

ETFs Hedged Commodity Securities Limited
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ETFs Currency-Hedged Commodity Securities
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Appointment of new Commodity Contract Counterparty

ETFs Hedged Commodity Securities Limited (“HCSL” or the “Issuer”) is pleased to announce that it has entered into a facility agreement appointing Citigroup Global Markets Limited (“CGML”) as a Commodity Contract Counterparty for its Currency-Hedged Commodity Securities. The Facility Agreement with CGML is on similar terms to the existing Facility Agreements with UBS AG (“UBS”) and Merrill Lynch International (“MLI”), 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 MLI are currently supported. The payment obligations of CGML will also be guaranteed by Citigroup Global Markets Holdings Inc. (“CGMH”).

The effectiveness of the facility agreement with CGML is subject to the satisfaction or waiver of a number of conditions including:

- 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 Facility Agreement with UBS having been terminated; and
- a supplemental trust instrument having been entered into amending the Conditions of the Commodity Securities and such amendments having become effective.

HCSL 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 Agreement 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 Agreement

HCSL announces that by a notice dated 30 June 2017 it has exercised its rights under the UBS Facility Agreement 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 Agreement will terminate on such date. It is the Issuer's intention that the date on which the UBS Facility Agreement is effectively terminated will be the same date as the Effective Date for the purposes of the CGML Facility Agreement. The Issuer has agreed with CGML arrangements under which the Commodity Contracts with UBS will be effectively replaced by equivalent Commodity Contracts with CGML.

Amendment of MLI Facility Agreement

HCSL announces that it has entered into an agreement amending and restating the MLI Facility Agreement. The amended and restated MLI Facility Agreement is on similar terms to the existing MLI Facility Agreement and the new Facility Agreement with CGML, save as set out under the headings "Collateral Changes" and "EU Benchmarks Regulation" below. MLI will be the Calculation Agent under the amended and restated Facility Agreement with MLI and the new Facility Agreement with CGML.

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

Arrangements following the Effective Date

Upon 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 MLI 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 HCSL in accordance with arrangements agreed between HCSL, 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 a prospectus 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 HCSL 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 Instrument and Conditions

The Issuer announces that by a supplemental trust instrument 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, 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 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 a prospectus to be published prior to the Effective Date and the amendments being made by the 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 HCSL should it subsequently determine that such calculation, determination or provision is not unduly burdensome), in which event:

- HCSL 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 HCSL 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 HCSL.

If the Calculation Agent is unable to appoint such a substitute index provider, and HCSL has not within 75 days of such notification to HCSL itself either appointed a substitute index provider or appointed a replacement Calculation Agent, then either the Commodity Contract Counterparty or HCSL 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 Deed

The Issuer announces that by a deed of amendment dated 29 June 2017 with the Trustee, the Security Deed 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 Deed.

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 the prospectus of the Issuer dated 9 June 2017.

For further information, please contact:

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Annex 1

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 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 CGML and CGMH in this announcement is based upon information made available to the Issuer by CGML and CGMH.

Annex 2

Amendments to the Conditions

A new Condition 7.21 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 pursuant to Condition 7.1(a) and, subject as provided in this Condition 7.21, 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 Commodity Securities of that type 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 7.21 for at least 30 calendar days.”