

ETFs Commodity Securities Limited  
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**ETFs Commodity Securities Limited**  
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*Appointment of new Commodity Contract Counterparty*

ETFs Commodity Securities Limited (“CSL” or the “Issuer”) is pleased to announce that it has entered into facility agreements appointing Citigroup Global Markets Limited (“CGML”) as a Commodity Contract Counterparty for its Classic and Longer Dated Commodity Securities and for its Short and Leveraged Commodity Securities (together the “Commodity Securities”). The Facility Agreements with CGML are on similar terms to the existing Facility Agreements with UBS AG (“UBS”) and Merrill Lynch Commodities, Inc. (“MLCI”), save as set out under the headings “Collateral Changes” and “EU Benchmarks Regulation” below.

The obligations of CGML will be supported by collateral in a similar manner to that in which those of UBS and MLCI are currently supported. The payment obligations of CGML will also be guaranteed by Citigroup Global Markets Holdings Inc. (“CGMH”).

The effectiveness of the facility agreements with CGML is subject to the satisfaction or waiver of a number of conditions including in respect of each programme:

- the Authorised Participant Agreements with certain of the existing Authorised Participants becoming operative with CGML;
- the publication of a prospectus giving particulars, inter alia, of CGML;
- the applicable Facility Agreement with UBS having been terminated; and
- supplemental trust instruments having been entered into amending the Conditions of the Commodity Securities and such amendments having become effective.

CSL and CGML have agreed to cooperate in good faith and a commercially reasonable manner to procure satisfaction of these conditions as soon as reasonably practicable.

Particulars of CGML are set out in Annex 1 to this announcement.

A further announcement will be made in due course. The Facility Agreements with CGML will become effective on such date (the “Effective Date”) as may be specified or determined in accordance with the terms of such announcement but will be not less than 30 days from the date of this announcement.

### ***Notice of termination of UBS Facility Agreements***

CSL announces that by notices dated 30 June 2017 it has exercised its rights under the UBS Facility Agreements to give not less than three months' notice of a Compulsory Cancellation Date in respect of all classes of Commodity Contracts without redeeming the equivalent Commodity Securities. The date notified is 4 October 2017. Absent otherwise agreement with UBS, the UBS Facility Agreements will terminate on such date. It is the Issuer's intention that the date on which the UBS Facility Agreements are effectively terminated will be the same date as the Effective Date for the purposes of the CGML Facility Agreements. The Issuer has agreed with CGML arrangements under which the Commodity Contracts with UBS will be effectively replaced by equivalent Commodity Contracts with CGML.

### ***Novation of MLCI Commodity Contracts to Merrill Lynch International***

CSL announces that it has entered into a novation agreement with (inter alios) Merrill Lynch International ("MLI") and MLCI under which the obligations of MLCI in respect of Commodity Contracts entered into pursuant to its Facility Agreements will be assumed by MLI and has entered into Facility Agreements with MLI accordingly. The new Facility Agreements with MLI are on similar terms to the existing Facility Agreements with UBS and MLCI and the new Facility Agreements with CGML, save as set out under the headings "Collateral Changes" and "EU Benchmarks Regulation" below. MLI will be the Calculation Agent under the new Facility Agreements with MLI and the new Facility Agreements with CGML.

The obligations of MLI will be supported by collateral in a similar manner to that in which those of UBS and MLCI are currently supported. The payment obligations of MLI will also be guaranteed by Bank of America Corporation.

The effectiveness of the novation agreement with MLCI and MLI is subject to the satisfaction or waiver of a number of conditions including in respect of each programme:

- the Authorised Participant Agreements with certain of the existing Authorised Participants becoming operative with MLI;
- the publication of a prospectus giving particulars, inter alia, of MLI;
- the applicable Facility Agreement with UBS having been terminated; and
- supplemental trust instruments having been entered into amending the Conditions of the Commodity Securities and such amendments having become effective.

CSL, MLCI and MLI have agreed to cooperate in good faith and a commercially reasonable manner to procure satisfaction of these conditions as soon as reasonably practicable.

Particulars of MLI are set out in Annex 1 to this announcement.

It is the Issuer's intention that the novation agreement will become effective on the Effective Date (as defined above).

### ***Arrangements following the Effective Date***

Upon the novation agreement and the new Facility Agreements becoming effective both MLI and CGML will act as Commodity Contract Counterparties in similar manner to that in which UBS and MLCI currently operate as Commodity Contract Counterparties, save that MLI rather than UBS will act as Calculation Agent. This means that the Commodity Securities will be backed by Commodity Contracts created with either MLI or CGML as determined by CSL in accordance with arrangements agreed between CSL, MLI and CGML. All Commodity Securities of any one class will continue to be fungible with all other Commodity Securities of that class.

## ***Collateral Changes***

As a result of changes in the regulation of OTC derivative contracts following the financial crisis of 2008, MLI and CGML as Commodity Contract Counterparties are subject to an obligation in relation to their Commodity Contracts to post and collect variation margin, complying with specific requirements as to eligibility and subject to certain “haircuts”. The new Security Agreements therefore include changes so as to comply with these requirements. Although under the legal requirements, margin can consist of debt securities with a lower credit rating than as permitted under the existing Security Agreements, MLI and CGML have agreed that, save as regards Japanese government debt securities, collateral posted under the Security Agreements will continue to comply with the existing eligibility conditions. The Issuer has agreed with MLI and CGML that Japanese government debt securities may constitute eligible collateral subject to a minimum credit rating of ‘A-’ by S&P or Fitch or ‘A3’ by Moody’s, and subject to a higher “haircut”.

The minimum “haircuts” under the legal requirements are either the same or greater than as under the existing agreements and therefore the amount of collateral of any particular type that is required to be posted under the new agreements will be no less than that currently required.

Full details of the types of eligible collateral and applicable haircuts will be set out in prospectuses to be published prior to the Effective Date.

Although MLI and CGML are subject to a technical requirement to collect variation margin in relation to Commodity Contracts prior to payment therefor, MLI and CGML acknowledge in the Facility Agreements that payment of a Creation Amount in respect of any Commodity Contract (whether by payment in cash or by set-off) will extinguish any requirement of CSL to provide variation margin and agree that any failure to provide such variation margin will not constitute a breach of the Facility Agreement. The only remedy available to MLI or CGML (as the case may be) for a failure to provide such variation margin (which can only arise due to a failure by an Authorised Participant to make payment of the Creation Amount in respect of the equivalent Commodity Security) will be the termination of the relevant Commodity Contract for which payment has not been made. In such event (and without prejudice to any payments that may be required to be made between the relevant Commodity Contract Counterparty and Authorised Participant pursuant to a Direct Agreement), the relevant Commodity Securities applied for will not be issued.

## ***Amendments to Trust Instruments and Conditions***

The Issuer announces that by supplemental trust instruments dated 29 June 2017 with the Trustee it has agreed with the Trustee certain changes which, in the opinion of the Issuer and the Trustee, are necessary or desirable and are not materially prejudicial to the rights of Security Holders. Such changes include deletion of redundant references to UBS and MLCI, deletion of redundant references to the T+2 Implementation Date and the addition of the following new definition:

“*tax* means any VAT, tax, income tax, capital gains tax, corporation tax, goods and services tax, withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax, import/export tax or tariff and any other taxes, levies, imposts, deductions, interest, penalties and charges imposed or levied by a government or government agency”.

In addition, and as referred to under the heading “EU Benchmarks Regulation” below, the Issuer has agreed with the Trustee certain changes which, in the opinion of the Issuer and the Trustee, are necessary or desirable and not materially prejudicial to the rights of Security Holders following the implementation of Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “EU Benchmarks Regulation”). The full text of these changes is set out in Annex 2 to this announcement. The substance of the new provisions is that if the Calculation Agent gives a notice, as referred to under the heading “EU Benchmarks Regulation”

below, that as a result of the EU Benchmarks Regulation, any calculation, determination or provision by the Calculation Agent of a substitute index value in respect of any class of Commodity Contracts would be unduly burdensome, then (i) the Issuer may suspend the redemption by Settlement Pricing (but not by Agreed Pricing) of that class (and, in the case of Classic and Longer Dated Commodity Securities, Commodity Securities which are comprised (in whole or in part) of that class of Micro Securities) for up to 90 days and (ii) if such suspension has been in effect for at least 30 days, the Issuer may redeem compulsorily the Commodity Securities of the relevant class on not less than two Business Days' notice.

The full changes to the Conditions will be set out in prospectuses to be published prior to the Effective Date and the amendments being made by each Supplemental Trust Instrument will become effective on the Effective Date.

### ***EU Benchmarks Regulation***

The Issuer has agreed with MLI, as Calculation Agent, that if it considers that any calculation, determination or provision by the Calculation Agent of a substitute index value under the MLI Facility Agreement or Calculation Agency Agreement in respect of any class of Commodity Contracts would be unduly burdensome, it may give a notice to that effect (which notification may be withdrawn by the Calculation Agent by notice to CSL should it subsequently determine that such calculation, determination or provision is not unduly burdensome), in which event:

- CSL will be required within 10 Business Days of receipt of such notice to give notice under the amended Conditions suspending the right to Redeem Commodity Securities of the relevant class by Settlement Pricing; and
- the Calculation Agent will be required to use commercially reasonable efforts to appoint a substitute index provider approved by CSL and any other Commodity Contract Counterparty, such approval not unreasonably to be withheld or delayed, within 60 calendar days (or such shorter or longer period as may be agreed) of such notification to CSL.

If the Calculation Agent is unable to appoint such a substitute index provider, and CSL has not within 75 days of such notification to CSL itself either appointed a substitute index provider or appointed a replacement Calculation Agent, then either the Commodity Contract Counterparty or CSL may elect by giving notice of a Compulsory Cancellation Date that the relevant Commodity Contracts be cancelled on not less than two Business Days' notice (in which event the applicable Commodity Securities will be redeemed).

### ***Amendments to Security Deeds***

The Issuer announces that by deeds of amendment dated 29 June 2017 with the Trustee, each of the Security Deeds has been amended to make changes which the Issuer and the Trustee are of the opinion are necessary or desirable to rectify an inconsistency and ambiguity in the terms of the Trust Instrument and the Security Deeds.

The amendment include the addition of a provision to the following effect:

“The Issuer may amend, vary, modify or supplement (i) the schedules to any Assigned Agreement which is a Facility Agreement other than schedules 1, 11 and 12, (ii) the definitions of “Eligible Collateral”, “Issuer Concentration Limit”, “Jurisdiction Limit”, “Valuation Percentage” and “Value” in any Assigned Agreement which is a Security Agreement and the Collateral Schedule as defined therein and (iii) any Assigned Agreement which is a Control Agreement, in each case without the consent of the Trustee.”

The amendments come into effect on the release of this notice.

Terms used in this announcement and not otherwise defined bear the meanings given, in relation to the ETFS Classic and Longer Dated Commodity Securities, in the prospectus of the Issuer dated 12 April 2017 and in relation to the ETFS Short and Leveraged Commodity Securities, in the prospectus of the Issuer dated 6 September 2016.

For further information, please contact:

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## Annex 1

### Particulars of MLI and of CGML

#### A Particulars of MLI and BAC

MLI is BAC's largest operating subsidiary outside of the United States and was incorporated in 1988. MLI is a company incorporated in England and Wales (Registered Number: 2312079) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Firm Reference Number: 147150). MLI is a wholly owned subsidiary of ML UK Capital Holdings Limited and the ultimate parent of MLI is BAC. The registered address of MLI is 2 King Edward Street, London, EC1A 1HQ, United Kingdom.

MLI provides a wide range of financial services globally for business originated in Europe, the Middle East and Africa, Asia Pacific and the Americas. The primary business activities of MLI are to act as a broker and dealer in equities and fixed income, currency and commodities financial instruments; investment banking advisory and underwriting services; and equity and fixed income research. MLI also provides a number of post trade related services to third party clients, including settlement and clearing services to third party clients.

The payment obligations of MLI under the MLI Facility Agreement, the MLI Security Agreement and the MLI Control Agreement shall be guaranteed by BAC.

BAC is a bank holding company and a financial holding company incorporated in the State of Delaware, United States. Through BAC's banking and various non-banking subsidiaries throughout the U.S. and in international markets, BAC serves individual consumers, small- and middle-market businesses, institutional investors, large corporations and governments with a full range of banking, investing, asset management and other financial and risk management products and services.

BAC's headquarters and principal executive offices are located at 100 North Tryon Street, Charlotte, NC 28255, United States. BAC's common stock is listed on the New York Stock Exchange. BAC has securities admitted to trading on the regulated market of the London Stock Exchange, including various series of notes issued under its US\$65,000,000,000 Euro Medium-Term Note Programme.

**For the avoidance of doubt, the Commodity Securities issued under this Programme do not represent an obligation of or claim against, nor will they be insured or guaranteed by, BAC or any of its subsidiaries (including, but without limitation, MLI). Security Holders will have no recourse to BAC or MLI in respect of the Commodity Securities**

#### B Particulars of CGML and CGMH

CGML is a company registered in England and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. CGML was incorporated on 21 October 1983 as Stockrobe Limited and changed its name to Salomon Brothers International Limited on 1 February 1984 and to Citigroup Global Markets Limited on 7th April 2003. The registered address of CGML is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

CGML has a major international presence as a dealer, market maker and underwriter in equity, fixed income securities and commodities, as well as providing advisory services to a wide range of corporate, institutional and government clients. It is headquartered in London and operates globally from the UK and its branches in Europe and the Middle East.

The payment obligations of CGML under the CGML Facility Agreement, the CGML Security Agreement and the CGML Control Agreement shall be guaranteed by CGMH.

CGMH is a corporation incorporated in the State of New York. CGMH, operating through its subsidiaries, engages in full-service investment banking and securities brokerage business. CGMH was incorporated in New York on 23 February 1977 and is the successor to Salomon Smith Barney Holdings Inc., a Delaware corporation, following a statutory merger effective on 1 July 1999, the purpose of which was to change the state of incorporation from Delaware to New York. On 7 April 2003 CGMH filed a Restated Certificate of Incorporation in the State of New York changing its name from Salomon Smith Barney Holdings Inc. to Citigroup Global Markets Holdings Inc.

CGMH's parent, Citigroup Inc. (Citigroup or Citi), is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citigroup Inc.'s Global Consumer Banking businesses (which consists of Regional Consumer Banking in North America, Europe, the Middle East and Africa, Asia and Latin America) and the Institutional Clients Group (Banking and Markets and Securities Services); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.

The principal offices of CGMH are located at 388 Greenwich Street, New York, New York 10013. CGMH has securities admitted to trading on the regulated market of the Irish Stock Exchange, including as issuer of various series of notes issued under the Citi U.S.\$10,000,000,000 Global Structured Note Programme.

**For the avoidance of doubt, the Commodity Securities issued under this Programme do not represent an obligation of or claim against, nor will they be insured or guaranteed by, CGMH or any of its subsidiaries (including, but without limitation, CGML) (together, "Citi"). Security Holders will have no recourse to Citi in respect of the Commodity Securities.**

The information on the Commodity Contract Counterparties and Guarantors in this announcement is based upon information made available to the Issuer by the Commodity Contract Counterparties and Guarantors.

## Annex 2

### Amendments to the Conditions

#### *ETFs Classic and Longer Dated Commodity Securities*

A new Condition 8.21 will be added as follows:

- “8.21 If the Calculation Agent for the purposes of one or more Facility Agreements notifies the Issuer pursuant to that Facility Agreement (or any calculation agency agreement entered into by it in connection therewith) that it has determined that as a result of the application in the United Kingdom of “*Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds*” any calculation, determination or provision by the Calculation Agent of a substitute index value in respect of any class of Commodity Contracts would be unduly burdensome, the Issuer may determine to suspend the right to Redeem the Micro Securities of that class and all types of Commodity Securities which are comprised, in whole or in part, of Micro Securities of such class, in each case pursuant to Condition 8.1(a) and, subject as provided in this Condition 8.21, may terminate any such suspension at its discretion. 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 90 days; and
  - (c) any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Settlement Redemption Form lodged or deemed received on an Issuer Business Day when the right to Redeem Micro or Commodity Securities of that type pursuant to Condition 8.1(a) is suspended pursuant to this Condition shall be invalid.”

A new Condition 9.5A will be added after Condition 9.5 (*Compulsory Redemption due to Index Disruption*) as follows:

- “9.5A The Issuer may at any time (upon not less than two Business Days’ notice) by RIS announcement nominate an Issuer Business Day to be a Compulsory Redemption Date for all Micro Securities of a particular class (or Commodity Securities which are comprised (in whole or in part) of that class of Micro Securities) if the right to Redeem the Micro Securities of that class and all types of Commodity Securities which are comprised, in whole or in part, of Micro Securities of such class, in each case pursuant to Condition 8.1(a), is suspended pursuant to Condition 8.21 for at least 30 calendar days.”

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

A new Condition 7.20 will be added as follows:

- “7.21 If the Calculation Agent for the purposes of one or more Facility Agreements notifies the Issuer pursuant to that Facility Agreement (or any calculation agency agreement entered into by it in connection therewith) that it has determined that as a result of the application



in the United Kingdom of “*Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds*” any calculation, determination or provision by the Calculation Agent of a substitute index value in respect of any class of Commodity Contracts would be unduly burdensome, the Issuer may determine to suspend the right to Redeem the Commodity Securities of that class pursuant to Condition 7.1(a) and, subject as provided in this Condition 7.20, may terminate any such suspension at its discretion. 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 90 days; and
- (c) any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Settlement Redemption Form lodged or deemed received on an Issuer Business Day when the right to Redeem Commodity Securities of that class pursuant to Condition 7.1(a) is suspended pursuant to this Condition shall be invalid.”

A new Condition 8.5A will be added after Condition 8.5 (*Compulsory Redemption due to Index Disruption*) as follows:

- “8.5A The Issuer may at any time (upon not less than two Business Days’ notice) by RIS announcement nominate an Issuer Business Day to be a Compulsory Redemption Date for all Commodity Securities of a particular class if the right to Redeem the Commodity Securities of that class pursuant to Condition 7.1(a), is suspended pursuant to Condition 7.20 for at least 30 calendar days.”