

EXECUTION VERSION

DATED 8 FEBRUARY 2008

ETFS COMMODITY SECURITIES LIMITED

- and -

THE LAW DEBENTURE TRUST CORPORATION p.l.c.

TRUST INSTRUMENT

constituting

SHORT AND LEVERAGED COMMODITY SECURITIES

Dechert
LLP

160 Queen Victoria Street
London EC4V 4QQ
Tel: 020 7184 7000 Fax: 020 7184 7001

CONTENTS

Clause	Page
1. DEFINITIONS.....	1
2. STATUS OF SHORT AND LEVERAGED COMMODITY SECURITIES	5
3. FURTHER SHORT AND LEVERAGED COMMODITY SECURITIES	5
4. ESTABLISHMENT OF DIFFERENT CLASSES OF SHORT AND LEVERAGED COMMODITY SECURITIES.....	6
5. AMENDMENTS TO CONDITIONS.....	7
6. COVENANT TO REDEEM SHORT AND LEVERAGED COMMODITY SECURITIES....	7
7. MAXIMUM OUTSTANDING AMOUNT OF THE SHORT AND LEVERAGED COMMODITY SECURITIES.....	8
8. ISSUE AND CONSTITUTION OF THE SHORT AND LEVERAGED COMMODITY SECURITIES.....	8
9. SECURITIES CERTIFICATES.....	8
10. COMMODITY CONTRACT COUNTERPARTIES	9
11. AUTHORISED PARTICIPANTS.....	9
12. FEES, DUTIES AND TAXES	10
13. COVENANT OF COMPLIANCE.....	10
14. TRUST AND ENFORCEMENT.....	10
15. NO PROCEEDINGS	12
16. APPLICATION OF MONEYS	13
17. PAYMENTS BY TRUSTEE.....	13
18. INVESTMENT BY TRUSTEE.....	13
19. PAYMENT OFF OF SECURITIES	14
20. COVENANTS BY THE ISSUER	14
21. REMUNERATION OF TRUSTEE.....	17
22. SUPPLEMENT TO TRUSTEE POWERS.....	18
23. TRUSTEE'S LIABILITY	25
24. TRUSTEE CONTRACTING WITH ISSUER	26
25. WAIVER, AUTHORISATION AND DETERMINATION	27
26. REGISTERS	27
27. NEW TRUSTEE.....	28
28. TRUSTEE'S RETIREMENT AND REMOVAL	28
29. TRUSTEE'S POWERS TO BE ADDITIONAL.....	29
30. NOTICES.....	29
31. SERVICE AGENT	30
32. AMENDMENTS TO DOCUMENTS	30
33. GOVERNING LAW AND SUBMISSION TO JURISDICTION.....	32
34. COUNTERPARTS	32
35. LIMITED RECOURSE AND NON-PETITION.....	33

Schedules

THE FIRST SCHEDULE FORM OF CERTIFICATE FOR SHORT AND LEVERAGED COMMODITY SECURITIES.....	34
THE SECOND SCHEDULE THE CONDITIONS – SHORT AND LEVERAGED COMMODITY SECURITIES.....	36
THE THIRD SCHEDULE PROVISIONS RELATING TO REGISTRATION AND TRANSFER OF SHORT AND LEVERAGED COMMODITY SECURITIES	81
THE FOURTH SCHEDULE PROVISIONS FOR MEETINGS OF SECURITY HOLDERS.....	84

THE FIFTH SCHEDULE PROVISIONS RELATING TO SECURITIES IN UNCERTIFICATED FORM	89
THE SIXTH SCHEDULE CLASSES OF SHORT AND LEVERAGED COMMODITY SECURITIES ..	91
EXHIBIT I FORM OF DIRECTORS' CERTIFICATE.....	94

THIS TRUST INSTRUMENT is made on 8 February 2008

BETWEEN:

- (1) **ETFS COMMODITY SECURITIES LIMITED**, a company incorporated under the laws of Jersey with registered number 90959, whose registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, JE4 8PW (the “**Issuer**”);
- (2) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated under the laws of England with registered number 1675231, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, England (the “**Trustee**”, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Security Holders (as defined below).

WHEREAS:

- (1) By resolutions of the board of directors of the Issuer passed on 24 January 2008, the Issuer has resolved to create and issue up to US\$1 billion (subject to increase) in aggregate Principal Amount of Short and Leveraged Commodity Securities to be constituted by this Trust Instrument.
- (2) The Issuer has created and issued Classic and Forward Securities (as defined in the Conditions) and the Issuer and the Trustee have entered into the Classic and Forward Trust Instrument (as defined in the Conditions) and for the purposes thereof the Trustee has consented to the issue and redemption of the Short and Leveraged Commodity Securities.
- (3) The Trustee has agreed to act as trustee of these presents for the benefit of the Security Holders upon and subject to the terms and conditions of these presents.

NOW IT IS AGREED as follows:

1. DEFINITIONS

- 1.1 In these presents words and phrases defined in the Conditions (other than Conditions and Extraordinary Resolution) shall have the same meaning when used elsewhere in these presents and the following expressions shall have the following meanings:

“**Application**” means an offer by an Authorised Participant to the Issuer to subscribe for Short or Leveraged Commodity Securities;

“**Appointee**” means any attorney, manager, agent, delegate or other person appointed by the Trustee under these presents;

“**Auditors**” means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these presents, such other firm of accountants as may be nominated or approved by the Trustee;

“Authorised Signatory” means, in relation to any person, an individual who is duly empowered to bind such person and whose authority is evidenced by a resolution of the board of directors (or any other appropriate means of authorisation) of such person, and, in relation to the Trustee, any individual named in the Trustee’s authorised signatory list having due authority to bind the Trustee, which list shall be provided by the Trustee from time to time;

“Cancellation Payment Date” has the meaning given to it in a Facility Agreement;

“Conditions” means the terms and conditions of the Short and Leveraged Commodity Securities in the form or substantially in the form set out in the Second Schedule (*The Conditions*) as the same may from time to time be modified in accordance with these presents and any reference in these presents to a particular specified Condition or paragraph or sub-paragraph of such a Condition shall be construed accordingly;

“Documents” means the Prospectus and any supplement thereto, this Trust Instrument, the Security Deeds, all Authorised Participant Agreements and related Security Assignments, all Facility Agreements, all Guarantees, all Commodity Contracts, the Registrar Agreement, the Services Agreement and the License Agreement;

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

“Extraordinary Resolution” has the meaning set out in paragraph 21 of the Fourth Schedule (*Provisions for Meetings of Security Holders*);

“License Agreements” means together the license agreement dated as of September 14, 2006 between ETFSL, Dow Jones and AIG-FP (as amended) and the sub-license agreement dated as of September 21, 2006 between the Issuer, Dow Jones, AIG-FP and ETFSL under which Dow Jones and AIG-FP grant to ETFSL and ETFSL grant to the Issuer the right to use and refer to DJ-AIGCI and related sub-indices and certain intellectual property;

“Participating Securities” has the meaning set out in Clause 9.2;

“Pricing Supplement” means a pricing supplement or final terms relating to any issue of Short or Leveraged Commodity Securities;

“Programme Limit” has the meaning set out in Clause 7.1;

“Prospectus” means the Prospectus in relation to the Short and Leveraged Commodity Securities to be dated on or about the date of these presents, as the same may be modified, supplemented or amended from time to time;

“Receiver” has the meaning given to it in the Security Deed;

“Registrar Agreement” means the agreement dated 21 September 2006 (as amended) between the Registrar and the Issuer;

“**repay**”, “**redeem**” and “**pay**” shall each include both the others and cognate expressions shall be construed accordingly;

“**Services Agreement**” means the services agreement dated 21 September 2006 (as amended) between ETFSL and the Issuer providing for certain services to be provided by ETFSL to the Issuer in relation (inter alia) to the Short and Leveraged Commodity Securities;

“**Subsidiary**” means in relation to any person (the “**First Person**”) at any particular time, any other person (the “**Second Person**”):

- (a) whose affairs and policies the First Person controls or has the power to control whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the Second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the First Person;

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

“**these presents**” means this Trust Instrument and the Schedules and any trust instrument supplemental hereto and the Schedules (if any) thereto and the Conditions and the Security Deeds and the Schedules thereto, all as from time to time modified in accordance with the provisions herein or therein contained;

“**Trust Corporation**” means a corporation entitled by rules made under the Public Trustee Act, 1906 of the United Kingdom or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee; and

“**VAT**” means value added tax.

- 1.2 Words denoting the singular shall include the plural and vice versa;
- 1.3 Words denoting one gender only shall include the other genders; and
- 1.4 Any reference to a person or persons include reference to any individual corporation, partnership, joint venture, association, public body, governmental authority or other entity.
- 1.5 (i) All references in these presents to any statute or any provision of any statute shall be deemed also to refer 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.

- (ii) All references in these presents to guarantees or to an obligation being guaranteed shall be deemed to include respectively references to indemnities or to an indemnity being given in respect thereof.
- (iii) All references in these presents to any action, remedy or method of proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than Jersey, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in these presents.
- (iv) All references in these presents to taking proceedings against the Issuer shall be deemed to include references to proving in the winding up of the Issuer.
- (v) In this Trust Instrument references to Schedules, Clauses, sub-Clauses, paragraphs and sub-paragraphs shall be construed as references to the Schedules to this Trust Instrument and to the Clauses, sub-Clauses, paragraphs and sub-paragraphs of this Trust Instrument respectively.
- (vi) In these presents tables of contents and headings to Clauses, paragraphs, and other provisions of these presents are included for ease of reference only and shall not affect the construction of these presents.
- (vii) All references in these presents involving compliance by the Trustee with a test of reasonableness shall be deemed to include a reference to a requirement that such reasonableness shall be determined by reference primarily to the interests of the holders of the Short and Leveraged Commodity Securities of any class and in the event of any conflict between such interests and the interests of any other person, the former shall prevail as being paramount.
- (viii) Any reference in these presents or to any agreement or document includes a reference to these presents, or, as the case may be, such other agreement or document, as amended, varied, novated, supplemented or replaced from time to time.
- (ix) Any reference in these presents to a time is a reference to local time in London, England.
- (x) No failure or delay by any party in exercising any right or remedy provided by law under or pursuant to these presents shall impair such right or remedy or operate or be construed as a waiver or variation of such right or remedy or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

- 1.6 If at any time any provision of these presents shall be found by any court or administrative body of competent jurisdiction to be invalid, illegal or unenforceable:
- (i) such invalidity, illegality or unenforceability shall not affect the other provisions of these presents which shall remain in full force and effect; and
 - (ii) the parties shall attempt to substitute for any invalid, illegal or unenforceable provision a valid, legal or enforceable provision which achieves to the greatest extent possible the same effect as would have been achieved by the invalid, illegal or unenforceable provision.

2. STATUS OF SHORT AND LEVERAGED COMMODITY SECURITIES

- 2.1 Short and Leveraged Commodity Securities shall be constituted in accordance with this Trust Instrument.
- 2.2 As at the date hereof Short and Leveraged Commodity Securities of the classes set out in the Sixth Schedule (*Classes of Short and Leveraged Commodity Securities*) are available for issue. The Commodity Index relating to each class of Short and Leveraged Commodity Securities is that specified in relation to such class in the Sixth Schedule. Such Short and Leveraged Commodity Securities shall each have a Principal Amount of US\$5.00.
- 2.3 Subject to the Issuer's ability to create corresponding Commodity Contracts, Short and Leveraged Commodity Securities shall be issued upon an Authorised Participant giving to, and the Registrar and the Issuer accepting, an Application for the creation thereof, and the Authorised Participant making payment therefor, all in accordance with the Authorised Participant Agreement.
- 2.4 The Issuer may create additional classes of Short and Leveraged Commodity Securities in accordance with Clause 4 and may thereafter accept Applications for, and issue, such additional class(es) of Short and Leveraged Commodity Securities.
- 2.5 Short and Leveraged Commodity Securities of each class constitute undated limited recourse secured debt obligations of the Issuer secured as set out in the Security Deed applicable to such class.
- 2.6 The Short and Leveraged Commodity Securities of each class shall rank *pari passu* equally and rateably with all other Short or Leveraged Commodity Securities of that class, without discrimination or preference, as a secured obligation of the Issuer.

3. FURTHER SHORT AND LEVERAGED COMMODITY SECURITIES

- 3.1 Subject to the Issuer's ability to create corresponding Commodity Contracts, power is reserved to the Issuer (without the consent of the Security Holders) to create and issue further Short and Leveraged Commodity Securities (being "Further Securities") constituted by an instrument or deed supplemental to this Trust Instrument and ranking *pari passu* with the Short or Leveraged Commodity Securities of the relevant class and all (if any) other Further Securities of the relevant class and either forming a single series with the Short or Leveraged Commodity Securities or any series of other

Further Securities of that class or a single series therewith save for carrying such rights (including, without limitation, rights as to interest, redemption and otherwise) as the Issuer may think fit.

4. ESTABLISHMENT OF DIFFERENT CLASSES OF SHORT AND LEVERAGED COMMODITY SECURITIES

4.1 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 these presents and such securities shall be "Short or Leveraged Commodity Securities" for such purposes. Any such additional classes of Short or Leveraged Commodity Securities shall have recourse only to the Pool attributable to the relevant class and not to any other Pool. Other such securities created and issued by the Issuer under this Clause 4.1 may relate to different commodities than those in respect of which Short and Leveraged Individual Securities are initially issued, or involve the same commodities but different Individual Commodity Indices, or be Short and Leveraged Index Securities involving different Composite Commodity Indices, or have different Leverage Factors; provided that the Issuer shall only issue other such Short or Leveraged Commodity Securities constituted by an instrument or deed supplemental to this Trust Instrument if the issue and redemption price of such Short or Leveraged Commodity Securities is determined by reference to a Commodity Index or any other one or more commodities indices or sub-indices calculated by AIG-FP in conjunction with Dow Jones and published by Dow Jones, save that this proviso shall not apply if a commodity index that is not calculated by AIG-FP in conjunction with Dow Jones and published by Dow Jones is substituted for one or more Commodity Indices as provided in Clause 32.2(d). Other such securities created by the Issuer under this Clause 4.1 may be created and issued subject to different terms and conditions in lieu of these presents (including but not limited to different pricing mechanisms), to be determined by the Issuer. If other securities issued by the Issuer under this Clause 4.1 are subject to different terms and conditions in lieu of these presents 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.

4.2 The Issuer shall not accept Applications for, or issue, Short or Leveraged Commodity Securities of a new class under Clause 4.1 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.

- 4.3 The Issuer may at any time (without the consent of the Security Holders) determine to divide any Pool by allocating some of Secured Property attributable to that Pool to a new Pool and the provisions set out in Condition 18.3 shall apply.
- 4.4 Without prejudice to the foregoing, the Issuer may consolidate or divide all of the Short or Leveraged Commodity Securities of any class into Short or Leveraged Commodity Securities of the same class but with a proportionally larger or smaller Principal Amount and Price. Such consolidation or division shall be effected by deed or instrument supplemental to the Trust Instrument.
- 4.5 Whenever as a result of consolidation or division of Short or Leveraged Commodity Securities a Security Holder would become entitled to a fraction of a Short or Leveraged Commodity Security the Issuer will Redeem such fraction of a Short or Leveraged Commodity Security.

5. **AMENDMENTS TO CONDITIONS**

- 5.1 Subject to Clause 32.2, the Issuer may, by giving written notice to the Trustee and notice to the Security Holders through a RIS, amend the Conditions.
- 5.2 Unless the Trustee otherwise agrees, but subject to Clause 32, notices given in accordance with Clause 5.1 shall not have effect, and the Conditions shall not be amended, unless the effective date of the amendment is not less than 30 calendar days following notices being given in accordance with Clause 5.1.

6. **COVENANT TO REDEEM SHORT AND LEVERAGED COMMODITY SECURITIES**

- 6.1 The Issuer covenants with the Trustee that it will, in accordance with these presents, on the Redemption Payment Date in respect of any Short or Leveraged Commodity Securities pay, or procure to be paid, the Redemption Amount for such Short or Leveraged Commodity Securities into the Redemption Account specified in the applicable Redemption Notice in full cleared and immediately available funds in accordance with the Conditions PROVIDED THAT every payment to a Security Holder in respect of such Redemption Amount shall be in satisfaction *pro tanto* of the covenant by the Issuer in this Clause.
- 6.2 All monies payable by the Issuer on the redemption of any Short or Leveraged Commodity Securities shall be paid in full, free and clear of, and without any withholding or deduction for or on account of, any present or future Taxes of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political subdivision 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.

7. MAXIMUM OUTSTANDING AMOUNT OF THE SHORT AND LEVERAGED COMMODITY SECURITIES

- 7.1 Short and Leveraged Commodity Securities will not be issued if following such issue the aggregate Principal Amount of all Short and Leveraged Commodity Securities in issue on that date would exceed US\$1 billion (1,000,000,000 US Dollars) or such greater number as shall be established pursuant to Clause 7.2 (the “**Programme Limit**”).
- 7.2 Subject to the consent of the Jersey Financial Services Commission, the Programme Limit may be increased to such amount as may from time to time have been admitted to listing by the UK Listing Authority and which the Issuer has notified to the Trustee and to the Security Holders by an RIS announcement.

8. ISSUE AND CONSTITUTION OF THE SHORT AND LEVERAGED COMMODITY SECURITIES

On the issue date in relation to any Short or Leveraged Commodity Securities of any class, the Issuer shall deliver or cause to be delivered to the Trustee a copy of the applicable Pricing Supplement. Upon the Registrar registering in the relevant Register the names of the subscribers for such Short or Leveraged Commodity Securities as the holders thereof, such Short or Leveraged Commodity Securities shall become constituted by these presents without further formality.

9. SECURITIES CERTIFICATES

- 9.1 In the event that a Security Holder requests that a Certificate, if any, be issued to it in respect of its Short or Leveraged Commodity Securities, such Certificate shall be issued and will be despatched to the relevant Security Holder within 10 Business Days of being issued. The Certificates (if any) for the Short and Leveraged Commodity Securities will be in the form or substantially in the form set out in the First Schedule (*Form of Certificate for Short and Leveraged Commodity Securities*) hereto or in such other form as the Trustee may approve. The Issuer shall comply with the terms and provisions of the Certificates and the Conditions and the Short and Leveraged Commodity Securities shall be held subject to, and with the benefit of, the Conditions all of which shall be deemed to be incorporated in this Trust Instrument and shall be binding on the Issuer and the Security Holders and all persons claiming through or under them respectively. Every Security Holder shall be entitled to receive one Certificate for all Short and Leveraged Commodity Securities of each class held by it but so that joint holders shall be entitled to one Certificate only in respect of all Short and Leveraged Commodity Securities of each class held jointly by them which Certificate shall be delivered to that one of the joint holders whose name stands first in the Register in respect of such joint holding. Where a Security Holder has transferred or has redeemed a part only of its holding of Short and Leveraged Commodity Securities it shall be entitled (without charge) to a Certificate for the balance of such holding.
- 9.2 Pursuant to the Regulations, the Issuer may make arrangements for the holding of title to Short and Leveraged Commodity Securities in uncertificated form (“**Participating**

Securities”) and the transfer of title thereto otherwise than by a written instrument as provided for in the provisions contained in the Fifth Schedule (*Provisions Relating to Securities in Uncertificated Form*) of this Trust Instrument (all of which provisions shall be deemed to be, and shall have effect as though, incorporated in this Trust Instrument). Where any provisions of these presents (including, but not limited to, this Clause 9 and Clause 16 and the Third Schedule (*Provisions Relating to Registration and Transfer*)) are, insofar as they relate to Short and Leveraged Commodity Securities in uncertificated form, inconsistent with the provisions of the Fifth Schedule (*Provisions Relating to Securities in Uncertificated Form*), the Fifth Schedule (*Provisions Relating to Securities in Uncertificated Form*) shall prevail.

10. **COMMODITY CONTRACT COUNTERPARTIES**

- 10.1 The Issuer shall enter into Facility Agreements with one or more Commodity Contract Counterparties to enable it to hedge the obligations it would incur in respect of each class of Short or Leveraged Commodity Securities through entering into Commodity Contracts with any one or more of such Commodity Contract Counterparties under the terms of the relevant Facility Agreement, but shall only enter into Facility Agreements with persons which have an Acceptable Credit Rating or which have a Guarantor with an Acceptable Credit Rating, in each case at the time of entering into the Commodity Contracts.
- 10.2 The Issuer may enter into more than one Facility Agreement with a Commodity Contract Counterparty to enable it to hedge its obligations under a particular class of Short or Leveraged Commodity Securities, and a Facility Agreement may relate to more than one class of Commodity Contract.
- 10.3 The Issuer may from time to time replace Facility Agreements with other Facility Agreements, but the Issuer shall ensure that at all times, in the reasonable opinion of the Issuer, there are sufficient Facility Agreements in place to enable it to hedge its obligations in respect of each class of Short and Leveraged Commodity Securities.
- 10.4 The Issuer shall immediately upon entering into a Facility Agreement notify the Trustee of the name and contact details of the Commodity Contract Counterparty in question (including the name and contact details of the individual person in that Commodity Contract Counterparty responsible for the transaction) and of the class or classes of Short and Leveraged Commodity Securities to which the Facility Agreement relates, and provide a copy of that Facility Agreement to the Trustee.
- 10.5 The Issuer shall immediately notify the Trustee if a Facility Agreement ceases to be in force.

11. **AUTHORISED PARTICIPANTS**

- 11.1 The Issuer may enter into an Authorised Participant Agreement with a person which meets the following criteria:

11.1.1 it is a securities house or other market professional approved by the Issuer;
and

11.1.2 it is an Authorised Person, an Exempt Person or an Overseas Person (as those terms are defined in the Prospectus).

11.2 Subject to the terms of the relevant Authorised Participant Agreement, the Issuer may terminate an Authorised Participant Agreement.

12. FEES, DUTIES AND TAXES

The Issuer will pay any stamp, issue, registration, documentary and other fees, duties and taxes, including interest and penalties, payable on or in connection with (i) the execution and delivery of these presents, (ii) the constitution and issue of the Short and Leveraged Commodity Securities and (iii) any action taken by or on behalf of the Trustee or (where permitted under these presents so to do) any Security Holder to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, these presents.

13. COVENANT OF COMPLIANCE

The Issuer covenants with the Trustee that it will comply with and perform and observe all the provisions of these presents which are expressed to be binding on it.

14. TRUST AND ENFORCEMENT

14.1 All rights and entitlements of the Trustee under this Trust Instrument are held by the Trustee on trust for the Security Holders or the Security Holders of the appropriate type or types, subject to the terms of these presents.

14.2 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:

14.2.1 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 this Trust Instrument and the security constituted by the Security Deed(s) in respect of the relevant Short and Leveraged Commodity Securities to which such Defaulted Obligation relates;

14.2.2 if a Counterparty Event of Default and/or a Commodity Contract Counterparty Downgrade and/or an Issuer Insolvency Event has occurred and is continuing 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 such date, the most recently determined Price) of the affected Short and Leveraged Commodity Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders holding affected Short and Leveraged 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 this Trust Instrument and the security constituted by the Security Deed(s) in respect of all affected and outstanding Short and Leveraged Commodity Securities of the relevant class(es) and for this purpose and the purposes of Clause 14.4, "affected Short and Leveraged Commodity Securities" means, in the context of an Issuer Insolvency Event, all of them, and in the context of a Counterparty Event of Default or a Commodity Contract Counterparty Downgrade, those Short and Leveraged Commodity Securities that are attributable to the Pool or Pools which include rights against that particular Commodity Contract Counterparty.

- 14.3 If the Trustee considers that the Issuer is in material breach of any of the covenants, undertakings and obligations (other than payment obligations) in these presents and has not remedied the same within 30 calendar days of being required to do so by the Trustee, the Trustee may, but shall not be obliged to, give notice to all Security Holders of that fact. Prior to giving any such notice, the Trustee shall provide a copy of the proposed notice to the Issuer and shall include with the notice any statement of not more than 1,000 words prepared by the Issuer and provided to the Trustee for the purpose within 7 calendar days of receipt of the copy of the proposed notice referred to herein. In any such notice the Trustee may designate a Period (the "**Breach Redemption Period**") commencing on any 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 Short and Leveraged 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. In the event that at any time during the Breach Redemption Period the right to Redeem Short or Leveraged Commodity Securities of any class pursuant to Condition 7.1(a) is suspended pursuant to Condition 7.18, then the right to Redeem Short or Leveraged Commodity Securities of that class pursuant to this Clause and Condition 15.2 shall be suspended in like manner and the provisions of Condition 7.18(c) shall apply *mutatis mutandis*. Upon the suspension ceasing under Condition 7.18, the right to Redeem Short or Leveraged Commodity Securities of that class pursuant to this Clause and Condition 15.2 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.
- 14.4 Where a Counterparty Event of Default and/or a Commodity Contract Counterparty Downgrade and/or an Issuer Insolvency Event is occurring at the same time as a Defaulted Obligation, a Security Holder holding affected Short and Leveraged Commodity Securities to whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action in accordance with Clause 14.2.1 until the expiry of 30 calendar 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 calendar days, the Trustee has elected, or been required, to take action in accordance with Clause 14.2.2.

14.5 Subject to Clause 15.2, only the Trustee may enforce the provisions of this 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 Registrar 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 Short and Leveraged Commodity Securities of a particular type outstanding at the Election Date will be the average Redemption Amount of the remaining Short or Leveraged Commodity Securities of that class.

14.6 If the Trustee takes any action pursuant to Clause 14.2 hereof with respect to any Short and Leveraged Commodity Securities to which a Defaulted Obligation relates, it shall give notice to the Issuer that such Short and Leveraged 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*).

14.7 If the Trustee takes any action pursuant to this Clause 14 it is authorised to execute any document or instrument necessary to convert Short and Leveraged Commodity Securities held in Uncertificated Form into Certificated Form and to take delivery of the corresponding certificate(s).

15. **NO PROCEEDINGS**

15.1 The Trustee shall not be bound to take any proceedings mentioned in Clause 14 or any other action in relation to these presents unless respectively directed or requested to do so by either (a) a Security Holder to whom a Defaulted Obligation is owed or (b) if a Counterparty Event of Default or an Issuer Insolvency Event has occurred and is continuing, Security Holders holding not less 25 per cent. by Price (as at the date of the last signature) of the relevant class of Short and Leveraged Commodity Securities then outstanding or an Extraordinary Resolution of the Security Holders holding Short and Leveraged Securities of the relevant class and then only if it shall be 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.

15.2 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 on such Security Holder's behalf.

16. APPLICATION OF MONEYS

All moneys received by the Trustee pursuant to the realisation of Secured Property in respect of a particular class of Short or Leveraged Commodity Securities shall be held by the Trustee upon trust, to apply them:

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 these presents, 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;

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 Short or Leveraged Commodity Securities of that class; and

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).

17. PAYMENTS BY TRUSTEE

Payments in respect of the Short or Leveraged Commodity Securities of any class made by the Trustee under the provisions of Clause 16 may be made to the relevant Security Holders, in the manner provided by the Third Schedule (*Provisions Relating to Registration and Transfer of Short and Leveraged Commodity Securities*) for payments in respect of those Short and Leveraged Commodity Securities.

18. INVESTMENT BY TRUSTEE

18.1 The Trustee may, at its discretion and pending payment to the Security Holders, invest moneys received by it under these presents and at any time available for the payment in respect of Short or Leveraged Commodity Securities of any class, in some or one of the investments hereinafter authorised for such periods as it may consider expedient with power from time to time at the like discretion to vary such investments. All interest and other income deriving from such investment shall be applied first in payment or satisfaction of all amounts then due and unpaid under Clause 21 and/or Clause 22(J) to the Trustee and/or any Appointee and to payment of any remuneration and expenses of any Receiver and otherwise held for the benefit of and paid to the relevant Security Holders.

18.2 Any moneys which under the trusts of these presents ought to or may be invested by the Trustee shall be invested by placing of moneys in the name of or under the control of the Trustee with a bank or other financial institution including, without limitation, a deposit in the Redemption Account or the purchase of shares in a money market fund, provided that such bank or other financial institution shall, at the time of such investment, be rated A or better by Standard & Poor's or A or better by Moody's. The Trustee may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be

responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

19. PAYMENT OFF OF SECURITIES

In the event of a Security Holder whose holding of Short and Leveraged Commodity Securities the Issuer is ready to repay or satisfy failing to claim the amount due to him within 30 calendar days after the due date for redemption of such Short and Leveraged Commodity Securities the Issuer shall be at liberty to, or if so requested by the Trustee shall, deposit at the cost of the Issuer with a bank in the name of the Trustee an amount equal to the amount due to such Security Holder and upon such deposit being made the relevant Short and Leveraged Commodity Securities shall be deemed to have been repaid or satisfied in accordance with the provisions hereof. After provision for repayment or satisfaction of the Short and Leveraged Commodity Securities is made by such deposit of the funds required for the purpose, the Trustee shall not be responsible for the safe custody of such moneys or for interest thereon, except such interest (if any) as the said moneys may earn whilst on deposit less any expenses incurred, and charges made and tax paid, by the Trustee in connection therewith.

20. COVENANTS BY THE ISSUER

The Issuer covenants with the Trustee that so long as any Short and Leveraged Commodity Securities of any class remain outstanding the Issuer shall (unless otherwise agreed in writing by the Trustee):

- (A) at all times carry on and conduct its affairs in a proper and efficient manner;
- (B) not undertake any business save for the issue and redemption of Short and Leveraged Commodity Securities, the acquisition and disposal of Commodity Contracts, the issue and redemption of Classic and Forward Securities (and any other securities constituted by the Classic and Forward Trust Instrument) and the acquisition and disposal of Commodity Contracts (as defined in the Classic Trust Instrument) and in each case entering into the necessary documents (which for this purpose and the purposes of Condition 19.1(c) includes documents appointing officers, administrators, registrars and advisers) and performing its obligations and exercising its rights thereunder;
- (C) enforce its rights under the Documents and comply with its obligations thereunder;
- (D) not have any employees;
- (E) not incur or permit to subsist in respect of any Pool any indebtedness for borrowed money other than Short and Leveraged Commodity Securities or Further Securities (as defined in Clause 3), and not to give any guarantee or indemnity in respect of indebtedness of any person other than with the prior written consent of the Trustee;

- (F) use its best endeavours to obtain and, so long as any of the Short and Leveraged Commodity Securities remains outstanding, maintain a Listing for the Short and Leveraged 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 Short and Leveraged Commodity Securities on such other stock exchange as it may (with the prior written approval of the Trustee) decide;
- (G) not consolidate or merge with any other person or convey or transfer all, or substantially all, of its assets to any person;
- (H) not permit the validity or effectiveness of these presents or the Security Deeds or the priority of any Security thereunder to be modified, terminated or discharged;
- (I) not have any subsidiaries;
- (J) not purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);
- (K) other than as permitted under the Security Deeds, not dispose of any of the Secured Property or any interest therein or 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;
- (L) give or procure to be given to the Trustee such opinions, certificates, reports, information and evidence as it shall require and in such form as it shall require (including without limitation the procurement by the Issuer of all such certificates called for by the Trustee pursuant to Clauses 22(C) and 22(W)) for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under these presents or by operation of law;
- (M) cause to be prepared and certified by the Auditors in respect of each financial accounting period accounts in such form as will comply with all relevant legal and accounting requirements and all requirements for the time being of the UK Listing Authority;
- (N) at all times keep proper books of account and allow the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;
- (O) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer) two copies in the English language of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document sent to its shareholders and every document sent to holders of securities other than its shareholders (including

the Security Holders) as soon as practicable after the issue or publication thereof;

- (P) forthwith give notice in writing to the Trustee upon it becoming aware of the occurrence of any of the following:
 - (i) a Defaulted Obligation;
 - (ii) an Issuer Insolvency Event;
 - (iii) a Counterparty Event of Default; or
 - (iv) a breach by the Issuer or any Commodity Contract Counterparty of its obligations under the Documents, or a breach by the Issuer of its obligations in respect of the Short and Leveraged Commodity Securities;

- (Q) give to the Trustee (a) within seven calendar days after demand by the Trustee therefor and (b) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial year commencing with the financial year ended 31 December 2008 and in any event not later than 180 calendar days after the end of each such financial year, a certificate of the Issuer in the form of Exhibit 1 (*Form of Directors' Certificate*) hereto signed by two directors of the Issuer and confirming on behalf of the Issuer that as at a date not more than seven calendar days before delivering such certificate (the "**relevant date**") there did not exist and had not existed since the relevant date of the previous certificate (or in the case of the first such certificate the date hereof) any Defaulted Obligation (or if such exists or existed specifying the same) or an Issuer Insolvency Event or a Counterparty Event of Default and that during the period from and including the relevant date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the relevant date of such certificate the Issuer has complied with all its obligations contained in these presents or (if such is not the case) specifying the respects in which it has not complied;

- (R) 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;

- (S) not issue any Short or Leveraged Commodity Securities of any class unless it has purchased Commodity Contracts with corresponding terms and in an aggregate matching Redemption Amount;

- (T) procure that the Pools are at all times maintained in a manner so that they are readily distinguishable from each other and from any 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 Classic and Forward Trust Instrument));

- (U) not open any bank account in respect of a Pool unless such bank account or the Issuer's interest therein is immediately charged to the Trustee;
- (V) not 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;
- (W) 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;
- (X) undertake any business so as to minimise the impact of taxation; and
- (Y) at all times execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to these presents.

21. REMUNERATION OF TRUSTEE

- 21.1 The Issuer shall pay to the Trustee remuneration for its services as trustee of these presents as from the date of this Trust Instrument, such remuneration to be at such rate as may from time to time be agreed between the Issuer and the Trustee. Such remuneration shall be payable annually in advance on the date of this Trust Instrument, and subsequently on each anniversary of the date of this Trust Instrument. The rate of remuneration in force from time to time shall cease to be payable upon the final redemption of the whole of the Short and Leveraged Commodity Securities. Such remuneration shall accrue from day to day and be payable in priority to payments to the Security Holders.
- 21.2 In the event of the occurrence of a Defaulted Obligation, a Counterparty Event of Default or an Issuer Insolvency Event or the Trustee considering it expedient or necessary or upon being requested by the Issuer to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them.
- 21.3 The Issuer shall in addition pay to the Trustee an amount equal to the amount of any VAT or similar tax chargeable in respect of its remuneration under these presents.
- 21.4 In the event of the Trustee and the Issuer failing to agree:
- (A) (in a case to which Clause 21.1 above applies) upon the amount of the remuneration; or
 - (B) (in a case to which Clause 21.2 above applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration,
- such matters shall be determined by an independent third party (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing

such approval, nominated (on the application of the Trustee) by the President for the time being of The Law Society of Jersey (the expenses involved in such nomination and the fees of such independent third party being payable by the Issuer) and the determination of any such independent third party shall be final and binding upon the Trustee and the Issuer.

- 21.5 The Issuer shall also pay or discharge all Liabilities properly incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, these presents, including but not limited to travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, these presents.
- 21.6 All amounts payable pursuant to this Clause 21 and/or Clause 22(J) shall be payable by the Issuer on the date specified in a demand by the Trustee and in the case of payments actually made by the Trustee prior to such demand shall (if not paid within five Business Days after such demand and the Trustee so requires) carry interest at the rate of 2 per cent. per annum above the base rate from time to time of National Westminster Bank PLC from the date specified in such demand, and in all other cases shall (if not paid on the date specified in such demand or, if later, within five Business Days after such demand and, in either case, the Trustee so requires) carry interest at such rate from the date specified in such demand. All remuneration payable to the Trustee shall carry interest at such rate from the due date therefor.
- 21.7 Unless otherwise specifically stated in any discharge of these presents the provisions of this Clause 21 and Clause 22(J) shall continue in full force and effect notwithstanding such discharge.

22. **SUPPLEMENT TO TRUSTEE POWERS**

The Trustee shall have all the powers of a natural person, including but not limited to:

- (A) The Trustee may in relation to the Documents act on the advice or opinion of or any information obtained from, any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert, whether obtained by the Issuer, the Trustee or otherwise and shall not be responsible for any Liability occasioned by so acting;
- (B) Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, cable or e-mail and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telex, telegram, facsimile transmission, cable or e-mail although the same shall contain some error or shall not be authentic;
- (C) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing which is prima facie within the knowledge of the Issuer or any other party to any of the Documents a certificate signed by any two directors of such party and the

Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate;

- (D) The Trustee shall be at liberty to hold this Trust Instrument and the other Documents and any other documents relating thereto or to deposit them in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute and the Trustee shall not be responsible for or required to insure against any Liability incurred in connection with any such holding or deposit and the Issuer shall pay all sums required to be paid on account of or in respect of any such deposit;
- (E) The Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Short and Leveraged Commodity Securities by the Issuer;
- (F) The Trustee shall not be responsible to the Issuer or to any Security Holder as regards any deficiency which might arise because the Trustee is subject to Tax in respect of all or any income it may receive pursuant to the terms of this Trust Instrument or the other Documents or, as the case may be, the proceeds thereof;
- (G) The Trustee shall not be bound to give notice to any person of the execution of any of the Documents or any other document or to take any steps to ascertain whether any Defaulted Obligation has occurred and, until it shall have actual knowledge or express notice pursuant to this Trust Instrument to the contrary, the Trustee shall be entitled to assume without enquiry, and it is hereby declared to be the intention of the Trustee that it shall assume without enquiry, that no Defaulted Obligation has occurred and that the Issuer and each of the other parties to the Documents are observing and performing all their respective obligations under this Trust Instrument and the Documents and, if it does have actual knowledge or express notice as aforesaid, the Trustee shall not be bound to give notice thereof to the Security Holders;
- (H) Save as expressly otherwise provided in this Trust Instrument, the Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, rights, powers, authorities, duties and discretions under this Trust Instrument, the other Documents or by operation of law (the exercise or non-exercise of which as between the Trustee and the Security Holders shall be conclusive and binding on the Security Holders) and shall not be responsible for any Liability which may result from their exercise or non-exercise, and in particular the Trustee shall not be bound to act at the request or direction of any Security Holder or otherwise under any provision of this Trust Instrument or to take at such request or direction or otherwise any other action under any provision of this Trust Instrument or any other Document unless it shall first be indemnified and/or secured to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing;

- (I) Any consent or approval given by the Trustee for the purposes of this Trust Instrument or any other Document may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary in this Trust Instrument or any other Document may be given retrospectively. The Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action (whether or not such consent, approval, power, authority, discretion or action is specifically referred to in this Trust Instrument or any other Document) if it is satisfied that the interests of the Security Holders will not be materially prejudiced thereby. For the avoidance of doubt, the Trustee shall not have any duty to the Security Holders in relation to such matters other than that which is contained in the preceding sentence;
- (J) Without prejudice to the right of indemnity by law given to trustees, the Issuer shall indemnify the Trustee and every Appointee of the Trustee and keep it or him indemnified against all Liabilities to which it may be or become subject or which may be incurred by it or him in the execution or purported execution of any of its trusts, powers, authorities and discretions under these presents or its functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to these presents or any such appointment other than in the case of fraud, wilful misconduct or gross negligence of the Trustee;
- (K) The Trustee shall not be liable to any person by reason of having acted upon any resolution purporting to have been passed at any meeting of the Security Holders of any type or types in respect whereof minutes have been made and signed by the chairman thereof or any direction of the Security Holders of any class or classes even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution, direction or request was not valid or binding upon such Security Holders;
- (L) The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Certificate for any class of Short and Leveraged Commodity Securities purporting to be such and subsequently found to be forged or not authentic;
- (M) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Security Holder or any other person any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the Issuer or any other person in connection with this Trust Instrument and the other Documents and no Security Holder or other person shall be entitled to take any action to obtain from the Trustee any such information;
- (N) Where it is necessary or desirable for any purpose in connection with this Trust Instrument and the other Documents to convert any sum from one currency to another it shall (unless otherwise provided by this Trust Instrument or required by law) be converted at such rate or rates, in

accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in its absolute discretion in consultation with the Issuer and any rate, method and date so agreed shall be binding on the Issuer and the Security Holders and the Trustee shall not be liable for any loss occasioned by the said conversion under this Clause 22(N);

- (O) The Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of the Security Holders or any of them and if the Trustee shall certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Security Holders;
- (P) The Trustee as between itself and the Security Holders may determine all questions and doubts arising in relation to any of the provisions of this Trust Instrument or any other Document. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Security Holders;
- (Q) In connection with the exercise or performance by it of any right, power, trust, authority, duty or discretion under or in relation to this Trust Instrument or any other Documents:
 - (1) (including, without limitation, any consent, approval, modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of each type of the Security Holders as a class and shall not have regard to any interests arising from circumstances particular to individual Security Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Security Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Security Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Security Holders;
 - (2) except where expressly provided otherwise, the Trustee shall have regard only to the interests of the Security Holders and shall not be required to have regard to the interests of any other person or to act upon or comply with any direction or request of any other Security Holder or any other person;
- (R) Any trustee of this Trust Instrument being a banker, lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his partners or firm in connection with this Trust Instrument or any other Document and also his proper charges in

addition to disbursements for all other work and business done and all time spent by him or his partners or firm in connection with matters arising in connection with this Trust Instrument or any other Document;

- (S) The Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of this Trust Instrument or not) all or any of its trusts, rights, powers, authorities, duties and discretions under this Trust Instrument or any other Document. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Trustee may in the interests of the Security Holders think fit. Provided that the Trustee has exercised reasonable care in the selection of any such delegate, the Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate or sub-delegate or be in any way responsible for any Liability incurred by reason of any misconduct, omission or default on the part of any such delegate or sub-delegate. The Trustee shall within a reasonable time prior to any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer;
- (T) The Trustee may in relation to this Trust Instrument or any other Document instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with this Trust Instrument or any other Document (including the receipt and payment of money). Provided that the Trustee has exercised reasonable care in the selection of such agent, the Trustee shall not be under any obligation to supervise the proceedings or acts of any such agent or be in any way responsible for any Liability incurred by reason of any misconduct, omission or default on the part of any such agent;
- (U) The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trusts constituted by this Trust Instrument as the Trustee may determine. Provided that the Trustee has exercised reasonable care in the selection of such custodian or nominee, the Trustee shall not be under any obligation to supervise the proceedings or acts of any such person or be in any way responsible for any Liability incurred by reason of any misconduct, omission or default on the part of any such person. The Trustee is not obliged to appoint a custodian if the Trustee invests in securities payable to bearer;
- (V) The Trustee shall not have any responsibility for, or have any duty to make any investigation in respect of, or in any way be liable whatsoever for and hereby declares that it shall not investigate or have any responsibility for:
 - (1) the nature, status, creditworthiness or solvency of the Issuer or any other party to any Document;
 - (2) the execution, delivery, legality, validity, adequacy, admissibility in evidence, enforceability, genuineness, effectiveness or suitability of

any Document or any other document entered into in connection therewith or of any transfer, security or trust effected or constituted or purported to be effected or constituted by any Document or any other document entered into in connection therewith;

- (3) the terms of any Document;
 - (4) any calculation by the Issuer of any of the Redemption Amount, the Capital Adjustment or the Price or any other amount which may be calculated by the Issuer;
 - (5) whether any issue or redemption of any Short or Leveraged Commodity Security complies with the terms of the Short and Leveraged Commodity Securities;
 - (6) the title to, or the ownership, value, sufficiency or existence of any property comprised or intended to be comprised in the security constituted or purported to be constituted by any Document;
 - (7) the registration, filing, protection or perfection of the security constituted or purported to be constituted by any Document or the priority of any such security, whether in respect of any initial advance or any subsequent advance or any other sums or liabilities;
 - (8) the scope or accuracy of any recital, representation, warranty or statement made by or on behalf of any person in any Document or any other document entered into in connection therewith;
 - (9) the failure by any person to obtain or comply with any licence, consent or other authority in connection with any Document;
 - (10) the failure to call for delivery of documents of title to or require any transfers, legal mortgages, charges or other further assurances pursuant to the provisions of any Documents; or
 - (11) any accounts, books, records or files maintained by any person in connection with or in respect of any property comprised or intended to be comprised in the security constituted or purported to be constituted by any Document;
- (W) The Trustee may call for any certificate or other document to be issued by the Registrar as to the number of Short or Leveraged Commodity Securities of any class standing to the account of any person. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by the Registrar and subsequently found to be forged or not authentic;

- (X) The Trustee shall not be responsible to any person for failing to, and shall not, request, require or receive any legal opinion relating to the Short and Leveraged Commodity Securities or any Document or any search, report, certificate, advice, valuation, investigation or information relating to any Document, any transaction contemplated by any Document, any party to any Document or any of such party's assets or liabilities or for checking or commenting upon the content of any such legal opinion, search, report, certificate, advice, valuation, investigation or information or for ensuring disclosure to the Security Holders of such content or any part of it or for determining the acceptability of such content or any part of it to any Security Holder and shall not be responsible for any Liability incurred thereby;
- (Y) The Trustee shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with this Trust Instrument or any other Document;
- (Z) Subject to the requirements, if any, of London Stock Exchange and/or the UK Listing Authority, any corporation into which the Trustee shall be merged or with which it shall be consolidated or any company resulting from any such merger or consolidation shall, on completion of such merger or consolidation, automatically become, a party hereto and shall be the Trustee under this Trust Instrument without executing or filing any paper or document or any further act being required on the part of the parties hereto;
- (AA) No provision of this Trust Instrument or any other Document shall:
- (1) require the Trustee to do anything which may be illegal or contrary to applicable law or regulation or prevent the Trustee from doing anything which is necessary or desirable to comply with any applicable law or regulation; or
 - (2) require the Trustee, and the Trustee shall not be bound, to do anything which may cause it to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions or otherwise in connection with this Trust Instrument or any other Document (including, without limitation, forming any opinion or employing any legal, financial or other adviser), if it shall believe that repayment of such funds is not assured to it or it is not indemnified to its satisfaction against such Liability and, for this purpose, the Trustee may demand prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it;
- (BB) Unless notified to the contrary, the Trustee shall be entitled to assume without enquiry (other than requesting a certificate from the Issuer) that no Short or

Leveraged Commodity Securities are held by, for the benefit of, or on behalf of, the Issuer, any holding company of the Issuer or any other Subsidiary of such holding company;

- (CC) Any advice, opinion, certificate, report or information called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of this Trust Instrument or any other Document may be relied upon by the Trustee notwithstanding that such advice, opinion, certificate, report or information and/or any engagement letter or other document entered into or accepted by the Trustee in connection therewith contains a monetary or other limit on the liability of the person providing the same in respect thereof and notwithstanding that the scope and/or basis of such advice, opinion, certificate, report or information may be limited by any such engagement letter or other document or by the terms of the advice, opinion, certificate, report or information itself;
- (DD) Each Security Holder shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of the Issuer and each other obligor under the Documents and the Trustee shall not at any time have any responsibility for the same and each Security Holder shall not rely on the Trustee in respect thereof;
- (EE) The Trustee will not be responsible or liable for any inadequacy or unfitness of any Document as security or any decline in value or any loss realised as a consequence of such Document;
- (FF) The Trustee shall not be under any obligation to insure any of the property created by the Documents or to require any other person to maintain any such insurance or monitor the adequacy of any such insurance and shall not be responsible for any liability which may be suffered by any person as a result of the lack of or inadequacy of any such insurance;
- (GG) The Trustee shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Documents, or any deeds or documents of title thereto, being held by or to the order of clearing organisations or their operators or by intermediaries such as banks, brokers, depositories or other persons whether or not on behalf of the Trustee; and
- (HH) Nothing contained in this Trust Instrument or the other Documents shall impose any obligation on the Trustee to make any advance to the Issuer.

23. TRUSTEE'S LIABILITY

- 23.1 Save in the case of fraud, wilful misconduct or gross negligence, the Trustee (or any director, officer or employee of any Trust Corporation which is a Trustee) shall have no liability hereunder for a breach of trust and save in such circumstances, no Trustee (and no director, officer or employee of a Trust Corporation which is a Trustee) in execution of the trusts and powers under these presents, shall be liable for any loss arising by reason of any mistake or omission by him or by reason of any other matter

or thing including fraud, wilful misconduct, gross negligence or default of another director, officer or employee or Trustee.

- 23.2 Notwithstanding any rule of law equity or otherwise to the contrary nothing in these presents shall oblige or impose on the Trustee any duties to preserve or enhance the value of the Short and Leveraged Commodity Securities or the Short or Leveraged Commodity Securities of any class and accordingly the Trustee shall not be liable to any Security Holders for any failure to preserve or enhance the value of the Short and Leveraged Commodity Securities or any part of them.

24. TRUSTEE CONTRACTING WITH ISSUER

- 24.1 Neither the Trustee nor any director or officer of a Trust Corporation acting as a trustee under these presents shall by reason of its or their fiduciary position be in any way precluded from:

- (A) entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any other party to any Document (each a “**Relevant Company**”) or person or body corporate associated with a Relevant Company (including, without limitation, any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of, or the subscribing or procuring subscriptions for, or otherwise acquiring, holding or dealing with the Short and Leveraged Commodity Securities or any other notes, bonds, stocks, shares, debenture stock, debentures or other securities of, a Relevant Company or any person or body corporate associated as aforesaid); or
- (B) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to or any other liabilities of a Relevant Company or any person or body corporate associated as aforesaid or any other office of profit under a Relevant Company or any such person or body corporate associated as aforesaid

and shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in (A) above or, as the case may be, any such trusteeship or office of profit as is referred to in (B) above without regard to the interests of the Security Holders and notwithstanding that the same may be contrary or prejudicial to the interests of the Security Holders and shall not be responsible for any Liability occasioned to the Security Holders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

- 24.2 Where any holding company, subsidiary or associated company of the Trustee or any director or officer of the Trustee acting other than in his capacity as such a director or officer has any information, the Trustee shall not thereby be deemed also to have

knowledge of such information and, unless it shall have actual knowledge of such information, shall not be responsible for any loss suffered by Security Holders resulting from the Trustee's failing to take such information into account in acting or refraining from acting under or in relation to this Trust Instrument or any other Document.

25. **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 presents 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 Clause, (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 these presents, in contravention of any express direction given in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature) of the Short and Leveraged 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.

26. **REGISTERS**

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 redemptions, transfers and changes of ownership of all outstanding Short and Leveraged Commodity 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 calendar days in any one year) as it may think fit. The Third Schedule (*Provisions Relating to Registration and Transfer of Short and Leveraged Commodity Securities*) shall apply.

27. NEW TRUSTEE

- 27.1 The power to appoint a new trustee of these presents shall be vested in the Issuer. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents provided that a Trust Corporation shall be included in such majority. Any Notification of the appointment of a new trustee of these presents shall be published by the Issuer through a RIS as soon as practicable thereafter.
- 27.2 Notwithstanding the provisions of Clause 27.1, the Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer or the Security Holders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:
- (i) if the Trustee considers such appointment to be in the interests of the Security Holders;
 - (ii) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or
 - (iii) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of these presents against the Issuer.

The Issuer irrevocably appoints the Trustee to be its attorney in its name and on its behalf in respect of such appointment to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable Liabilities incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of these presents be treated as Liabilities incurred by the Trustee.

28. TRUSTEE'S RETIREMENT AND REMOVAL

A trustee of these presents may retire at any time on giving not less than three months' prior written notice to the Issuer without giving any reason 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 these presents. In the event of the only trustee of these presents which is a Trust Corporation giving notice under this Clause or being removed by Extraordinary Resolution the Issuer will use

its reasonable endeavours to procure that a new trustee of these presents (being a Trust Corporation) is appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee (being a Trust Corporation) is appointed.

29. TRUSTEE'S POWERS TO BE ADDITIONAL

The powers conferred upon the Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Trustee by the general law or as a holder of any of the Short and Leveraged Commodity Securities or any other securities of any class, type or category issued by the Issuer.

30. NOTICES

30.1 Any notice or demand to the Issuer or the Trustee to be given under these presents shall be:

30.1.1 in writing;

30.1.2 in the English language;

30.1.3 signed by an Authorised Signatory on behalf of the party giving the same and, in the case of notification to the Trustee, be marked "Urgent - This requires Immediate Attention"; and

30.1.4 sent by pre paid post (first class if inland, first class airmail if overseas), by facsimile transmission, by telephone (provided that a confirmatory notice is sent by facsimile as aforesaid), or by delivering it by hand, such notice to be addressed, despatched, given or delivered to the respective person, address or number for each party set out below:

to the Secretary of the Issuer:

c/o R&H Fund Services (Jersey) Limited
P.O. Box 83
Ordnance House
31 Pier Road
St. Helier
Jersey
JE4 8PN


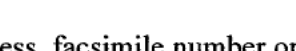
Telephone No. [REDACTED]

Facsimile No. [REDACTED]

to the Trustee:

Fifth Floor
100 Wood Street,
London EC2V 7EX

(Attention: the Manager, Commercial Trusts)

Telephone No. 
Facsimile No. 

or to such other person, address, facsimile number or email address as shall have been notified (in accordance with this Clause) to the other party by not less than seven calendar days' written notice received before the notice was despatched and any notice or demand sent by post shall be deemed to have been given, made or served three calendar days in the case of inland post or seven calendar days in the case of overseas post after despatch and any notice or demand given by hand, facsimile transmission or telephone shall be deemed to have been given, made or served upon actual receipt thereof by the recipient.

31. SERVICE AGENT

The Issuer irrevocably appoints C7 PLUS LLP (the "Service Agent") of 6th Floor, 2 London Wall Buildings, London EC2M 5UU to receive, for it and on its behalf, service of any document to be served on the Issuer under this Trust Instrument. If for any reason the Service Agent is unable to act as such, the Issuer will promptly notify the Trustee and within 30 calendar days appoint a substitute agent for service of process acceptable to the Trustee.

32. AMENDMENTS TO DOCUMENTS

32.1 Subject to this Clause 32, the Issuer covenants that it shall 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.

32.2 The Issuer may, without prejudice to Clause 32.4, by supplemental agreement or supplemental instrument or deed, as applicable, amend these presents, the Conditions, the Security Deeds or (in respect of sub-clauses 32.2(a), (d), (e) and (f) below, without the consent of the Trustee) any of the Trustee Consent Documents and the Trustee agrees to join in a supplemental agreement or supplemental instrument or deed as applicable accordingly, if one or more of the following applies:

- (a) if the amendment is to substitute as debtor under a Facility Agreement or a Guarantee another person having an Acceptable Credit Rating; or

- (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 substitute a different commodity index for one or more of the Commodity Indices and consequential changes provided that:
 - (i) corresponding adjustments have been agreed with each of the Commodity Contract Counterparties that have Commodity Contracts outstanding that refer to the relevant Commodity Index or Commodity Indices;
 - (ii) the adjustments so agreed have the consequence that at the time of the substitution of the index there is no change to the aggregate Price of the Short or Leveraged Commodity Securities of the class or classes which are the subject of the substitution; and
 - (iii) the adjustments do not take effect until at least 30 calendar days have elapsed after they are announced to Security Holders in an RIS announcement;
- (e) the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of different classes of Short and Leveraged Commodity Securities differently and the terms of the amendment are authorised by separate Extraordinary Resolutions of the holders of each class of Short or Leveraged Commodity Security affected passed in accordance with these presents;
- (f) paragraph (e) above does not apply to the amendment and the terms of the amendment are authorised by an Extraordinary Resolution of the Security Holders (as a single class) passed in accordance with these presents; or
- (g) 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 Short and Leveraged Commodity Securities) or any Listing Rules or to rectify any inconsistency, technical defect, manifest error or ambiguity in the terms of these presents or such Conditions, Security Deed or Trustee Consent Document.

32.3 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.

- 32.4 Clauses 32.2 and 32.3 shall not apply to any amendment to the terms of a Facility Agreement which, under the terms thereof, is automatic or at the election of the relevant Commodity Contract Counterparty in the circumstances described in Clause 32.1.
- 32.5 The Issuer shall notify all Security Holders of a proposed amendment as referred to in sub-clause 32.2(a) by publishing a notice on a RIS at least 30 calendar days' prior to such amendment becoming effective.
- 32.6 The Issuer shall notify all Security Holders of a proposed amendment as referred to in sub-clauses 32.2(e) and 32.2(f) by publishing a notice on a RIS as soon as practicable after such amendment is proposed and in any event, upon such amendment becoming effective.
- 32.7 No notice need be given of any amendment as referred to in sub-clauses 32.2(b), 32.2(c) or 32.2(g) or Clause 32.4 unless the Trustee otherwise requires.

33. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

- 33.1 This Trust Instrument is governed by, and shall be construed in accordance with Jersey law and the proper law of the trust constituted by this Trust Instrument shall be Jersey law.
- 33.2 The Issuer irrevocably agrees for the benefit of the Trustee and the Security Holders that the courts of Jersey are to have jurisdiction to settle any disputes which may arise out of or in connection with this Trust Instrument and that accordingly any suit, action or proceedings arising out of or in connection with this Trust Instrument (together referred to as "**Proceedings**") may be brought in the courts of Jersey. The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of Jersey and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of Jersey shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing in this Clause shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

34. **COUNTERPARTS**

This Trust Instrument and any trust instrument supplemental hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same instrument and any party to this Trust Instrument or any trust instrument supplemental hereto may enter into the same by executing and delivering a counterpart.

35. **LIMITED RECOURSE AND NON-PETITION**

The Trustee and the Security Holders of any class of Short or Leveraged Commodity Securities 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 Clause, 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, re-organisation, 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 these presents 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 Classic and Forward Securities.

**THE FIRST SCHEDULE
FORM OF CERTIFICATE FOR SHORT AND LEVERAGED COMMODITY
SECURITIES**

Reference No.	Certificate No.	Transfer No.	Number of Securities
---------------	-----------------	--------------	----------------------

ETFS COMMODITY SECURITIES LIMITED

Authorised pursuant to resolutions of the Board of Directors of ETFS Commodity Securities Limited (the "Issuer") passed on • February 2008

(Incorporated with limited liability under the laws of Jersey with registered number 90959)

ISSUE OF

[SPECIFY CLASS]

[SHORT]/[LEVERAGED] [INDIVIDUAL]/[INDEX] SECURITIES

THIS IS TO CERTIFY THAT

is/are the registered holder(s) of _____ of the above-mentioned undated limited recourse secured debt securities with a Principal Amount of US\$• each (the "Securities") which are constituted by a trust instrument dated [] February 2008 (the "Trust Instrument") and made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for (*inter alios*) the holders of such Securities, and such Securities are issued with the benefit of and subject to the provisions contained in the Trust Instrument and the Conditions (the "Conditions") set out in the Second Schedule to the Trust Instrument. The Issuer acknowledges that it is indebted to the holder of such Securities in respect of the higher from time to time of the Principal Amount and the Redemption Amount (each as defined in the Conditions) in accordance with the Conditions and subject as provided in the Trust Instrument undertakes to pay on redemption of such Securities the amount due in accordance with the Conditions.

Given under the Securities Seal of the Issuer

on

NOTES:

- (i) The Securities are transferable in minimum denominations of one.
- (ii) No transfer of any part of the Securities represented by this Certificate will be registered unless it be accompanied by this Certificate or unless it is in uncertificated form.

No transfer of any of the securities comprised in this Certificate will be registered until this Certificate has been lodged with the Issuer's Registrar, COMPUTERSHARE INVESTOR SERVICES (CHANNEL ISLANDS) LIMITED, P.O. BOX No. 83, ORDNANCE HOUSE, 31 PIER ROAD, ST. HELIER, JERSEY JE4 8PW. TELEPHONE: 01534 825329/825231. FAX 01534 825247.

THE SECOND SCHEDULE
THE CONDITIONS – SHORT AND LEVERAGED COMMODITY SECURITIES

Conditions

The following are the conditions applicable to the Short and Leveraged Commodity Securities:

The Short and Leveraged Commodity Securities are undated, limited recourse, secured debt securities of ETFS Commodity Securities Limited (*the Issuer*) and are constituted by, are issued subject to and have the benefit of, a trust instrument (*the Trust Instrument*) dated 8 February 2008 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (*the Trustee*) for the holders of Short and Leveraged Commodity Securities (*the Security Holders*) and are governed by Jersey law.

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

1. DEFINED TERMS AND INTERPRETATION

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

Acceptable Credit Rating means a long term senior debt credit rating of at least BBB+ from Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. (or any successor to the ratings business thereof), and of at least 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 7.1(b);

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

AIG means American International Group, Inc., a corporation incorporated in Delaware, USA, whose principal office is situated at 70 Pine Street, New York, New York, USA;

AIG-FP means AIG Financial Products Corp., a corporation incorporated in Delaware, United States, whose chief executive office is situated at 50 Danbury Road, Wilton, Connecticut, USA;

AIG Guarantee means the guarantee dated 8 February 2008, given by AIG to the Issuer of the obligations of AIG-FP to the Issuer under the Facility Agreement between AIG-FP and the Issuer;

Authorised Participant means a person which has entered into an Authorised Participant Agreement with the Issuer in relation to Short and Leveraged Commodity Securities and 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 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 Short and Leveraged Commodity Securities and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied;

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 a person appointed by the Issuer to determine various matters in accordance with Condition 14, the first such Calculation Agent being AIG-FP;

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

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 Short Commodity Securities or Leveraged Commodity 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 Commodity Index;

Classic and Forward Facility Agreement means the agreement between the Issuer and AIG-FP dated 21 September 2006 (as amended by an amendment and restatement agreement dated 17 September 2007);

Classic and Forward Securities means the securities of the Issuer known as Classic and Forward Securities constituted by the Classic and Forward Trust Instrument as more fully described in the prospectus of the Issuer dated 18 September 2007;

Classic and Forward Trust Instrument means the trust instrument between the Issuer and the Trustee dated 21 September 2006 as amended as at the date of the Trust Instrument and as may be amended further from time to time;

Commodity Contract means in relation to Short or Leveraged Commodity Securities of a particular 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 Short or Leveraged Commodity Securities;

Commodity Contract Counterparty means the counterparty to each Facility Agreement with the Issuer and includes AIG-FP;

Commodity Contract Counterparty Downgrade means with respect to a Commodity Contract Counterparty, neither that Commodity Contract Counterparty nor its Guarantor (if any) having an Acceptable Credit Rating;

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

Commodity Index means an Individual Commodity Index or a Composite Commodity Index, as appropriate, and "**Commodity Indices**" means all of them and in relation to a class of Short or Leveraged Commodity Securities (and the corresponding class of Commodity Contracts) means the Commodity Index specified in relation to such class in the Sixth Schedule (Classes of Short and Leveraged Commodity Securities) to the Trust Instrument;

Composite Commodity Index means an index for a group of commodities (which may change from time to time with respect to such index), as calculated by Dow Jones in conjunction with AIG-FP and published by Dow Jones from time to time;

Compulsory Daily Pricing Number means, in respect of a Compulsory Redemption and a class of Short or Leveraged Commodity Securities, the number of outstanding Short or Leveraged Commodity Securities of the relevant class which, in relation to each Pricing Day on which Short and Leveraged Commodity Securities of that class 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 class), 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 in relation to that Compulsory Redemption.

Compulsory Number Priced means in respect of a Pricing Day and a class of Short or Leveraged Commodity Securities, the Compulsory Daily Pricing Number, provided that where the Compulsory Redemption Date is notified in accordance with Condition 8.6 the Compulsory Number Priced in respect of a class of Short or Leveraged Commodity Securities for any Pricing Day shall be reduced by the number of Short or Leveraged Commodity Securities of that class 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 Short or Leveraged Commodity Securities in accordance with Condition 8.13;

Compulsory Redemption Date means a date notified in accordance with Conditions 8.1, 8.2, 8.5, 8.6, 8.7, 8.8 or 8.9;

Compulsory Redemption Number means in respect of a Compulsory Redemption Date and a class of Short or Leveraged Commodity Securities, where such Compulsory Redemption Date is notified in accordance with:

- (a) Condition 8.1, 8.2, 8.7 or 8.8, the total number of Short or Leveraged Commodity Securities of that class outstanding as at the end of the Business Day immediately preceding the Compulsory Redemption Date;
- (b) Condition 8.5, provided that the Commodity Index relates to that class, the total number of Short or Leveraged Commodity Securities of that class outstanding as at the end of the Business Day immediately preceding the Compulsory Redemption Date;
- (c) Condition 8.6, the number of that class of outstanding Short or Leveraged Commodity Securities in respect of which notice was given by the Issuer in accordance with Condition 8.6 (unless Condition 7.18(d) applies, in which case it means all the Short or Leveraged Commodity Securities of that class outstanding as at the end of the Business Day immediately preceding the Compulsory Redemption Date); and
- (d) Condition 8.9, the number of Short or Leveraged Commodity Securities of that class in respect of which notice was given by the Issuer in accordance with Condition 8.9 with respect to the Security Holder in question.

Conditions means these terms and conditions on and subject to which Short and Leveraged Commodity Securities are issued;

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

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

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

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 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 (5) 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; or
- (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));

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 Short or Leveraged 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;

DJ-AIGCISM means the Dow Jones — AIG Commodity IndexSM calculated by AIG-FP in conjunction with Dow Jones, and published by Dow Jones;

Dow Jones means Dow Jones & Company, Inc.;

ETFS Short and Leveraged Commodity Securities and Short and Leveraged Commodity Securities means Short Commodity Securities and Leveraged Commodity Securities and **ETFS Short or Leveraged Commodity Securities or Short or Leveraged Commodity Securities** means any of them;

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

Facility Agreements 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 an agreement of that name between the Issuer and AIG-FP dated 8 February 2008 (the **AIG-FP Facility Agreement** and, for so long as AIG-FP is the only Commodity Contract Counterparty, the **Facility Agreement**);

FSA means the Financial Services Authority of the United Kingdom;

FSMA means the Financial Services and Markets Act 2000;

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 18.1;

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 Pool and includes the AIG Guarantee;

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 and includes AIG;

Handbook means the document called "DJ-AIGCISM Handbook" (including its appendices) which sets out the methodology for calculation of the DJ-AIGCISM, prepared and as amended, varied, supplemented or replaced from time to time by Dow Jones and AIG-FP, a copy of which, as at the date of the Trust Instrument, can be obtained from the following address: <http://www.aigfp.com/home/commodities/djalgcilhandbook>;

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;

Indicative Price means, in respect of a particular class of Short or Leveraged Index Security on a calendar day, the value calculated in accordance with Condition 5.5;

Individual Commodity Index means an index for an individual commodity (as adjusted through the addition or removal of other Individual Commodity Indices) as calculated by Dow Jones in conjunction with AIG-FP and published by Dow Jones from time to time.

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.

Intra-day Price means at any time between 8:00 a.m. and 2:30 p.m. New York Time on a Trading Day in respect of a Commodity Contract, the Price, calculated in accordance with Condition 5, using as is the most recent value of the relevant Commodity Index published as of such time by Dow Jones provided, that (i) if the Calculation Agent reasonably determines that such published value is incorrect, the Calculation Agent shall instead use a special value of the relevant Commodity Index calculated using the most recently reported prices for the futures contracts by reference to the Settlement Price for which that Commodity Index is calculated (in whole or in part), (ii) if the Calculation Agent determines that as the result of a material trading disruption or anomaly the value of any futures contract used in calculating such published value manifestly does not reflect a fair market value for that futures contract having regard to the principles in the Facility Agreement described in Condition 14.3, the Calculation Agent shall instead determine fair market values for such futures contracts having regard to the principles in the Facility Agreement described in Condition 14.3 and calculate a special value of the relevant Commodity Index calculated using such fair market values and (iii) if the Calculation Agent reasonably determines that a Market Disruption Event has occurred with respect to any applicable futures contract, the Calculation Agent shall instead 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 Agreement described in Condition 14.3 for the relevant commodity futures that are subject to a Market Disruption Event.

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

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 (10) (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;

Jersey means the Island of Jersey, Channel Islands;

Lead Future means (a) for an Individual Commodity Index and a Trading Day with respect thereto, the particular futures contract which is the "Lead Future" (as defined in the Handbook) for that Individual Commodity Index on that Trading Day and (b) for a commodity comprised in a Composite Commodity Index but which is not the subject of an Individual Commodity Index and a Trading Day with respect thereto, the particular futures contract which is the "Lead Future" (as defined in the Handbook) for that commodity in relation to that Composite Commodity Index on that Trading Day;

Leverage Factor means with respect to each class of Short and Leveraged Commodity Securities the number specified in Condition 5;

Leveraged Commodity Securities means Leveraged Index Securities and Leveraged Individual Securities;

Leveraged Index Securities means together ETFS Leveraged All Commodities DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Energy DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Petroleum DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Ex-Energy DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Precious Metals DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Industrial Metals DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Agriculture DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Softs DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Leveraged Livestock DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each and ETFS Leveraged Grains DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, in each case of the Issuer, created pursuant to and constituted by the Trust Instrument and recorded on the relevant Register of Short and Leveraged Index Securities and "ETFS Leveraged All Commodities DJ-AIGCISM Index Securities", "ETFS Leveraged Energy DJ-AIGCISM Index Securities", "ETFS

Leveraged Petroleum DJ-AIGCISM Index Securities", **"ETFS Leveraged Ex-Energy DJ-AIGCISM Index Securities**", **"ETFS Leveraged Precious Metals DJ-AIGCISM Index Securities**", **"ETFS Leveraged Industrial Metals DJ-AIGCISM Index Securities**", **"ETFS Leveraged Agriculture DJ-AIGCISM Index Securities**", **"ETFS Leveraged Softs DJ-AIGCISM Index Securities**", **"ETFS Leveraged Livestock DJ-AIGCISM Index Securities**" and **"ETFS Leveraged Grains DJ-AIGCISM Index Securities**" shall be construed accordingly.

Leveraged Individual Securities means together the Leveraged Aluminium class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Cocoa class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Coffee class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Copper class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Corn class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Cotton class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Crude Oil class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Gasoline class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Gold class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Heating Oil class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Lead class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Lean Hogs class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Live Cattle class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Natural Gas class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Nickel class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Platinum class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Silver class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Soybean Oil class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Soybeans class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Sugar class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Tin class undated limited recourse secured debt securities of US\$5 in principal amount each, Leveraged Wheat class undated limited recourse secured debt securities of US\$5 in principal amount each and Leveraged Zinc class undated limited recourse secured debt securities of US\$5 in principal amount each, in each case of the Issuer, created pursuant to and constituted by the Trust Instrument and recorded on the relevant Register of Short and Leveraged Individual Securities and **"ETFS Leveraged Aluminium Individual Securities"**, **"ETFS Leveraged Cocoa Individual Securities"**, **"ETFS Leveraged Coffee Individual Securities"**, **"ETFS Leveraged Copper Individual Securities"**, **"ETFS Leveraged Corn Individual Securities"**, **"ETFS Leveraged Cotton Individual Securities"**, **"ETFS Leveraged Crude Oil Individual Securities"**, **"ETFS Leveraged Gasoline Individual Securities"**, **"ETFS Leveraged Gold Individual Securities"**, **"ETFS Leveraged Heating Oil Individual Securities"**, **"ETFS Leveraged Lead Individual Securities"**, **"ETFS Leveraged Lean Hogs Individual Securities"**, **"ETFS Leveraged Live Cattle Individual Securities"**, **"ETFS Leveraged Natural Gas Individual Securities"**, **"ETFS Leveraged Nickel Individual Securities"**, **"ETFS Leveraged Platinum Individual Securities"**, **"ETFS Leveraged Silver Individual Securities"**, **"ETFS Leveraged Soybean Oil Individual Securities"**, **"ETFS Leveraged Soybeans Individual Securities"**, **"ETFS Leveraged Sugar Individual Securities"**, **"ETFS Leveraged Tin Individual Securities"**, **"ETFS Leveraged Wheat Individual Securities"** and **"ETFS Leveraged Zinc Individual Securities"** shall be construed accordingly.

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 U.S. 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 a particular class of Short or Leveraged Commodity Securities to the Official List in accordance with the Listing Rules and admission of a particular class of Short or Leveraged 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 Short or Leveraged 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 Short or Leveraged 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 75A 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;

Market Disruption Day means:

- (i) in respect of an Individual Commodity Index, a General Trading Day which is a Trading Day for that Individual Commodity Index on which a Market Disruption Event occurs or is continuing in the Relevant Market on the Relevant Exchange for that Individual Commodity Index;
- (ii) in respect of a Composite Commodity Index, a General Trading Day which is a Trading Day in respect of each futures contract by reference to the Settlement Price for which that Composite Commodity Index is calculated (in whole or in part) but on which a Market Disruption Event occurs or is continuing in the Relevant Market on the Relevant Exchange for any such futures contract;
- (iii) in respect of a futures contract the Settlement Price for which is included in the calculation of a Commodity Index, a General Trading Day which is a Trading Day for that futures contract and on which a Market Disruption Event occurs or is continuing in the Relevant Market on the Relevant Exchange on which that futures contract is traded; or
- (iv) in respect of a commodity in connection with a Commodity Index (or class of Short or Leveraged Commodity Securities), a Market Disruption Day for a futures contract in

respect of that commodity the Settlement Price for which is included in the calculation of that Commodity Index (or the Commodity Index relating to that class of Short or Leveraged Commodity Securities);

Market Disruption Event means:

- (a) in respect of a particular Individual Commodity Index, any of the following events:
- (i) the Relevant Exchange fails to determine, announce or publish the relevant Settlement Price(s); or
 - (ii) 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
 - (iii) 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; and
- (b) in respect of any Composite Commodity Index means any event described in paragraphs (a)(i), (ii) or (iii) of this definition in relation to any futures contract the Settlement Price for which is included in the calculation of that Composite Commodity Index (and, for such purposes, references in sub-paragraphs (a)(ii) and (iii) of this definition to "any Lead Future or Next Future used in the calculation of an Individual Commodity Index" shall be construed, in relation to a commodity comprised in a Composite Commodity Index, as references to the Lead Future or Next Future with respect to that commodity the Settlement Price of which is used in the calculation of that Composite Commodity Index); and
- (c) in respect of a commodity in connection with a Commodity Index (or a class of Short or Leveraged Commodity Securities), any event described in sub-paragraph (a)(i), (ii) or (iii) of this definition in relation to the futures contract in respect of that commodity the Settlement Price of which is included in the calculation of that Commodity Index (or the Commodity Index relating to that class of Short or Leveraged Commodity Securities) (and, for such purposes, references in sub-paragraphs (a)(i) and (iii) of this definition to "any Lead Future or Next Future used in the calculation of an Individual Commodity Index" shall be construed, in relation to such commodity, as references to the Lead Future or Next Future with respect to that commodity used in the calculation of that Composite Commodity Index (or the Commodity Index relating to that class of Short or Leveraged Commodity Securities)).

in each case as determined by the Calculation Agent;

month means calendar month;

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 (a) for an 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 and (b) for a commodity comprised in a Composite Commodity Index but which is not the subject of an 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 commodity in relation to that Composite 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;

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

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

- (a) Short or Leveraged Commodity Securities which have been redeemed and cancelled pursuant to the Trust Instrument; and
- (b) Short or Leveraged 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, Short or Leveraged 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 Short and Leveraged Commodity Securities shall be deemed not to be Security Holders.

Pool means a separate fund or pool to which Short or Leveraged Commodity Securities of a particular class are attributable.

Price means the price determined in accordance with Condition 5 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, the Pricing Day upon which the Redemption Amount is determined.

Pricing Day means:

- (i) for each class of Short or Leveraged Individual Securities, a General Trading Day which is a Trading Day for the Individual Commodity Index applicable to that class of Short or Leveraged Commodity 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);
- (ii) for each class of Short or Leveraged Index Securities, a General Trading Day which is a Trading Day for each of the futures contracts by reference to the Settlement Price for which the Composite Commodity Index relating to that class of Short or Leveraged Index Security is calculated (in whole or in part) that is not a Market Disruption Day for any such futures contracts (other than a Market Disruption Day for which a substitute value for that Composite Commodity Index is determined by the Calculation Agent in accordance with the provisions of the Facility Agreements);
- (iii) for each futures contract the Settlement Price for which is included in the calculation of a Commodity Index, a General Trading Day which is a Trading Day for that futures contract and which is not a Market Disruption Day for that futures contract; or
- (iv) for each commodity in connection with a Commodity Index (or class of Short or Leveraged Commodity Securities), a General Trading Day which is a Trading Day for the futures contract relating to that commodity the Settlement Price for which is included in the calculation of that Commodity Index (or that class of Short or Leveraged Commodity Securities) and which is not a Market Disruption Day for that futures contract.

Pricing Notice means a Redemption Form or a Withdrawal Notice.

Principal Amount means in respect of each Short or Leveraged Commodity Security the amount specified in clause 2 of the Trust Instrument.

Programme means the programme for the issue of Short and Leveraged Commodity Securities described in this document;

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 Short and Leveraged 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 Short or Leveraged 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;

Redemption means the redemption of Short and Leveraged 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 Short and Leveraged Commodity 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 Short and Leveraged Commodity Securities, as may be reduced for any withholdings or deductions for or on account of tax as set out in Condition 9.5;

Redemption Fee means the fee payable by a Security Holder upon Redemption of Short and Leveraged Commodity Securities in accordance with Condition 10;

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 7.6;

Redemption Payment Date means:

(a) in the case of a Redemption pursuant to a Settlement Redemption Form, the third London Business Day following the Pricing Date of that Redemption, provided that if that day is not a New York Business Day then the Redemption Payment Date shall be on the next following Business Day; or

(b) in the case of a Redemption pursuant to an Agreed Redemption Form, the London Business Day specified for such payment in that 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, the third London Business Day following the relevant Listing Failure Date; provided that if that day is not a New York Business Day then the Redemption Payment Date shall be the next following Business Day, 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 third London Business Day following the last Pricing Day on which the Price of Short and Leveraged Commodity Securities being Redeemed was determined in accordance with these Conditions; provided that if that day is not a New York Business Day then the Redemption Payment Date shall be the next following Business Day;

Registers means the registers of Security Holders of each class kept and maintained by the Registrar and "Register" shall be construed accordingly. At the date of the Trust Instrument there are 66 Registers, one for each of the 66 different classes of Short and Leveraged Commodity Securities currently envisaged to be created pursuant to the Trust Instrument;

Registrar means Computershare Investor Services (Channel Islands) Limited or such other person as may be appointed by the Issuer from time to time to maintain the Registers, to receive and process applications for Short and Leveraged Commodity Securities and to receive and process applications for Redemptions of Short and Leveraged Commodity Securities;

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

Relevant Exchange means:

(a) 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;

- (b) in relation to a commodity comprised in a Composite Commodity Index, the futures exchange on which is traded the futures contract for that commodity the Settlement Price of which is included in the calculation of that Composite Commodity Index; and
- (c) in relation to a futures contract the Settlement Price of which is included in the calculation of a Commodity Index, the Futures exchange on which that futures contract is traded.

Relevant Market means (a) in respect of an Individual Commodity Index, the market conducted on the Relevant Exchange for the futures contracts by reference to which the Individual Commodity Index is calculated and (b) in relation to a commodity comprised in a Composite Commodity Index, the market conducted on the Relevant Exchange for the futures contract for that commodity the Settlement Price of which is included in the calculation of that Composite 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 Document;

Secured Property means (in respect of Short or Leveraged Commodity Securities of any class) all rights of the Issuer under the corresponding Facility Agreement(s), Commodity Contracts and any Guarantee to the extent that they apply to payments due in respect of Short or Leveraged Commodity Securities of that class, 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 U.S.;

Security Assignment 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;

Security Conditions 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;

Security Deed means in respect of each Pool and the corresponding class of Commodity Contracts, the security deed pertaining to that Pool dated on or about 8 February 2008 entered into between the Issuer and the Trustee and the schedules thereto;

Security Holder means a registered holder of Short or Leveraged Commodity Securities;

Settlement Failure means, in respect of a Redemption where the Security Holder has delivered the Short and Leveraged 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 7.1(a);

Settlement Redemption Form means a notice in the form prescribed from time to time by the Issuer for requesting Redemption of Short and Leveraged Commodity Securities using Settlement Pricing;

Short and Leveraged Commodity Securities means Short and Leveraged Index Securities and Short and Leveraged Individual Securities and **Short or Leveraged Commodity Securities** means any of them;

Short and Leveraged Index Securities means Short Index Securities and Leveraged Index Securities and **Short or Leveraged Index Securities** means any of them;

Short and Leveraged Individual Securities means Short Individual Securities and Leveraged Individual Securities and **Short or Leveraged Individual Securities** means any of them;

Short Commodity Securities means Short Index Securities and Short Individual Securities;

Short Index Securities means together ETFS Short All Commodities DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Energy DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Petroleum DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Ex-Energy DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Precious Metals DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Industrial Metals DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Agriculture DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Softs DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, ETFS Short Livestock DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each and ETFS Short Grains DJ-AIGCISM class undated limited recourse secured debt securities of US\$5 in principal amount each, in each case of the Issuer, created pursuant to and constituted by the Trust Instrument and recorded on the relevant Register of Short and Leveraged Index Securities and "**ETFS Short All Commodities DJ-AIGCISM Index Securities**", "**ETFS Short Energy DJ-AIGCISM Index Securities**", "**ETFS Short Petroleum DJ-AIGCISM Index Securities**", "**ETFS Short Ex-Energy DJ-AIGCISM Index Securities**", "**ETFS Short Precious Metals DJ-AIGCISM Index Securities**", "**ETFS Short Industrial Metals DJ-AIGCISM Index Securities**", "**ETFS Short Agriculture DJ-AIGCISM Index Securities**", "**ETFS Short Softs DJ-AIGCISM Index Securities**", "**ETFS Short Livestock DJ-AIGCISM Index Securities**" and "**ETFS Short Grains DJ-AIGCISM Index Securities**" shall be construed accordingly;

Short Individual Securities means together the Short Aluminium class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Cocoa class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Coffee class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Copper class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Corn class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Cotton class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Crude Oil class undated limited recourse secured debt securities of US\$5 in principal

amount each, Short Gasoline class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Gold class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Heating Oil class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Lead class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Lean Hogs class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Live Cattle class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Natural Gas class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Nickel class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Platinum class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Silver class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Soybean Oil class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Soybeans class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Sugar class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Tin class undated limited recourse secured debt securities of US\$5 in principal amount each, Short Wheat class undated limited recourse secured debt securities of US\$5 in principal amount each and Short Zinc class undated limited recourse secured debt securities of US\$5 in principal amount each, in each case of the Issuer, created pursuant to and constituted by the Trust Instrument and recorded on the relevant Register of Short and Leveraged Individual Securities and "ETFS Short Aluminium Individual Securities", "ETFS Short Cocoa Individual Securities", "ETFS Short Coffee Individual Securities", "ETFS Short Copper Individual Securities", "ETFS Short Corn Individual Securities", "ETFS Short Cotton Individual Securities", "ETFS Short Crude Oil Individual Securities", "ETFS Short Gasoline Individual Securities", "ETFS Short Gold Individual Securities", "ETFS Short Heating Oil Individual Securities", "ETFS Short Lead Individual Securities", "ETFS Short Lean Hogs Individual Securities", "ETFS Short Live Cattle Individual Securities", "ETFS Short Natural Gas Individual Securities", "ETFS Short Nickel Individual Securities", "ETFS Short Platinum Individual Securities", "ETFS Short Silver Individual Securities", "ETFS Short Soybean Oil Individual Securities", "ETFS Short Soybeans Individual Securities", "ETFS Short Sugar Individual Securities", "ETFS Short Tin Individual Securities", "ETFS Short Wheat Individual Securities" and "ETFS Short Zinc Individual Securities" shall be construed accordingly;

Theoretical Hedge Position means in respect of a particular futures contract, the number calculated in accordance with Condition 5.7;

Trading Day means:

- (a) for an 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) for a Composite Commodity Index a day on which all the Relevant Exchanges for each commodity comprised in that Composite Commodity Index are open for trading during their regular trading session, notwithstanding any of such Relevant Exchanges closing prior to their scheduled closing time;
- (c) for a futures contract the Settlement Price of which is included in the calculation of a Commodity Index, a day on which the Relevant Exchange for that futures contract is open for trading during its regular trading session, notwithstanding such Relevant Exchange closing prior to its scheduled closing time; or
- (d) for a commodity in connection with a Commodity Index (or class of Short or Leveraged Commodity Securities), a Trading Day (pursuant to sub-paragraph (c) above) for a futures contract in respect of that commodity the Settlement Price for which is included in the calculation of that Commodity Index (or the Commodity Index relating to that class of Short or Leveraged Commodity Securities);

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 11 and 12, Commodity Contracts created thereunder and the Guarantees;

Trust Instrument means the trust instrument dated 8 February 2008, between the Issuer and the Trustee constituting Short and Leveraged Commodity Securities, including the schedules thereto;

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

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

Unacceptable Authorised Participant means an Authorised Participant (a) 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 or (b) which is an "Unacceptable Authorised Participant" (as defined in the Classic and Forward Facility Agreement) for the purposes of the Classic and Forward Facility Agreement;

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 U.S.;

US Person means a "US person" as defined in Regulation S under the Securities Act;

United States or U.S. means the United States of America, its territories and possessions, any state of the United States and the District of Columbia; and

VAT means value added tax;

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 SHORT AND LEVERAGED COMMODITY SECURITIES

Short and Leveraged Commodity Securities constitute undated limited recourse secured debt obligations of the Issuer secured as set out in Condition 3. The Short and Leveraged Commodity Securities of each class rank *pari passu* among themselves.

3. SECURITY AND LIMITED RECOURSE

- 3.1 The obligations of the Issuer in respect of each class of Short or Leveraged Commodity Securities 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 Short or Leveraged Commodity Securities 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, re-organisation, 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 Classic and Forward Securities.

4. FORM AND TRANSFER

- 4.1 Short and Leveraged Commodity Securities are in registered form and are individually transferable.
- 4.2 Short and Leveraged Commodity Securities may be held and transferred in Uncertificated Form by means of GREST in accordance with the Regulations. The Trustee may, without the consent of Security Holders, consult 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 Short and Leveraged Commodity Securities in Uncertificated Form. A Security Holder may request that his Short or Leveraged Commodity Securities be held in Certificated Form, in which case such Short or Leveraged Commodity Securities shall be removed from GREST.
- 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 Short or Leveraged Commodity 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 Short or Leveraged Commodity Security, agrees to treat the Short and Leveraged Commodity Securities as equity interests in the Issuer for all U.S. federal tax purposes.

5. PRICE OF SHORT AND LEVERAGED COMMODITY SECURITIES

- 5.1 The Price for the first Short or Leveraged Commodity Security of a particular class to be issued (which shall be treated as being the Price for the day on which the Creation Notice (as defined in the Facility Agreement) for the corresponding Commodity Contract is received or deemed received by the Commodity Contract Counterparty pursuant to the Facility Agreement) shall be \$50,000,000. Thereafter the Price for a Short or Leveraged Commodity Security of each class shall be calculated on each calendar day in accordance with Conditions 5.2 to 5.4 below, save that:
- (a) in relation to a Short or Leveraged Index Security, an Indicative Price shall be calculated in accordance with Condition 5.5 for any calendar day which is for the Composite Commodity Index applicable to that Short or Leveraged Index Security: (i) a Market Disruption Day; or (ii) a day (not being a Pricing Day) where the preceding day which is both a Trading Day and a General Trading Day was a Market Disruption Day, and, subject to (c) below, on

each such day no Price shall be calculated for the relevant class of Short or Leveraged Index Security;

- (b) in relation to a Short or Leveraged Index Security, for a Pricing Day where the preceding Trading Day which is a General Trading Day for the Composite Commodity Index applicable to that Short or Leveraged Index Security was a Market Disruption Day, the Price for such day shall be calculated in accordance with Condition 5.6 below;
- (c) upon a Settlement Redemption Form being deemed received in relation to a class of Short or Leveraged Index Security on a Trading Day which is a General Trading Day but not a Pricing Day then a Price shall be determined for that class of Short or Leveraged Index Security in accordance with Condition 5.8 solely for the purposes of the Redemption pursuant to that Settlement Redemption Form (and, for the avoidance of doubt, that Price shall not be considered a Price for any other purpose under this Condition 5); and
- (d) upon a Settlement Redemption Form being deemed received in relation to a class of Short or Leveraged Individual Security on a Trading Day which is a General Trading Day but not a Pricing Day Condition 5.9 shall apply.

Pricing

5.2 Subject to Condition 5.1 above, the Price of a Short or Leveraged Commodity Security of a particular class for each calendar day will be an amount (which may not be negative) determined using the relevant Commodity Index for that class by the following formula (calculated to 7 places of decimals with 0.00000065 rounded upwards):

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

where:

$P_{i,t}$ is the Price of a Short or Leveraged Commodity Security of class i for day t ;

$P_{i,t-1}$ is the Price of a Short or Leveraged Commodity Security of class i for day $t-1$;

i refers to the relevant class of Short or Leveraged Commodity Security;

t refers to the applicable calendar day;

$t-1$ refers to the calendar day prior to day t ;

$CA_{i,t}$ is the Capital Adjustment applicable to class i on day t , expressed as a decimal;

LF_i is the Leverage Factor applicable to class i , expressed as a number. For Short Commodity Securities, $LF = -1$ and for Leveraged Commodity Securities, $LF = +2$;

$I_{i,t}$ is the closing settlement price level of the Commodity Index applicable to a Short or Leveraged Commodity Security of class i for day t . If day t is not a Pricing Day for a Short or Leveraged Commodity Security of class i , then $I_{i,t}$ will be the same as $I_{i,t-1}$; and

$I_{i,t-1}$ is the closing settlement price level of the Commodity Index applicable to a Short or Leveraged Commodity Security of class i for day $t-1$.

5.3 For a Short or Leveraged Individual Security if $t-1$ is not a Pricing Day then $I_{i,t-1}$ shall be the closing settlement price level of the Individual Commodity Index applicable to a Short or Leveraged Individual Security of class i on the preceding Pricing Day.

5.4 For a Short or Leveraged Index Security, if $t-1$ is not a Pricing Day then $I_{i,t-1}$ shall be the closing settlement price level of the Composite Commodity Index applicable to a Short or Leveraged Index Security of class i on the last day preceding day $t-1$ which is both a General Trading Day and a Trading Day for that Composite Commodity Index.

Indicative Pricing during Market Disruptions:

5.6 For a Short or Leveraged Index Security, if t is a day which is (a) a Market Disruption Day for the Composite Commodity Index applicable to that Short or Leveraged Index Security or (b) a calendar day (not being a Pricing Day) and the day which is both a Trading Day (for that Composite Commodity Index) and a General Trading Day preceding day t was a Market Disruption Day then the Indicative Price of such Short or Leveraged Index Security shall be as follows:

Calculation of Indicative Price on an Initial Market Disruption Day

(i) on a day which is a Market Disruption Day for the Composite Commodity Index by reference to which the Price of a class of Short or Leveraged Index Security is calculated and where the preceding day which is both a Trading Day and a General Trading Day was also a Pricing Day for such Composite Commodity Index (such Market Disruption Day being "Market Disruption Day 1"); the Indicative Price of a Short or Leveraged Index Security of any class shall be determined in accordance with the following formula (calculated to 7 places of decimals with 0.00000005 rounded upwards):

$$IP_{i,t} = P_{i,t-1} \times \left[1 + CA_{i,t} + LF_i \times \left(\frac{I_{i,t}}{I_{i,t-1}} - 1 \right) \right]$$

where:

$IP_{i,t}$ is the Indicative Price of a Short or Leveraged Index Security of class i for day t;

$P_{i,t-1}$ is the Price of a Short or Leveraged Index Security of class i for day t-1;

i refers to the relevant class of Short or Leveraged Index Security;

t refers to the applicable calendar day (t-1 being Market Disruption Day 1);

$t-1$ refers to the calendar day prior to day t;

$CA_{i,t}$ is the Capital Adjustment applicable to class i on day t;

LF_i is the Leverage Factor applicable to class i, expressed as a number. For Short Commodity Securities, $LF=1$ and for Leveraged Commodity Securities, $LF=2$;

$I_{i,t}$ is the closing settlement price level of the Composite Commodity Index applicable to a Short or Leveraged Index Security of class i for day t; and

$I_{i,t-1}$ is the closing settlement price level of the Commodity Index applicable to a Short or Leveraged Index Security of class i for day t-1. If day t-1 is not a Pricing Day then $I_{i,t-1}$ shall be the closing price level of the Composite Commodity Index applicable to a Short or Leveraged Index Security of class i on the immediately preceding Pricing Day.

and

Calculation of Indicative Price on a calendar day following initial Market Disruption Day

(ii) on any calendar day not falling within sub-paragraph (i) above for which an Indicative Price in respect of a class of Short or Leveraged Index Securities is required to be calculated hereunder, the Indicative Price of a Short or Leveraged Index Security of that class shall be determined in accordance with the following formula (calculated to 7 places of decimals with 0.00000005 rounded upwards):

$$IP_{i,t} = [IP_{i,t-1} \times (1 + CA_{i,t})] + \sum_{j=1}^{NC-2} \sum_{l=1}^2 HP_{i,t-1,j}^* \times \left(\frac{WAV_{i,t}^*}{CIM_{i,t}^*} - \frac{WAV_{i,t-1}^*}{CIM_{i,t-1}^*} \right)$$

where:

$IP_{i,t}$ is the Indicative Price of a Short or Leveraged Index Security of class i for day t;

- $IP_{i,t-1}$ is the Indicative Price of a Short or Leveraged Index Security of class i for day $t-1$ (calculated for $t-1$ in the same manner as for day t in accordance with subparagraph (i) or this sub-paragraph (ii));
- i refers to the relevant class of Short or Leveraged Index Security;
- t refers to the applicable calendar day;
- $t-1$ refers to the calendar day prior to t ;
- $CA_{i,t}$ is the Capital Adjustment applicable to class i on day t ;
- NC means the total number of commodities in the relevant Composite Commodity Index;
- u is a commodity the Settlement Price of a futures contract relating to which is used in calculating the Composite Commodity Index to which the relevant Short or Leveraged Index Security relates;
- j in relation to a commodity u , is either a Lead Future or a Next Future and where $j=1$ it is a Lead Future and where $j=2$ it is a Next Future;
- $HP_{i,t-1,j}^u$ is the Theoretical Hedge Position for futures contract j of commodity u in respect of Short or Leveraged Index Security i on day $t-1$ calculated in accordance with Condition 5.7, save that where $t-1$ is not both a Trading Day for the relevant Composite Commodity Index and a General Trading Day then it shall be the Theoretical Hedge Position for such futures contract on the first day prior to day $t-1$ which is both a Trading Day for the relevant Composite Commodity Index and a General Trading Day;
- $WAV_{i,t,j}^u$ means the weighted value for futures contract j of commodity u on day t used for calculating the relevant Composite Commodity Index calculated in accordance with the Handbook, provided that where day t is not both a Trading Day for that Composite Commodity Index and a General Trading Day then it shall be equal to $WAV_{i,t-1,j}^u$;
- $WAV_{i,t-1,j}^u$ means the weighted value for futures contract j of commodity u on day $t-1$ used for calculating the relevant Composite Commodity Index calculated in accordance with the Handbook, provided that where day $t-1$ is not both a Trading Day for that Composite Commodity Index and a General Trading Day then it shall be the weighted value for such futures contract on the first day prior to day $t-1$ which is both a Trading Day for that Composite Commodity Index and a General Trading Day;
- $CIM_{i,t,j}^u$ means the Commodity Index Multiplier (as defined in the Handbook from time to time) on day t for futures contract j of commodity u , provided that where day t is not both a Trading Day for the relevant Composite Commodity Index and a General Trading Day then it shall be equal to $CIM_{i,t-1,j}^u$ and
- $CIM_{i,t-1,j}^u$ means the Commodity Index Multiplier (as defined in the Handbook from time to time) on day $t-1$ for futures contract j of commodity u , provided that where day $t-1$ is not both a Trading Day for the relevant Composite Commodity Index and a General Trading Day then it shall be equal to the Commodity Index Multiplier for such futures contract on the first day prior to day $t-1$ which is both a Trading Day for that Composite Commodity Index and a General Trading Day.

Cessation of calculation of Indicative Price

- (iii) the Indicative Price of a Short or Leveraged Index Security of any class shall cease to be calculated pursuant to (ii) above on the first day following Market Disruption Day 1 which is a Pricing Day for the Composite Commodity Index applicable to that class of Short or Leveraged Index Security and the Price on such Pricing Day shall be calculated in accordance with Condition 5.6.

Pricing after Market Disruption Events

5.6 For a Short or Leveraged Index Security, if t is a Pricing Day and the preceding Trading Day which is a General Trading Day for the Composite Commodity Index applicable to that Short or Leveraged Index Security was a Market Disruption Day then the Price of such Short or Leveraged Index Security shall be determined in accordance with the following formula (calculated to 7 places of decimals with 0.00000005 rounded upwards):

$$P_{it} = [IP_{t,t-1} \times (1 + CA_{it})] + \sum_{u=1}^{NC} \sum_{j=1}^2 HP_{t-1,j}^u \times \left(\frac{WAV_{t,t}^u}{CIM_{t,t}^u} - \frac{WAV_{t-1,j}^u}{CIM_{t-1,j}^u} \right)$$

where:

- P_{it} is the Price of a Short or Leveraged Index Security of class i for day t ;
- $IP_{t,t-1}$ is the Indicative Price of a Short or Leveraged Index Security of class i for day $t-1$;
- i refers to the relevant class of Short or Leveraged Index Security;
- t refers to the applicable calendar day;
- $t-1$ refers to the calendar day prior to day t ;
- CA_{it} is the Capital Adjustment applicable to class i for day t ;
- NC means the total number of commodities in the relevant Composite Commodity Index;
- $HP_{t-1,j}^u$ means the Theoretical Hedge Position for futures contract j of commodity u in respect of Short or Leveraged Index Security i on day $t-1$, save that where day $t-1$ is not both a Trading Day for the applicable Composite Commodity Index and a General Trading Day then it shall mean the Theoretical Hedge Position for such futures contract on the day preceding $t-1$ which is both a Trading Day for the relevant Composite Commodity Index and a General Trading Day;
- u is a commodity the Settlement Price of a futures contract relating to which is used in calculating the Composite Commodity Index to which the relevant Short or Leveraged Index Security relates;
- j in relation to a commodity u , is either a Lead Future or a Next Future and where $j=1$ it is a Lead Future and where $j=2$ it is a Next Future;
- $WAV_{t,t}^u$ means the weighted value for futures contract j of commodity u on day t used for calculating the relevant Composite Commodity Index calculated in accordance with the Handbook;
- $WAV_{t-1,j}^u$ means the weighted value for futures contract j of commodity u on day $t-1$ used for calculating the relevant Composite Commodity Index calculated in accordance with the Handbook and where day $t-1$ is not a Trading Day for that Composite Commodity Index which is a General Trading Day then it shall be the weighted value for such futures contract used to calculate the last published relevant value of the Composite Commodity Index on the first day prior to day $t-1$ which is both a Trading Day for that Composite Commodity Index and a General Trading Day;
- $CIM_{t,t}^u$ means the Commodity Index Multiplier (as defined in the Handbook from time to time) on day t for futures contract j of commodity u ; and
- $CIM_{t-1,j}^u$ means the Commodity Index Multiplier (as defined in the Handbook from time to time) on day $t-1$ for futures contract j of commodity u and where day $t-1$ is not a Trading Day for that Composite Commodity Index which is a General Trading Day then it shall be equal to the Commodity Index Multiplier for such futures contract on the first day prior to day $t-1$ which is both a Trading Day for that Composite Commodity Index and a General Trading Day.

Theoretical Hedge Position

5.7 For the purposes of Conditions 5.5 and 5.6 the Theoretical Hedge Position in respect of a particular futures contract and commodity shall be as follows:

Theoretical Hedge Position on a Pricing Day

- (i) on any day which is a Pricing Day for the Short or Leveraged Index Security of class i shall be the number determined in accordance with the following formula:

$$HP_{t,i}^u = LF_i \times \frac{P_{t,i} \times CIM_{t,i}^u \times RW_{t,i}^u}{\sum_{j=1}^{NG} \sum_{k=1}^{NG} WAV_{t,i,k}^v \times RW_{t,i,k}^v}$$

Where:

- $HP_{t,i}^u$ means the Theoretical Hedge Position for futures contract j of commodity u in respect of Short or Leveraged Index Security i on day t;
- i refers to the relevant class of Short or Leveraged Index Security;
- t refers to the applicable calendar day;
- j in relation to commodity u, is either a Lead Future or a Next Future and where $j=1$ it is a Lead Future and where $j=2$ it is a Next Future;
- u is a commodity the Settlement Price of a futures contract relating to which is used in calculating the Composite Commodity Index to which the Short or Leveraged Index Security relates;
- LF_i is the Leverage Factor applicable to class i, expressed as a number. For Short Commodity Securities, $LF=1$ and for Leveraged Commodity Securities, $LF=2$;
- $P_{t,i}$ is the Price of a Short or Leveraged Index Security of class i for day t;
- $CIM_{t,i}^u$ means the Commodity Index Multiplier (as defined in the Handbook from time to time) on day t for futures contract j of commodity u;
- $RW_{t,i}^u$ means the roll weight applicable to futures contract j on day t in respect of commodity u, being a value of either 0, 0.2, 0.4, 0.6, 0.8 or 1 as determined in accordance with the Handbook, to be used in the calculation of the relevant Composite Commodity Index on the following Trading Day for the relevant Short or Leveraged Index Security;
- $RW_{t,i,k}^v$ means the roll weight applicable to futures contract k on day t in respect of commodity v, being a value of either 0, 0.2, 0.4, 0.6, 0.8 or 1 as determined in accordance with the Handbook, to be used in the calculation of the relevant Composite Commodity Index on the following Trading Day for the relevant Short or Leveraged Index Security;
- NG means the total number of commodities in the relevant Composite Commodity Index;
- v means each commodity in the relevant Composite Commodity Index;
- k in relation to a commodity v, is either a Lead Future or a Next Future and where $k=1$ it is a Lead Future and where $k=2$ it is a Next Future; and
- $WAV_{t,i,k}^v$ means the weighted value for futures contract k of commodity v on day t used for calculating the relevant Composite Commodity Index calculated in accordance with the Handbook.

or

Theoretical Hedge Position on a Market Disruption Day

- (ii) on a day which is a Market Disruption Day for one or more commodities of the relevant Composite Commodity Index:
- (1) for those commodities for which it is not a Market Disruption Day shall be the number calculated using the formula set out in paragraph (i) above, save that the value $P_{t,i}$ shall be replaced with $IP_{t,i}$, being the Indicative Price of a Short or Leveraged Index Security of class i for day t calculated in accordance with Condition 5.5 above; and

- (2) for those commodities for which it is a Market Disruption Day shall be the number determined in accordance with the following formula:

$$HP_{t,t}^u = HP_{t-1,t}^u$$

where:

$HP_{t,t}^u$ means the Theoretical Hedge Position for futures contract u in respect of Short or Leveraged Index Security l on day t .

$HP_{t-1,t}^u$ means the Theoretical Hedge Position for futures contract u in respect of Short or Leveraged Index Security l on day $t-1$, save that when $t-1$ is not both a Trading Day for the relevant Composite Commodity Index and a General Trading Day then it shall be the Theoretical Hedge Position for such futures contract on the first day prior to day $t-1$ which is both a Trading Day for the relevant Composite Commodity Index and a General Trading Day.

Redemptions during Market Disruption Days

- 5.8 For the Redemption of a Short or Leveraged Index Security, if day t is a Market Disruption Day for the Composite Commodity Index relating to that Short or Leveraged Index Security, then the Price of such Short or Leveraged Index Security shall be determined in accordance with paragraphs (a) and (b) of Condition 7.10.
- 5.9 For the Redemption of a Short or Leveraged Individual Security, if day t is a Market Disruption Day for the Individual Commodity Index relating to that Short or Leveraged Individual Security then paragraph (a) of Condition 7.10 shall apply.

6. CAPITAL ADJUSTMENT

The calculation of the Price at which Short and Leveraged Commodity Securities may be Redeemed includes the Capital Adjustment for each day on which the Price is calculated. The Capital Adjustment in respect of each class of Short and Leveraged Commodity Security shall be as agreed from time to time between the Commodity Contract Counterparties and the Issuer.

7. REDEMPTION OF SHORT AND LEVERAGED COMMODITY SECURITIES BY SECURITY HOLDERS

Redemption Entitlement

- 7.1 Each Short and Leveraged Commodity 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 Short or Leveraged Commodity 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 7.14 (*Agreed Pricing*).

Redemption by Authorised Participants

- 7.2 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 Short and Leveraged Commodity Securities by lodging with the Registrar 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 Registrar on a Listing Failure Date in the circumstances further described in the applicable Authorised Participant Agreement.

Redemption by Other Security Holders

- 7.3 A Security Holder which is not also an Authorized Participant may only require the Issuer to Redeem all or any part of its holdings of Short and Leveraged Commodity Securities if, on any General Trading Day, there are no Authorized Participants, and the Security Holder submits on such day a valid Settlement Redemption Form.

Redemption Amount

- 7.4 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 7.1 or 7.2 in respect of all of the Short and Leveraged 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.

- 7.5 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

- 7.6 Short and Leveraged Commodity Securities of a particular class may not be Redeemed on a day pursuant to a Settlement Redemption Form:

- (a) submitted by any Security Holder (including any Authorized Participant), to the extent that the cancellation of Commodity Contracts corresponding to the Redemption of all Short and Leveraged Commodity Securities which are Redeemed on that day would exceed the sum of the Commodity Contract Counterparty Redemption Limits applicable to such cancellation on that day (such limit being the *Redemption Limit* for that class of Short and Leveraged Commodity Securities); or
- (b) submitted by any Authorized Participant, to the extent that the cancellation of Commodity Contracts corresponding to the Redemption of all Short and Leveraged Commodity Securities which are Redeemed on that day pursuant to Settlement Redemption Forms submitted by that Authorized Participant would exceed the sum of the Commodity Contract Counterparty Redemption Limits applicable to such cancellation on that day in respect only of those Commodity Contract Counterparties for which that Authorized Participant is an Authorized Participant (such limit being the *Authorized Participant Redemption Limit* for that class of Short and Leveraged Commodity Securities and that Authorized Participant).

For the purposes of this Condition, the *Commodity Contract Counterparty Redemption Limit* with respect to a class of Short and Leveraged Commodity Securities for in relation to any class of Short and Leveraged Commodity Securities any commodities the Settlement Price of futures contracts relating to which are included in the calculation of the Commodity Index relating to that class of Short and Leveraged Commodity 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 (or the commodities the Settlement Price of futures contracts relating to which are included in the calculation of the Commodity Index relating to that class of Commodity Contracts).

- 7.7 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 7.11 shall be disregarded.

Settlement Pricing

- 7.8 A Settlement Redemption Form shall be invalid:

- (a) if it does not specify a number and class of Short or Leveraged Commodity Securities to be Redeemed;
- (b) if it relates to the Redemption of more than one class of Short or Leveraged Commodity Security;

- (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 Short or Leveraged Commodity Securities of that class 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 7.8(e) in respect of the greatest number of Short or Leveraged Commodity Securities of the relevant class or classes 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 Short or Leveraged Commodity Securities of that class 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 7.8(f) in respect of the greatest number of Short or Leveraged Commodity Securities of the relevant class that would not result in the Authorised Participant Redemption Limit being exceeded);
- (g) where notice of a Compulsory Redemption Date has been given in accordance with Conditions 8.1 or 8.2, if the Settlement Redemption Form is received or deemed received on or after: (i) where notice has been given other than in accordance with Condition 8.1 or 8.2 (save, in the latter case, as a result of a Commodity Contract Counterparty Downgrade), the Compulsory Redemption Date; or (ii) where notice has been given in any other case under Condition 8.2, the date on which notice of the Compulsory Redemption Date was given;
- (h) if it is received or deemed received on or after the Compulsory Redemption Date in respect of any class of Short and Leveraged Commodity Securities, in respect of which notice has been given in accordance with Condition 8.5;
- (i) if it relates to the Redemption of Short and Leveraged Commodity Securities that are the subject of a Listing Failure; or
- (j) if it is invalid pursuant to Condition 7.18(c);

and, save as provided in Condition 7.8(f), no Short and Leveraged Commodity Securities of the relevant class shall be Redeemed in respect of or under that Settlement Redemption Form.

7.9 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 Short or Leveraged 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.

7.10 If a Settlement Redemption Form in relation to a class of Short or Leveraged Commodity Securities is deemed received by the Issuer prior to the Notice Deadline on an Issuer Business Day (Day 1):

- (a) if Day 1 is not a Pricing Day for such Short or Leveraged Individual Securities or, in the case of Short or Leveraged Index Securities, if Day 1 is not a Pricing Day for each of the commodities by reference to the Settlement Prices for which the Commodity Index relating to the class of Short or Leveraged Index Securities to which the Settlement Redemption Form relates is calculated (in whole or in part);
- (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 Short or Leveraged Commodity Securities shall be Redeemed in respect of or under that Settlement Redemption Form; and

- (f) If no notice is issued under Condition 7.10(a)(f) then the Settlement Redemption Form will be deemed received by the Issuer prior to the Notice Deadline on the next Issuer Business Day (and no redemption of Short or Leveraged Commodity Securities for that Settlement Redemption Form shall occur before then) in priority to any Settlement Redemption Form deemed received by the Issuer prior to the Notice Deadline on such Issuer Business Day pursuant to Condition 7.11 and that Issuer Business Day will then constitute Day 1 for the Settlement Redemption Form and this Condition 7.10 shall apply thereto accordingly;
- (b) In the case of Short or Leveraged Index Securities, if Day 1 is a Pricing Day for one or more but not all futures contracts by reference to the Settlement Price for which the Composite Commodity Index relating to a Short or Leveraged Index Security of class I relates is calculated (in whole or in part) then (1) that Short or Leveraged Index Security will not be priced until the next General Trading Day on which each such futures contract has had one or more Pricing Days; and (2) the Price of a Short or Leveraged Index Security of that class for a Settlement Redemption Form deemed received on Day 1 will be an amount (which may not be negative) calculated to 7 places of decimals with 0.0000005 rounded upwards):

$$P_{I,t} = IP_{I,t} \times \left(1 + \sum_{T=t}^{IPD-1} CA_{I,T+1} \right) + \sum_{w=1}^{ND} \sum_{j=1}^{CPD^w-1} \sum_{I=1}^2 HP_{I,j}^w \times \left(\frac{WAV_{T+1,t}^w}{CIM_{T+1,t}^w} - \frac{WAV_{T,t}^w}{CIM_{T,t}^w} \right)$$

where:

- $P_{I,t}$ is the Price of a Short or Leveraged Index Security of class I for day t;
- $IP_{I,t}$ is the Indicative Price (determined in accordance with Condition 5.5) of a Short or Leveraged Index Security of class I for day t;
- I refers to the relevant class of Short or Leveraged Index Security;
- t refers to the applicable calendar day (Day 1);
- IPD represents the 'Index Pricing Day', which is defined as the day upon which the relevant Short or Leveraged Index Security is priced, being the General Trading Day on which each futures contract by reference to the Settlement Price for which the relevant Composite Commodity Index is calculated has had at least one Pricing Day from and including day t;
- IPD-1 refers to the calendar day prior to IPD;
- $CA_{I,T+1}$ is the Capital Adjustment applicable to a Short or Leveraged Index Security of class I for day T+1;
- T represents each calendar day from and including t until and including IPD-1;
- t means each calendar day from and including t until and including CPD^w-1;
- ND means the 'Number of Disrupted commodities', being defined as the number of commodities represented in the relevant Composite Commodity Index which are the subject of a Market Disruption Event on Day 1;
- w is a commodity in relation to the relevant Composite Commodity Index which is subject to a Market Disruption Event on Day 1;
- CPD^w represents the 'Commodity Pricing Day' which is defined as the first calendar day following Day 1 which is a Pricing Day for commodity w;
- CPD^w-1 refers to the calendar day preceding CPD^w;
- J in relation to a commodity w, is either a Lead Future or a Next Future and where j=1 it is a Lead Future and where j=2 it is a Next Future;
- $HP_{I,j}^w$ means the Theoretical Hedge Position (determined in accordance with Condition 5.7(i)) for futures contract j of commodity w in respect of Short or Leveraged Index Security I on day t;

$WAV_{t,t+1}^w$ means the weighted value for futures contract j of commodity w on day $t+1$ used for calculating the relevant Composite Commodity Index calculated in accordance with the Handbook, provided that where day $t+1$ is not a General Trading Day then it shall be equal to $WAV_{t,t}^w$.

$WAV_{t,t}^w$ means the weighted value for futures contract j of commodity w on day t used for calculating the relevant Composite Commodity Index calculated in accordance with the Handbook, provided that where day t is not a General Trading Day then it shall be the weighted value for such futures contract on the General Trading Day preceding day t .

CIM_t^w means the Commodity Index Multiplier (as defined in the Handbook from time to time) on day t for futures contract j of commodity w , provided that where day t is not a General Trading Day then it shall be equal to the Commodity Index Multiplier for such futures contract on the first General Trading Day prior to day t , and

$CIM_{t,t+1}^w$ means the Commodity Index Multiplier (as defined in the Handbook from time to time) on day $t+1$ for futures contract j of commodity w , provided that where day $t+1$ is not a General Trading Day then it shall be equal to CIM_t^w .

(c) where Condition 7.10(b) applies, the Pricing Date in respect of the Settlement Redemption Form relating to the Short or Leveraged Index Securities concerned will be the Trading Day on which all futures contracts by reference to the Settlement Price for which the Composite Commodity Index relating to such Short or Leveraged Index Securities is calculated have had one or more Pricing Days since (but including) Day 1;

(d) where Condition 7.10(b) applies:

(i) in relation to a Settlement Redemption Form delivered by an Authorised Participant, at any time prior to a Pricing being completed in accordance with Condition 7.10(b) the relevant Commodity Contract Counterparty and the relevant Authorised Participant may agree a Price and applicable Pricing Date in lieu of that which would be determined in accordance with Condition 7.10(b) and notify that Price and applicable Pricing Date jointly to the Issuer in such form as the Issuer may reasonably require. Such joint notification shall be conclusive evidence that the relevant Commodity Contract Counterparty and the relevant Authorised Participant have agreed a Price and applicable Pricing Date which shall apply in lieu of that which would be determined in accordance with Condition 7.10(b).

(ii) if a Price has not been determined in accordance with Condition 7.10(b) of sub-paragraph (i) by the end of the fourth General Trading Day following Day 1 then, either the relevant Authorised Participant or the Issuer, by notice to the other given in the same manner as for a Pricing Notice, may elect that the Price should instead be determined in the manner provided in the following sub-paragraphs. Any such notice must, to be valid, be given between 8.00 a.m. and 6.30 p.m. (in the case of notice given by the relevant Authorised Participant) or 7.00 p.m. (in the case of notice given by the Issuer) on an Issuer Business Day. Any such notice which is received by the Issuer or the relevant Authorised Participant on an Issuer Business Day after the Notice Deadline but prior to 6.30 p.m. (in the case of notice given by the relevant Authorised Participant) or 7.00 p.m. (in the case of notice given by the Issuer) shall be deemed to be received by the Issuer or the relevant Authorised Participant (as the case may be) at 8.00 a.m. on the following Issuer Business Day, unless the Issuer or the relevant Authorised Participant (as the case may be) 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 or the relevant Authorised Participant (as the case may be) prior to the Notice Deadline. The giving of any notice pursuant to this paragraph (ii) shall not prevent the relevant Commodity Contract Counterparty and the relevant Authorised Participant from agreeing a Price and Pricing Date in accordance with sub-paragraph (i) above in which case such Price and applicable Pricing Date shall apply in lieu of that which would be determined in accordance with the following sub-paragraphs:

- (iii) if a notice is given pursuant to sub-paragraph (ii) above the Calculation Agent shall calculate in good faith and in a commercially reasonable manner a Price as at the close of business on the Issuer Business Day on which such notice was deemed given using the formula set out in Condition 7.10(b) and, for each relevant futures contract for which a Market Disruption Event would (but for this paragraph (d)) have prevented the determination of the Price hereunder, a fair market value for such futures contract determined using the principles set out in Condition 14.3 and shall notify the same to the Issuer, the relevant Authorised Participant and the relevant Commodity Contract Counterparty; and
- (iv) if by 6.30 p.m. on the Issuer Business Day following notification by the Calculation Agent to the Issuer and the relevant Authorised Participant of any determination made by the Calculation Agent pursuant to sub-paragraph (ii) above either the Issuer or the relevant Authorised Participant notifies the relevant Commodity Contract Counterparty that it requires the appointment of a leading dealer in commodity derivatives as substitute calculation agent (a "Substitute Calculation Agent") to determine the fair market values for any futures contract for which a Market Disruption Event would (but for this paragraph (d)) have prevented the determination of the Price hereunder in accordance with this paragraph and the Price, then (unless agreement is reached otherwise in accordance with sub-paragraph (i) above) each of the Issuer, the relevant Authorised Participant and the relevant Commodity Contract Counterparty shall, in the absence of manifest error, be bound by a determination made by the Substitute Calculation Agent of such fair market values and Price. Any Substitute Calculation Agent shall be appointed jointly by relevant Authorised Participant and the relevant Commodity Contract Counterparty or, at the request of either, by the Issuer. Any Substitute Calculation Agent, if it is an Authorised Participant, shall be independent of the Creation concerned and shall itself have no similar transactions with the Issuer awaiting Pricing in accordance with provisions of its Authorised Participant Agreement analogous to Condition 7.10(b). The Issuer shall not be obliged to appoint any Substitute Calculation Agent hereunder unless it is indemnified and/or secured to its reasonable satisfaction against any Liabilities to which it may thereby render itself liable. In performing its duties under this paragraph any Substitute Calculation Agent shall calculate such fair market values and Price in good faith and in a commercially reasonable manner and shall calculate such Price as at the close of business on the Issuer Business Day on which the notice under sub-paragraph (ii) above was deemed given using the formula set out in Condition 7.10(b) and, for each relevant futures contract for which a Market Disruption Event would (but for this paragraph (d)) have prevented the determination of the Price hereunder, a fair market value for such futures contract using the principles set out in Condition 14.3 and the applicable reported settlement prices for all other relevant futures contracts. The Substitute Calculation Agent shall assume, without enquiry, that any determination by the original Calculation Agent as to whether a Market Disruption Event in relation to any futures contract has occurred is correct and shall be bound by any such determination. Accordingly the role of the Substitute Calculation Agent shall be limited to the determination of the relevant fair market values and the Price consequent upon such determinations. The Substitute Calculation Agent shall have no liability or responsibility to the parties for any error or omission in making any determination in connection with this paragraph.

7.11 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.

7.12 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.

7.13. 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 agreement.

Agreed Pricing

7.14. 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 class of Short or Leveraged Commodity Securities specified in the notice(s), and the US Dollar amount which is the Redemption Amount for those Short or Leveraged Commodity Securities.

7.15. 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 7.17(a), 7.17(b) or 7.17(c); or
- (b) one of which is invalid under Condition 7.17.

these 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.

7.16. 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.

7.17. An Agreed Redemption Form shall be invalid if it does not set out:

- (a) the number and class of Short or Leveraged 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

7.18. If the Price of a class of Short or Leveraged Commodity 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 Short or Leveraged Commodity Securities of that class pursuant to Condition 7.1(a) and, subject as provided in this Condition 7.18, 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 on an Issuer Business Day when the right to Redeem Short or Leveraged Commodity Securities of that class pursuant to Condition 7.1(a) is suspended pursuant to this Condition shall be invalid.

- (d) if the right to Redeem Short or Leveraged Commodity Securities of that class pursuant to Condition 7.1(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 8.6, then notwithstanding that a number of Short or Leveraged Commodity Securities of that class may have been specified pursuant to that Condition which is not all of those Short or Leveraged Commodity Securities, such Compulsory Redemption Date shall be a Compulsory Redemption Date for all of the Short or Leveraged Commodity Securities of that class.

8. COMPULSORY REDEMPTION BY THE ISSUER OR TRUSTEE

Compulsory Redemption on Termination

8.1 The Issuer may at any time (upon not less than seven days' notice in the case of (a) below, 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 Short and Leveraged Commodity Securities, or all Short or Leveraged Commodity Securities of any one or more class, 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 Short and Leveraged Commodity Securities, or all Short or Leveraged Commodity Securities of any one or more class.

8.2 If a Counterparty Event of Default, a Commodity Contract Counterparty Downgrade 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 Principal Amount (as at the date of the last signature) of the affected Short and Leveraged Commodity Securities (as a whole) then outstanding or by an Extraordinary Resolution of the Security Holders holding affected Short and Leveraged 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 Short and Leveraged 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 Short and Leveraged Commodity Securities" means, in the context of an Issuer Insolvency Event, all of them, and in the context of a Counterparty Insolvency Event or a Commodity Contract Counterparty Downgrade, those Short and Leveraged Commodity Securities that are attributable to the Pool or Pools which include rights against that particular Commodity Contract Counterparty.

8.3 If a Compulsory Redemption Date is nominated by the Issuer pursuant to Condition 8.1(a) in relation to any Short or Leveraged 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 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 18.3, the redemption pursuant to this Condition shall not apply to the Short or Leveraged Commodity Securities attributable to that Pool but shall apply (*mutatis mutandis*) to the New Short or Leveraged Commodity Securities attributable to such new Pool and otherwise on the basis of this Condition 8.

8.4 If a Facility Agreement has been terminated, or notice of a compulsory pricing date thereunder by reason of a Counterparty Event of Default, then no further Redemption Notices in respect of Short or Leveraged 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 shall be effective unless and until the Issuer has determined to divide such Pool as referred to in Condition 8.2 and such division has become effective.

Compulsory Redemption due to Index Disruption

8.5 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 Short or Leveraged Commodity Securities of a particular class if:

- (a) a Commodity Index which relates to that class of Short or Leveraged Commodity 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 Commodity Index to the Issuer under that Facility Agreement; or
- (b) non-calculation or non-publication of a Commodity Index which relates to that class of Short or Leveraged Commodity 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

8.6 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 Short or Leveraged 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 Short or Leveraged Commodity Securities (which may not be all of those Short or Leveraged Commodity Securities) to be redeemed in consequence of such notice and if in relation to any particular class of Short or Leveraged Commodity Securities the Issuer does not redeem all the outstanding Short or Leveraged Commodity Securities they will be redeemed in accordance with Condition 8.13 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 8.6 in relation to less than all of the Short or Leveraged Commodity Securities of a particular class is subject to Condition 7.16.

Compulsory Redemption on a fall in the Price relative to the Principal Amount

8.7 If on any Pricing Day the Price of any class of Short or Leveraged Commodity Security falls to 2.5 times the Principal Amount of such Short or Leveraged Commodity 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 Short or Leveraged Commodity 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 Short or Leveraged Commodity Security and subject to Condition 3.2 investors will receive a sum on such Compulsory Redemption calculated in accordance with Condition 8.13. The right to nominate an Issuer Business Day to be a Compulsory Redemption Date to this Condition 8.7 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 Short or Leveraged Commodity Security falls to 2.5 times the Principal Amount (as so reduced) of such Short or Leveraged Commodity Security or below.

Compulsory Redemption when Intra-day Price falls to zero

8.8 If the Calculation Agent notifies the Issuer that the Intra-day Price of Commodity Contracts of the same class as any Short or Leveraged Commodity Securities has fallen to or below zero at any time during any Trading Day and a Commodity Contract Counterparty notifies the Issuer that Commodity Contracts of that class have been terminated then the Short or Leveraged Commodity Securities of such class will automatically be subject to a Compulsory Redemption on that day and, subject to Condition 3.2, Security Holders will receive a sum calculated in accordance with Condition 8.13 as if a Compulsory Redemption Date had been notified in respect of such Short or Leveraged Commodity Security. The Issuer will give notice via a RIS

as soon as practicable upon being notified as described in the preceding sentence of this Condition 8.8, but no liability is assumed by the Issuer for any failure to give any such notice and failure to give any such notice shall not prejudice any Compulsory Redemption pursuant to the preceding sentence of this Condition 8.8 which shall have effect as provided therein whether or not, and irrespective of when, notice is given by the Issuer pursuant to this sentence.

Compulsory Redemption for cause

8.9 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 Short and Leveraged Commodity Securities held by that Security Holder, if:

- (a) the Issuer required the Security Holder in accordance with Condition 13 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 13 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 13 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 13 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) (a) that such Short and Leveraged 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 Short and Leveraged Commodity Securities, or (b) that the ownership or holding or continued ownership or holding of those Short and Leveraged 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 Short and Leveraged Commodity Securities held by it, a notice given by the Issuer under this Condition shall relate only to those Short and Leveraged Commodity Securities (and not any other Short or Leveraged Commodity Securities held by that Security Holder).

8.10 If a Security Holder which is the subject of a notice under Condition 8.9 provides to the Issuer prior to the Notice Deadline proof required by the Issuer that its Short and Leveraged Commodity Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor or a Prohibited US Person, then the Short and Leveraged Commodity Securities referred to in that notice shall not be redeemed under these Conditions.

8.11 If a Security Holder which is the subject of a notice under Condition 8.9 does not provide to the Issuer prior to the Notice Deadline proof required by the Issuer that its Short and Leveraged Commodity Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor or a Prohibited US Person, then the Short and Leveraged 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 Short and Leveraged Commodity Securities.

8.12 The Issuer shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Condition 8. The exercise of the powers conferred by this Condition 8 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 Short and Leveraged Commodity Securities, or any other grounds save that such powers shall have been exercised in good faith.

Compulsory Redemptions

8.13 Where a Compulsory Redemption Date is notified in accordance with these Conditions other than pursuant to Condition 8.9, 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 Short and Leveraged Commodity Securities of each relevant class 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 class of Short or Leveraged Commodity Securities to which the Compulsory Redemption Date relates shall be priced until Short or Leveraged Commodity Securities of that class (including, in the case of a Compulsory Redemption Date notified in accordance with Condition 8.6, all those Short or Leveraged Commodity Securities that have previously been deducted from the Compulsory Daily Pricing Number for that class 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 class have been priced;
- (c) on the Redemption Payment Date for such Compulsory Redemption the Issuer shall (subject to the Security Holder depositing the Short and Leveraged Commodity Securities in question into an appropriate CREST account or otherwise delivering such Short and Leveraged Commodity Securities to the Issuer by agreement with the Issuer) pay into the appropriate Redemption Account(s) the sum of the Prices or, if higher in each case but not in aggregate (but subject to Condition 3.2), the Principal Amounts of all Short and Leveraged 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 the third London Business Day following the Pricing Day on which that Price was determined (provided that if that day is not a New York Business Day then on the next following Business Day) 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 or, if higher in each case but not in aggregate (but subject to Condition 3.2), the Principal Amounts of all Short and Leveraged 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 Short and Leveraged Commodity Securities which were so priced shall be cancelled.

8.14 Where a Compulsory Redemption Date is notified to a Security Holder in accordance with Condition 8.9:

- (a) the Redemption Amount with respect to such Redemption shall be the amount (in US Dollars) equal to the sum of the Prices for the relevant Short and Leveraged Commodity Securities determined in accordance with paragraph (b);
- (b) on the Compulsory Redemption Date and on any required succeeding Pricing Day the applicable Compulsory Number Priced of each class of Short and Leveraged Commodity Securities shall be priced until Short and Leveraged Commodity Securities of that class in a number equal to the Compulsory Redemption Number for that class have been priced; and
- (c) within three Business Days of the Redemption Payment Date for such Compulsory Redemption the Issuer shall (subject to the Security Holder depositing the Short and Leveraged Commodity Securities in question into an appropriate CREST account or otherwise delivering such Short and Leveraged Commodity Securities to the Issuer in such manner as may be agreed by the Issuer or otherwise all such Short and Leveraged Commodity securities being cancelled to the satisfaction of the Issuer) pay into the appropriate Redemption Account(s) the Redemption Amount.

9. SETTLEMENT OF REDEMPTION AMOUNTS

- 9.1 Where a Redemption Form has been given for the Redemption of Short or Leveraged Commodity Securities, the Security Holder which holds those Short or Leveraged Commodity Securities which are the subject of that Redemption must deposit the Short or Leveraged 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 Short or Leveraged 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 Short or Leveraged Commodity Securities, unless the Redemption Form is validly withdrawn (in accordance with Condition 7.9) the Short or Leveraged 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 Short or Leveraged Commodity Securities.
- 9.2 Failure by a Security Holder to deposit those Short or Leveraged Commodity Securities into an appropriate CREST account and give correct delivery versus payment instructions shall not invalidate the Redemption of those Short or Leveraged Commodity Securities. Where settlement of a Redemption of Short or Leveraged Commodity Securities is delayed due to the failure of the Security Holder to deposit the Short or Leveraged Commodity Securities in question into an appropriate CREST account or give correct delivery versus payment instructions or otherwise deliver such Short or Leveraged 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 Short or Leveraged 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 Short or Leveraged Commodity Securities.
- 9.3 Where Short or Leveraged Commodity Securities are Redeemed in accordance with Condition 8, 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 Short or Leveraged Commodity Securities being Redeemed.
- 9.4 Save to the extent that the proviso to Condition 7.2 applies, payment of the Redemption Amount (less any applicable Redemption Fee deducted under Condition 10) into the applicable Redemption Account on the Redemption Payment Date is in full satisfaction of all liability which the Issuer has to Security Holders in respect of the Short or Leveraged Commodity Securities which have been Redeemed.
- 9.5 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 Short or Leveraged 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 Short or Leveraged Commodity Securities held by such Security Holder and which are to be redeemed, then any such payment will be reduced (and the matching obligation of the Issuer to pay any Redemption Amount to that Security Holder will also be reduced) by the amount of the withholding or deduction.
- 9.6 The Redemption of Short or Leveraged Commodity Securities by the Issuer pursuant to the occurrence of a Listing Failure, and delivery of Short or Leveraged 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.

- 9.7 The Issuer may give such directions to the Security Holder as appear to the Issuer to be necessary to enable the settlement of any payment or delivery to be made by it pursuant to this Condition.

10. REDEMPTION FEE

- 10.1 Subject as provided below, it is a condition to the performance by the Issuer of the obligation to Redeem Short and Leveraged 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 Short and Leveraged Commodity Securities shall pay to the Issuer the Redemption Fee in respect of such Redemption in accordance with this Condition 10. The Issuer may offset the amount of the Redemption Fee payable hereunder against the Redemption Amount payable to the Security Holder.
- 10.2 On a Redemption of Short and Leveraged 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 Short and Leveraged Commodity Securities being redeemed.
- 10.3 On a Redemption of Short and Leveraged 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.
- 10.4 On a Compulsory Redemption of Short and Leveraged 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 13 and the cost of giving notices under Condition 8, being not greater than £500 or such other amount as may be notified through a RIS. The Issuer shall notify Security Holders whose Short and Leveraged 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.
- 10.5 The Issuer may set off any amount payable to the Issuer in accordance with this Condition 10 by the holder of Short and Leveraged Commodity Securities in respect of the Redemption Fee against the Redemption Amount payable by the Issuer to such holder.

11. INTEREST ON SETTLEMENT FAILURE

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 the date falling three Business Days after the Settlement Failure Date, and thereafter at the Default Rate; and
- (b) cease to accrue on the date on which such balance is paid into the relevant Redemption Account.

12. SATISFACTION OF REDEMPTION FORMS BY TRANSFER

The Issuer may in its absolute discretion elect to satisfy Redemption Forms by transfer of the appropriate number of Short and Leveraged 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 Short and Leveraged 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).

13. ENQUIRIES AS TO STATUS OF SECURITY HOLDERS

- 13.1 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 class of Short and Leveraged 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 Short and Leveraged 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 Short and Leveraged Commodity Securities held by it, specifying the number and class of Short or Leveraged 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).
- 13.2 The Issuer may provide to any Commodity Contract Counterparty copies of any enquiries made by it under this Condition 13 and any responses received from the Security Holder.
- 13.3 The Issuer shall be entitled, save to the extent that it has made enquiry under this Condition 13, to assume that none of the Short and Leveraged Commodity Securities are held by Prohibited US Persons or Prohibited Benefit Plan Investors.

14. CALCULATION AGENT

- 14.1 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 Short and Leveraged Commodity Securities or the Trust Instrument):
- (a) to determine whether a Market Disruption Event exists and to make the determinations expressly contemplated in the definition of "Intra-day Price";
 - (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 or any Composite Commodity Index is not published for five or more consecutive Trading Days by reason of those Trading Days being Market Disruption Days in relation to any commodity the Settlement Price of which is used to determine that Composite Commodity Index, to calculate and provide to the Issuer in each case a substitute value for that Commodity Index on each subsequent Trading Day for as long as the Market Disruption Event continues; and
 - (c) if a 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 Commodity Index, to calculate and provide to the Issuer a substitute value for that Commodity Index for that Trading Day and for each subsequent Trading Day for as long as the non-publication continues.
- 14.2 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 Agreement. Subject thereto, in the absence of manifest error the determinations of the Calculation Agent are final and conclusive.
- 14.3 Where for the purposes of each Facility Agreement the Calculation Agent calculates a substitute value for a Commodity Index it is or will be required to adopt and follow the following principles in making that calculation:
- (a) the substitute value shall be based on the Calculation Agent's determination of the fair market value at such time of the futures contracts underlying the Commodity Index based on factors the Calculation Agent deems relevant, including, but not limited to, prices in other commodity markets, any available electronic or after hours trading prices, related over-the-counter or other non-exchange based prices, implied prices that may be derived from other

exchange traded instruments, and estimated fair values based on fundamental market information; and

- (b) in determining the substitute value, the Calculation Agent shall have regard to relative movements in prices in other commodity futures markets for the same or similar commodities which were not affected by the Market Disruption Event or other event.

14.4 Where for the purposes of each Facility Agreement a substitute value for a 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 Short or Leveraged Commodity Securities to which that Commodity Index is applicable for that Trading Day, in lieu of the Commodity Index.

14.5 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 Short or Leveraged 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 Short and Leveraged Commodity Securities in connection with any such determination.

15. ENFORCEMENT

15.1 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 Short and Leveraged Commodity Securities to which such Defaulted Obligation relates;
- (b) if a Counterparty Event of Default and/or a Commodity Contract Counterparty Downgrade 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 Short and Leveraged Commodity Securities (as a whole) then outstanding or by an Extraordinary Resolution of the Security Holders holding affected Short or Leveraged 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 Short or Leveraged Commodity Securities and for this purpose (and Condition 15.3) "affected Short or Leveraged Commodity Securities" means, in the context of an Issuer Insolvency Event, all of them, and in the context of a Counterparty Event of Default or a Commodity Contract Counterparty Downgrade, those Short or Leveraged Commodity Securities that are attributable to the Pool or Pools which include rights against that particular Commodity Contract Counterparty;

15.2 If the Trustee considers that the Issuer is in material breach of any of the covenants, undertakings and obligations (other than payment obligations) in the Trust Instrument and has not remedied the same within 30 calendar days of being required to do so by the Trustee, the Trustee may, but shall not be obliged to, give notice to all Security Holders of that fact. Prior to giving any such notice, the Trustee shall provide a copy of the proposed notice to the Issuer and shall include with the notice any statement of not more than 1,000 words prepared by the Issuer

and provided to the Trustee for the purpose within 7 calendar days of receipt of the copy of the proposed notice referred to herein. In any such notice the Trustee may designate a Period (the **Breach Redemption Period**) commencing on any 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 Short and Leveraged 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.

- 15.3 In the event that at any time during the Breach Redemption Period the right to Redeem Short or Leveraged Commodity Securities of any class pursuant to Condition 7.1(a) is suspended pursuant to Condition 7.18, then the right to Redeem Short or Leveraged Commodity Securities of that class pursuant to Condition 15.2 shall be suspended in like manner and the provisions of Condition 7.18(c) shall apply *mutatis mutandis*. Upon the suspension ceasing under Condition 7.18, the right to Redeem Short or Leveraged Commodity Securities of that class pursuant to Condition 15.2 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.
- 15.4 If a Counterparty Event of Default and/or a Commodity Contract Counterparty Downgrade and/or an Issuer Insolvency Event is occurring at the same time as a Defaulted Obligation, a Security Holder holding affected Short and Leveraged Commodity Securities to whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action in accordance with Condition 15.1 until the expiry of 30 calendar 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 calendar days, the Trustee has elected, or been required, to take action in accordance with Condition 15.1(a).
- 15.5 Subject to Condition 15.7, 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 Registrar 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 Short or Leveraged Commodity Securities of a particular class outstanding at the Election Date will be the average Redemption Amount of the remaining Short or Leveraged Commodity Securities of that class.
- 15.6 If the Trustee takes any action pursuant to Condition 15.1 with respect to any Short and Leveraged Commodity Securities to which a Defaulted Obligation relates, it shall give notice to the Issuer that such Short and Leveraged 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 7.1 (Redemption Entitlement).
- 15.7 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.

16. APPLICATION OF MONEYS

All moneys received by the Trustee pursuant to the realisation of Secured Property in respect of a particular class of Short or Leveraged Commodity Securities 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 Short and Leveraged Commodity 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).

17. RESTRICTIONS

So long as any Short and Leveraged Commodity Securities of a particular class 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 Short and Leveraged 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 Short and Leveraged Commodity Securities, the acquisition and disposal of Commodity Contracts, the issue and redemption of Classic and Forward Securities (and any other securities constituted by the Classic Trust Instrument) and the acquisition and disposal of Commodity Contracts (as defined in the Classic 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 Short or Leveraged Commodity Securities of any class 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; and
- (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 Classic and Forward Trust Instrument)).

18. FURTHER SECURITIES; OTHER POOLS; TRANSFERS TO NEW POOLS; CONSOLIDATION AND DIVISION

- 18.1 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 Short or Leveraged Commodity Securities for such purposes. Any such additional classes of Short and Leveraged Commodity Securities shall have recourse only to the Pool attributable to the relevant class and not to any other Pool. Other such securities created and issued by the Issuer under this Condition 18.1 may relate to different commodities than those in respect of which Short and Leveraged Individual Securities are initially issued, or involve the same commodities but different Individual Commodity Indices, or be Short and Leveraged Index Securities involving different Composite Commodity Indices, or have different Leverage Factors, provided that the Issuer shall only issue other such Short or Leveraged Commodity Securities constituted by the Trust Instrument if the creation and redemption price of such Short or Leveraged Commodity Securities is determined by reference to a Commodity Index or any other one or more commodities index or sub-index.

calculated by AIG-FP in conjunction with Dow Jones and published by Dow Jones, save that this proviso shall not apply if a commodity index that is not calculated by AIG-FP in conjunction with Dow Jones and published by Dow Jones is substituted for one or more Commodity Indices as provided in Condition 28.2(d). Other such securities created by the Issuer under this Condition 18.1 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 18.1 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.

18.2 The Issuer shall not accept Applications for, or issue, Short or Leveraged Commodity Securities of a new class under Condition 18.1 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.

18.3 The Issuer may at any time (without the consent of the Security Holders) 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 securities (**New Short or Leveraged Commodity Securities**) of a new class referable to the same Commodity Index and otherwise on the same terms as the Short or Leveraged Commodity Securities attributable to the Existing Pool (the **Existing Short or Leveraged Commodity Securities**), each having a principal amount and Price determined in accordance with Condition 18.3(c) 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 Short or Leveraged Commodity Securities) and on terms that such New Short or Leveraged Commodity Securities shall have recourse only to the assets attributable to the New Pool, and shall issue such New Short or Leveraged Commodity Securities to the Security Holders of the Existing Short or Leveraged Commodity Securities outstanding immediately prior to the transfer becoming effective on the basis of one New Short or Leveraged Commodity Security for each Existing Short or Leveraged Commodity Security then held. For this purpose any Short and Leveraged Commodity Security in respect of which a Defaulted Obligation has occurred and is continuing shall be treated as outstanding;
- (c) the principal amount and Price of each New Short or Leveraged Commodity Security shall be the proportion of the principal amount and Price respectively, of each Existing Short or Leveraged Commodity Security outstanding immediately prior to the transfer becoming effective (including any calculation made of the Price for that day in accordance with Condition 5) 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 Short or Leveraged Commodity Securities becoming effective the principal amount and Price of each Existing Short or Leveraged Commodity Security shall be reduced accordingly; and
- (d) 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 Short or Leveraged Commodity 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.

18.4 Without prejudice to the foregoing, the Issuer may consolidate or divide all of the Short or Leveraged Commodity Securities of any class into Short or Leveraged Commodity Securities of the same class but with a proportionately larger or smaller Principal Amount and Price. Such consolidation or division shall be effected by deed or instrument supplemental to the Trust Instrument.

18.5 Whenever as a result of consolidation of Short or Leveraged Commodity Securities a Security Holder would become entitled to a fraction of a Short or Leveraged Commodity Security the Issuer will Redeem such fraction of a Short or Leveraged Commodity Security.

19. ISSUER'S ABILITY TO PURCHASE SHORT AND LEVERAGED COMMODITY SECURITIES

There is no restriction on the ability of the Issuer or any of its Affiliates to purchase or repurchase Short and Leveraged Commodity Securities.

20. LISTING

The Issuer covenants in the Trust Instrument to use its best endeavours to obtain and, so long as any of the Short and Leveraged Commodity Securities remain outstanding, maintain a Listing for the Short and Leveraged 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 Short and Leveraged Commodity Securities on such other stock exchange as it may (with the prior written approval of the Trustee) decide.

21. WAIVER, AUTHORISATION AND DETERMINATION; MEETINGS OF SECURITY HOLDERS

21.1 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 Principal Amount (as at the date of the last signature) of the Short and Leveraged 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.

21.2 Security Holders in respect of any class or classes of Short and Leveraged Commodity Securities have power by Extraordinary Resolution, *inter alia*, to sanction the release of the Issuer from the payment of moneys payable pursuant to the Trust Instrument; to sanction any modification, abrogation or compromise of, or arrangement in respect of, their rights against the Issuer, to assent to any modification or abrogation of the covenants or provisions contained in the Trust Instrument proposed or agreed to by the Issuer and also to sanction other matters as provided therein. The Trust Instrument contains provisions relating to the convening of meetings by the Issuer or the Trustee and provides that, except in the case of an adjourned meeting, at least fourteen calendar days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting, including any meeting which is being convened for the purpose of passing an Extraordinary Resolution, shall be given to the Security Holders of the relevant class or classes. In the case of a meeting adjourned through want of a quorum, other than one convened at the requisition of Security Holders, at least seven calendar days' notice (exclusive as aforesaid) should be given unless the day, time and place for the adjourned meeting is specified in the notice convening the original meeting.

22. EXERCISE OF DISCRETIONS

The Trustee may exercise its discretions under the Trust Instrument separately in respect of each class of Short and Leveraged Commodity Securities, and any Further Securities in Issue from time to time, and shall incur no liability for so doing.

23. PRESCRIPTION

The Trust Instrument does not provide for any prescription periods.

24. REMOVAL, RETIREMENT OR REPLACEMENT OF TRUSTEE

24.1 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.

24.2 The Issuer will use its reasonable endeavours to appoint a new Trustee as soon as reasonably practicable after the Trustee gives notice of 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.

25. GOVERNING LAW OR JURISDICTION

The Conditions, the Short and Leveraged 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.

26. TRUSTEE'S LIABILITY

Save in the case of fraud, wilful misconduct or gross negligence, the Trustee (or any director, officer or employee of the Trustee) 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, wilful misconduct, gross negligence or default of another director, officer or employee of Trustee.

27. AMENDMENTS TO CONDITIONS

These Conditions may be amended as set out herein or by written agreement between the Issuer and the Trustee. Any amendment to these Conditions will, subject to Condition 28.7, 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.

28. AMENDMENTS TO DOCUMENTS

28.1 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.

28.2 The Issuer may, without prejudice to Condition 28.4, by supplemental agreement or supplemental instrument or deed, as applicable, amend these Conditions, the Trust Instrument, any Security Deed(s) or any of the Trustee Consent Documents (in respect of Conditions (a), (d), (e) and (f) below without the consent of the Trustee) 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) if 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 substitute a different commodity index for one or more of the Commodity Indices and consequential changes provided that:
 - (i) corresponding adjustments have been agreed with each of the Commodity Contract Counterparties that have Commodity Contracts outstanding that refer to the relevant Commodity Index or Commodity Indices;
 - (ii) The adjustments so agreed have the consequence that at the time of the substitution of the index there is no change to the aggregate Price of the Short or Leveraged Commodity Securities of that class or classes which are the subject of the substitution; and
 - (iii) the adjustments do not take effect until at least 30 calendar days have elapsed after they are announced to Security Holders in an RIS announcement;
- (e) the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of different classes of Short or Leveraged Commodity Securities differently and the terms of the amendment are authorised by separate Extraordinary Resolutions of the holders of each class of Short or Leveraged Commodity Security affected passed in accordance with the Trust Instrument;
- (f) Condition (e) above does not apply to the amendment and the terms of the amendment are authorised by an Extraordinary Resolution of the Security Holders (as a single class) passed in accordance with the Trust Instrument; or
- (g) 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 Short and Leveraged Commodity Securities) or any Listing Rules or to rectify any inconsistency, technical defect, manifest error or ambiguity in the terms of the Trust Instrument or such Conditions, Security Deed or Trustee Consent Document.

28.3 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.

28.4 Conditions 28.2 and 28.3 shall not apply to any amendment to the terms of a 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 28.1.

28.5 The Issuer shall notify all Security Holders of a proposed amendment as referred to in Condition 28.2(a) by publishing a notice on a RIS at least 30 calendar days prior to such amendment becoming effective.

28.6 The Issuer shall notify all Security Holders of a proposed amendment as referred to in Conditions 28.2(e) and 28.2(f) by publishing a notice on a RIS as soon as practicable after such amendment is proposed and in any event, upon such amendment becoming effective.

28.7 No notice need be given of any amendment as referred to in Conditions 28.2(b), (c) or (g) or 28.4 unless the Trustee otherwise requires.

29. NOTICES

29.1 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.

29.2 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.

29.3 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 Short and Leveraged Commodity 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.

29.4 Any Pricing Notice shall be sent by fax to the Issuer's primary fax number, as follows:

Fax: [REDACTED]

or such other fax number as may be published on the Issuer's Website, and confirmed by email to the following email address:

Email: [REDACTED]

29.5 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.

29.6 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: [REDACTED]

Fax number: [REDACTED]

or such other address as may be published for the Issuer on the Issuer's Website.

29.7 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.

30. PAYMENT PROVISIONS

30.1 All monies payable by the Issuer in respect of Short and Leveraged Commodity Securities shall be paid in US Dollars in full cleared and immediately available funds.

30.2 All monies payable by the Issuer on the Redemption of any Short and Leveraged Commodity Securities (including, without limitation, any interest payable under Condition 10.2) 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.

30.3 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.

THE THIRD SCHEDULE
PROVISIONS RELATING TO REGISTRATION AND TRANSFER OF
SHORT AND LEVERAGED COMMODITY SECURITIES

1. The Issuer will recognise the registered holder of any Short or Leveraged Commodity Securities as the absolute owner thereof and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Short and Leveraged Commodity Securities may be subject and the receipt of the registered holder for the time being of any Short or Leveraged Commodity Securities or, in the case of joint registered holders, the receipt of any of them for any moneys payable in respect thereof shall be a good discharge to the Issuer notwithstanding any notice it may have whether express, constructive or otherwise of the right, title, interest or claim of any other person to or in such Short or Leveraged Commodity Securities or moneys. No notice of any trust express, implied or constructive shall be entered on the Register in respect of any Short or Leveraged Commodity Securities.
2. Every Security Holder will be recognised by the Issuer as entitled to its Short and Leveraged Commodity Securities free from any equity, set-off or cross-claim on the part of the Issuer against any original or any intermediate holder of the Short and Leveraged Commodity Securities.
3. Subject to the provisions of the Fifth Schedule (*Provisions Relating To Securities In Uncertificated Form*) hereto the Short and Leveraged Commodity Securities are transferable by instrument in writing in the usual common form or such other form as the Issuer may approve.
4. Subject to the provisions of the Fifth Schedule (*Provisions Relating To Securities In Uncertificated Form*) hereto every instrument of transfer must be signed by the transferor and the transferor shall be deemed to remain the owner of the Short and Leveraged Commodity Securities to be transferred until the name of the transferee is entered in the Register in respect thereof.
5. Subject to the provisions of the Fifth Schedule (*Provisions Relating To Securities In Uncertificated Form*) hereto every instrument of transfer must be left for registration at the place where the Register shall for the time being be kept accompanied by the Certificate for the Short and Leveraged Commodity Securities (if any) to be transferred and such other evidence as the directors or other officers of the Issuer authorised to deal with transfers may reasonably require to prove the title of the transferor or its right to transfer the Short and Leveraged Commodity Securities and if the instrument is executed by some other person on its behalf the authority of that person to do so.
6. Subject to the provisions of the Fifth Schedule (*Provisions Relating To Securities In Uncertificated Form*) hereto all instruments of transfer which shall be registered will be retained by the Issuer.

7. The executors or administrators of a deceased registered holder of Short or Leveraged Commodity Securities (not being one of several joint holders) and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only person or persons recognised by the Issuer as having any title to such Short or Leveraged Commodity Securities.
8. Any person becoming entitled to Short or Leveraged Commodity Securities in consequence of the death or bankruptcy of the holder of such Short or Leveraged Commodity Securities may upon producing such evidence that it holds the position in respect of which it proposes to act under this paragraph or of its title as the Issuer shall reasonably think sufficient be registered himself as the holder of such Short or Leveraged Commodity Securities or, subject to the preceding paragraphs as to transfer, may transfer such Short or Leveraged Commodity Securities. The Issuer shall be at liberty to retain payments in respect of any Short or Leveraged Commodity Securities to which any person has become entitled under this paragraph until such person shall be registered as aforesaid or shall duly transfer such Short or Leveraged Commodity Securities.
9. Unless otherwise agreed in writing by the Issuer and the relevant holder, payment in respect of the Short and Leveraged Commodity Securities may be made by cheque or warrant made payable to the relevant holder or, in the case of joint holders, to all such relevant joint holders or to such person or persons as the relevant holder or all the relevant joint holders may in writing direct and sent to the holder at its registered address, or in the case of joint holders, to that one of the relevant joint holders who is first named on the Register in respect of such Short or Leveraged Commodity Securities at its registered address or to such address as the relevant holder or all the relevant joint holders may in writing direct. Every such cheque or warrant may be sent through the post at the risk of the holder or relevant joint holders and due payment of the cheque or warrant shall be a satisfaction of the principal represented thereby
10. Every such cheque or warrant referred to in paragraph 9 above which is sent through the post shall be sent by first class post on or before the Business Day next preceding the due date of the relevant payment unless such due date is not a Business Day in which event it shall be so sent on or before the second such Business Day.
11. Any notice may be given to any Security Holder by sending the same by post in a prepaid letter addressed to such Security Holder at its registered address. In the case of joint holders of any Short or Leveraged Commodity Securities a notice given to the Security Holder whose name stands first on the register in respect of such Short or Leveraged Commodity Securities shall be sufficient notice to all the joint holders.
12. Any such notice as is referred to in paragraph 11 above given by post shall be deemed to have been served on the day following the day on which the same was posted or, in the case of any notice posted by second-class post, on the second day following that on which it was posted and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly addressed, stamped and posted.

13. If any Certificate issued pursuant to these presents be worn out or defaced then, upon production thereof to the directors of the Issuer, they may cancel the same and may issue a new Certificate in lieu thereof and if any such Certificate be lost or destroyed, then, upon proof thereof to the reasonable satisfaction of the directors of the Issuer, and, in the case of a lost Certificate or in default of proof of destruction of a Certificate, on such indemnity as the directors of the Issuer may reasonably deem adequate having been given, a new Certificate in lieu thereof shall be issued to the person entitled to such lost or destroyed Certificate. An entry as to the issue of the new Certificate and indemnity (if any) shall be made by the Issuer in the Register.

THE FOURTH SCHEDULE
PROVISIONS FOR MEETINGS OF SECURITY HOLDERS

The following provisions applying to meetings of Security Holders apply not just to meetings of the Security Holders (as a single class) but also in the same manner to meetings of the holders of any class of Short or Leveraged Commodity Securities.

1. The Issuer and the Trustee may respectively and the Trustee shall, at the request in writing of registered holders of not less than one-tenth of the aggregate Principal Amount of the Short and Leveraged Commodity Securities for the time being outstanding and upon receiving such indemnity as the Trustee may require against the cost of convening and holding the meeting, convene a meeting of the Security Holders. Any such meeting shall be held at such place in Jersey and at such time as the Trustee shall determine or approve.
2. At least fourteen calendar days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting, including any meeting which is being convened for the purpose of passing an Extraordinary Resolution, shall be given to the Security Holders in the manner provided in the Third Schedule (*Provisions Relating to Registration and Transfer of Short and Leveraged Commodity Securities*). Such notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted at the meeting but it shall not be necessary, except in the case of an Extraordinary Resolution, to specify in such notice the terms of any resolution to be proposed. A copy of such notice shall be sent by post to the Trustee unless the meeting shall be convened by the Trustee and to the Issuer unless the meeting shall be convened by the Issuer. The accidental omission to give notice to, or the non-receipt of notice by, any of the Security Holders shall not invalidate the proceedings at any meeting.
3. At any meeting one or more persons being Security Holders present in person or by proxy or (in the case of a Security Holder which is a corporation) by its duly authorised representative and holding or representing in the aggregate one-third of the aggregate Principal Amount of the Short and Leveraged Commodity Securities for the time being outstanding shall form a quorum for the transaction of business except for the purpose of passing an Extraordinary Resolution. The quorum for passing an Extraordinary Resolution shall be one or more persons being Security Holders present in person or by proxy or (in the case a Security Holder which is a corporation) by its duly authorised representative and holding or representing in the aggregate three-fourths of the aggregate Principal Amount of the Short and Leveraged Commodity Securities for the time being outstanding. No business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.
4. If within 15 minutes (or such longer period not exceeding 30 minutes as the chairman may decide) from the time appointed for holding the meeting a quorum is not present the meeting, if convened upon the requisition of Security Holders, shall be dissolved. In any other case, it shall stand adjourned to such day (being not less than three nor more than 28 calendar days later) and at such time and place as may have been specified for the purpose in the notice convening the meeting. Where no such

arrangements have been so specified, the meeting stands adjourned to such day and time (being not less than 13 calendar days nor more than 42 calendar days thereafter) and to such place as may be appointed by the chairman. At any such adjourned meeting one or more persons being Security Holders present in person or by proxy or (in the case of a Security Holder which is a corporation) by its duly authorised representative whatever the aggregate Principal Amount of the Short and Leveraged Commodity Securities for the time being outstanding held or represented by them shall form a quorum for the transaction of business including the passing of Extraordinary Resolutions. Save where the date, time and place for the adjourned meeting have been specified in the notice convening the meeting as referred to above in this paragraph, at least seven calendar days' notice (exclusive as aforesaid) of any adjourned meeting of Security Holders at which an Extraordinary Resolution is to be proposed shall be given in the same manner as for an original meeting and such notice shall state that one or more persons being Security Holders present in person or by proxy or (in the case of a Security Holder which is a corporation) by its duly authorised representative at the adjourned meeting whatever the aggregate Principal Amount of the Short and Leveraged Commodity Securities for the time being outstanding held or represented by them will form a quorum.

5. A person nominated in writing by the Trustee shall preside as chairman at every meeting and if no such person is nominated or if at any meeting no person nominated shall be present within five minutes after the time appointed for holding the meeting the Security Holders present shall choose one of their number to be chairman. The chairman of an adjourned meeting need not be the same person as was the chairman of the meeting from which the adjournment took place. The Trustee and the Trustee's legal and financial advisers and any director, officer or employee of a corporation being a trustee of these presents and any director and the secretary and the legal and financial advisers of the Issuer and any other person authorised in that behalf by the Trustee may attend and be heard at any meeting.
6. The chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
7. At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the chairman or by one or more Security Holders present in person or by proxy or (in the case of a Security Holder which is a corporation) by its duly authorised representative and holding or representing not less than one-twentieth of the aggregate Principal Amount of the Short and Leveraged Commodity Securities for the time being outstanding. Unless a poll is so demanded a declaration by the chairman that a resolution has been carried unanimously or by a particular majority or not carried by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

8. If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
9. In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Security Holder.
10. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman directs.
11. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.
12. On a show of hands every Security Holder who is present in person or by proxy or (in the case of a Security Holder which is a corporation) by its duly authorised representative shall have one vote. On a poll every Security Holder who is so present shall have one vote in respect of every US\$1.00 of Principal Amount of Short and Leveraged Commodity Securities of which it is the holder or in respect of which it is the proxy or duly authorised representative.
13. In the case of joint registered Security Holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
14. On a poll votes may be given either personally or by proxy or (in the case of a Security Holder which is a corporation) by its duly authorised representative and a Security Holder entitled to more than one vote need not (if it votes) use all its votes or cast all the votes it uses in the same way.
15. The instrument appointing a proxy shall be in such form as the Trustee may approve and shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised and such instrument shall be deemed to confer authority to demand or join in demanding a poll.
16. A person appointed to act as a proxy need not be a Security Holder.
17. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority shall be deposited at the registered office of the Issuer or such other place as the Trustee shall approve not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or for the taking of the poll at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated

as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date named in it as the date of its execution.

18. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed PROVIDED THAT no intimation in writing of such death, insanity or revocation shall have been received by the Issuer before the commencement of the meeting or adjourned meeting or the taking of the poll at which the proxy is to be used.
19. A meeting of the Security Holders shall in addition to all other powers have the following powers exercisable by Extraordinary Resolution only, that is to say:
 - (a) power to sanction the release of the Issuer from the payment of moneys payable pursuant to these presents;
 - (b) power to sanction any modification, abrogation or compromise of, or arrangement in respect of, the rights of the Security Holders against the Issuer whether such rights shall arise under these presents, the Certificates for the Short and Leveraged Commodity Securities or otherwise;
 - (c) power to assent to any modification or abrogation of the covenants or provisions contained in these presents proposed or agreed to by the Issuer and to authorise the Trustee to concur in and execute any supplemental trust deed or instrument embodying any such modification; and
 - (d) power to agree to the release of any trustee of these presents from any liability in respect of anything done or omitted to be done by such trustee before the giving of such release.
20. An Extraordinary Resolution passed at a meeting of the Security Holders duly convened and held in accordance with the provisions of these presents shall be binding upon all the Security Holders whether present or not present at the meeting and the Issuer, each of the Security Holders and (subject to the provisions for its indemnity contained in the Trust Instrument) the Trustee shall be bound to give effect thereto accordingly.
21. The expression "Extraordinary Resolution" means in respect of one or more classes of Short or Leveraged Commodity Securities either (a) a resolution passed at a meeting of the holders of the Short or Leveraged Commodity Securities of such class or classes duly convened and held in accordance with the provisions contained in the Trust Instrument and carried by a majority consisting of not less than 75 per cent. in number of the persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of the holders of not less than 75 per cent. by Principal Amount of the Short or Leveraged Commodity Securities of such class or classes voting on such poll or (b) a resolution in writing of holders of the Short or Leveraged Commodity Securities of such class or classes holding not less than 75 per cent. by Principal Amount of the Short or Leveraged Commodity Securities of such class or classes.

22. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the chairman of the meeting shall be conclusive evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed. Notice of the result of the voting on any resolution duly considered by the Security Holders shall be given by the Issuer not more than 14 calendar days after such result is known PROVIDED THAT the non-receipt of such notice by any Security Holder shall not invalidate such result.
23. A resolution in writing signed by or on behalf of the registered holders of not less than 75 per cent. of the aggregate Principal Amount of the Short and Leveraged Commodity Securities outstanding, or of the Short and Leveraged Commodity Securities of any class outstanding, shall for all purposes of these presents be as valid and effectual as and be deemed to be an Extraordinary Resolution passed at a meeting of the Security Holders, or of the Security Holders of the Short and Leveraged Commodity Securities of that class respectively, duly convened and held in accordance with the provisions herein contained. Such resolution in writing may be contained in one document or in several documents in or substantially in like form each signed by or behalf of one or more of the relevant Security Holders.
24. Subject to all other provisions of these presents, the Trustee may, without the consent of the Issuer or the Security Holders, prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Security Holders and attendance and voting thereat as the Trustee may in its sole discretion think fit.

THE FIFTH SCHEDULE
PROVISIONS RELATING TO SECURITIES IN UNCERTIFICATED FORM

1. The following provisions of this Schedule shall have effect in relation to Short and Leveraged Commodity Securities which are Participating Securities.
2. So long as the Short and Leveraged Commodity Securities or any class thereof are Participating Securities, no provision of these presents shall (notwithstanding anything contained in these presents) apply or have effect to the extent that it is in any respect inconsistent with:
 - (i) the holding of title to Participating Securities in uncertificated form;
 - (ii) the transfer of title to Participating Securities by means of an operator's system; or
 - (iii) the Regulations.
3. Without prejudice to the generality of paragraph 2 of this Fifth Schedule (*Provisions Relating to Securities in Uncertificated Form*) and notwithstanding anything contained in these presents, where any Short or Leveraged Commodity Securities are, for the time being, Participating Securities:
 - (i) Participating Securities may be issued in uncertificated form in accordance with and subject as provided in the Regulations;
 - (ii) Units of the Participating Securities may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in each case in accordance with and subject as provided in the Regulations;
 - (iii) where title to a Unit of the Participating Securities is evidenced otherwise than by a certificate by virtue of the Regulations, the transfer of title to such a Unit shall be effected by means of an operator's system in the manner provided for, and subject as provided, in the Regulations and, accordingly (and in particular) paragraphs 3, 4, 5 and 6 of the Third Schedule (*Provisions Relating to Registration and Transfer of Short and Leveraged Commodity Securities*) shall not apply in respect of such a Unit to the extent that those paragraphs require or contemplate the effecting of a transfer by an instrument in writing and the production of a Certificate for the Unit to be transferred;
 - (iv) the Issuer shall comply with the provisions of Regulation 18 in relation to the Participating Securities;
 - (v) the provisions of the Fourth Schedule (*Provisions for Meetings of Security Holders*) with respect to meetings of holders of the Participating Securities shall have effect subject to the provisions of Regulation 40;
 - (vi) Clause 9 of this Trust Instrument shall not apply so as to require the Issuer to issue a Certificate for new Short or Leveraged Commodity Securities to any

person holding Units of such Short or Leveraged Commodity Securities in uncertificated form;

- (vii) notwithstanding sub-paragraph (vi) above, and for the avoidance of doubt, the Conditions shall remain applicable to the Participating Securities (and accordingly the Issuer shall continue to comply with the terms and conditions of the same in accordance with Clause 13 of this Trust Instrument) notwithstanding that they are not endorsed on any Certificate for any Short or Leveraged Commodity Securities which are in certificated form;
- (viii) the Issuer shall, if so requested in writing by the holder of any Participating Securities in uncertificated form, provide to the holder of such Participating Securities within seven calendar days of the receipt of such request a copy of the Conditions and any other document containing equivalent information to that normally endorsed on the Certificates (but so that joint holders of Participating Securities shall be entitled to receive one copy only of the Conditions or such other document in respect of the Participating Securities held jointly by them, which copy shall be delivered to that one of the joint holders whose name stands first in the Register of Security Holders in respect of that holding);
- (ix) notwithstanding paragraph 9 of the Third Schedule (*Provisions Relating to Registration and Transfer*) hereto or any other provision of these presents relating to payment in respect of the Short and Leveraged Commodity Securities, in respect of any Unit of Participating Securities in uncertificated form, where an authority on that behalf shall have been received by the Issuer from the holder of such Unit in such form as the Issuer shall from time to time consider sufficient, the Issuer may pay or procure the payment of moneys payable by the Issuer to such holder pursuant to these presents in respect of such Participating Securities to any bank or other agent of such holder and payment in accordance with such authority shall constitute a good discharge therefor; and
- (x) for the avoidance of doubt, any Unit of the Participating Securities may be held in certificated form by not more than four joint holders,

and the Issuer hereby covenants with the Trustee that it will comply with and observe and be bound by all the foregoing provisions accordingly.

4. The Trustee may concur with the Issuer in making modifications to the provisions of these presents in order to reflect changes in the Regulations or in the applicable law and/or practice relating to the holding or transfer of Securities in uncertificated form.
5. For the avoidance of doubt terms defined in the Regulations have the same meanings in this Fifth Schedule (*Provisions Relating to Securities in Uncertificated Form*).

**THE SIXTH SCHEDULE
CLASSES OF SHORT AND LEVERAGED COMMODITY SECURITIES**

Short Individual Securities

Class	Commodity Index
ETFS Short Aluminium Individual Securities	The Dow Jones-AIG Aluminium Sub-Index SM
ETFS Short Cocoa Individual Securities	The Dow Jones-AIG Cocoa Sub-Index SM
ETFS Short Coffee Individual Securities	The Dow Jones-AIG Coffee Sub-Index SM
ETFS Short Copper Individual Securities	The Dow Jones-AIG Copper Sub-Index SM
ETFS Short Corn Individual Securities	The Dow Jones-AIG Corn Sub-Index SM
ETFS Short Cotton Individual Securities	The Dow Jones-AIG Cotton Sub-Index SM
ETFS Short Crude Oil Individual Securities	The Dow Jones-AIG Crude Oil Sub-Index SM
ETFS Short Gasoline Individual Securities	The Dow Jones-AIG Unleaded Gasoline Sub-Index SM
ETFS Short Gold Individual Securities	The Dow Jones-AIG Gold Sub-Index SM
ETFS Short Heating Oil Individual Securities	The Dow Jones-AIG Heating Oil Sub-Index SM
ETFS Short Lead Individual Securities	The Dow Jones-AIG Lead Sub-Index SM
ETFS Short Lean Hogs Individual Securities	The Dow Jones-AIG Lean Hogs Sub-Index SM
ETFS Short Live Cattle Individual Securities	The Dow Jones-AIG Live Cattle Sub-Index SM
ETFS Short Natural Gas Individual Securities	The Dow Jones-AIG Natural Gas Sub-Index SM
ETFS Short Nickel Individual Securities	The Dow Jones-AIG Nickel Sub-Index SM
ETFS Short Platinum Individual Securities	The Dow Jones-AIG Platinum Sub-Index SM
ETFS Short Silver Individual Securities	The Dow Jones-AIG Silver Sub-Index SM
ETFS Short Soybean Oil Individual Securities	The Dow Jones-AIG Soybean Oil Sub-Index SM
ETFS Short Soybeans Individual Securities	The Dow Jones-AIG Soybeans Sub-Index SM
ETFS Short Sugar Individual Securities	The Dow Jones-AIG Sugar Sub-Index SM
ETFS Short Tin Individual Securities	The Dow Jones-AIG Tin Sub-Index SM
ETFS Short Wheat Individual Securities	The Dow Jones-AIG Wheat Sub-Index SM
ETFS Short Zinc Individual Securities	The Dow Jones-AIG Zinc Sub-Index SM

Short Index Securities

Class	Commodity Index
ETFS Short Agriculture DJ-AIGCI SM Index Securities	The Dow Jones-AIG Agriculture Sub-Index SM
ETFS Short All Commodities DJ-AIGCI SM Index Securities	The Dow Jones-AIG Commodity Index SM
ETFS Short Energy DJ-AIGCI SM Index Securities	The Dow Jones-AIG Energy Sub-Index SM
ETFS Short Ex-Energy DJ-AIGCI SM Index Securities	The Dow Jones-AIG Ex-Energy Sub-Index SM
ETFS Short Grains DJ-AIGCI SM Index Securities	The Dow Jones-AIG Grains Sub-Index SM
ETFS Short Industrial Metals DJ-AIGCI SM Index Securities	The Dow Jones-AIG Industrial Metals Sub-Index SM
ETFS Short Livestock DJ-AIGCI SM Index Securities	The Dow Jones-AIG Livestock Sub-Index SM
ETFS Short Petroleum DJ-AIGCI SM Index Securities	The Dow Jones-AIG Petroleum Sub-Index SM
ETFS Short Precious Metals DJ-AIGCI SM Index Securities	The Dow Jones-AIG Precious Metals Sub-Index SM
ETFS Short Softs DJ-AIGCI SM Index Securities	The Dow Jones-AIG Softs Sub-Index SM

Leveraged Individual Securities

Class	Commodity Index
ETFS Leveraged Aluminium Individual Securities	The Dow Jones-AIG Aluminium Sub-Index SM
ETFS Leveraged Cocoa Individual Securities	The Dow Jones-AIG Cocoa Sub-Index SM
ETFS Leveraged Coffee Individual Securities	The Dow Jones-AIG Coffee Sub-Index SM
ETFS Leveraged Copper Individual Securities	The Dow Jones-AIG Copper Sub-Index SM
ETFS Leveraged Corn Individual Securities	The Dow Jones-AIG Corn Sub-Index SM
ETFS Leveraged Cotton Individual Securities	The Dow Jones-AIG Cotton Sub-Index SM
ETFS Leveraged Crude Oil Individual Securities	The Dow Jones-AIG Crude Oil Sub-Index SM
ETFS Leveraged Gasoline Individual Securities	The Dow Jones-AIG Unleaded Gasoline Sub-Index SM
ETFS Leveraged Gold Individual Securities	The Dow Jones-AIG Gold Sub-Index SM
ETFS Leveraged Heating Oil Individual Securities	The Dow Jones-AIG Heating Oil Sub-Index SM
ETFS Leveraged Lead Individual Securities	The Dow Jones-AIG Lead Sub-Index SM
ETFS Leveraged Lean Hogs Individual Securities	The Dow Jones-AIG Lean Hogs Sub-Index SM
ETFS Leveraged Live Cattle Individual Securities	The Dow Jones-AIG Live Cattle Sub-Index SM
ETFS Leveraged Natural Gas Individual Securities	The Dow Jones-AIG Natural Gas Sub-Index SM

ETFS Leveraged Nickel Individual Securities	The Dow Jones-AIG Nickel Sub-Index SM
ETFS Leveraged Platinum Individual Securities	The Dow Jones-AIG Platinum Sub-Index SM
ETFS Leveraged Silver Individual Securities	The Dow Jones-AIG Silver Sub-Index SM
ETFS Leveraged Soybean Oil Individual Securities	The Dow Jones-AIG Soybean Oil Sub-Index SM
ETFS Leveraged Soybeans Individual Securities	The Dow Jones-AIG Soybeans Sub-Index SM
ETFS Leveraged Sugar Individual Securities	The Dow Jones-AIG Sugar Sub-Index SM
ETFS Leveraged Tin Individual Securities	The Dow Jones-AIG Tin Sub-Index SM
ETFS Leveraged Wheat Individual Securities	The Dow Jones-AIG Wheat Sub-Index SM
ETFS Leveraged Zinc Individual Securities	The Dow Jones-AIG Zinc Sub-Index SM

Leveraged Index Securities

Class	Commodity Index
ETFS Leveraged Agriculture DJ-AIGCI SM Index Securities	The Dow Jones-AIG Agriculture Sub-Index SM
ETFS Leveraged All Commodities DJ-AIGCI SM Index Securities	The Dow Jones-AIG Commodity Index SM
ETFS Leveraged Energy DJ-AIGCI SM Index Securities	The Dow Jones-AIG Energy Sub-Index SM
ETFS Leveraged Ex-Energy DJ-AIGCI SM Index Securities	The Dow Jones-AIG Ex-Energy Sub-Index SM
ETFS Leveraged Grains DJ-AIGCI SM Index Securities	The Dow Jones-AIG Grains Sub-Index SM
ETFS Leveraged Industrial Metals DJ-AIGCI SM Index Securities	The Dow Jones-AIG Industrial Metals Sub-Index SM
ETFS Leveraged Livestock DJ-AIGCI SM Index Securities	The Dow Jones-AIG Livestock Sub-Index SM
ETFS Leveraged Petroleum DJ-AIGCI SM Index Securities	The Dow Jones-AIG Petroleum Sub-Index SM
ETFS Leveraged Precious Metals DJ-AIGCI SM Index Securities	The Dow Jones-AIG Precious Metals Sub-Index SM
ETFS Leveraged Softs DJ-AIGCI SM Index Securities	The Dow Jones-AIG Softs Sub-Index SM

**EXHIBIT I
FORM OF DIRECTORS' CERTIFICATE**

From: ETFS Commodity Securities Limited (the "Issuer")

To: The Law Debenture Trust Corporation p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

in its capacity as Trustee, as defined in the Trust Instrument
(the "Trustee")

Dear Sirs

We, _____ and _____ being Directors of the Issuer refer to a trust instrument (the "Trust Instrument") constituting Short and Leveraged Commodity Securities dated _____ 2008 between the Issuer and the Trustee. Words and expressions not defined herein shall have the meanings given to them in the Trust Instrument.

This certificate is being given for the purposes of Clause 20(Q) of the Trust Instrument.

As Directors of the Issuer, we confirm, on behalf of the Issuer, that:

1. as at [•] [date not more than seven calendar days before delivering this certificate (the "relevant date")] there did not exist and had not existed since [insert relevant date of the previous certificate or _____ 2008 if this is the first certificate] any Defaulted Obligation, Issuer Insolvency Event or Counterparty Event of Default (each as defined in the Trust Instrument) [OR SPECIFY IF NOT]; and
2. during the period from and including [insert relevant date of the previous certificate or _____ 2008 if this is the first certificate] to and including the relevant date the Issuer has complied with all its obligations contained in the Trust Instrument and the Schedules thereto and any trust instrument supplemental to the Trust Instrument and the Schedules (if any) thereto and the Conditions and the Security Deeds and the Schedules thereto, all as from time to time modified in accordance with the provisions therein contained [OR SPECIFY IF NOT].

Yours faithfully

Yours faithfully

.....

.....

Director

Director

for and on behalf of

for and on behalf of

ETFS Commodity Securities Limited

ETFS Commodity Securities Limited

IN WITNESS whereof this Trust Instrument has been executed by the Issuer and the Trustee and entered into on the day and year first above written.

EXECUTED AND DELIVERED as a DEED by)
ETFs COMMODITY SECURITIES)
LIMITED acting by:)

GRAEME D. ROSS
Director



CRAIG STEWART
Director/Secretary



EXECUTED AND DELIVERED as a DEED by)
THE LAW DEBENTURE)
TRUST CORPORATION p.l.c)
acting by)

Director

Director/Secretary

14789327.14.BUSINESS

IN WITNESS whereof this Trust Instrument has been executed by the Issuer and the Trustee and entered into on the day and year first above written.

EXECUTED AND DELIVERED as a DEED by)
ETFs COMMODITY SECURITIES)
LIMITED acting by:)



Director

Director/Secretary

EXECUTED AND DELIVERED as a DEED by)
THE LAW DEBENTURE)
TRUST CORPORATION p.l.c)
acting by)




Director

Director/Secretary

Representing Law Debenture Corporate Services Ltd

14789327.14.BUSINESS