer will publish Prices, Multipliers, Capital Adjustments and Collateral Yields in respect of the Micro and Commodity Securities on its website as described under the heading “Pricing and Trading of Commodity Securities” in Part 1 (*General*). Save as aforesaid, the Issuer does not intend to provide post-issuance information in respect of the underlying assets.

- (g) The classes and number of Micro Securities comprised in each category of Classic Index Security as at the date of this document and which (save in the case of the Ex Classic Index Securities) have been in effect since 15 January 2016 are set out in the tables below:

**Table 1 – Number of Micro Classic Securities in each class of Classic Index Security on 15 January 2016**

The final number of Micro Securities in each Index Security until the next rebalancing in January 2017					
Classes of Micro Securities	All Commodities	Energy	Petroleum	Ex-Energy	Ex-Agriculture & Livestock
Natural Gas	13,227,305	17,999,903			21,680,083
WTI Crude Oil	83,418	112,671	428,199		136,488
Brent Crude	33,783	45,421	172,598		55,216
Unleaded Gasoline	12,642	17,254	65,592		20,756
Heating Oil	39,305	53,102	201,824		64,314
		Industrial Metals			
Aluminium	146,529	930,656		215,500	240,594
Copper (COMEX)	29,479	187,177		43,389	48,389
Zinc	43,998	279,659		64,692	72,212
Nickel	20,990	133,562		30,859	34,374
		PM			
Gold	65,153	800,453		95,857	106,977
Silver	22,027	270,913		32,415	36,170
		Livestock			
Live Cattle	41,630	290,261		61,242	
Lean Hogs	239,753	1,671,667		351,748	
		Agriculture	Grains		
Wheat	283,710	605,507	817,726	417,197	
Kansas Wheat	21,683	46,207	62,591	31,822	
Corn	536,143	1,144,230	1,545,309	788,299	
Soybeans	22,673	48,430	65,347	33,360	
Soybean Meal	3,506	7,482		5,155	
			Softs		
Sugar	27,907	59,612	198,001	41,063	
Cotton	58,177	124,264	412,755	85,594	
Coffee	134,979	288,653	958,670	198,608	
Soybean Oil	57,453	122,724		84,534	

Number of Micro Classic Securities in each class of Classic Index Security. These are the numbers until the next rebalancing (scheduled for January 2017)							
Classes of Micro Securities	Ex-Petroleum	Ex-Agriculture & Livestock	Ex-IM	Ex-PM	Ex-Livestock	Ex-Grains	Ex-Softs
Natural Gas	31,323,796	21,680,083	25,701,711	25,094,437	27,642,374	27,182,011	18,165,341
WTI Crude Oil	-	136,488	162,131	158,186	174,321	171,293	114,537
Brent Crude	-	55,216	65,662	64,079	70,593	69,331	46,385
Unleaded Gasoline	-	20,756	24,563	23,982	26,421	26,002	17,365
Heating Oil	-	64,314	76,392	74,544	82,138	80,711	53,970
Aluminium	346,724	240,594		277,982	306,224	301,414	201,257
Copper (COMEX)	69,781	48,389		55,907	61,607	60,624	40,486
Zinc	104,079	72,212		83,540	91,951	90,464	60,443
Nickel	49,649	34,374		39,912	43,865	43,103	28,838
Gold	154,179	106,977	126,587		136,159	134,015	89,487
Silver	52,133	36,170	42,800		46,036	45,316	30,257
Live Cattle	98,515		80,890	78,979		85,636	57,182
Lean Hogs	566,268		465,554	455,653		493,348	329,478
Wheat	671,401		551,240	538,229	592,913		389,674
Kansas Wheat	51,223		42,105	41,208	45,313		29,796
Corn	1,268,682		1,041,703	1,017,117	1,120,454		736,386
Soybeans	53,653		44,054	43,013	47,384		31,140
Soybean Meal	8,300		6,814	6,655	7,329		4,816
Sugar	66,043		54,223	52,941	58,320	57,406	
Cotton	137,671		113,031	110,365	121,578	119,667	
Coffee	319,456		262,226	256,302	282,081	277,341	
Soybean Oil	135,967		111,631	109,001	120,073	118,188	78,914

- (h) The classes and number of Micro Longer Dated Securities comprised in each category of Longer Dated Index Security as at the date of this document and which have been in effect since 15 January 2016 are set out in the tables below:

**Table 2 – Number of Micro Longer Dated Securities in each class of Longer Dated Index Security on 15 January 2016**

Classes of Micro Securities		The final number of Micro Securities in each Index Security until the next rebalancing in January 2017			
		All Commodities	Energy	Petroleum	Ex-Energy
Natural Gas	704,480		2,041,623		
WTI Crude Oil	49,131		141,574	352,845	
Brent Crude	52,768		151,578	376,601	
Unleaded Gasoline	12,193		35,338	88,139	
Heating Oil	33,529		96,588	240,420	
			Industrial Metals		
Aluminium	198,783		873,196		235,150
Copper (COMEX)	42,159		185,140		49,882
Zinc	65,128		286,333		77,007
Nickel	29,967		131,897		35,426
			Precious Metals		
Gold	144,183		817,939		170,573
Silver	44,950		255,216		53,173
			Livestock		
Live Cattle	51,201		748,675		60,565
Lean Hogs	27,812		407,295		32,854
			Agriculture	Grains	
Wheat	181,145		315,271	419,508	213,975
Kansas Wheat	28,113		48,935	65,211	33,199
Corn	435,885		759,151	1,009,185	515,372
Soybeans	53,786		93,712	124,528	63,627
Soybean Meal	13,594		23,663		16,065
				Softs	
Sugar	36,113		62,921	208,811	42,722
Cotton	49,963		87,050	288,898	59,109
Coffee	220,125		384,121	1,273,800	260,377
Soybean Oil	72,802		126,847		86,128

- (i) The securitised assets backing the issue, being the Commodity Contracts, the UBS Facility Agreement, the UBS Security Agreement, the UBS Control Agreement, the MLCI Facility Agreement, the MLCI Security Agreement and the MLCI Control Agreement, have characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Micro and Commodity Securities.

## 8. Documents Available for Inspection

For the duration of the Programme or so long as any Micro and Commodity 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:

- the Memorandum and Articles of Association of the Issuer;
- the Services Agreement;
- the UBS Facility Agreement;
- the MLCI Facility Agreement,
- the BAC Guarantee;
- the UBS Security Agreement;



- (g) the MLCI Security Agreement;
- (h) the UBS Control Agreement;
- (i) the MLCI Control Agreement
- (j) the Authorised Participant Agreements;
- (k) the Security Assignments;
- (l) the Trust Instrument and the Short and Leveraged Trust Instrument and supplemental trust instruments thereto;
- (m) the Security Deeds;
- (n) the Registrar Agreement;
- (o) the Administration Agreement;
- (p) the Licence Agreement; and
- (q) the annual audited accounts and half-yearly unaudited accounts of the Issuer.

Copies of this Prospectus and the documents listed (a) – (q) above are available free of charge from ETFS Management Company (Jersey) Limited, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW.

## 9. Jersey Law Consents

This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012.

The Issuer has obtained a certificate under the Collective Investment Funds (Jersey) Law, 1988, as amended, (the “**CIF Law**”) to enable it to undertake its functions in relation to Commodity Securities. The Jersey Financial Services Commission is protected by the CIF Law against liability arising from the discharge of its functions thereunder.

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 the Commodity Securities. The Jersey Financial Services Commission is protected by the Financial Services Law against liability arising from the discharge of its functions thereunder.

The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Issuer or for the correctness of any statements made or expressed in this Prospectus.

## 10. Selling Restrictions

The Micro and Commodity Securities are not subject to any restrictions on transferability. The following restrictions on offer and sales apply.

### (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 Micro and Commodity Securities under the Securities Act, so that the Issuer will not have an obligation to register as an investment company under the Investment Company Act and related rules and to address certain ERISA (defined below), U.S. 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 Micro and Commodity Securities to trade them.

Micro and Commodity Securities have not been and will not be registered under the Securities Act or any other applicable law of the United States. Micro and Commodity 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 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. Micro and Commodity 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 a “qualified purchaser” as defined in the Investment Company Act), the Issuer may redeem the Micro and Commodity Securities held by that Security Holder in accordance with the provisions of the Conditions under the heading “Compulsory Redemption by the Issuer or Trustee” (Condition 9).

The Micro and Commodity 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 Commodity Securities on behalf of, for the benefit of or with any assets of any such Plan or entity (a “Prohibited Benefit Plan Investor”). If the Issuer determines that any Security Holder is a Prohibited Benefit Plan Investor, the Issuer may redeem the Micro and Commodity Securities held by that Security Holder in accordance with the provisions of the Conditions under the heading “Compulsory Redemption by the Issuer or Trustee” (Condition 9).

Further restrictions on offers and sales of Micro and Commodity Securities and on the distribution of this Prospectus are set out in paragraph 3 of Part 13 (*Additional Information*).

#### **11. 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 Micro or Commodity Securities by any financial intermediary in any of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain, Sweden and the United Kingdom by any financial intermediary which is an investment firm within the meaning of the Markets in Financial Instruments Directive, as amended (“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 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.**

It is a condition of this consent that, where the financial intermediary wishes to resell or make a final placement by way of public offer of the Micro and Commodity Securities, such financial intermediary may not reuse this Prospectus for such purpose unless it is 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. The financial intermediary may not otherwise reuse this Prospectus to sell Micro and Commodity Securities.

In the event of a public offer in one or more Public Offer Jurisdictions, the Micro or Commodity 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.

## ANNEX 1

### FORM OF THE GLOBAL BEARER CERTIFICATES

#### INHABER-SAMMELZERTIFIKAT

für

- [siehe Anhang 1] [Klasse der Individual-Securities]/Kategorie der Index-Securities] Namensschuldverschreibungen

der

#### **ETFS Commodity Securities Limited**

Ordinance House, 31 Pier Road, 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 Individual-Securities/Kategorie der Index-Securities] Namensschuldverschreibungen (im folgenden "Schuldverschreibungen" genannt) der ETFS Commodity Securities Limited, Jersey, Channel Islands (im folgenden "Gesellschaft" genannt). Die durch den Treuhandvertrag vom 21. September 2006 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. (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 Clearstream die Auslieferung und Registrierung einer seinem Miteigentumsanteil entsprechenden Stückzahl von [Klasse der Individual-Securities/Kategorie der Index-Securities] Schuldverschreibungen der Gesellschaft auf seinen Namen oder den Namen eines von ihm benannten Dritten in das maßgebliche Schuldverschreibungsregister, 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 Individual-Securities/Kategorie der Index-Securities] Namensschuldverschreibungen (im folgenden "Schuldverschreibungen" genannt) der ETFS Commodity Securities Limited, Jersey, Channel Islands, England, (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 vom 21. September 2006 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. (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 nach Maßgabe der jeweils geltenden Devisenvorschriften in EURO, es sei denn, dass der Miteigentümer rechtzeitig vor Fälligkeit Zahlung in USD (United States Dollars) verlangt hat.

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 Ltd., 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 sämtliche 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 amtlich 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.

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 Commodity Securities Limited weitere Schuldverschreibungen im Rahmen ihres Programms begibt, kann Anhang 1 jederzeit geändert werden.

Name	Ursprüngliche ISIN (der)	LSE Code	Nennbetrag (USD) (9 Juli, 2014)
ETFS Aluminium	GB00B15KXN58	ALUM	\$1.00000000
ETFS Brent Crude	JE00B78CGV99	BRNT	\$6.25000000
ETFS Coffee	GB00B15KXP72	COFF	\$0.50000000
ETFS Copper	GB00B15KXQ89	COPA	\$3.00000000
ETFS Corn	GB00B15KXS04	CORN	\$0.25000000
ETFS Cotton	GB00B15KXT11	COTN	\$0.50000000
ETFS Crude Oil	GB00B15KXV33	CRUD	\$1.15000000
ETFS Gasoline	GB00B15KXW40	UGAS	\$5.00000000
ETFS Gold	GB00B15KXX56	BULL	\$1.00000000
ETFS Heating Oil	GB00B15KXY63	HEAT	\$3.00000000
ETFS Lean Hogs	GB00B15KXZ70	HOGS	\$0.11000000
ETFS Live Cattle	GB00B15KY096	CATL	\$2.00000000
ETFS Natural Gas	GB00B15KY104	NGAS	\$0.00800000
ETFS Nickel	GB00B15KY211	NICK	\$2.00000000
ETFS Silver	GB00B15KY328	SLVR	\$2.00000000
ETFS Soybean Oil	GB00B15KY435	SOYO	\$1.00000000
ETFS Soybeans	GB00B15KY542	SOYB	\$2.00000000
ETFS Sugar	GB00B15KY658	SUGA	\$3.00000000
ETFS Wheat	GB00B15KY765	WEAT	\$0.25000000
ETFS Zinc	GB00B15KY872	ZINC	\$1.00000000
ETFS Agriculture	GB00B15KYH63	AIGA	\$1.0079925
ETFS All Commodities	GB00B15KY989	AIGC	\$1.6054922
ETFS Energy	GB00B15KYB02	AIGE	\$0.7830462
ETFS Ex-Energy	GB00B15KYD26	AIGX	\$1.54702300
ETFS Grains	GB00B15KYL00	AIGG	\$0.70272680
ETFS Industrial Metals	GB00B15KYG56	AIGI	\$2.03020900
ETFS Petroleum	GB00B15KYC19	AIGO	\$2.43879670
ETFS Precious Metals	GB00B15KYF40	AIGP	\$1.28009700
ETFS Softs	GB00B15KYJ87	AIGS	\$1.21318700
ETFS Ex-Agriculture & Livestock	JE00B6SV8B36	XRFM	\$1.56662000
ETFS Longer Dated Brent Crude	JE00B78CP782	FBRT	\$7.75000000
ETFS Longer Dated Natural Gas	JE00B24DM351	NGAF	\$0.55000000
ETFS Longer Dated All Commodities	JE00B24DMC49	FAIG	\$2.83183050
ETFS Longer Dated Energy	JE00B24DMD55	ENEF	\$3.99645760
ETFS Longer Dated Petroleum	JE00B24DMF79	FPET	\$7.44849800
ETFS Longer Dated Ex-Energy	JE00B24DMG86	EXEF	\$1.93432400
ETFS Longer Dated Industrial Metals	JE00B24DMJ18	FIND	\$2.81396650
ETFS Longer Dated Agriculture	JE00B24DMK23	FAGR	\$1.18436550
ETFS Longer Dated Softs	JE00B24DML30	SOFF	\$1.06775000
ETFS Longer Dated Livestock	JE00B24DMM47	FLIV	\$2.27815950
ETFS Longer Dated Grains	JE00B24DMN53	GRAF	\$0.94181150

## ANNEX 3

### FORM OF FINAL TERMS

Pro Forma Final Terms for an issue by ETFS Commodity Securities Limited under the Programme for the Issue of ETFS Commodity Securities

#### FINAL TERMS

Dated [•] 201[•]

### ETFS COMMODITY SECURITIES LIMITED

*(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991  
(as amended) with registered number 90959)*

(the “Issuer”)

**Programme for the Issue of ETFS Commodity Securities**

**Issue of**

**[number] [class] [Micro/Individual/Index] Securities**

**(the “ETFS Commodity Securities”)**

These Final Terms (as referred to in the base prospectus (the “Prospectus”) dated 21 April 2016 in relation to the above Programme) relates to the issue of the ETFS Commodity Securities referred to above. The ETFS Commodity Securities have the terms provided for in the Trust Instrument dated 21 September 2006 as amended and supplemented by trust instruments supplemental thereto between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee constituting the ETFS Commodity Securities. Words and expressions 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 ETFS Commodity Securities are as follows:

Issue Date: [•]

Class or Category: [•]

Creation Price: [•]

ISIN: [•]

Aggregate Number of ETFS Commodity Securities  
to which these Final Terms apply: [•]

Maximum number/amount of ETFS Commodity Securities that  
may be issued of the Class or Category being issued pursuant  
to these Final Terms: [•]

Exchange[s] on which ETFS Classic or Longer Dated  
Commodity Securities are admitted to trading

[London Stock Exchange]  
[Frankfurt Stock Exchange]  
[Borsa Italiana S.p.A]  
[Euronext Amsterdam]  
[NYSE Euronext Paris]

## **ANNEX**

### **FORM OF ISSUE SPECIFIC SUMMARY**

*(Issuer to annex form of issue specific summary to the Final Terms)*

## ANNEX 4

### FORM OF FINAL TERMS – PUBLIC OFFERS

Pro Forma Final Terms for an offer of ETFS Commodity Securities to the public under the Programme for the Issue of ETFS Commodity Securities.

#### FINAL TERMS

Dated [•] 201[•]

### ETFS COMMODITY SECURITIES LIMITED

*(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991  
(as amended) with registered number 90959)*

(the “Issuer”)

Programme for the Issue of ETFS Commodity Securities

Issue of

[number] [class] [Micro/Individual/Index] Securities

(the “ETFS Commodity Securities”)

These Final Terms (as referred to in the base prospectus (the “**Prospectus**”) dated 21 April 2016 in relation to the above Programme) relates to the issue of the ETFS Commodity Securities referred to above. The ETFS Commodity Securities have the terms provided for in the trust instrument dated 21 September 2006 as amended and supplemented by trust instruments supplemental thereto between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee constituting the ETFS Commodity Securities. Words and Expressions used in these Final Terms bear the same meaning as in the Prospectus. The particulars in relation to this issue of ETFS Commodity 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.

An offer of the Micro and Commodity Securities may be made (other than pursuant to Article 3(2) of the Prospectus Directive) by the Issuer or by [•] (each a “**Permitted Offeror**”) in [•] (“**Public Offer Jurisdictions**”) during the period from [•] until [•] (the “**Offer Period**”).

The particulars in relation to this issue of ETFS Commodity Securities are as follows:

Issue Date: [•]

Class or Category: [•]

ISIN: [•]

Creation Price: [•]

Aggregate Number of ETFS Commodity Securities to which these Final Terms apply: [•]

Maximum number/amount of ETFS Commodity Securities that may be issued of the Class or Category being issued pursuant to these Final Terms: [•]

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 ETFS Commodity 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 placers 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:	[•]
Exchange[s] on which ETFS Classic or Longer Dated Commodity Securities are admitted to trading	[London Stock Exchange] [Frankfurt Stock Exchange] [Borsa Italiana S.p.A] [Euronext Amsterdam] [NYSE Euronext Paris]

**Date**

**Time**

## **ANNEX**

### **FORM OF ISSUE SPECIFIC SUMMARY**

*(Issuer to annex form of issue specific summary to the Final Terms)*









