

DATED 18 APRIL 2007

ETFS METAL SECURITIES LIMITED

AND

THE LAW DEBENTURE TRUST CORPORATION P.L.C.

PALLADIUM SECURITY DEED

Dechert
LLP

160 Queen Victoria Street
London EC4V 4QQ
Tel: 0207 184 7000 Fax: 0207 184 7001

THIS SECURITY DEED is made on 18 April 2007

BETWEEN:

- (1) **ETFS METAL SECURITIES LIMITED**, a company incorporated under the laws of Jersey with registered number 95996, whose registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, JE4 8PW (the “**Issuer**”); and
- (2) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated under the laws of England and Wales 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 the Trust Instrument (as defined below) as trustee for the Security Holders (as defined below)).

WHEREAS:

- (A) Pursuant to a Trust Instrument (the “**Trust Instrument**”) dated on or about the date of this Deed and made between the Issuer and the Trustee, the Trustee has agreed to act as trustee for the holders of the Metal Securities.
- (B) Under the terms of the Trust Instrument the Issuer must allocate the assets and liabilities attributable to each class of Individual Securities and to the Basket Securities of all types to the extent that the Individual Securities of such class are comprised therein to a separate Pool, the Secured Property in respect of which is required to be assigned by way of security to the Trustee for the benefit of the Security Holders in respect of such Metal Securities.
- (C) This Deed relates to the Pool (the “**Relevant Pool**”) to which the Palladium Individual Securities of such class and the Basket Securities of all types to the extent that the Individual Securities of such class are comprised therein (together the “**Relevant Securities**”, and “**Relevant Security**” shall be construed accordingly) are attributable.
- (D) As security for the Issuer’s obligations to the holders of the Relevant Securities (the “**Relevant Security Holders**”), the Issuer has agreed to provide the Security which shall include (i) a first ranking fixed charge over Bullion held in the Secured Metal Accounts; (ii) an assignment of the contractual rights of the Issuer under the Custodian Agreements (as defined below) insofar as they relate to the Relevant Pool; and (iii) a first-ranking floating charge in favour of the Trustee over all of the Issuer’s rights in relation to the Secured Property and any Metal Sale Counterparty Agreements.
- (E) The Trustee has agreed to hold the Security created by this Deed for and on behalf of the Security Holders upon and subject to the terms and conditions of this Deed.

THIS DEED WITNESSES as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 All words and expressions not otherwise defined in this Deed have the same meaning as that given to them in the Trust Instrument (including the Conditions).

1.2 In this Deed:

“**Custody Agreements**” means each of the Secured Allocated Account Agreement and the Secured Unallocated Account Agreement insofar as they relate to the Relevant Pool;

“**Receiver**” has the meaning given to it in Clause 6.9 hereof;

“Redemption Obligations” means the obligation of the Issuer to redeem a Relevant Security and to make payment or delivery of the Metal Entitlement relating to such Relevant Security to the relevant Security Holder;

“Secured Liabilities” means all sums and other liabilities owing by the Issuer to the Trustee as trustee for the Relevant Security Holders or to the Relevant Security Holders from time to time under the Relevant Securities (in the case of Basket Securities, in respect of the Individual Securities of the relevant class comprised therein), the Trust Instrument (insofar as it relates to the Relevant Pool) or this Deed, including without limitation, the Redemption Obligations;

“Secured Property” means (i) all Bullion credited to the Secured Metal Accounts; and (ii) all rights of the Issuer in respect of the Secured Metal Accounts including all rights of the Issuer under the Custody Agreements, or any part thereof (in each case insofar as they relate to the Relevant Pool), and which is subject to the security created in favour of the Trustee pursuant to this Deed;

“Security” means the security granted by the Issuer pursuant to Clauses 2.1, 3.1 and 4 of this Deed; and

- 1.3 In this Deed references to Clauses, sub-clauses, paragraphs, sub-paragraphs and the Schedule shall be construed as references to the Clauses, sub-clauses, paragraphs and sub-paragraphs of, and the Schedule to, this Deed respectively.
- 1.4 In this Deed tables of contents and Clause headings are included for ease of reference only and shall not affect the construction of this Deed.
- 1.5 In this Deed references to any agreement includes such agreement as supplemented and amended from time to time.
- 1.6 If at any time any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Deed nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

2. CREATION OF FIXED CHARGE

- 2.1 The Issuer with full title guarantee and as continuing security for the payment or discharge of the Secured Liabilities hereby assigns by way of first legal mortgage to the Trustee for the benefit of itself and the Security Holders all its rights, title and interest, present and future, in and to the Secured Property, such assignment to take effect by way of first fixed security, provided that if the Secured Liabilities shall be irrevocably and unconditionally paid to and received by the Trustee in full, the Trustee shall at the request and cost of the Issuer reassign the Secured Property to the Issuer.

3. CREATION OF FLOATING CHARGES

- 3.1 As continuing security for the payment or discharge of the Secured Liabilities the Issuer with full title guarantee hereby charges by way of first floating charge to the Trustee for the benefit of the Trustee and the Relevant Security Holders all the Issuer’s rights in and to the Secured Property, provided that if the Secured Liabilities shall be irrevocably and unconditionally paid to and received by the Trustee in full, the Trustee shall at the request and cost of the Issuer release or discharge the Secured Property from the Security.
- 3.2 Paragraph 14 of Schedule B1 of the Insolvency Act 1986 applies to the floating charge created pursuant to this Clause 3.

4. ASSIGNMENT BY WAY OF SECURITY

- 4.1 As further security for the payment of the Secured Liabilities the Issuer assigns and agrees to assign to the Trustee for the benefit of the Trustee and the Relevant Security Holders by way of security with full title guarantee all its present and future rights, title and interest in each Custody Agreement.
- 4.2 The Issuer undertakes, upon entering into a Custody Agreement with the Custodian that relates in whole or part to the Relevant Pool, to give notice of the assignment referred to in clause 4.1 to such Custodian in substantially the form set out in Schedule 1 hereto, and to use its reasonable endeavours to procure that such Custodian acknowledges such notice.

5. ESTABLISHMENT AND OPERATION OF THE SECURED METAL ACCOUNTS

- 5.1 The Trustee shall on or before the date hereof open the Secured Metal Accounts with the Custodian.
- 5.2 It is hereby agreed that only the Trustee shall, in respect of each of the Secured Metal Accounts, have any right to withdraw amounts from any of the Secured Metal Accounts.
- 5.3 All directions given by the Trustee to the Custodian in accordance with the provisions of this Deed shall be given in writing and signed by two Authorised Signatories of the Trustee.
- 5.4 Notwithstanding the generality of any other provision of this Deed, the Secured Allocated Account Agreement or the Secured Unallocated Account Agreement, no payment or transfer out of either of the Secured Metal Accounts (other than a transfer from the Secured Allocated Account to the Secured Unallocated Account where a valid Redemption Form has been lodged) may be made without the express consent of the Trustee, which shall be given at the Trustee's discretion. Such consent of the Trustee may be given in the form of a direction to the Custodian in accordance with the provisions of the Secured Allocated Account Agreement or the Secured Unallocated Account Agreement, as the case may be. The Trustee may, in its absolute discretion, direct that no payment or transfer out of either of the Secured Metal Accounts may be made.

6. ENFORCEMENT

- 6.1 The whole of the Security shall become enforceable if:
- 6.1.1 a Defaulted Obligation; or
- 6.1.2 an Issuer Insolvency Event,
- has occurred and is continuing.
- 6.2 In addition to any of the powers conferred on the Trustee pursuant to the Trust Instrument with respect to the Secured Property:
- 6.2.1 after the occurrence of a Defaulted Obligation, the Trustee may at any time, at its discretion, and shall, if so directed in writing by the Relevant Security Holder to whom such Defaulted Obligation is owed, the Trustee having first been indemnified and/or secured and/or funded to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any such obligation of the Issuer under the Trust Instrument and the security constituted by this Deed in respect of the Relevant Securities to which such Defaulted Obligation relates;

- 6.2.2 if an Issuer Insolvency Event has occurred and is continuing, at its discretion, the Trustee may at any time, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount of the Metal Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders holding Metal Securities (as a single class), the Trustee having first been indemnified and/or secured and/or funded to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by this Deed in respect of all outstanding Metal Securities; and
- 6.2.3 where an Issuer Insolvency Event is occurring at the same time as a Defaulted Obligation, a holder of Relevant Securities to whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action in accordance with Clause 6.2.1 until the expiry of 30 days from the occurrence of the Issuer Insolvency Event nor shall he be so entitled if, during such period of 30 days, the Trustee has elected, or been required, to take action in accordance with Clause 6.2.2.
- 6.3 Save as provided in Clause 6.7, only the Trustee may enforce the provisions of the Trust Instrument or this Deed where the Trustee has elected or been directed to enforce the Security and the Issuer's obligations under the Trust Instrument.
- 6.4 At any time after the Security has become enforceable, the Trustee may collect, sell, or otherwise deal with the Secured Property in such manner as the Trustee thinks fit, and may take such actions or proceedings in connection therewith as it considers appropriate, and the Trustee shall apply the proceeds of such realisation in the manner described in Clause 15 (*Application of Moneys*) of the Trust Instrument.
- 6.5 Following enforcement of the Security by the Trustee, the Issuer shall hold the Secured Property on trust for the Trustee.
- 6.6 The Trustee shall be entitled at any time after the Security has become enforceable to do any of the acts and things listed in Clause 8 in relation to the Secured Property either in its own name or in the name of the Issuer and by way of security the Issuer hereby irrevocably appoints and constitutes the Trustee as the Issuer's true and lawful attorney with full power in the name and on behalf of the Issuer to do any of the acts and things listed in Clause 8 at any time after the Security has become enforceable and with full power for any such attorney to sub-delegate any of such powers including the power to sub-delegate. The Issuer hereby ratifies and confirms and agrees to ratify and confirm whatever any such attorney may do or purport to do in the exercise or purported exercise of all or any of the powers, authorities and discretions referred to in this sub-clause 6.6.
- 6.7 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 on such Security Holder's behalf.
- 6.8 The Trustee and the Security Holders agree that the Security Holders, or the Trustee on their behalf, will not, in relation to the Relevant Securities, institute against, or join any person in instituting against, the Issuer 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 (except for the appointment of a receiver and manager pursuant to this 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.

6.9 At any time after the Security has become enforceable, the Trustee may by writing appoint any person or persons to be a receiver or a receiver and manager or similar officer of any part of the Secured Property (which, in any such case, shall not be the Trustee or an affiliate of the Trustee) (each, a "Receiver"), and may remove any Receiver so appointed and appoint another in its place.

6.10 The Issuer hereby irrevocably appoints the following, namely:

6.10.1 the Trustee,

6.10.2 each and every person to whom the Trustee shall from time to time have delegated the exercise of the power of attorney conferred by this sub-clause 6.10, and

6.10.3 any Receiver appointed hereunder for the time being holding office as such (each an "Appointee"),

jointly and also severally to be the attorney or attorneys of the Issuer and in its name and otherwise on its behalf and as its act and deed to sign, seal, execute, deliver, perfect and do all deeds, instruments, acts and things which may be required (or which the Trustee or any Receiver shall consider requisite) for carrying out any obligation imposed on the Issuer by, or pursuant to, this Deed, for carrying any sale or other dealing by the Trustee or such Receiver into effect, for conveying or transferring any legal estate or other interest in property or otherwise howsoever, for getting in the Secured Property, and generally for enabling the Trustee and the Receiver to exercise the respective powers conferred on them by or pursuant to this Deed or by law. The Trustee or any Receiver shall have full power to delegate the power conferred on it by this sub-clause 6.10, but no such delegation to any person shall preclude the subsequent exercise of such power by the Trustee or, as the case may be, the Receiver itself or preclude the Trustee or the Receiver from making a subsequent delegation thereof to some other person; and any such delegation may be revoked by the Trustee or the Receiver at any time.

6.11 Upon any sale, calling in, collection, conversion or enforcement as provided above and upon any other dealing or transaction under the provisions contained in this Deed, the receipt of the Trustee for the purchase money of the assets sold and for any other moneys paid to it shall effectually discharge the purchaser or other person paying the same and such purchaser or other person shall not be responsible for the application of such moneys.

6.12 If the Trustee appoints a Receiver in relation to the Secured Property, the following provisions shall have effect in relation thereto:

6.12.1 such appointment may be made either before or after the Trustee has taken possession of any of the Secured Property;

6.12.2 such Receiver may be vested by the Trustee with such powers and discretions (not exceeding the powers and discretions of the Trustee) as the Trustee has and may think expedient, including those listed in Clause 8, and may sell or concur in selling all or any of the Secured Property, or charge or release all or any of the Secured Property, in each case without restriction and on such terms and for such consideration (if any) as he may think fit and may carry any such transaction into effect by conveying, transferring and delivering in the name or on behalf of the Issuer or otherwise;

- 6.12.3 such Receiver shall in the exercise of his powers, authorities and discretions conform to regulations from time to time made by the Trustee;
 - 6.12.4 the Trustee may from time to time fix the remuneration of such Receiver and direct payment thereof out of moneys accruing to him in the exercise of his powers as such;
 - 6.12.5 the Trustee may from time to time and at any time require any such Receiver to give security for the due performance of his duties as Receiver and may fix the nature and amount of the security to be so given, but the Trustee shall not be bound in any case to require any such security;
 - 6.12.6 save insofar as otherwise directed by the Trustee, all moneys from time to time received by such Receiver shall be paid over forthwith to the Trustee to be held by it in accordance with the provisions of Clause 15 (*Application of Moneys*) of the Trust Instrument; and
 - 6.12.7 every such Receiver shall be the agent of the Issuer for all purposes and the Issuer alone shall be responsible for his acts, defaults and misconduct, and the Trustee and the Security Holders shall not incur any liability therefore or by reason of its or their making or consenting to the appointment of a person as a Receiver under the Trust Instrument, or the terms on which such appointment is made.
- 6.13 The Issuer shall at its own cost and expense execute and do all such assurances, acts and things as the Trustee may reasonably require (including, without limitation, the giving of notices of charge or assignment and the effecting of filings or registrations in any jurisdiction) for perfecting or protecting the Security and from time to time and at any time after the Security or any part thereof has become enforceable, shall execute and do all such assurances, acts and things as the Trustee may reasonably require for facilitating the realisation of, or enforcement of rights in respect of, all or any of the Secured Property and the exercise of all powers, authorities and discretions vested in the Trustee or in any Appointee. For the purposes of this sub-clause 6.13, a certificate in writing signed by the Trustee to the effect that any particular assurance or thing required by it is reasonably required shall be conclusive evidence of the fact.
- 6.14 The Trustee shall not nor shall any Appointee of the Trustee by reason of enforcement of the Security or any other reason whatsoever and whether as chargee or on any other basis whatsoever, be liable to account for anything except actual receipts or be liable for any loss or damage arising from realisation of, or enforcement of rights in respect of such Secured Property or any other property, assets, rights or undertakings of whatsoever nature whether or not owned by the Issuer or any other person or in which the Issuer or such other person has an interest, from any act, default or omission in relation to such Secured Property or any other property, assets, rights or undertakings of whatsoever nature whether or not owned by the Issuer or any other person or in which the Issuer or such other person has an interest, or from any exercise or non-exercise by it of any power, authority or discretion conferred upon it in relation to all or any of the Secured Property or any other property, assets, rights or undertakings of whatsoever nature whether or not owned by the Issuer or any other person or in which the Issuer or such other person has an interest, by or pursuant to this Deed.
- 6.15 The powers conferred on the Trustee or any Appointee by this Deed in relation to all or any of the Secured Property shall be in addition to and not in substitution for the powers conferred on receivers (in the case of an appointment of a Receiver) under the Law of Property Act 1925 and the Insolvency Act 1986 (including, without limitation, all of the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver)) and where there is any

ambiguity or conflict between the powers contained in those Acts and those conferred by this Deed the terms of this Deed shall prevail.

- 6.16 No person dealing with the Trustee or with any Appointee appointed by the Trustee in respect of all or any of the Secured Property shall be concerned to enquire whether any event has happened upon which any of the powers, authorities and discretions conferred by or pursuant to this Deed in relation to such Secured Property or any other property, assets or undertaking are, or may be, exercisable by the Trustee or by any such Appointee or otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers, authorities or discretions.
- 6.17 The provisions of sub-clauses 6.14, 6.15 and 6.16 in relation to the Trustee and any Appointee shall also apply, *mutatis mutandis*, in relation to any Receiver appointed by the Trustee.

7. PROVISIONS IN FAVOUR OF THE TRUSTEE AS REGARDS THE SECURED PROPERTY

- 7.1 The Trustee shall accept pursuant to this Deed and without investigation, requisition or objection such right and title as the Issuer may have to any of the Secured Property and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to all or any of the Secured Property, whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not.
- 7.2 Until such time as the Security becomes enforceable the Secured Property shall be dealt with in accordance with the provisions of this Deed and the Trustee shall not be responsible in such circumstances or at any other time for any loss occasioned thereby whether by depreciation in value or by fluctuation in exchange rates or otherwise.
- 7.3 The Trustee shall have no responsibility whatsoever to the Issuer or the Security Holders as regards any deficiency which might arise because the Trustee is subject to any Tax in respect of all or any of the income it may receive pursuant to the terms of the Trust Instrument or this Deed, as the case may be, or the proceeds thereof.
- 7.4 The Trustee shall not be responsible for investigating, monitoring or supervising the observance or performance by any person in respect of the Secured Property.
- 7.5 The Trustee shall not be liable for any failure, omission or defect in perfecting, protecting or further assuring the Security including (without prejudice to the generality of the foregoing) any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Security in respect of or in relation to this Deed or the priority thereof or the right or title of any person in or to the assets comprised therein by registering under any applicable registration laws in any territory any notice or other entry prescribed by or pursuant to the provisions of any such laws.
- 7.6 The Trustee shall not be responsible for any unsuitability, inadequacy or unfitness as security for the Secured Liabilities of any of the Secured Property and shall not be obliged to make any investigation into, and shall be entitled to assume, the suitability, adequacy and fitness as security for the Secured Liabilities of the Secured Property.
- 7.7 When the Trustee is required to consider (following the creation of the Security) any matter arising under the Secured Property, it may take directions in relation thereto from the Security Holders by means of an Extraordinary Resolution and shall not be liable for any delay in so doing which cannot reasonably be avoided by the Trustee.

- 7.8 The Trustee may, upon a disposal of any of the Secured Property by it or any Receiver to any third party in accordance with the terms of this Deed, release such Secured Property from the Security; and
- 7.9 The Trustee may rely as to any matters of fact upon any report or certificate signed and given by or on behalf of the Issuer and the information contained therein absolutely and shall be under no obligation to enquire as to the adequacy, accuracy or sufficiency of any such information or be under any obligation to make any calculations or verifications in respect of any such information. Any such certificate shall, in the absence of manifest error, be conclusive and binding for all purposes.

8. TRUSTEE'S POWERS IN RELATION TO THE SECURED PROPERTY

- 8.1 The Trustee may at any time after the Security has become enforceable do any of the following acts and things in relation to the Secured Property:

- 8.1.1 demand and collect or arrange for the collection of and receive all amounts which shall from time to time become due and payable in respect of the Secured Property;
- 8.1.2 compound, give receipts and discharges for, settle and compromise any and all sums and claims for money due and to become due in respect of the Secured Property;
- 8.1.3 exercise all or any of the powers or rights which but for the creation of the Security would have been exercisable by the Issuer in respect of the Secured Property;
- 8.1.4 file any claim, take any action, or institute and prosecute or defend any legal, arbitration or other proceedings;
- 8.1.5 lodge claims and prove in and institute any insolvency proceedings of whatsoever nature relating to the Issuer;
- 8.1.6 execute, deliver, file and record any statement or other paper to create, preserve, perfect or validate the creation of the Security to enable the Trustee to exercise and enforce its rights under this Deed;
- 8.1.7 apply for, obtain, make and renew any approvals, permissions, authorisations and other consents and all registrations and filings which may be desirable or required to create or perfect the Security or to ensure the validity, enforceability or admissibility in evidence of this Deed in any jurisdiction; and
- 8.1.8 without prejudice to the generality of the foregoing, act generally in relation to the Secured Property in such manner as it may think expedient.

9. TRUSTEE'S POWERS TO BE ADDITIONAL

The powers conferred upon the Trustee by this Deed 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 Relevant Securities or any other securities of any class issued by the Issuer.

10. NOTICES

- 10.1 Any notice or demand to the Issuer or the Trustee to be given under this Deed shall be:

- 10.1.1 in writing,
- 10.1.2 in the English language,

- 10.1.3 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
- 10.1.4 sent by pre-paid registered post, by facsimile transmission 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:

(a) to the Secretary of the Issuer:

c/o R&H Fund Services (Jersey) Limited
Ordnance House
31 Pier Road
St. Helier
Jersey
Channel Islands
JE4 8PW

Attention: [REDACTED]

Facsimile No. [REDACTED]

(b) to the Trustee:

Fifth Floor
100 Wood Street
London EC2V 7EX

Attention: the Manager, Commercial Trusts, Trust Code 77099

Facsimile No. [REDACTED]

or to such other person, address or facsimile number as shall have been notified (in accordance with this Clause) to the other party by not less than seven days' written notice received before the notice was despatched and any notice or demand sent by registered post shall be deemed to have been given, made or served three days after despatch, any notice or demand given by hand shall be deemed to have been given, made or served upon actual receipt thereof by the recipient and any notice sent by facsimile shall be deemed to have been received upon sending, subject to confirmation of uninterrupted and error-free transmission by a transmission report.

11. **ROLE OF THE TRUSTEE**

The Trustee is a party to this Agreement in its capacity as Trustee for the Security Holders and accordingly (i) the Trustee shall only be liable to satisfy any obligations under this Agreement, including any obligations or liabilities arising in connection with any default by the Trustee under this Agreement, to the extent of the assets held from time to time by the Trustee as trustee of the trusts constituted by the Trust Instrument and the Security Deeds (the "Trust Assets") and (ii) no recourse shall be had to (a) any assets other than the Trust Assets, including any of the assets held by the Trustee as trustee, co-trustee or nominee of a trust other than the trusts constituted by the Trust Instrument and the Security Deeds, as owner in its individual capacity or in any way other than as trustee of the trusts constituted by the Trust Instrument and the Security Deeds; or (b) the Trustee for any assets that have been distributed by the Trustee to the beneficiaries of the trusts constituted by the Trust Instrument and the Security Deeds.

12. **TRUST INSTRUMENT**

The Trustee shall have the benefit of all of the provisions of the Trust Instrument in connection with its activities hereunder.

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

13.1 This Deed is governed by, and shall be construed in accordance with, English law.

13.2 The Issuer irrevocably agrees for the benefit of the Trustee and the Security Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed and that accordingly any suit, action or proceedings arising out of or in connection with this Deed (together referred to as "Proceedings") may be brought in the courts of England. 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 England 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 England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Notwithstanding the foregoing, 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.

14. **SERVICE AGENT**

The Issuer irrevocably appoints C7Plus LLP (the "Service Agent") of Ground Floor, 52 Berkeley Square, London W1J 5BT to receive, for it and on its behalf, service of any document to be served on the Issuer under this Deed. If for any reason the Service Agent is unable to act as such, the Issuer will promptly notify the Trustee and within 30 days appoint a substitute agent for service of process acceptable to the Trustee.

15. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person who is not a party to this Deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 (the "Act") to enforce any term of this Deed, but this does not affect any rights that a person may have other than under the Act.

16. **COUNTERPARTS**

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

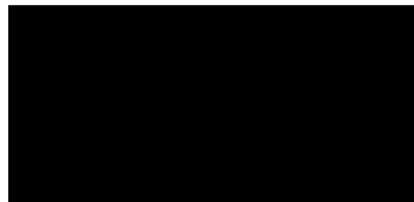
17. **LIMITED RECOURSE**

17.1 The Trustee and the Relevant Security Holders of any class of Individual Securities (and any type of Basket Securities if and to the extent that the amount payable on Redemption of such Basket Securities is calculated by reference to (or they may be exchanged in accordance with Clause 9 of the Trust Instrument for) Individual Securities of that class) shall have recourse only to sums derived from the Secured Property relating to the Relevant Pool. If, the Trustee (or any other secured party) having realised the same, the net proceeds are insufficient for the Issuer to make all payments which, but for the effect of this 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 Relevant 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 or type 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 Relevant Pool or any other assets of the Issuer.

IN WITNESS whereof this Deed has been executed as a deed by the Issuer and the Trustee and entered into the day and year first above written.

EXECUTED AND DELIVERED)
as a deed by)
ETFS METAL SECURITIES)
LIMITED)
acting by:)



A. Tuckwell

Director

Director/Secretary

THE COMMON SEAL OF)
THE LAW DEBENTURE)
TRUST CORPORATION p.l.c.)
acting in its capacity as trustee for the)
Security Holders)
was herewith affixed in the presence of)

Director

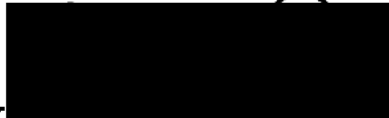
Authorised Signatory

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 or type 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 Relevant Pool or any other assets of the Issuer.

IN WITNESS whereof this Deed has been executed as a deed by the Issuer and the Trustee and entered into the day and year first above written.

EXECUTED AND DELIVERED)
as a deed by)
ETFS METAL SECURITIES)
LIMITED)
acting by:)

Director



Director/Secretary

THE COMMON SEAL OF)
THE LAW DEBENTURE)
TRUST CORPORATION p.l.c.)
acting in its capacity as trustee for the)
Security Holders)
was hereunto affixed in the presence of)

Director

Authorised Signatory

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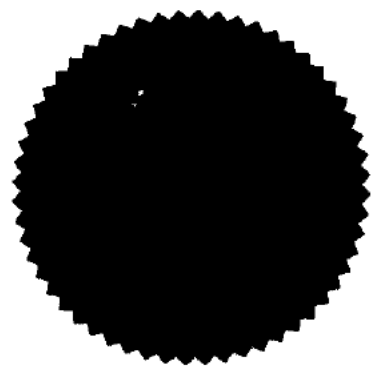
Director

Director/Secretary

THE COMMON SEAL OF)
THE LAW DEBENTURE)
TRUST CORPORATION p.l.c.)
acting in its capacity as trustee for the)
Security Holders)
was hereunto affixed in the presence of)

Director

Authorized Signatory



SCHEDULE 1

Form of Notice of Assignment

ETFS Metal Securities Limited

(incorporated and registered in Jersey with limited liability)

Registered office: Ordnance House, 31 Pier Road, St Helier, Jersey Channel Islands, JE4 8PW

HSBC Bank USA, National Association
8 Canada Square
London
E14 5HQ

2007

Dear Sirs

[Secured Allocated Account Agreement]/[Secured Unallocated Account Agreement] (the "**Agreement**") dated 18 April 2007 between
ETFS Metal Securities Limited (the "**Issuer**"),
The Law Debenture Trust Corporation p.l.c. (the "**Trustee**")
and HSBC Bank USA, National Association (the "**Custodian**") – Palladium Pool (the "**Relevant Pool**")

We hereby notify you that pursuant to a security deed (the "**Security Deed**"), a copy of which is enclosed, made between the Issuer and The Law Debenture Trust Corporation P.L.C. (the "**Trustee**") dated 18 April 2007, the Issuer has assigned to the Trustee for the benefit of itself and the Security Holders (as defined in the Security Deed) by way of security all its present and future rights, title and interest in the Agreement to the extent it relates to the Relevant Pool, provided that, unless and until you are otherwise instructed by the Trustee, the Issuer may continue to exercise all its powers under the Agreement in relation to all matters expressed in the Agreement to be at the option, and/or subject to the discretion, of the Issuer and the Custodian and save that, to the extent that the Trustee's consent is required, it shall be the responsibility of the Issuer to ensure that such consent is received prior to undertaking the matter in question.

Terms used in this Notice and not otherwise defined bear the same meanings as in the Security Deed.

Please sign and return the enclosed copy of this notice to the Trustee (with a copy to the Issuer) by way of your confirmation that you have received notice that the Issuer has assigned its rights to the Agreement to the extent it relates to the Relevant Pool.

The provisions of the notice are governed by English law.

Yours faithfully

.....
for and on behalf of
ETFS Metal Securities Limited

Counter-signed by

.....
for and on behalf of
The Law Debenture Trust Corporation p.l.c.

From: HSBC Bank USA, National Association
8 Canada Square
London
E14 5HQ

To: The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

Copy to : ETFS Metal Securities Limited
Ordnance House
31 Pier Road, St. Helier
Jersey, Channel Islands
JE4 8PW

[Secured Allocated Account Agreement]/[Secured Unallocated Account Agreement] (the
“*Agreement*”) dated 18 April 2007 between
ETFS Metal Securities Limited (the “*Issuer*”),
The Law Debenture Trust Corporation p.l.c (the “*Trustee*”)
and HSBC Bank USA, National Association (the “*Custodian*”) – Palladium Pool (the “*Relevant
Pool*”)

We hereby acknowledge receipt of the letter above, of which this is a duplicate.

.....
for and on behalf of
HSBC Bank USA, National Association

Date: _____ 2007