Base prospectus dated 24 March 2014

ETFS Equity Securities Limited

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 112019)

Prospectus for the issue of

ETFS Short Equity Securities

and

ETFS Leveraged Equity Securities

What is this document?

This document (the "**Prospectus**") constitutes a base prospectus in compliance with Article 3 of Directive 2003/71/EC and the prospectus rules made under sections 73A and 84 of the Financial Services and Markets Act 2000, as amended as at the date hereof, and is issued in respect of the programme for the issuance of ETFS Short Equity Securities and ETFS Leveraged Equity Securities (together the "**Short and Leveraged Equity Securities**") by ETFS Equity Securities Limited (the "**Issuer**").

It is important that an investor carefully reads, considers and understands this Prospectus before making any investment in Short and Leveraged Equity Securities.

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

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

What securities are being issued pursuant to this Prospectus?

This Prospectus relates to the issue of Short and Leveraged Equity Securities which are undated limited recourse debt securities of the Issuer. The classes of Short and Leveraged Equity Securities which are initially being made available under the Programme are set out under the section headed '*Classes of Short and Leveraged Equity Securities*' below.

Each class of Short Equity Security is designed to track the performance of a Short Equity Index (before fees, expenses and adjustments), which in turn is designed to provide investors with a short exposure which reflects minus three times (-3x) the daily percentage change in the level of an Underlying Equity Benchmark (whether positive or negative). The Short Equity Indices are total return indices and are in each case calculated and published by the relevant Equity Index Sponsor.

Each class of Leveraged Equity Security is designed to track the performance of a Leveraged Equity Index (before fees, expenses and adjustments), which in turn is designed to provide investors with an exposure which reflects three times (3x) the daily percentage change in the level of an Underlying Equity Benchmark (whether positive or negative). The Leveraged Equity Indices are total return indices and are in each case calculated and published by the relevant Equity Index Sponsor.

Short and Leveraged Equity Securities are complex, structured products involving a significant degree of risk and may not be suitable or appropriate for all types of investor. It is advisable that any person wishing to invest seeks appropriate financial, tax and other advice from an independent financial advisor with appropriate regulatory authorisation and qualifications. An investment in Short and Leveraged Equity Securities is only suitable for persons who understand the economic risk of an investment in Short and Leveraged Equity Securities, are willing to monitor their investment frequently and are able to bear such risk for an indefinite period of time. A prospective investor should be aware that their entire investment in Short and Leveraged Equity Securities may be lost.

What is in this Prospectus?

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

The rights attaching to the Short and Leveraged Equity Securities are contained in the Conditions set out under the heading "Conditions" in Part 7 (*Trust Instrument and Short and Leveraged Equity Securities*) and are completed by the Final Terms specific to a particular issue of Short and Leveraged Equity Securities which will be published before such Short and Leveraged Equity Securities are issued.

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

What information is included in the Final Terms?

The Final Terms set out information specific to the Short and Leveraged Equity Securities to which they relate including, the class and number of Short and Leveraged Equity Securities to be issued and the Price at which those Short and Leveraged Equity Securities will be issued.

What other information should a prospective investor consider?

Prospective investors should ensure that, in addition to reviewing the Prospectus they review any Final Terms issued.

A copy of this Prospectus and any Final Terms issued are available at www.etfsecurities.com.

TABLE OF CONTENTS

This table sets out the contents of this Prospectus together with an outline description of the contents of each section and is intended as a guide to help a prospective investor to navigate their way around this Prospectus.

Each section should be carefully considered by a prospective investor before deciding whether to invest in Short and Leveraged Equity Securities.

Part 4	Description of Short and Leveraged Equity Securities	165-177	*This section provides a description of the Short and Leveraged Equity Securities and the role of the different parties in the structure of the offering. It also sets out the way in which investment in Short and Leveraged Equity Securities can be made as well as details of the rights attached to the securities and how the Price is calculated, how an investor can calculate the value of their investment and details of how Short and Leveraged Equity Securities can be redeemed*
Part 5	Description of the Facility Agreement and Equity Contracts	178-185	*This section provides a description of the Equity Contracts that back the Short and Leveraged Equity Securities. It also provides a description of the Facility Agreement, which is the document under which the Issuer enters into Equity Contracts with the Equity Contract Counterparty, and a description of other documentation under which the Equity Contract Counterparty posts collateral with respect to its obligations under the Equity Contracts*
Part 6	The Programme	186-189	*This section contains information relating to some, but not all, of the rules applicable to Short and Leveraged Equity Securities including details on where this Prospectus has been passported to allow public offers of the Short and Leveraged Equity Securities to take place*
Part 7	Trust Instrument and Short and Leveraged Equity Securities	190-229	*This section gives details of the main constitutive document in relation to the Short and Leveraged Equity Securities – the Trust Instrument – and sets out the details of the approval of the issue of the Short and Leveraged Equity Securities. It includes an extract from the Trust Instrument under the heading "Conditions" which sets out the terms and conditions which apply to the securities. This extract is drafted in legal language as it is taken directly from the Trust Instrument but information on how the terms and conditions apply to Security Holders is contained throughout this Prospectus including Part 1 and Part 4*
Part 8	Particulars of the Security Deed	230-231	*The Security Deed creates security over, and give investors (through the Trustee) rights to, the underlying relating to each class of security. This section contains detail of the terms of the rights granted by the Security Deed and when these rights become enforceable*
Part 9	Global Bearer Certificates	232-234	*This section contains an English translation of the German text of the German Global Bearer Certificates which are set out an Annex I and which are only relevant to investors wishing to purchase their securities on the Frankfurt Stock Exchange*
Part 10	Particulars of the Equity Contract Counterparty	235	*This section provides a short description of the initial Equity Contract Counterparty to the Programme, Société Générale*

Annex 5	Financial Information on the Issuer	289-329	*This section sets out the report and financial statements of the Issuer for the period from 6 December 2012 to 31 December 2012 and for the year ended 31 December 2013*

Programme for the issue of

ETFS Short Equity Securities

and

ETFS Leveraged Equity Securities
Important Information

A. Approvals

A copy of this document, which comprises a base prospectus relating to the Short and Leveraged Equity Securities of each type in compliance with Article 3 of Directive 2003/71/EC, as in force as at the date hereof, and the prospectus rules made under sections 73A and 84 of the Financial Services and Markets Act 2000, as amended as at the date hereof, has been filed with the FCA and made available to the public for the purposes of section 85 of that Act and in accordance with Article 14 of Directive 2003/71/EC and Rule PR3.2 of those prospectus rules. Short and Leveraged Equity Securities will be available to be issued on a continuous basis during the period of 12 months from the date of this document.

Short and Leveraged Equity Securities have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**"), or under the securities laws of any states of the United States. Short and Leveraged Equity Securities may not be directly or indirectly offered, sold, taken up, delivered or transferred in or into the United States or to any US person (as defined in Regulation S under the Securities Act) (a "**US Person**"). The Issuer has not registered, and does not intend to register, as an investment company under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Accordingly, Short and Leveraged Equity Securities may not be offered, sold, pledged or otherwise transferred or delivered within the United States. Short and Leveraged Equity Securities offered and sold outside the United States may be offered to persons in reliance upon Regulation S under the Securities Act. Each of the Authorised Participants has, pursuant to its Authorised Participant Agreement with the Issuer, undertaken not to offer or sell the Short and Leveraged Equity Securities to any "Person" unless the offer or sale is made in an "offshore transaction" and not to engage in any "directed selling efforts" (as each such term is defined by Regulation S under the Securities Act) with respect to the Short and Leveraged Equity Securities.

B. Jersey Law Consents

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

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

The Issuer and its directors have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement in this Prospectus, whether of fact or opinion. The Issuer and its directors accept responsibility accordingly.

Each of ManJer, R&H Fund Services (Jersey) Limited and the Registrar is registered under the Financial Services (Jersey) Law, 1998, as amended, (the "Financial Services Law") to enable it to undertake its functions in relation to the Short and Leveraged Equity Securities. The Jersey Financial Services Commission is protected by the Financial Services Law against liability arising from the discharge of its functions thereunder.

It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

C. Listing and Trading

Application has been made to the UK Listing Authority for all Short and Leveraged Equity Securities issued within 12 months of the date of this document to be admitted to the Official List, and to the London Stock Exchange for all such Short and Leveraged Equity Securities to be admitted to trading on the Main Market (being part of the London Stock Exchange's Regulated Market for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)).

Certain of the Short and Leveraged Equity Securities are also listed or traded on certain other markets – see "Passporting" in Part 6 (*The Programme*).

D. Responsibility and No Investment Advice

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer, which has taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Nothing in this document or anything communicated to holders or potential holders of the Short and Leveraged Equity Securities or other obligations by the Issuer is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for the Short and Leveraged Equity Securities or the exercise of any rights attached thereto for the purposes of the Jersey Financial Services Law 1998, as amended.

None of the Equity Index Sponsors, the Trustee, SG nor any other member of the SG Group has separately verified the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by the Equity Index Sponsors, the Trustee, SG nor any other member of the SG Group as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with Short and Leveraged Equity Securities or their distribution. Each person applying for Short and Leveraged Equity Securities in accordance with this Prospectus acknowledges that (i) such person has not relied on the Equity Index Sponsors, the Trustee, SG nor on any person affiliated with any of them in connection with its investment decision or its investigation of the accuracy of the information contained herein; (ii) Short and Leveraged Equity Securities are direct, limited recourse obligations of the Issuer alone and not obligations of any other person, including the Equity Index Sponsors, the Trustee, SG and any other member of the SG Group; and (iii) the obligations of the Issuer to Security Holders under the Short and Leveraged Equity Securities are not guaranteed by any other person, including the Trustee, SG and any other member of the SG Group. None of the Issuer, the Trustee, the Authorised Participants and the Security Holders are, by virtue of any of the activities of Equity Index Sponsors, SG or any other member of the SG Group in connection with Equity Contracts, clients or customers of Equity Index Sponsors, SG or any other member of the SG Group for the purposes of the FCA Handbook.

Neither SG nor any other member of the SG Group has structured Short and Leveraged Equity Securities or provided any advice or information in respect of Short and Leveraged Equity Securities (subject to a limited exception for information provided by SG in relation to itself) nor accepts any responsibility in respect of this Prospectus or any other disclosure document or advertising materials in connection with the Short and Leveraged Equity Securities.

Neither SG nor any other member of the SG Group is acting as sponsor, arranger or underwriter of the Programme for the issue of Short and Leveraged Equity Securities. Without limitation of the foregoing, SG has not by itself or through related entities, directly or indirectly (1) been involved in any original agreement which created obligations or potential obligations of a third party debtor or potential debtor giving rise to exposures being securitised; or (2) purchased any third party exposures for its own account and then securitised them, in each case, in connection with this Programme.

None of the Issuer, ManJer or any Affiliate of ManJer, SG or any Affiliate of SG, or the Trustee makes any representations as to (i) the suitability of any Short and Leveraged Equity Securities for any particular investor; (ii) the appropriate accounting treatment or possible tax consequences of an investment in any Short and Leveraged Equity Securities; or (iii) the expected performance of any Short and Leveraged Equity Securities, either in absolute terms or relative to competing investments.

The obligations of the Issuer to Security Holders are not guaranteed by SG, any member of the SG Group, any other Equity Contract Counterparty or the Equity Index Sponsors.

E. Investors to make their own assessment

Neither this Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase Short and Leveraged Equity Securities or other securities issued by the Issuer and should not be considered as a recommendation by the Issuer, the Authorised Participants, SG or any member of the SG Group or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase Short and Leveraged Equity Securities. Each person contemplating making an investment in Short and Leveraged Equity Securities must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment, and it is advisable that such persons obtain their own independent accounting, tax and legal advice and should consult their own professional investment advisers to ascertain the suitability of Short and Leveraged Equity Securities as an investment, and should conduct such independent investigation and analysis regarding the risks, security arrangements and cash-flows associated with Short and Leveraged Equity Securities as they deem appropriate, in order to evaluate the merits and risks of an investment in Short and Leveraged Equity Securities. A prospective investor who is in any doubt whatsoever as to the risks involved in investing in Short and Leveraged Equity Securities should consult its independent professional advisers.

F. Supplementary Prospectus

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

ETFS Equity Securities Limited

Programme for the Issue of

Short and Leveraged Equity Securities
Prospectus Summary

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and Warnings		
A.1	Standard warning disclosure	Warning that: • this summary should be read as an introduction to the base prospectus of ETFS Equity Securities Limited dated 24 March 2014 (the “**Prospectus**”); • any decision to invest in the Short Equity Securities or the Leveraged Equity Securities (both as defined below) should be based on consideration of the Prospectus as a whole by the investor; • where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Short Equity Securities or the Leveraged Equity Securities (as defined below).
A.2	Disclosure of consent for use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries	The Issuer has consented to the use of the Prospectus, and has accepted responsibility for the content of the Prospectus, with respect to subsequent resale or final placement by way of public offer of the Short and Leveraged Equity Securities in any of Austria, Denmark, Finland, France, Germany, Ireland, Italy, Portugal, the Netherlands, Norway, Spain, Sweden and the United Kingdom by any financial intermediary which is an investment firm within the meaning of the Markets in Financial Instruments Directive (Directive 2004/39/EC) (“**MiFID**”) and which is authorised in accordance with MiFID in any member state. Such consent applies to any

		such resale or final placement by way of public offer during the period of 12 months from the date of the Prospectus, unless such consent is withdrawn prior to that date by notice published on the Issuer's website. Other than the right of the Issuer to withdraw the consent, no other conditions are attached to the consent described in this paragraph. **In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made. Any financial intermediary using the Prospectus for the purpose of any offering must state on its website that it uses the Prospectus in accordance with the consent given and the conditions attached thereto.**

Section B – Issuer		
B.1	Legal and commercial name	ETFS Equity Securities Limited (the "**Issuer**").
B.2	Domicile/Legal form/Legislation/ Country of incorporation	The Issuer is a public company incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 112019.
B.16	Direct/indirect control of the Issuer	The shares in the Issuer are held entirely by ETFS Holdings (Jersey) Limited ("**HoldCo**"), a holding company incorporated in Jersey. The shares in HoldCo are directly owned by ETF Securities Limited ("**ETFSL**") which is also incorporated in Jersey. The Issuer is neither directly nor indirectly owned or controlled by any other party to the programme.
B.20	Special purpose vehicle	The Issuer has been established as a special purpose vehicle for the purpose of issuing the Short Equity Securities and Leveraged Equity Securities (as defined below) as asset-backed securities.
B.21	Principal activities and overview of the parties	The principal activity of the Issuer is issuing classes of debt security (the "**Short and Leveraged Equity Securities**") which are backed by derivative contracts (the "**Equity Contracts**") which provide exposure to movements in various indices (each an "**Equity Index**") calculated by different index providers. The Issuer has established a programme under which different Short and Leveraged Equity Securities tracking the performance of different Equity Indices may be issued. Short and Leveraged Equity Securities which track a particular index are known as a class of Short and Leveraged Equity Securities. Each Short and Leveraged Equity Security is backed by an Equity Contract which references the same index and these are also referred to as different classes. There are two types of securities that can be issued: (i) short equity securities ("**Short Equity Securities**") that (before fees, expenses and adjustments) track short Equity Indices ("**Short Equity Indices**"); and (ii) leveraged equity securities ("**Leveraged Equity Securities**") that (before fees, expenses and adjustments) track leveraged Equity Indices ("**Leveraged Equity Indices**").

		The Issuer achieves a return based on movements in the relevant Equity Indices by entering into corresponding Equity Contracts with Société Générale ("**SG**" or the "**Equity Contract Counterparty**"). The Equity Contracts are derivative contracts which provide the Issuer with matching exposure to movements in Equity Indices without the requirement to purchase equities or to trade in equity futures contracts. The Short Equity Indices provide a return which reflects minus three times (-3x) the daily percentage change in the level of an underlying equity index and the Leveraged Equity Indices provide a return which reflects three times (3x) the daily percentage change in the level of an underlying equity index. The Equity Indices form part of the basis of the pricing of the Short and Leveraged Equity Securities (which are priced according to the Formula as set out at C.15 below). Short and Leveraged Equity Securities can be issued and redeemed on a daily basis by the Issuer on application by financial institutions ("**Authorised Participants**") who (i) have entered into an agreement entitled "Authorised Participant Agreement" with the Issuer; (ii) have certified to the Issuer as to their status under the Financial Services and Markets Act 2000 ("**FSMA**"); and (iii) (except in the case of an Equity Contract Counterparty (as defined above in this Element B.21) which has entered into an Authorised Participant Agreement with the Issuer) has entered into a corresponding agreement entitled "Direct Agreement" with at least one Equity Contract Counterparty and which has not been notified by that Equity Contract Counterparty that it is an unacceptable Authorised Participant in respect of that Equity Contract Counterparty. The Issuer only issues the Short and Leveraged Equity Securities to Authorised Participants. Security Holders who are not Authorised Participants may require the Issuer to redeem Short and Leveraged Equity Securities if there are no Authorised Participants or if the Issuer otherwise so announces. Any Security Holder may buy and sell Short and Leveraged Equity Securities through trading on an exchange or market on which the Short and Leveraged Equity Securities are admitted to trading. The ability of an Authorised Participant to apply to the Issuer for creation or redemption of Short and Leveraged Equity Securities on a daily basis is intended to reduce the potential for difference between the price at which the Short and Leveraged Equity Securities trade on any exchange to which they may be quoted or traded and the Price of that security (calculated in accordance with Element C.15 below). The terms of the Equity Contracts entered into or to be entered into by the Issuer are governed by an agreement entitled the "**Facility Agreement**" between the Issuer and SG dated 24 March 2014. The Issuer may enter into further Facility Agreements (and Equity Contracts thereunder) with counterparties other than SG (and the Prospectus would be updated accordingly).

		The obligations of the Equity Contract Counterparty to the Issuer under Equity Contracts are secured by collateral provided by the Equity Contract Counterparty and held in one of three custody accounts (each a "**Collateral Account**" and together the "**Collateral Accounts**") in the name of the Equity Contract Counterparty at The Bank of New York Mellon (Luxembourg) S.A. ("the **Collateral Custodian**") under the terms of a collateral custodian agreement between, amongst others, the Issuer and the Collateral Custodian (the "**Collateral Custodian Agreement**"). There is a separate Collateral Account for each currency of denomination of the Equity Contracts (and the corresponding Short and Leveraged Equity Securities), one account holding the collateral relating to Equity Contracts denominated in Euros, one account holding the collateral relating to Equity Contracts denominated in Sterling and one account holding the collateral relating to Equity Contracts denominated in US Dollars. In relation to each Collateral Account, the Issuer, SG and the Collateral Custodian have entered into a pledge agreement, each dated 24 March 2014 (each a "**Pledge Agreement**" and together the "**Pledge Agreements**"), pursuant to which SG pledges the collateral in the relevant Collateral Account to the Issuer as security for SG's obligations in respect of the relevant Equity Contracts. The Issuer, SG, the Collateral Custodian and The Bank of New York Mellon (London Branch) as collateral monitoring agent (the "**Collateral Monitoring Agent**") have entered into a collateral monitoring agency agreement dated 24 March 2014 (the "**CMAA**") under which the Collateral Monitoring Agent will calculate the value of the collateral it holds in the Collateral Accounts and SG is required to transfer to the relevant Collateral Account, securities and/or cash at least to the value of the Issuer's exposure under each group of Equity Contracts (denominated in Euro, Sterling and US Dollars, respectively) and thus together at least to the value of the Issuer's total exposure to SG under all of the Equity Contracts. The collateral held is adjusted daily to reflect the value of the relevant Equity Contracts, based on the value of the Equity Contracts two business days before and based on the value of collateral on the day before the immediately preceding business day. Short and Leveraged Equity Securities are constituted under an agreement entitled the "**Trust Instrument**" between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the "**Trustee**") and the Trustee holds all rights and entitlements under the Trust Instrument for any person identified on the registers as holding the Short and Leveraged Equity Securities (the "**Security Holders**"). The Issuer and the Trustee have entered into a document entitled the "**Security Deed**" under which the Issuer grants security over the assets described in C.8 as the "Secured Assets" to the Trustee. Under the Security Deed, the Trustee holds the proceeds from the realisation of the Secured Assets on trust for the Security Holders of the relevant class of Short and Leveraged Equity Security.

<table>
<tr><td></td><td></td><td>The Issuer is a special purpose company whose only assets attributable to the Short and Leveraged Equity Securities are the Equity Contracts, related contractual rights and rights in respect of the collateral under the Pledge Agreements. So the ability of the Issuer to meet its obligations in relation to Short and Leveraged Equity Securities will be wholly dependent on its receipt of payments under the Equity Contracts from SG and its ability to realise the collateral under each Pledge Agreement and the CMAA.

ETFS Management Company (Jersey) Limited (“ManJer”), a company which is wholly-owned by ETFSL, supplies, or will arrange the supply of, all management and administration services to the Issuer and pays all the management and administration costs of the Issuer in return for a fee payable by the Issuer.</td></tr>
<tr><td>B.22</td><td>No financial statements</td><td>Not applicable; financial statements have been made up as at the date of this Prospectus.</td></tr>
<tr><td>B.23</td><td>Key historical financial information</td><td>
<table>
<tr><th></th><th>As at 31 December 2012 USD</th><th>As at 31 December 2013 USD</th></tr>
<tr><td>Current Assets</td><td></td><td></td></tr>
<tr><td>Trade and Other Receivables</td><td>3</td><td>3</td></tr>
<tr><td>Total Assets</td><td>3</td><td>3</td></tr>
<tr><td>Equity</td><td></td><td></td></tr>
<tr><td>Stated Capital</td><td>3</td><td>3</td></tr>
<tr><td>Total Equity</td><td>3</td><td>3</td></tr>
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</td></tr>
<tr><td>B.24</td><td>Material adverse change</td><td>Not applicable; there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements for the year ended 31 December 2013.</td></tr>
<tr><td>B.25</td><td>Underlying assets</td><td>The underlying for the Short and Leveraged Equity Securities of each class, on which they are secured, are the Issuer’s rights and interests under:

(i) Equity Contracts
Each time Short and Leveraged Equity Securities are issued, a corresponding number of Equity Contracts of the class corresponding to the class of such Short and Leveraged Equity Securities will be entered into by the Issuer. Likewise, each time Short and Leveraged Equity Securities are redeemed a corresponding number of Equity Contracts of the class corresponding to the class of such Short and Leveraged Equity Securities will be cancelled.

The Equity Contracts of a particular class provide the Issuer with exposure to the performance of matching Equity Indices and represent legal rights of the Issuer against the Equity Contract Counterparty.</td></tr>
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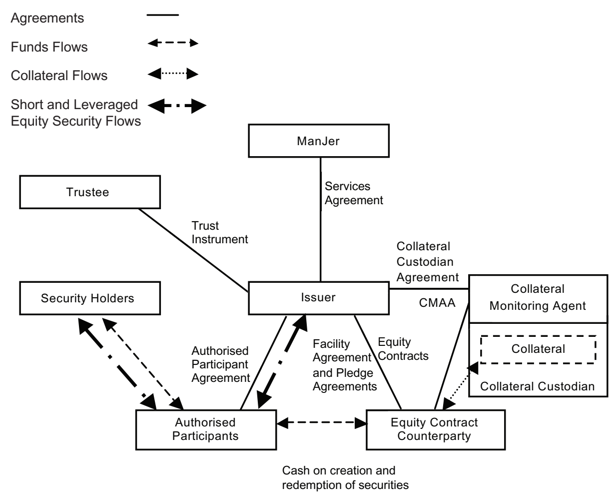
		Equity Contracts will be entered into by the Issuer with one or more Equity Contract Counterparties. At the date of this Prospectus, the Issuer has entered into arrangements with SG as Equity Contract Counterparty. The Issuer will decline applications for Short and Leveraged Equity Securities if it cannot for any reason create corresponding Equity Contracts with an Equity Contract Counterparty. (ii) **Facility Agreement** The Facility Agreement is a legal agreement between the Issuer and the Equity Contract Counterparty pursuant to which the Issuer pays all of the issue proceeds of that class of Short and Leveraged Equity Security to the Equity Contract Counterparty and in return the Equity Contract Counterparty and the Issuer enter into an equivalent number of Equity Contracts of the same class as the class of Short and Leveraged Equity Securities being issued. Under the Facility Agreement there are limits, both daily and in aggregate, on the number of Equity Contracts that can be created or cancelled at any time. Issues and redemptions of Short and Leveraged Equity Securities are subject to both daily limits and aggregate limits, to match the limits on Equity Contracts. (iii) **Pledge Agreement** The relevant Pledge Agreement is made in favour of the Issuer pursuant to which the Equity Contract Counterparty pledges the collateral in the relevant collateral account to the Issuer as security for the Equity Contract Counterparty's obligations to the Issuer under Equity Contracts of the same group (based on denomination). (iv) **Collateral Monitoring Agency Agreement ("CMAA")** The collateral monitoring agency agreement is the agreement under which the Collateral Monitoring Agent will calculate the value of the collateral in the collateral accounts and SG is required to transfer to the relevant collateral account, securities and/or cash at least to the value of the Issuer's exposure under each group of Equity Contracts (based on denomination) and together at least to the value of the Issuer's total exposure under all of the Equity Contracts to SG. The collateral held is adjusted daily to reflect the value of the relevant Equity Contracts, based on the value of the Equity Contracts two business days before and based on the value of collateral on the day before the immediately preceding business day. (v) **Collateral Custodian Agreement** The Collateral Custodian Agreement is the agreement relating to the Pledge Agreements

		described in (iii) above, under which the collateral provided by the Equity Contract Counterparty is held in custody accounts in the name of the Equity Contact Counterparty at The Bank of New York Mellon (Luxembourg) S.A. The securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities. The securitised assets are the Issuer's rights and interests under the Equity Contracts, Facility Agreement, each Pledge Agreement (and rights in respect of collateral provided under them), the CMAA and the Collateral Custodian Agreement and any agreement which the Issuer may enter into with a liquidation agent appointing it to realise collateral ("**Liquidation Agent Agreement**").
B.26	Investment management	Not applicable; there is no active management of the assets of the Issuer.
B.27	Further securities backed by the same assets	Further Short and Leveraged Equity Securities of any class may be issued but each time a Short and Leveraged Equity Security of any class is issued corresponding Equity Contracts of the same class will be created and will form part of the corresponding "Secured Assets". Such newly issued Short and Leveraged Equity Securities will be fungible with all existing Short and Leveraged Equity Securities of the same class and will be backed by the same Secured Assets.
B.28	Structure of the transaction	Short and Leveraged Equity Securities are constituted by the Trust Instrument. Under the terms of the Trust Instrument, the Trustee acts as trustee for the Security Holders of each class of Short and Leveraged Equity Security both (a) to make determinations and exercise rights under the Short and Leveraged Equity Securities for the benefit of the Security Holders and (b) to hold on trust for the Security Holders the security granted by the Issuer under the Security Deed, to exercise any rights to enforce the same and to distribute the proceeds (after payment of all amounts owed to the Trustee) to the Security Holders amongst others. The Short and Leveraged Equity Securities are being made available by the Issuer for subscription only to Authorised Participants who have entered into an Authorised Participant Agreement with the Issuer pursuant to which the Issuer has agreed with the Authorised Participant to issue and redeem Short and Leveraged Equity Securities on an on-going basis. An Authorised Participant which holds Short and Leveraged Equity Securities can choose to (i) hold the Short and Leveraged Equity Securities itself; (ii) sell the Short and Leveraged Equity Securities on an exchange on which the Short and Leveraged Equity Securities are admitted to trading; (iii) sell those Short and Leveraged Equity Securities in an off-exchange transaction; or (iv) require the Issuer to redeem the Short and Leveraged Equity Securities directly. Most Security Holders will buy and sell their Short and Leveraged Equity Securities for cash in the secondary

		market on one of the stock exchanges on which the Short and Leveraged Equity Securities are admitted to trading rather than directly from the Issuer. The Equity Contracts provide the Issuer with exposure to the performance of matching Equity Indices. As explained in element B.25, each time a Short and Leveraged Equity Security is issued or redeemed, a corresponding number of Equity Contracts of the class and number corresponding to the class of such Equity Securities will be entered into or cancelled by the Issuer. The obligations of the Issuer in respect of each class of Short and Leveraged Equity Security are secured by a charge over all rights of the Issuer with respect to the equivalent class of Equity Contracts under the Facility Agreement and related contracts. A diagrammatic representation of the principal aspects of the structure as currently in place appears below: 
B.29	Description of the flow of funds	Most Security Holders will buy and sell their Short and Leveraged Equity Securities for cash in the secondary market on one of the stock exchanges on which the Short and Leveraged Equity Securities are admitted to trading rather than directly from the Issuer. Market makers work to provide liquidity in that secondary market. The Issuer has entered into Authorised Participant Agreements pursuant to which the Issuer has agreed with Authorised Participants to issue and redeem Short and Leveraged Equity Securities on an on-going basis. An Authorised Participant which holds Short and Leveraged Equity Securities may choose to (i) hold the Short and Leveraged Equity Securities itself; (ii) sell the Short and Leveraged Equity Securities on an exchange on which the Short and Leveraged Equity Securities are admitted to trading; (iii) sell those Short and Leveraged Equity Securities in an off-exchange transaction; or (iv) require the Issuer to redeem the Short and Leveraged Equity Securities directly with the Issuer. Upon issue of Short and Leveraged Equity Securities, an Authorised Participant must deliver an amount of cash in the Relevant Currency to the Equity Contract Counterparty equal to the Price of the Short and

		Leveraged Equity Securities to be issued together with any applicable Application Cost in respect of them in exchange for which the Issuer issues the Short and Leveraged Equity Securities and delivers them to the Authorised Participant via CREST. Upon redemption of Short and Leveraged Equity Securities, the Issuer will cancel corresponding Equity Contracts with the Equity Contract Counterparty. Where there are Authorised Participants, the Equity Contract Counterparty must deliver an amount of cash in the Relevant Currency to the relevant Authorised Participant equal to the Price of those cancelled Equity Contracts less any applicable cancellation cost. Such amount will match the Price in respect of those Short and Leveraged Equity Securities (less any applicable Redemption Cost). In circumstances where there are no Authorised Participants or as the Issuer may in its sole discretion determine, Security Holders who are not Authorised Participants may redeem their securities directly with the Issuer. In this case, the Issuer will cancel a number of Equity Contracts of the relevant class equal in number to the number of Short and Leveraged Equity Securities being redeemed and use the cash proceeds received from the Equity Contract Counterparty in relation to such cancellation to pay redemption proceeds to redeeming Security Holders (less any applicable Redemption Cost).
B.30	Originators of the securitised assets	The Equity Contracts are and will be entered into by the Issuer with the Equity Contract Counterparty. As party to such contracts, the Equity Contract Counterparty is obliged to perform its obligations under the Equity Contracts. An Equity Contract Counterparty is not a sponsor, an arranger or an underwriter in respect of the Programme for the issuance of Short and Leveraged Equity Securities; nor does it create or purchase any third party exposures being securitised in connection with the Programme. At the date of the Prospectus, the Issuer has entered into an agreement with SG pursuant to which SG will act as an Equity Contract Counterparty. The Prospectus will be updated should an additional Equity Contract Counterparty be appointed. SG's registered office is at 29, Boulevard Haussmann, 75009 Paris, France. SG is a public limited company (*société anonyme*) established under French law and having the status of a bank. SG was incorporated by deed approved by the Decree of 4 May 1864. The duration of SG will expire on 31 December 2047, unless the company is wound up before that date or its duration is extended. Subject to the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code (*Code monétaire et financier*) that apply to them, SG is governed by the commercial laws of France, in particular, articles L. 210-1

		et seq. of the French commercial code, as well as its current by-laws. SG is a credit institution authorised to act as a bank. As such, it can carry out all banking transactions. It can also carry out all investment-related services or allied services, as listed by articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code, except for operating a multilateral trading facility. In its capacity as an investment services provider, SG is subject to the regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the French Prudential Supervision and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution). Its management and all employees are bound by rules governing professional secrecy, violation of which is punishable by law. SG also acts as an insurance broker. The purpose of SG is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France and abroad: – all banking transactions; – all transactions related to banking operations, including in particular investment services or allied services as listed by articles L.321-1 and L.321-2 of the French Monetary and Financial Code; – all acquisitions of interests in other companies. SG may also, on a regular basis, as defined in the conditions set by the French Banking and Financial Regulation Committee, engage in all transactions other than those mentioned above, including in particular insurance brokerage. Generally SG may carry out, on its own behalf, on behalf of a third-party or jointly, all financial, commercial, industrial, agricultural, personal property or real property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities. SG is registered in the Registre du Commerce et des Sociétés of Paris under number 552 120 222 RCS Paris. SG's shares are listed on the Paris Stock Exchange (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and are also traded in the United States under an American Depository Receipt (ADR) programme.

	Section C – Securities	
C.1	Type and class of securities being offered	The Issuer makes available for issue two types of Short and Leveraged Equity Security, short equity securities ("**Short Equity Securities**") and leveraged equity securities ("**Leveraged Equity Securities**") each of which may be issued in multiple classes. Each class of Short and Leveraged Equity Security tracks the performance of a different Equity Index.

		The return on the Short and Leveraged Equity Securities is linked in each case to the performance of the related Equity Index as follows: • Each Short Equity Security will track the performance of the corresponding Short Equity Index, which provides investors with an exposure reflecting minus three times (-3x) the daily percentage change in the level of the relevant underlying equity benchmark such that if the value of the underlying equity benchmark decreases by an amount on a particular day, the level of the Equity Index and the corresponding Short Equity Securities will (before fees, expenses and adjustments) increase by three times that amount on such day, and *vice versa*; and • Each Leveraged Equity Security will track the performance of the corresponding Leveraged Equity Index, which provides investors with an exposure reflecting three times (3x) the daily percentage change in the level of the relevant underlying equity benchmark such that if the value of the underlying equity benchmark increases by an amount on a particular day, the level of the Equity Index and the corresponding Leveraged Equity Securities will (before fees, expenses and adjustments) increase by three times that amount on such day, and *vice versa*. ***Issue specific summary:*** The following details apply to the Short and Leveraged Equity Securities being issued pursuant to the Final Terms: Class [•] Type [•] Name of Equity Index [•] LSE Code [•] ISIN [•] Aggregate number of Short and Leveraged Equity Securities of that class [•] The return on the Short and Leveraged Equity Securities being issued pursuant to the Final Terms is linked to the performance of the related Equity Indices as follows: [Each [Name of Short Equity Security] will track the performance of [Name of Short Equity Index], which provides investors with an exposure reflecting minus three times (-3x) the daily percentage change in the level of the relevant underlying equity benchmark such that if the value of the underlying equity benchmark decreases by an amount on a particular day, the level of the Equity Index and the corresponding Short Equity Securities will (before fees, expenses and adjustments) increase by three times that amount on such day, and *vice versa*.]

		[Each [Name of Leveraged Equity Security] will track the performance of [Name of Leveraged Equity Index], which provides investors with an exposure reflecting three times (3x) the daily percentage change in the level of the relevant underlying equity benchmark such that if the value of the underlying equity benchmark increases by an amount on a particular day, the level of the Equity Index and the corresponding Leveraged Equity Securities will (before fees, expenses and adjustments) increase by three times (3x) that amount on such day, and *vice versa*.]
C.2	Currency	Short and Leveraged Equity Securities are denominated in Euros, Pounds Sterling or US Dollars (each such currency a “**Relevant Currency**”). ***Issue specific summary:*** The Short and Leveraged Equity Securities being issued pursuant to the Final Terms are denominated in [•].
C.5	Restrictions on transfer	Not applicable; the Short and Leveraged Equity Securities are freely transferable.
C.8	Rights	Short and Leveraged Equity Securities constitute direct and unconditional payment obligations of the Issuer which rank *pari passu* among themselves. Each Short and Leveraged Equity Security is an undated secured limited recourse debt obligation of the Issuer, which carries the right on redemption to payment of the higher of (i) the Principal Amount, and (ii) the Price of that class of Short and Leveraged Equity Security on the applicable day determined using the Formula as set out at C.15 below. Short and Leveraged Equity Securities are constituted by the Trust Instrument. The Trustee holds all rights and entitlements under the Trust Instrument on trust for the Security Holders. The Issuer and the Trustee have entered into the Security Deed pursuant to which the Trustee holds the Secured Assets (as defined below) and any proceeds from the enforcement or realisation of the Secured Assets on trust for the Security Holders of the relevant class of Short and Leveraged Equity Security. Under the terms of the Security Deed, the Issuer has granted security in favour of the Trustee over the rights and interests (the “**Secured Assets**”) of the Issuer relating to such class under the Facility Agreement, the Equity Contracts with SG, the relevant Pledge Agreement, the CMAA, any Liquidation Agent Agreement and the Collateral Custodian Agreement (the “**Assigned Agreements**”) and assigned to the Trustee by way of security all of the Issuer’s rights in relation to the Assigned Agreements. The Facility Agreement, each Pledge Agreement, the CMAA, the Collateral Custodian Agreement, any Liquidation Agent Agreement and the Equity Contracts, to the extent applicable to each class of Short and Leveraged Equity Security, are all the subject of security granted by the Issuer in favour of the Trustee under the Security Deed.

		The Issuer holds separate pools of assets for each class of securities so that holders of a particular class of Short and Leveraged Equity Security will have recourse only to security granted by the Issuer over the Equity Contracts of that same class, together with the related rights and interests under the other Assigned Agreements.
C.11	Admission	Application has been made to the UK Listing Authority for all Short and Leveraged Equity Securities issued within 12 months of the date of this Prospectus to be admitted to the Official List and to the London Stock Exchange, which operates a Regulated Market, and for all such Short and Leveraged Equity Securities to be admitted to trading on the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List). It is the Issuer's intention that all Short and Leveraged Equity Securities issued after the date of this document will also be admitted to trading on the Main Market. The Issuer intends to make an application for certain of the Equity Securities to be admitted to listing on the Regulated Market (General Standard) of the Frankfurt Stock Exchange and the ETFplus market of the Borsa Italiana. Public trading of the Equity Securities on these markets can occur only after the application for such admission has been approved. There can be no assurance that such admission will be approved. ***Issue specific summary:*** Application has been made for the Short and Leveraged Equity Securities being issued pursuant to the Final Terms to be admitted to trading on the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List). [Such Short and Leveraged Equity Securities are also admitted to listing on [the Regulated Market (General Standard) of the Frankfurt Stock Exchange] [and] [on the ETFplus market of Borsa Italiana S.p.A]].
C.12	Minimum denomination	Each Short and Leveraged Equity Security has a face value known as the "**Principal Amount**". For Short and Leveraged Equity Securities denominated in Euros, the Principal Amount is €0.20. For Short and Leveraged Equity Securities denominated in Pounds Sterling, the Principal Amount is £0.20. For Short and Leveraged Equity Securities denominated in US Dollars, the Principal Amount is $0.20. ***Issue specific summary:*** Class of Short and Leveraged Equity Security: [•] Principal Amount (minimum denomination): [•]
C.15	Value of the investment is affected by the value of the underlying instruments	**Pricing of Short and Leveraged Equity Securities** Each Short and Leveraged Equity Security carries a right on redemption by the Issuer to receipt of the higher of the Principal Amount and the price ("**Price**"), less any applicable redemption cost and issuer Italian financial transaction tax (as set out in Element E.7).

		The price of each Short and Leveraged Equity Security is calculated on a daily basis to reflect the value of the relevant Equity Index on such day less fees applicable to such class on that day. The Price of a class of Short and Leveraged Equity Security may also be adjusted in certain circumstances as explained under the heading "Adjustment Factors" below. The price of a class of Short and Leveraged Equity Securities is calculated in accordance with the following formula (the "**Formula**"): $$\mathbf{P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}}$$ where: $P_{i,t}$ is the Price of a Short and Leveraged Equity Security of the relevant class on the day on which the Price is being calculated; i refers to the relevant class of Short and Leveraged Equity Security; t refers to the applicable calendar day; $I_{i,t}$ refers to the level of the Equity Index applicable to the relevant class of Short and Leveraged Equity Security on the day on which the Price of the Short and Leveraged Equity Security is being calculated; $M_{i,t}$ is the Multiplier (as defined below) applicable to the relevant class of Short and Leveraged Equity Security on the day on which the Price of the Short and Leveraged Equity Security is being calculated; and $AF_{i,t}$ is the adjustment factor applicable to the relevant class of Short and Leveraged Equity Security on the day on which the Price of the Short and Leveraged Equity Security is being calculated. **Multiplier** The fees for each class are deducted from the Price of such class on a daily basis by the application of the multiplier. The multiplier (represented in the formula by ($M_{i,t}$) ("**Multiplier**") is calculated on each day in accordance with the following formula: $$\mathbf{M_{i,t} = M_{i,t-1} \times (1 - AR_{i,t})^{1/D}}$$ where: $M_{i,t}$ is the Multiplier applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated; $M_{i,t-1}$ is the Multiplier applicable to a particular class of Short and Leveraged Equity Securities on the last previous day; $AR_{i,t}$ is the annualised rate applicable to a particular class of Short and Leveraged Equity Security on the day on which the Multiplier is calculated which accounts for the fees and expenses applicable to

		the relevant class of Short and Leveraged Equity Security; i refers to the relevant class of Short and Leveraged Equity Security; t refers to the day on which the Multiplier is being calculated; and D refers to the number of days in the current calendar year. **Adjustment Factors** The adjustment factor ($AF_{i,t}$) referred to in the formula for calculating the price of a class of Short and Leveraged Equity Security (the "**Adjustment Factor**") is included to reflect certain adjustments which need to be made to the price in certain circumstances. On issue, the Adjustment Factor applicable to all classes of Short and Leveraged Equity Security will be 1 and will only change if any of those circumstances occurs or has occurred in the past. The Adjustment Factor is designed to allow adjustments to the price of the Short and Leveraged Equity Securities in four different circumstances and the value of the Adjustment Factor is itself made up of the following four factors (each representing different circumstances): (i) the Disruption Adjustment Factor, (ii) the Index Adjustment Factor, (iii) the Tax Adjustment Factor and (iv) the Security Adjustment Factor. The Adjustment Factor is calculated by multiplying together the four factors described at (i) to (iv) above which are represented in the following formula: $AF_{i,t} = DAF_{i,t} \times IAF_{i,t} \times TAF_{i,t} \times SAF_{i,t}$ where: $AF_{i,t}$ is the Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated; i refers to the relevant class of Short and Leveraged Equity Security; t refers to the day on which the Adjustment Factor is being calculated; $DAF_{i,t}$ is the Disruption Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated; $IAF_{i,t}$ is the Index Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated; $TAF_{i,t}$ is the Tax Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated; and $SAF_{i,t}$ is the Security Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated.

		The Index Level ($I_{i,t}$), Multplier ($M_{i,t}$) and Adjustment Factor ($AF_{i,t}$) are all published daily by the Issuer on its website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx. ***Issue specific summary:*** Multiplier: [•] Adjustment Factor: [•]
C.16	Expiration/Maturity date	Not applicable; the Short and Leveraged Equity Securities are undated securities and have no specified maturity date and no expiry date.
C.17	Settlement	**CREST** The Issuer is a participating issuer in CREST, a paperless system for the settlement of transfers and holding of securities. **Settlement of creations and redemptions** On creation or redemption of the Short and Leveraged Equity Securities, settlement will occur (provided certain conditions are met) on the third business day following receipt of the relevant application or redemption request on a delivery versus payment basis within CREST. **Settlement systems** For the purpose of good delivery of the Short and Leveraged Equity Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("**Clearstream**") will issue, for each series and the relevant number of Short and Leveraged Equity Securities, a Global Bearer Certificate (each a "**Global Bearer Certificate**") in the German language created under German law. Whenever the number of Short and Leveraged Equity Securities represented by the Global Bearer Certificate of a class changes, Clearstream will amend the relevant Global Bearer Certificate accordingly. All Short and Leveraged Equity Securities traded on the Borsa Italiana S.p.A. are eligible for settlement through the normal Monte Titoli S.p.A. settlement systems on the deposit accounts opened with Monte Titoli S.p.A. ***Issue specific summary:*** [For the purpose of good delivery of the Short and Leveraged Equity Securities being issued pursuant to the Final Terms on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("**Clearstream**") will issue, for each series and the relevant number of Short and Leveraged Equity Securities, a Global Bearer Certificate (each a "**Global Bearer Certificate**") in the German language created under German law. Whenever the number of Short and Leveraged Equity Securities represented by the Global Bearer Certificate of a class changes, Clearstream will amend the relevant Global Bearer Certificate accordingly.] [The Short and Leveraged Equity Securities issued pursuant to the Final Terms are traded on the Borsa Italiana S.p.A. and are eligible for settlement through

		the normal Monte Titoli S.p.A. settlement systems on the deposit accounts opened with Monte Titoli S.p.A.]
C.18	Description of return	The Price of each Short and Leveraged Equity Security reflects movements in the relevant Equity Indices and is calculated in accordance with the Formula. The Formula reflects (a) the level of the relevant Equity Index since the last day on which a price was calculated; (b) the administration allowance payable to ManJer; (c) the licence allowance payable to ManJer for payment of the licence fees associated with the use of the Equity Indices; (d) the swap spread payable to the Equity Contract Counterparty; (e) the collateral cost payable to the Equity Contract Counterparty in relation to the provision of the collateral; and (f) an adjustment factor to rebase the Price of Short and Leveraged Equity Securities in certain circumstances. The deduction of an amount reflecting the administration allowance, licence allowance, swap spread and collateral cost is reflected by applying the Annualised Rate referenced in the Formula. The Price of each class of Short and Leveraged Equity Security will be calculated by the Issuer as at the end of each day (after the level of the Equity Index has been published for such day) and posted on the Issuer's website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx. The Short and Leveraged Equity Securities do not bear interest. The return for an investor is the difference between the price at which the relevant Short and Leveraged Equity Securities are issued (or purchased in the secondary market) and the price at which they are redeemed (or sold).
C.19	Final price/exercise price	Prices for each class of Short and Leveraged Equity Security are calculated in respect of each pricing day in accordance with the Formula and redemptions of Short and Leveraged Equity Securities will be at the relevant Price (determined by the Formula) for the day in respect of which the redemption request is received.
C.20	Type of underlying and where information on underlying can be found	The Short and Leveraged Equity Securities are backed by Equity Contracts entered into by the Issuer and Equity Contract Counterparties. The Equity Contracts provide a return linked to the relevant Equity Index. The Final Terms will set out where information on the applicable Equity Indices can be found. Details of the collateral held by the Collateral Custodian for the benefit of the Issuer under each Pledge Agreement and the CMAA can be found at the website of the Issuer at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx. ***Issue specific summary:*** The Equity Contracts provide a return linked to [*insert name of Equity Index*] further information can be found at [*insert web address*].

Section D – Risks		
D.2	Key risks of Issuer	The following are the key risks of the Issuer: The Issuer has been established as a special purpose vehicle for the purpose of issuing the Short and Leveraged Equity Securities and has no assets other than those attributable to the Short and Leveraged Equity Securities. The amounts that a Security Holder could receive following a claim against the Issuer are limited to the proceeds of realisation of the secured property applicable to such Security Holder's class of Short and Leveraged Equity Securities and as the Issuer is a special purpose vehicle formed only for the purpose of issuing the Short and Leveraged Equity Securities, the Issuer would have no further assets against which the Security Holder could claim. In the event that the proceeds of realisation of the secured property is insufficient to cover the amount payable to the Security Holder, the Security Holder would suffer a loss. Although Short and Leveraged Equity Securities are backed by Equity Contracts (which are themselves secured by collateral provided in connection with them) and the rights more particularly set out in Element B.25, the value of such Short and Leveraged Equity Securities and the ability of the Issuer to pay any redemption amounts remains partly dependent on the receipt of amounts due from SG under the Facility Agreement, each Pledge Agreement or the CMAA. No Security Holder has any direct rights of enforcement against any such person. There can be no assurance SG or any other entity will be able to realise their payment obligations under the relevant Equity Contracts or satisfy their obligations under each Pledge Agreement or the CMAA. Consequently, and as the Issuer is a special purpose vehicle with no other assets, there can be no assurance that the Issuer will be able to redeem Short and Leveraged Equity Securities at their redemption price. The Issuer was incorporated on 6 December 2012 and has not yet commenced operations. The directors and management of ManJer and the Issuer have had experience in establishing and operating companies providing similar types of exchange-traded products, but have limited experience of establishing products providing an exposure to equities. If it transpires that the experience of ManJer, the Issuer and their respective management is neither adequate nor suitable to manage the Issuer, then the operations of the Issuer may be adversely affected.
D.6	Key risks of securities	The following are the key risks of securities: • Investors in Short and Leveraged Equity Securities may lose the value of their entire investment or part of it. • As the Short and Leveraged Equity Securities provide a leveraged and/or short exposure to the return of underlying equity benchmark indices an investor's loss may be compounded and they may

		incur significant losses in a very short period of time. • The Short and Leveraged Equity Securities provide a daily return equal to minus three times (-3x) or three times (3x) the daily percentage change in an underlying equity benchmark index. Over periods of greater than one day the return of the Short and Leveraged Equity Securities may significantly deviate from minus three times (-3x) or three times (3x) the percentage change in the underlying equity benchmark index over that longer period. The amount received by the Security Holder may vary considerably from the amount they would have received from an investment that directly tracks the underlying equity benchmark index. • There are certain circumstances in which an early redemption of Short and Leveraged Equity Securities may be imposed on investors. Such early redemption may result in the Security Holder's investment in Short and Leveraged Equity Securities being redeemed earlier than desired by the Security Holder and at short notice. In these circumstances, the Security Holder may suffer a loss if the cash value of the Short and Leveraged Equity Security is lower than it would otherwise have been had the Security Holder's investment been redeemed on a day chosen by the Security Holder rather than on the date of the early redemption. Early redemption could also lead to a Security Holder incurring a tax charge that it would otherwise not be subject to and/or if the redemption takes place at a time when the cash value of the Short and Leveraged Equity Securities redeemed is lower than when they were purchased by the Security Holder, the Security Holder could suffer a loss. • The circumstances in which an early redemption of Short and Leveraged Equity Securities may be imposed on investors include but are not limited to the following: – The Issuer may, at any time, upon not less than (a) 30 days' notice or (b) 7 days' notice in the event that the Facility Agreement is terminated, by RIS announcement to the Security Holders, redeem all Short and Leveraged Equity Securities of one or more classes. – The Trustee may, at any time, where an issuer insolvency event or counterparty event of default has occurred and is continuing, upon 20 London business days' notice to the Issuer (or 2 London business days' notice in the case of an issuer insolvency event), require the Issuer to redeem all Short and Leveraged Equity Securities.

		– An Equity Index sponsor may cease to publish an Equity Index. If so, all Short and Leveraged Equity Securities of the class relating to that Equity Index may be redeemed. – Under the Facility Agreements, each Equity Contract Counterparty has the right to cancel some or all of the Equity Contracts of a particular class if (a) for any reason it is unable to maintain the hedging positions which (acting reasonably) it attributes to the hedging of its obligations in connection with the Facility Agreement or Equity Contracts of one or more classes or (b) the costs of, among other things, establishing, maintaining or closing its hedge positions are materially increased. In such a case, the Issuer has, and will exercise, the right to redeem some or all of the Short and Leveraged Equity Securities of that class. • The ability of the Issuer to pay on redemption of Short and Leveraged Equity Securities is wholly dependent on it receiving payment from an Equity Contract Counterparty. No Equity Contract Counterparty has guaranteed the performance of the Issuer's obligations and no Security Holder has any direct rights of enforcement against any such person. If the Issuer does not receive payment from an Equity Contract Counterparty, this may lead to the Issuer having insufficient assets to meet its obligations on redemption to Security Holders and ultimately a loss for Security Holders. • In the event of realisation of collateral provided by an Equity Contract Counterparty, the value of the assets realised may be less than required to meet the redemption amount due to Security Holders which would ultimately result in a loss to the Security Holders. Any realisation of the collateral (whether realised from the Collateral Custodian or any depositories, banks or other financial institutions appointed by the Collateral Custodian) may take time and a Security Holder could experience delays in receiving amounts due to them.

Section E – Offer		
E.2b	Offer and use of proceeds	Not applicable; the reasons for the offer and use of proceeds are not different from making profit and/or hedging.
E.3	Terms and conditions of the offer	The Short and Leveraged Equity Securities are being made available by the Issuer for subscription only to Authorised Participants who have submitted a valid application and will only be issued once the subscription price has been paid. An Authorised Participant must also pay the Issuer an Application Fee (as defined in Element E.7 below) of £500 together with an Application Cost (as defined in Element E.7 below) (where

		applicable) representing a percentage of the Price of the Short and Leveraged Equity Securities issued in relation to such application together with any applicable taxes. Any applications for Short and Leveraged Equity Securities made by a deadline, as published in respect of each class on the Issuer's website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx on a business day will generally enable the Authorised Participant to be registered as the holder of Short and Leveraged Equity Securities within three business days. The Issuer has placed no restrictions on the various categories of potential investors to which a financial intermediary wishing to make a public offer of the Short and Leveraged Equity Securities may offer the securities. The various categories of potential investors to which a financial intermediary may make a public offer include institutions, high net worth individuals and sophisticated investors and any other category of investor to which a financial intermediary is permitted to offer the Short and Leveraged Equity Securities under applicable law and regulation.
E.4	Material or conflicting interests	Mr Tuckwell and Mr Roxburgh (who are directors of the Issuer) are also directors of ManJer and certain of the Directors of the Issuer are also directors of HoldCo – the sole shareholder of the Issuer. Mr Tuckwell is also a director and a shareholder in ETFSL and Mr Roxburgh is the chief financial officer of ETFSL. While these roles could potentially lead to conflicts of interest, the Directors do not believe that there are any actual or potential conflicts of interest between the duties which the directors and/or members of the administrative, management and supervisory bodies of the Issuer owe to the Issuer, and the private interests and/or other duties that they have. The Directors of the Issuer also hold directorships of issuers of exchange traded commodities also owned by HoldCo.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	The Issuer charges the following fees and expenses to investors: Fees and expenses separately charged to Authorised Participants (or to Security Holders in certain circumstances as set out below): – £500 per application (an "**Application Fee**") where such application is carried out directly with the Issuer; – £500 per redemption (a "**Redemption Fee**") where such redemption is carried out directly with the Issuer (alternatively this may be charged to Security Holders where there are no Authorised Participants (or the Issuer has permitted Security Holders who are not Authorised Participants to redeem directly with the Issuer)); – an application cost (where applicable) representing a percentage of the Price of the Short and

		Leveraged Equity Securities issued in relation to such application (the "**Application Cost**"); – a redemption cost (where applicable) representing a percentage of the Price of the Short and Leveraged Equity Securities redeemed (the "**Redemption Cost**") (alternatively this may be charged to Security Holders where there are no Authorised Participants (or the Issuer has permitted Security Holders who are not Authorised Participants to redeem directly with the Issuer); and – an amount ("**Issuer Italian FTT**") representing the amount of fixed levy Italian Financial Transaction Tax, if any, directly arising from the corresponding creation or cancellation of Equity Contracts which is apportioned to the Issuer under Italian law. Fees and expenses factored into the Price of the Short and Leveraged Equity Securities by way of application of the Multiplier: – as at the date of the Prospectus with respect to the initial classes, an amount equivalent to an administration allowance of 0.70 per cent. per annum based on the value of all Short and Leveraged Equity Securities outstanding; – as at the date of the Prospectus with respect to the initial classes, an amount equivalent to a licence allowance of 0.07 per cent. per annum based on the value of all Short and Leveraged Equity Securities outstanding to be used to pay the licence fees to the sponsor of the relevant Equity Index; – as at the date of the Prospectus with respect to the initial classes, a swap spread payable to the Equity Contract Counterparty of 0 per cent. per annum (other than in the case of ETFS 3x Daily Long DAX 30, where the swap spread is 0.50 per cent. per annum) based on the value of all Short and Leveraged Equity Securities outstanding; and – as at the date of the Prospectus with respect to the initial classes, a collateral cost payable to the Equity Contract Counterparty of 0.05 per cent. per annum based on the value of all Short and Leveraged Equity Securities outstanding which accounts for its cost of sourcing assets provided as collateral for its obligations under the Equity Contracts. No other fees or expenses will be charged to investors by the Issuer. The Issuer estimates that the expenses charged by an authorised offeror in connection with the sale of Short and Leveraged Equity Securities to an investor will be 0.15 per cent. of the value of the Short and Leveraged Equity Securities sold to such investor.

		Issue Specific Summary: As at the date of these Final Terms, the fees and expenses payable by the Security Holder for the Short and Leveraged Equity Securities being issued pursuant to the Final Terms are: Application Cost [•]% of all securities being issued Redemption Cost [•]% of all securities being redeemed

RISK FACTORS

An investment in Short and Leveraged Equity Securities involves a significant degree of risk. Before making an investment decision, prospective investors should carefully read the entire Prospectus. The following risk factors, which constitute the principal known risks of the Issuer, the Programme and the Short and Leveraged Equity Securities should be carefully considered by prospective investors before deciding whether to invest in Short and Leveraged Equity Securities. A Security Holder may lose some or all of their investment in Short and Leveraged Equity Securities for reasons other than those set out below (for example, reasons not currently considered by the Issuer to be material or based on circumstances or facts of which the Issuer is not currently aware).

SHORT AND LEVERAGED EQUITY SECURITY RISK FACTORS

The effect of leverage

Short Equity Securities track Short Equity Indices, which provide an exposure reflecting minus three times (-3x) the daily percentage change in the level of an Underlying Equity Benchmark (before taking into account fees, expenses and adjustments). If the level of the Underlying Equity Benchmark falls by 1 per cent. on a particular day then the value of the Short Equity Index and, accordingly the Price of the Short Equity Security would rise by 3 per cent. on that day (before taking into account fees, expenses and adjustments). The opposite effect would occur if the level of the Underlying Equity Benchmark rises by 1 per cent. on a particular day. In this case the value of the Short Equity Index and accordingly the Price of the Short Equity Security would fall by 3 per cent. on that day (before taking into account fees, expenses and adjustments).

Leveraged Equity Securities track Leveraged Equity Indices, which provide an exposure reflecting three times (3x) the daily percentage change in the level of an Underlying Equity Benchmark (before taking into account fees, expenses and adjustments). If the level of the Underlying Equity Benchmark rises by 1 per cent. on a particular day then the value of the Leveraged Equity Index and, accordingly the Price of the Leveraged Equity Security, would rise by 3 per cent. on that day (before taking into account fees, expenses and adjustments). The opposite effect would occur if the level of the Underlying Equity Benchmark falls by 1 per cent. on a particular day. In this case the value of the Leveraged Equity Index and, accordingly the Price of the Leveraged Equity Security, would fall by 3 per cent. on that day (before taking into account fees, expenses and adjustments).

Accordingly, investing in Short Equity Securities or Leveraged Equity Securities which track Short Equity Indices or Leveraged Equity Indices is more risky than investing in securities which provide exposure to an unleveraged long equity index as any losses an investor incurs will be magnified by the use of leverage and an investor could incur significant losses in a very short period of time.

In an extreme case, an Underlying Equity Benchmark could increase by more than 33 per cent. in a given day. If this happened, a Short Equity Index that provides minus three times (-3x) daily exposure to the return of such Underlying Equity Benchmark could (in the absence of an intra-day reset of the relevant Equity Index – see "*Large intra-day market movements*" below) fall to zero as the Short Equity Index would provide minus three times exposure to the 33 per cent. daily increase of the Underlying Equity Benchmark (i.e. the Short Equity Index would fall in value by 99 per cent. or more during the given day). Accordingly, a class of Short Equity Security which tracks such Short Equity Index could lose all of its value which could result in the total loss of an investor's initial investment.

In an extreme case, an Underlying Equity Benchmark could decrease by more than 33 per cent. in a given day. If this happened, a Leveraged Equity Index that provides three times (3x) daily exposure to the return of such Underlying Equity Benchmark could (in the absence of an intra-day reset of the relevant Equity Index – see "*Large intra-day market movements*" below) fall to zero as the Leveraged Equity Index would provide three times exposure to the 33 per cent. daily decrease of the Underlying Equity Benchmark (i.e. the Leveraged Equity Index would fall in value by 99 per cent. or more during the given day). Accordingly, a class of Leveraged Equity Security which tracks such Leveraged Equity Index could lose all of its value which could result in the total loss of an investor's initial investment.

Either of the above scenarios could occur in a very short period of time.

Price volatility may result in long-term returns being significantly different to overall changes in the Underlying Equity Benchmark

The Short Equity Indices (and the corresponding classes of Short Equity Securities which track such Short Equity Indices) provide an exposure equal to minus three times (-3x) the daily percentage change in the level of an Underlying Equity Benchmark. However, over periods of longer than one day it is possible that a Short Equity Index (and the corresponding class of Short Equity Security which tracks such Short Equity Index) may provide a return which is significantly less than minus three times (-3x) the percentage change in the level of an Underlying Equity Benchmark over such longer period. This will tend to be the case in circumstances where the volatility of the Underlying Equity Benchmark increases or where the magnitude of the cumulative changes in the Underlying Equity Benchmark decrease (whether on a positive or negative basis) over such longer time period.

Likewise, the Leveraged Equity Indices (and the corresponding classes of Leveraged Equity Securities which track such Leveraged Equity Indices) provide an exposure equal to three times (3x) the daily percentage change in the level of an Underlying Equity Benchmark. However, over periods of longer than one day it is possible that a Leveraged Equity Index (and the corresponding class of Leveraged Equity Security which tracks such Leveraged Equity Index) may provide a return which is significantly less than three times (3x) the percentage change in the level of an Underlying Equity Benchmark over such longer period. Again, this will tend to be the case in circumstances where the volatility of the Underlying Equity Benchmark increases or where the magnitude of the cumulative changes in the Underlying Equity Benchmark decrease (whether on a positive or negative basis) over such longer time period.

Accordingly, Short and Leveraged Equity Securities are only suitable for persons who understand the economic risk of investing in a security which provides daily leverage, the impact that price volatility may have on their investment and who are willing and able to monitor their investment on a frequent basis.

The above examples do not take into account the additional impact that fees, expenses and adjustments will have on an investment in Short and Leveraged Equity Securities and the examples further assume that none of the days referred to is a Disrupted Day or subject to an intra-day reset of the relevant Equity Index (see **Large intra-day and overnight market movement below**).

Long term effect of daily leverage

Investors should note that the effect of the Equity Indices providing a minus three times (-3x) or three times (3x) daily exposure to the return of an Underlying Equity Benchmark can result in significant losses over extended periods.

For example, in respect of the Leveraged Equity Securities, ETFS 3x Daily Long FTSE MIB would have fallen from EUR 100 on 4 January 1999 to EUR 1.2346 on 28 February 2013 (before fees, expenses and adjustments and assuming no Index Disruption Events or Market Disruption Events) resulting in the loss of 98.8 per cent. of the initial investment if held over the whole period.

In respect of the Short Equity Securities, ETFS 3x Daily Short DAX 30 would have fallen from EUR 100 on 4 January 1999 to EUR 0.4523 on 28 February 2013 (before fees, expenses and adjustments and assuming no Index Disruption Events or Market Disruption Events) resulting in the loss of 99.5 per cent. of the initial investment if held over the whole period.

Investing in Short and Leveraged Equity Securities is not the same as being three times short or three times long the amount of equities

Short Equity Indices and Leveraged Equity Indices are priced by reference to an Equity Index, which in turn is designed to track the daily percentage movement in the relevant Underlying Equity Benchmark multiplied by the minus three times (-3x) or three times (3x) as the case may be.

The return from holding Short Equity Securities is not the same as the return from selling three times the equities which comprise the relevant Underlying Equity Benchmark and buying back those equities at a later point in time (known in the market as ‘shorting’ or ‘short selling’). Similarly, the return from holding Leveraged Equity Securities is not the same as the return from buying three times the equities which comprise the relevant Underlying Equity Benchmark.

Accordingly, an investment in Short and Leveraged Equity Securities may provide a lower return than if an investor had respectively ‘shorted’ or ‘short sold’ or bought on a ‘leveraged’ basis the components of the relevant Underlying Equity Benchmark.

Large intra-day and overnight market movements

In the event of large movements in the value of an Underlying Equity Benchmark during the course of a trading day, it is possible that an intra-day reset may be triggered with respect to a Short Equity Index or Leveraged Equity Index.

An intra-day reset is designed as a stop-loss to restrict (to a certain extent) the loss in value of an Equity Index during periods of extreme market movement by providing a new base level for determining the movement in the value of the Underlying Equity Benchmark. The effect of an intra-day reset is that an Equity Index will for the remainder of that day provide minus three times (-3x) or three times (3x) exposure (as the case may be) to the movement in the value of that Underlying Equity Benchmark measured from the time the intra-day reset took place (or thereabouts) or, in the case of certain Equity Indices, the index will provide an unleveraged exposure to the Underlying Equity Benchmark for the remainder of that day.

If an intra-day reset were to take place then, for the reasons described above, an Equity Index (and the corresponding class of Short and Leveraged Equity Security which track such Equity Index) will not provide minus three times (-3x) or three times (3x) exposure, as the case may be, to the movement in the value of the Underlying Equity Benchmark throughout the course of that day.

If an Underlying Equity Benchmark were to fall (or rise) significantly in value during the course of a day resulting in an intra-day reset occurring with respect to the corresponding Leveraged Equity Index (or Short Equity Index) but then during the remainder of the day the Underlying Equity Benchmark were to recover its losses (or lose its gains) then the relevant Leveraged Equity Index (or Short Equity Index) and, therefore the corresponding class of Short and Leveraged Equity Security, would still incur a significant loss during such day due to the intra-day reset providing a lower (higher) base level for determining the movement in the value of the Underlying Equity Benchmark throughout the remainder of the day.

As a result, where an intra-day reset occurs an investor's losses may still be significant. The level of any intra-day reset triggers will vary between different Equity Indices.

An intra-day reset may not occur with respect to overnight movements in the value of an Underlying Equity Benchmark (i.e. from close of an Exchange on one day to open of the Exchange the following day). Accordingly, in the event of a large overnight movement in the value of an Underlying Equity Benchmark, an investor that holds a corresponding class of Short or Leveraged Equity Security could lose all or part of their investment.

Equity Prices

The Equity Indices (and the Price of the corresponding classes of Short and Leveraged Equity Securities which track such Equity Indices) will be affected by movements in the value of the equities comprised within the relevant Underlying Equity Benchmark. Such movements will be compounded given that the Equity Indices provide three times short (-3x) or three times long (3x) daily exposure to the return of an Underlying Equity Benchmark and, therefore, the equities comprised therein.

Equity prices may fluctuate widely and may be affected by numerous factors including, but not limited to, market and economic conditions, sector, geographical region and political events. Fluctuations in the value of equities comprised in an Underlying Equity Benchmark will cause the value of the Equity Indices (and the Price of the corresponding classes of Short and Leveraged Equity Securities which track such Equity Indices) to fluctuate.

General Market Risk

General movements in financial markets and factors that affect the investment climate and investor sentiment could all affect the level of trading in equities comprised in an Underlying Equity Benchmark (and the Equity Indices that reference such benchmark) or in currencies related to them. Such events may have an adverse effect on the level of an Equity Index which could, accordingly, lead to a fall in the Price of Short and Leveraged Equity Securities which will result in an investor in those securities incurring losses. These risks are generally applicable to any investment in listed securities. Investors should note that general movements in markets and factors that affect the investor climate and investor sentiment may have different effects on each of the classes of Short and Leveraged Equity Securities. Investors should be aware that any and all Short and Leveraged Equity Securities can go down in price as well as up.

Emerging market political and economic factors

Certain of the Equity Indices (including those relating to Asia and Global Equity Securities and those providing exposure to Latin America equities) may comprise of emerging market equities. In certain emerging market countries there is a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The economies of many emerging market countries can be heavily dependent on international trade and accordingly have been and may continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

There can be no guarantee of the accuracy of information available in emerging market countries in relation to investments which may adversely affect the accuracy of the value of Short and Leveraged Equity Securities that track Equity Indices comprised of such emerging market equities. Accounting practices are in many respects less rigorous than those applicable in more developed markets. Similarly, the amount and quality of information required for reporting by companies in emerging market countries is generally of a relatively lower degree than in more developed markets.

Unavailability or disruption with respect to Equity Indices

Each class of Short and Leveraged Equity Security is priced by reference to an Equity Index. An Equity Index provider may permanently or temporarily cease to calculate or publish an Equity Index by reference to which a class of Short and Leveraged Equity Security is priced or may fail to publish such Equity Index. A discontinued Equity Index may or may not be replaced by a successor index. An Equity Index Sponsor may publish a correction to a previously published Index Level or to the level of an Underlying Equity Benchmark, or there may be a manifest error in the calculation of an Index Level or of the level of an Underlying Equity Benchmark. Further, an Equity Index Sponsor may materially change the basis on which the level of an Equity Index may be calculated from time to time. Any of these events could have an adverse impact on the value of the class of Short and Leveraged Equity Security which is priced by reference to that Equity Index.

In the event of any such disruption to an Equity Index, one or more of the following could occur which likewise could have an adverse impact on the value of the class of Short and Leveraged Equity Security which is priced by reference to that Equity Index:

- The Short and Leveraged Equity Securities of the class which are priced by reference to that Equity Index may as a result become subject to Compulsory Redemption and, if the Equity Index is not available or reliable at that point, that Compulsory Redemption may occur on the basis of a valuation reflecting an estimated valuation of corresponding Cancelled Equity Contracts (as determined by the Equity Contract Counterparty as Calculation Agent for the Issuer under the Facility Agreement).
- The Price of the Short and Leveraged Equity Securities may be calculated by reference to a substitute index level which is different from the Index Level of the relevant Equity Index. That substitute level will be equal to the level determined by the Equity Contract Counterparty as Calculation Agent under and for the purposes of the Facility Agreement and the Equity Contracts (or failing that, to the level of the Equity Index immediately before the disruption began). This substitute level may not match the level of the Equity Index which would otherwise have applied if the relevant disruption had not occurred.
- A Disruption Adjustment Factor may be applied to the Price of the Short and Leveraged Equity Securities of the class corresponding to that Equity Index. This will reflect any corresponding adjustments applied to the Price of Equity Contracts of that class determined by the Equity Contract Counterparty as Calculation Agent as reflecting and addressing the impact to it of the relevant disruption event (the adjusted Price will be different from what the Price would have been, if there had been no disruption).
- The Issuer may be restricted or prevented from entering into or Cancelling Equity Contracts of the class corresponding to that Equity Index and as a result may be unable to issue or redeem Short and Leveraged Equity Securities of that class.

- The Equity Contract Counterparty and the Issuer may agree to substitute a different equity index under the Facility Agreement and, as a result, the Equity Index under the corresponding class of Short and Leveraged Equity Securities will change accordingly. Any such substitution could only occur where the Issuer and the Equity Contract Counterparty agree and where at the time of the substitution there would be no change to the aggregate Price of the Equity Contracts of the class or classes which are the subject of the substitution. Any such substitution would not take effect until at least 30 days' notice has been given to the Security Holders in an RIS announcement (and further disclosure may be required at the time in respect of any new substitute equity index under a replacement or supplementary Prospectus).

Equity Index Providers

The providers of Equity Indices may take any action in relation to their Equity Index without regard to the interests of any prospective investors in Short and Leveraged Equity Securities or of any Security Holder and any of these actions could adversely affect the Price or market-value of Short and Leveraged Equity Securities.

Hedging Disruption and Increased Costs of Hedging

Equity Indices, Exchanges and Related Exchanges have the potential to suffer from disruption, for example due to trading failures at the exchange or the imposition of volume or price restrictions. This may affect the liquidity in the markets relevant to the shares which comprise any Equity Index or in the instruments and products which the Equity Contract Counterparty uses in order to hedge its exposures in respect of the corresponding Equity Contracts. The Equity Contract Counterparty (or one of its Affiliates) may encounter difficulties in hedging its exposures with respect to Equity Contracts; these could, for example, be as a result of a legal or regulatory restriction, which may prevent it from hedging or which could impose materially increased costs with respect to its hedging; or they could, for example, be caused by disruptions to the markets on which it hedges.

In the event of any such event, any of the following could occur:

- Some or all of the Short and Leveraged Equity Securities of the class corresponding to that Equity Index may as a result become subject to Compulsory Redemption and, if the Equity Index is not available or reliable at that point, that Compulsory Redemption may occur on the basis of a valuation reflecting an estimated valuation of corresponding Cancelled Equity Contracts (as determined by the Equity Contract Counterparty as Calculation Agent for the Issuer under and for the purposes of the Facility Agreement).
- A Disruption Adjustment Factor may be applied to the Price of the Short and Leveraged Equity Securities of the class corresponding to that Equity Index. This will reflect any corresponding adjustments applied to the Price of Equity Contracts of that class determined by the Equity Contract Counterparty as Calculation Agent under and for the purposes of the Facility Agreement as reflecting and addressing the impact to it of the relevant hedging disruption event (the adjusted Price may not be the same as the Price which would otherwise have applied).
- The Issuer may be restricted or prevented from entering into or Cancelling Equity Contracts of the class corresponding to that Equity Index and as a result may be unable to issue or redeem Short and Leveraged Equity Securities of that class.
- The Annualised Rate applicable to the Equity Contracts may be changed by agreement between the Issuer and the Equity Contract Counterparty to reflect an increase of the Equity Contract Counterparty's Swap Spread or Collateral Cost and any such change will also result in a matching change being made to the related class of Short and Leveraged Equity Securities thereafter.

Currency

Short and Leveraged Equity Securities will be priced in the Relevant Currency, being either Euros, Sterling or US Dollars. To the extent that a Security Holder values Short and Leveraged Equity Securities in another currency, that value will be affected by changes in the exchange rate between the Relevant Currency and that other currency.

Changes to fees and expenses

The Annualised Rate reflects the various fees and expenses which will be borne by a Security Holder (and deducted on a daily basis from the Price of Short and Leveraged Equity Securities through the

Multiplier). Those fees and expenses are likely to change over time and in most cases an investor will not receive advance notice of any change to them or the level of the Annualised Rate for any class of Short and Leveraged Equity Securities. Any such change will directly affect the Price of Short and Leveraged Equity Securities and the Issuer is not required to consider the interests of the investors in making or agreeing to any such change.

In particular, the Equity Contract Counterparty has the ability to propose variations to the Swap Spread, Collateral Cost, Creation Cost and Cancellation Cost applicable to one or more classes of Equity Contracts and the Issuer may if it so agrees consent to such amendment (provided such consent may not be unreasonably withheld or delayed). Any such amendment will result in a matching amendment being applied to the related class of Short and Leveraged Equity Securities.

In the event that the Swap Spread, Collateral Cost, Application Cost or Redemption Cost increases to an amount above a relevant threshold or it is proposed to increase a threshold then Security Holders of the relevant classes of Short and Leveraged Equity Securities will be notified of such change through an RIS, and will not take effect for at least 6 Issuer Business Days following the publication of the RIS.

Tracking Error and Liquidity Risk

At any time, the price at which Short and Leveraged Equity Securities trade on the London Stock Exchange (or any other exchange or market on which they may be quoted or traded) may not reflect accurately the Price of the relevant Short and Leveraged Equity Securities. The application and redemption procedures for Short and Leveraged Equity Securities and the role of certain Authorised Participants as market-makers are intended to minimise this potential difference or "tracking error". However, the market price of Short and Leveraged Equity Securities will be a function of (among other things): costs incurred by Authorised Participants in subscribing for and requiring Redemption of Short and Leveraged Equity Securities (including any applicable Application Costs, Redemption Costs (except in some cases where Agreed Pricing is used) and taxes), supply and demand amongst investors wishing to buy and sell Short and Leveraged Equity Securities and the resulting bid/offer spread that market-makers are willing to quote for Short and Leveraged Equity Securities.

The Issuer's ability to issue new Short and Leveraged Equity Securities is subject to its ability to hedge its obligations under such new Short and Leveraged Equity Securities with corresponding Equity Contracts. The Equity Contract Counterparty will agree limits on the extent of its commitment to provide Equity Contracts and these limits may be reduced on notice from the Equity Contract Counterparty. Similarly, limits are placed on the extent to which the Equity Contract Counterparty will be required to Cancel Equity Contracts at a given time, and as a result this may constrain or delay the ability of an Authorised Participant or Security Holder to require Redemption of its Short and Leveraged Equity Securities.

Although SG has agreed to supply Equity Contracts up to an Aggregate Outstanding Contracts Price of EUR 1,000,000,000 if demand for Short and Leveraged Equity Securities exceeds these amounts and the Issuer is not able to create more Equity Contracts, or if the demand for issue of Short and Leveraged Equity Securities exceeds the daily restrictions, then Short and Leveraged Equity Securities may trade at a premium to their underlying value (the Price). Investors who pay a premium risk losing the premium if demand for Short and Leveraged Equity Securities abates or the Issuer is able to source more Equity Contracts. Short and Leveraged Equity Securities could trade at a discount to the Price if the Issuer has received Redemption requests in excess of any applicable Redemption Limit.

Short and Leveraged Equity Securities are being issued for the first time pursuant to this Prospectus. There can be no assurance as to the depth of the secondary market (if any) in Short and Leveraged Equity Securities, which will affect their liquidity and market price.

Index Calculations by Equity Index Sponsors

The Issuer is not affiliated with the Equity Index Sponsors in any way (except for the licensing arrangements with respect to the Equity Indices) and has no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the Equity Indices or the Underlying Equity Benchmarks. The policies of the Equity Index Sponsors concerning the calculation of the level of the Equity Indices or Underlying Equity Benchmarks, additions, deletions or substitutions to the Equity Indices or Underlying Equity Benchmarks and the manner in which changes affecting the Underlying Equity Benchmarks are reflected in the Equity Indices could adversely affect the value of the Equity Indices or Underlying Equity Benchmarks and, therefore, the market value of the Short and Leveraged Equity Securities.

If an Equity Index ceases to be published by an Equity Index Sponsor all Short and Leveraged Equity Securities of the class relating to that Equity Index may be redeemed.

OPERATIONAL RISK FACTORS

Counterparty Credit Risk and Default

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

The Equity Contracts entered into by SG and the Issuer are not guaranteed by any person. There can be no assurance that any Equity Contract Counterparty will be able to fulfil its payment obligations under the relevant Equity Contracts and Facility Agreement.

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

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

In the event that the Issuer determines to divide a Pool as referred to above and in accordance with the Conditions, the Conditions provide that outstanding valid Redemption Forms given prior to the division becoming effective will be treated as having been given in respect of the Pool to which following the division the corresponding Equity Contract cancellation had been allocated; however, where notice of a Compulsory Redemption Date had been given prior to such division becoming effective, certain other timing rules may apply. This may have the effect that a Security Holder which has lodged a valid Redemption Form prior to a division becoming effective will be treated following the division as owning only Short and Leveraged Equity Securities attributable to a single Pool rather than both Pools as described under the heading "Consolidation and Division of Short and Leveraged Equity Securities" in Part 4 (*Description of Short and Leveraged Equity Securities*), and this could be the Pool to which Equity Contracts with the Lower Credit are transferred.

Realisation of Collateral

Where, in the event of a Counterparty default, the Issuer enforces its rights under a Pledge Agreement to take control of the Collateral Accounts of such Equity Contract Counterparty, the Collateral in those Collateral Accounts may not be of sufficient value to cover all Redemption Amounts payable to investors because: (i) enforcement of its rights by the Issuer may have resulted from the Equity Contract Counterparty failing to post Collateral to the Collateral Accounts to the aggregate Required Collateral

Value; (ii) it is possible that a posting of Collateral to the Collateral Accounts will not have settled and it is the case that postings of Collateral will be accorded value even if they have not settled unless they are unsettled for five Collateral Business Days; (iii) whether the Collateral Accounts contain Collateral to the Required Collateral Value is tested once on each Collateral Business Day based on value of Collateral in the Collateral Accounts on the day before the immediately preceding Collateral Business Day and the Price of Equity Contracts on the Reference Pricing Day (i.e. based on the value of Collateral and Prices of Equity Contracts at T-2) and there may be a number of days between the dates to which such valuations and Prices relate and the date on which the Issuer takes control of the Collateral Accounts, during which time a significant difference between the value of the Collateral in the Collateral Accounts and the Required Collateral Value could arise; (iv) the value of the assets in the Collateral Accounts is not correlated to the Required Collateral Value and may fall due to market conditions; (v) the assets in each Collateral Account are not required to be denominated in the Relevant Currency and the value of such assets may fall due to exchange rate movements against the Relevant Currency; (vi) the Required Collateral Value could rise due to market conditions; (vii) the Required Collateral Value as reported for the purposes of the Equity Contract Counterparty's obligation to post Collateral when such Collateral was last posted may be less than the aggregate amounts due to Security Holders and others out of the proceeds realised from such Collateral; (viii) the Issuer (or the Trustee) may not be able to realise some or all of the assets in the Collateral Accounts at the prices at which they were valued, even after allowing for the application of valuation percentages; (ix) no haircuts are applied to the value of any of the assets in the Collateral Account and an Equity Contract Counterparty is not required to provide Collateral to the Collateral Accounts in excess of the Required Collateral Value, and so any fall in the value of the Collateral in the Collateral Accounts following a Counterparty default will most likely mean that there will not be sufficient proceeds to cover all Redemption Amounts payable to investors; (x) payment in respect of Redemption Amounts are required to be made in the Relevant Currency and there may be costs involved in converting the proceeds of realisation of the Collateral into the Relevant Currency or the Issuer may otherwise be unable to convert such proceeds into the Relevant Currency; or (xi) there may be certain costs associated with the Issuer's realisation of the assets in the Collateral Accounts. In addition there can be no certainty as to the timeliness of any such enforcement.

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

If the amounts received by the Issuer upon the realisation of collateral following a Counterparty Event of Default (whether realised from the Collateral Custodian or any such depositories, banks or other financial institutions appointed by the Collateral Custodian) are not sufficient to fully cover the Issuer's payment obligations to Security Holders then a Security Holder may incur a significant loss.

Prior Security and Waiver

Under the Pledge Agreements, the Collateral Custodian expressly waives, for the benefit of the Issuer, any security interest, lien, privilege or general pledge, if any, it has or may have over or in respect of the Collateral Accounts that might take precedence over the relevant Pledge Agreement and confirms that the Collateral Account is free from any pledges, liens or encumbrances. Further, under the Pledge Agreements, the Collateral Custodian agrees not to exercise or claim any right of deduction, set-off, banker's lien or other right against the Collateral Accounts so long as the relevant Pledge Agreement is in full force and effect. In addition to the matters referred to under the heading "Realisation of Collateral" above, realisation of assets in the Collateral Accounts in order to meet Redemption Amounts will be dependent on the Collateral Custodian complying with its obligations under the Collateral Custodian Agreement and the Pledge Agreements, including the agreements referred to in the previous sentences. If the Collateral Custodian, or an insolvency officer of the Collateral Custodian, were to enforce any security or exercise any rights of set-off it may have over the Collateral Accounts and take the proceeds, in breach of the provisions of the Pledge Agreements, the Issuer might be left with only an unsecured claim against the Collateral Custodian. In addition, the fact of the existence of any such security may complicate or postpone any realisation notwithstanding the provisions of the Pledge Agreements and Collateral Custodian Agreement.

Enforcement by the Trustee

If the Trustee enforces its security, and following a Counterparty Event of Default takes control of a Collateral Account, the factors referred to in "*Realisation of Collateral*" and "*Prior Security and Waiver*" above will also apply. In addition, the Trustee is dependent upon the Issuer to make or cause to be made and to publish its calculations of the Price of the Short and Leveraged Equity Securities and consequently of any Redemption Amount. If the Issuer is insolvent, or for other reasons, the Issuer may not make and publish such calculations. In such circumstances, there can be no assurance that the Trustee will be able to perform such calculations, or to find a third party able and willing to perform such calculations for it. The Prices of all classes of Short and Leveraged Equity Securities are determined in accordance with a formula (save in respect of certain specific elements or in the case of market disruptions). There can therefore also be no assurance that any Price or Redemption Amount which is calculated by or on behalf of the Issuer or the Trustee will accord with the Price of the corresponding Equity Contract or cancellation amount thereof calculated by an Equity Contract Counterparty, or (in the event of a Compulsory Redemption) that the day upon which the Price payable by the Equity Contract Counterparty to the Issuer is calculated under the relevant Facility Agreement will be the same as the day on which the Price or Redemption Amount payable by the Issuer on the Short and Leveraged Equity Securities will be calculated (so that there may be a mismatch). Accordingly, following a Counterparty Event of Default there may be delays in obtaining a Price for certain classes of Short and Leveraged Equity Securities which could result in a Security Holder being unable to redeem their securities. There may also be inaccuracies in the Price calculation which could result in losses to Security Holders.

Trustee

In connection with the exercise of its function, the Trustee will have regard to the interests of the Short and Leveraged Equity Security Holders as a whole and will not have regard to the consequences of such exercise for individual Short and Leveraged Equity Security Holders and the Trustee will not be entitled to require, nor will any Short and Leveraged Equity Security Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Short and Leveraged Equity Security Holders.

No Recourse except to the Issuer and the Secured Property

Short and Leveraged Equity Securities will be obligations solely of the Issuer. In particular, Short and Leveraged Equity Securities will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Registrar, the Equity Index Sponsors,SG or any other member of the SG Group, any direct or indirect shareholder of the Issuer or any of the Authorised Participants. The Issuer is a special purpose company established for the purpose of issuing exchange-traded debt securities (relating to equity indices) as asset-backed securities.

None of the Security Holders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up or any other similar proceedings in relation to the Issuer. There is also the risk that the Issuer may become subject to claims or other liabilities (whether or not in respect of the Short and Leveraged Equity Securities) which are not themselves subject to limited recourse or non-petition limitations.

If the net proceeds of realisation of the Secured Property in respect of a particular Pool, following enforcement of the Security Deed applicable to that Pool, are less than the aggregate amount payable in such circumstances by the Issuer in respect of Short and Leveraged Equity Securities of that class, the obligations of the Issuer in respect of such Short and Leveraged Equity Securities will be limited to the net proceeds of realisation of that Secured Property. In such circumstances the assets (if any) of the Issuer other than those attributable to the relevant Pool will not be available for payment of such shortfall, the rights of the relevant Security Holders to receive any further amounts in respect of such obligations shall be extinguished and the Security Holder may suffer a loss. None of the Security Holders or the Trustee may take any further action to recover such amounts.

The Secured Property under the Security Deed includes the Issuer's rights under the Pledge Agreements and the Collateral Monitoring Agency Agreement, which secure the Equity Contract Counterparty's obligations in respect of Equity Contracts. Following the enforcement by the Issuer of the Pledge Agreements against an Equity Contract Counterparty, Collateral posted by an Equity Contract Counterparty in a Collateral Account relating to its obligations under Equity Contracts denominated in one Currency will be used to satisfy the relevant Equity Contract Counterparty's obligations in respect of its Equity Contracts denominated in that Currency and any surplus thereafter used to satisfy any balance of its obligations in respect of Equity Contracts denominated in other Currencies.

Any claims made against the Issuer will be satisfied in order of the priority of payments in accordance with the Trust Instrument, 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 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 and Leveraged Equity 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).

Following the priority of payments, the security may be insufficient and the Issuer may not be able to return the full Redemption Amount to investors who may suffer a loss as a result.

No Guarantee

Neither SG nor any member of the SG Group or any other person has guaranteed the performance of the Issuer's obligations, and no Security Holder has any direct rights of enforcement against any such person. There can be no assurance that any Equity Contract Counterparty will be able to fulfil its payment obligations under the relevant Equity Contracts and Facility Agreement and this could have an adverse impact on the value of the Short and Leveraged Equity Securities. However, the Trustee on behalf of the Security Holders may in the circumstances specified in the Security Deed enforce the rights of the Issuer under the Equity Contracts, the Facility Agreement, each Pledge Agreement and the Collateral Monitoring Agency Agreement.

In particular, the Short and Leveraged Equity Securities (i) do not represent an interest in and will not be obligations of, or insured or guaranteed by, any person, (ii) will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme and (iii) are not insured or guaranteed by any government, government agency or other body.

Limited Enforcement Rights

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

(a) by a Security Holder to whom a Defaulted Obligation is owed; or

(b) if an Issuer Insolvency Event or Counterparty Event of Default has occurred and is continuing,

  (i) in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature) of the Short and Leveraged Equity Securities (as a whole) then outstanding, or

  (ii) by an Extraordinary Resolution,

in each case provided that the Trustee is indemnified and/or secured to its satisfaction.

Recognition of Security

The laws of certain jurisdictions may affect some or all of the assets comprising the Secured Property in relation to any Pool. In the event that the laws of a jurisdiction do not recognise the security granted by the Security Deed or such security is not perfected in accordance with those laws, such security may not be effective in relation to assets deemed located in that jurisdiction and/or such assets may be subject to claims which would otherwise rank after claims secured by the Security Deed. In the event that it becomes necessary to enforce the security created by the Security Deed in a jurisdiction that does not recognise the security granted by the Security Deed (or in which it has not been perfected), there may be delays in enforcing the security or it may not be possible to enforce such security. This could result in losses to Security Holders.

Insolvency and Delays in the Enforcement of Security

Where a person who has granted security becomes insolvent (or is declared insolvent) under the laws of any country, that country's laws can determine or restrict the enforcement of the security. A country's insolvency laws can decide whether claims are valid and may prevent or delay creditors from enforcing their rights. In particular, security can be set aside or ranked behind other creditors and the person's assets can be transferred to someone other than the secured creditor. Some jurisdictions also have procedures designed to facilitate the survival of companies in financial difficulties. In those jurisdictions, the rights of a secured creditor to enforce any security may also be limited or delayed by those procedures.

As a result, if the Issuer (or the Trustee) were to seek to enforce the security granted under the Pledge Agreements (or the Security Deed, as the case may be), the insolvency laws of the relevant country could prevent or delay the Issuer's (or the Trustee's) ability to enforce its security under the Pledge Agreements (or the Security Deed). That security could be set aside or ranked behind other creditors and the Collateral (or some of it) could be transferred to someone other than the Issuer or the Trustee, as applicable. Further, its rights to enforce its security may be subject to procedural limitations or delays under the processes of that jurisdiction, which could slow down or restrict recovery.

The Issuer is however subject to various measures designed to reduce the likelihood of it becoming insolvent. In particular, it is a special purpose company established solely for the purpose of issuing exchange-traded debt securities relating to equity indices as asset-backed securities. It is also subject to covenants, given to the Trustee, to restrict its activities accordingly. Further, there are restrictions on SG, the Trustee, the Security Holders, the Collateral Custodian, and other parties to contracts with it, bringing insolvency proceedings against the Issuer and any issue of Short and Leveraged Equity Securities will be subject to terms restricting Security Holders' recourse to the Issuer as explained in the risk factor above headed "No Recourse except to the Issuer and the Secured Property".

Tax consequences of an investment in the Short and Leveraged Equity Securities

The tax consequences for each investor in the Short and Leveraged Equity Securities can be different (e.g. depending on factors like the type and location of an investor or the class of Short and Leveraged Equity Securities) and therefore investors are advised to consult with their tax advisers as to their specific consequences. Investors may therefore have to pay more tax in order to buy, sell, subscribe for or redeem their Short and Leveraged Equity Securities.

Taxation and no gross-up

Each Security Holder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Short and Leveraged Equity Securities. In the event that any withholding or deduction for or on account of tax is imposed on payments on the Short and Leveraged Equity Securities, the Security Holders will be subject to such tax or deduction and will not be entitled to receive amounts to compensate for such withholding or deduction.

Payments made to the Issuer by the Equity Contract Counterparty in relation to a class of Equity Contracts (including in respect of any Cancellation of any Equity Contracts) may be subject to charges, withholding or deduction for, or on account of, taxes. In such circumstances the sums available to the Issuer (and/or the Trustee) to pay the Redemption Amount of a corresponding class of Short and Leveraged Equity Securities may not be sufficient to satisfy in full the claims of the Security Holders and all creditors whose claims rank in priority to those of the Security Holders.

The Issuer may become liable for tax charges whether by direct assessment or withholding. If any such event occurs as a result of a change in law or regulation that materially increases the cost to the Issuer of performing its obligations under the Short and Leveraged Equity Securities and/or the Equity Contracts makes it illegal for the Issuer to do the same or to hold, acquire or dispose all of the types of Collateral, the Short and Leveraged Equity Securities may become subject to Compulsory Redemption.

Risk of regulatory Intervention

Government or regulatory intervention in the financial markets could result in the Issuer being unable to enter into, or maintain, Equity Contracts in relation to any class of Short and Leveraged Equity Securities.

If it becomes illegal or contrary to any regulatory obligation or standard applicable to the Issuer or an Equity Contract Counterparty on any day to perform its obligations under an Equity Contract of any class:

- the Issuer may be restricted or prevented from entering into or Cancelling Equity Contracts of the class corresponding to that Equity Index and as a result may be unable to issue or redeem Short and Leveraged Equity Securities of that class;
- some or all of the Short and Leveraged Equity Securities of the corresponding class may as a result become subject to Compulsory Redemption and this may be at very short notice; and
- the Issuer's Equity Contracts may be subject to compulsory cancellation at a time and price which is different from the time and price of any compulsory redemption of Short and Leveraged Equity Securities.

Recharacterisation risk

The Short and Leveraged Equity Securities are issued as debt instruments. There can be no assurance that the courts or competent regulatory authorities would not seek to recharacterise the Short and Leveraged Equity Securities as another type of investment for the purposes of the Financial Services and Markets Act. Any such recharacterisation of the Short and Leveraged Equity Securities may have adverse consequences (including, without limitation, adverse tax consequences) for an investor. This could also, for example, result in an illegality which could trigger a compulsory redemption of Short and Leveraged Equity Securities, giving rise to losses for investors.

Prospective investors should consult their professional advisers on the implications, and in particular the tax and accounting implications, of investment in the Short and Leveraged Equity Securities and the risk that the Short and Leveraged Equity Securities may be recharacterised for the purposes of the laws and regulations of the United Kingdom and any other applicable jurisdiction.

Early Redemption of Short and Leveraged Equity Securities

The Issuer may, at any time, upon not less than (a) 30 days' notice, (b) seven days' notice in the event that the Facility Agreement is terminated, or (c) 2 Issuer Business Days' notice if a Compulsory Pricing Date is nominated under the Facility Agreement in respect of one or more classes of Equity Contracts, by RIS announcement to the Security Holders, redeem all Short and Leveraged Equity Securities of a particular class. The Trustee may, at any time, where an Issuer Insolvency Event or Counterparty Event of Default has occurred and is continuing, upon 20 London Business Days' notice to the Issuer or 2 London Business Days' notice in the case of an Issuer Insolvency Event, require the Issuer to redeem all Short and Leveraged Equity Securities.

An Equity Index Sponsor may cease to publish an Equity Index. If so, all Short and Leveraged Equity Securities of the class relating to that Equity Index may be redeemed.

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

Under the Facility Agreements, each Equity Contract Counterparty has the right to cancel some or all of the Equity Contracts of a particular class if (a) for any reason it is unable to maintain the hedging positions which (acting reasonably) it attributes to the hedging of its obligations in connection with the Facility

Agreement or Equity Contracts of one or more classes or (b) the costs of, among other things, establishing, maintaining or closing its hedge positions are materially increased. In such circumstances the Issuer has, and will exercise, the right to redeem some or all of the Short and Leveraged Equity Securities of that class.

The Issuer may, at any time by not less than 7 nor more than 14 London Business Days' written notice, redeem any Short and Leveraged Equity Securities held by Prohibited Benefit Plan Investors, held by Security Holders who have not provided appropriate certifications as to their status in accordance with the Conditions or in certain other circumstances specified in the Conditions.

SG has only agreed to provide Equity Contracts to the Issuer for ten years from 24 March 2014 (although an Equity Contract Counterparty may terminate its Facility Agreement on three months' notice). If an Equity Contract Counterparty does not agree to provide Equity Contracts beyond such date or it chooses to terminate its Facility Agreement earlier, then the Equity Contracts with it will expire and unless they are replaced by Equity Contracts with another Equity Contract Counterparty the Issuer will elect to redeem some or all of the outstanding Short and Leveraged Equity Securities.

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

Activities of Equity Contract Counterparties and Authorised Participants

The Equity Contract Counterparty and its affiliates are active traders in equities markets, in the equity futures and options markets and the over-the-counter markets, including trading of equity swaps, options and other derivatives. These trading activities may present a conflict between the interests of holders of the Short and Leveraged Equity Securities and the interests that the Equity Contract Counterparty and its affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the value of an Equity Index, could result in the holders of the Short and Leveraged Equity Securities which track such Equity Index suffering a loss. Moreover, the Equity Contract Counterparties or their affiliates may (or may not) have published and in the future may (or may not) expect to publish research reports with respect to some or all of the Equity Indices or the related Underlying Equity Benchmark and equities generally. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Short and Leveraged Equity Securities. The research should not be viewed as a recommendation or endorsement of the Short and Leveraged Equity Securities in any way and investors must make their own independent investigation of the merits of this investment. Any of these activities by the Equity Contract Counterparties or their affiliates may affect the market price of the Equity Indices or components and the value of the Equity Indices and, therefore, the market value of the Short and Leveraged Equity Securities. In addition, the Equity Contract Counterparty and its affiliates may underwrite or issue other securities or financial instruments indexed to the Equity Indices or certain of their components and/or the Equity Index Sponsors may licence the Equity Indices or related indices for publication or for use by unaffiliated third parties. Further, the Authorised Participants or their Affiliates also trade in various sectors of the equity markets.

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

With respect to any of the activities described above, none of SG, the Equity Index Sponsors, the Authorised Participants or their respective Affiliates has any obligation to the Issuer to take the needs of any buyers, sellers or holders of Short and Leveraged Equity Securities into consideration at any time.

Calculation Agent under the Facility Agreement and Conflicts of Interest

As at the date of this Prospectus, SG is the sole Equity Contract Counterparty and acts as Calculation Agent under the Facility Agreement it has entered into with the Issuer for the purposes of the Equity Contracts (but not calculation agent for the purposes of the Conditions, the Short and Leveraged Equity Securities or the Trust Instrument). In acting as Calculation Agent, SG is obliged to act in good faith and in a commercially reasonable manner, but otherwise its calculations for the purposes of the Equity Contracts are binding in the absence of manifest error. The role of SG as Calculation Agent may give rise to conflicts of interest which are adverse to the interests of Security Holders.

Management Experience

The Issuer was incorporated in 2012. The directors and management of ManJer and the Issuer have had experience in establishing and operating companies providing similar types of exchange-traded products since December 2003 including securities issued by ETFS Commodity Securities Limited, ETFS Hedged Commodity Securities Limited, Gold Bullion Securities Limited, ETFS Oil Securities Limited, ETFS Metal Securities Limited, ETFS Hedged Metal Securities Limited, ETFS Metal Securities Australia Limited, ETFS Commodity Securities Australia Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and Swiss Commodity Securities Limited. Further, certain directors have had experience in establishing and operating exchange traded fund companies and related service companies, in particular ETFX Fund Company public limited company and its manager ETFX Management Company Limited in Ireland and ETF Securities USA LLC. The management of ManJer and the issuer thus has limited experience of establishing products providing an exposure to equities. If it transpires that the experience of ManJer, the Issuer and their respective management is neither adequate nor suitable to manage the Issuer, then the operations of the Issuer may be adversely affected.

Only Authorised Participants may apply for or Redeem Short and Leveraged Equity Securities

Generally only Authorised Participants may deal with the Issuer in applying for or redeeming Short and Leveraged Equity Securities, save in relation to redemptions where at any time there are no Authorised Participants or in other circumstances announced by the Issuer. The Issuer has agreed to use reasonable endeavours to ensure that at all times after the date three months following Listing there are at least two Authorised Participants and until then at least one Authorised Participant. There can, however, be no assurance that there will at all times be an Authorised Participant to deal with the Issuer in applying for or redeeming Short and Leveraged Equity Securities.

Under the Facility Agreement an Equity Contract Counterparty has the right to give notice (with immediate or delayed effect) that an Authorised Person has ceased to be acceptable to it in certain circumstances, including if the Equity Contract Counterparty deems such person to be unacceptable to it as an Authorised Person for credit, compliance, general business policy or reputational reasons. As a result of any exercises of such right there could at any time be no Authorised Participants, with the result that no Short and Leveraged Equity Securities could be issued. In such event it may also be difficult or impossible to sell Short and Leveraged Equity Securities on the London Stock Exchange or other exchanges at a price close to the Price therefor or within a reasonable time period, although Security Holders will be entitled to redeem their Short and Leveraged Equity Securities.

Financial transaction tax

On 14 February 2013, the European Commission adopted a proposal for a financial transaction tax among eleven member states of the European Union, as a way to obtain contributions from financial institutions towards the cost of the existing economic crisis. The proposal envisaged a financial transaction tax being payable by financial institutions on, among others, transfers of financial instruments and the creation of derivative contracts. The participating member states have yet to agree on its precise scope, however, and the proposal may therefore be revised materially. In addition, certain countries (such as France and Italy) have unilaterally introduced or announced their own financial transaction tax, and others may follow suit.

The precise scope of many of these regimes is not yet clear, and their scope may be extended in the future in any event. There is therefore a risk that a financial transaction tax may be incurred on certain transactions in the Equity Contracts or the Short and Leveraged Equity Securities, including hedging the position in respect of a class of Equity Contracts. Any such financial transaction tax may necessitate amendments to the Documents and may adversely affect the Price of the corresponding class of Short and Leveraged Equity Securities (by an amendment to the Adjustment Factor) or may increase the expenses charged to the Security Holder. Security Holders which are financial institutions may be directly liable for the financial transaction tax in respect of those securities. In some cases the imposition of a financial transaction tax could temporarily prevent new issues or redemptions of Short and Leveraged Equity Securities or give rise to a compulsory early redemption.

Undertakings for Collective Investment in Transferable Securities (UCITS)

Prospective investors which comprise a UCITS (an undertaking for collective investment in transferable securities) subject to the Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (No 85/611/EEC) (the "UCITS Directive"), as amended, need to satisfy themselves that an investment in the Short and Leveraged Equity Securities would (a) comply with any regulations and/or guidelines applicable to them pursuant to the UCITS Directive and any laws, regulations or guidelines of their jurisdiction of incorporation and (b) would be in line with their individual investment objectives.

European Market Infrastructure Regulations (EMIR)

The European Market Infrastructure Regulations came into force in 2012. Many of the requirements and obligations to be imposed under it have yet to come into full effect and not all of the relevant implementing and regulatory standards are currently available. It is therefore not possible as at the date of this Prospectus for prospective investors to assess the potential impact of this regulation on the Short and Leveraged Equity Securities. However, there is a clear risk that EMIR may give rise to significantly increased costs of hedging for the Equity Contract Counterparty and this could give rise to an increase in the Annualised Rate (and therefore to a reduction in the Price of the Short and Leveraged Equity Securities).

No assurance

None of the Issuer, SG, the Trustee or any affiliate of any such persons makes any representation as to the credit quality of the Equity Contract Counterparty or any Secured Property. Any of such persons may have acquired, or during the term of the Short and Leveraged Equity Securities may acquire, non-public information in relation to the Equity Contract Counterparty and/or the Secured Property. None of such persons are under any obligation to make such information directly available to Short and Leveraged Equity Security Holders. None of the Issuer, SG, the Trustee or any affiliate of any such persons are under any obligation to make available any information relating to, or keep under review on the Security Holders' behalf, the business, financial conditions, prospects, creditworthiness or state of affairs of the Equity Contract Counterparty or any specific issuer/obligor in relation to any Secured Property transferred to the Issuer or conduct any investigation or due diligence thereon or to monitor such Equity Contract Counterparty.

Security Holders have no direct ownership or right to delivery of the posted Collateral

Investing in the Short and Leveraged Equity Securities will not make an investor the owner of any Secured Property. Any amounts payable on the Short and Leveraged Equity Securities will be made in cash and the Security Holders will have no right to receive delivery of any Secured Property at any time.

OTHER LEGAL RISKS

Change of law

The Conditions of the Short and Leveraged Equity Securities are governed by Jersey law in effect as at the date of issue of the relevant Short and Leveraged Equity Securities. No assurance can be given as to the impact of any possible judicial decision or change to Jersey law or administrative practice after the date of issue of the relevant Short and Leveraged Equity Securities.

Legality of Purchase

The Issuer does not assume responsibility for the lawfulness of the acquisition of the Short and Leveraged Equity Securities by a prospective purchaser of the Short and Leveraged Equity Securities (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor (or any such third party) with any law, regulation or regulatory policy applicable to it.

MEETINGS OF SECURITY HOLDERS

Meetings of Security Holders, resolutions, modification, waivers and substitution

Meetings of a class of Security Holders may be convened to consider any matter affecting their interests. These provisions permit specified majorities of such Security Holders attending or represented at any such meeting to pass resolutions binding all Security Holders of such class of Short and Leveraged Equity Securities, including Security Holders who did not attend or vote at such meeting, or who voted against the passing of such resolutions. A Security Holder will, therefore, be bound by resolutions that may be passed that affect that class of Short and Leveraged Equity Security and which may be adverse to such Security Holder's interests (whether such Security Holder attended and voted against those changes or not).

FREQUENTLY ASKED QUESTIONS

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

Capitalised terms have the meanings given to them in section entitled "Definitions and Interpretation".

What are Short and Leveraged Equity Securities?

Short and Leveraged Equity Securities are secured, undated, limited recourse debt securities issued by ETFS Equity Securities Limited, a Jersey company established as a special purpose vehicle for the purpose of issuing the Short and Leveraged Equity Securities. The Short and Leveraged Equity Securities have been designed to enable investors to gain three times leveraged short exposure (-3x) or three times leveraged long exposure (3x), respectively, to daily movements in benchmark equity indices (hereinafter referred to as underlying equity indices) without needing to purchase those equities or to trade in equity futures contracts, and to enable investors to buy and sell the exposure through the trading of a security on a stock exchange.

How do Short and Leveraged Equity Securities give three times leveraged long or three times leveraged short exposure to underlying equity indices?

The Short Equity Securities provide three times leveraged short exposure (-3x) to underlying equity indices by tracking the Short Equity Indices and likewise the Leveraged Equity Securities provide three times leveraged long exposure (3x) to underlying equity indices by tracking the Leveraged Equity Indices.

How does the Issuer back its three times leveraged long or three times leveraged short exposure to underlying equity indices?

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

What is the Price?

The Price of a particular class of Short and Leveraged Equity Securities is calculated in accordance with a set formula and examples of how it is calculated are set out in Part 2 (*How does a Security Holder determine the value of its investment?*). The Price reflects the performance of the relevant Equity Index and is also reduced daily by the fees payable by a Security Holder in respect of that class of Short and Leveraged Equity Security.

When will the Price of a Short or Leveraged Equity Security be published?

The Price for a particular day will be published on the Issuer's Website on the next Business Day.

Who is the Equity Contract Counterparty?

As at the date of this Prospectus Société Générale is the sole Equity Contract Counterparty under the Programme.

What are the Equity Indices?

The Short Equity Indices provide a return which reflects minus three times (-3x) the daily percentage change in the level of an underlying equity index and the Leveraged Equity Indices provide a return which reflects three times (3x) the daily percentage change in the level of an underlying equity index.

The Price payable in respect of the Short Equity Securities and the Leveraged Equity Securities is linked to the performance of a Short Equity Index or a Leveraged Equity Index.

Both the Short Equity Indices and Leveraged Equity Indices are total return indices and will be denominated in either US Dollars, Euro or Pound Sterling and, in each case, are denominated in the same currency as the corresponding class of Short and Leveraged Equity Securities.

Total return indices are described in more detail under "What are the underlying equity indices?" below and a further description on the Short Equity Indices and the Leveraged Equity Indices are contained in Part 3 (*Equity Indices*).

What are the underlying equity indices?

The Short Equity Indices and the Leveraged Equity Indices provide an exposure reflecting minus three times (-3x) or three times (3x) the daily percentage change in the level of an underlying equity index.

The underlying equity indices are all total return indices which mean that the returns on the index comprise (i) the capital gain or loss of each equity comprised within that index and (ii) any cash distributions payable with respect to those equities, such as dividends, which will be treated as reinvested back into the index. Total return indices are different from price return indices which do not take into account cash distributions payable with respect to the equities comprised within the index.

Total return indices can be sub-categorised as gross total return or net total return indices. Whilst the attributes of each underlying equity index do vary, underlying equity indices which are gross total return indices will typically be treated as having re-invested into the underlying equity index the total dividend amount payable on the equities comprised within that underlying equity index which would have otherwise been treated as distributed to investors residing in the country of the dividend-paying company (i.e. withholding taxes are not typically deducted).

On the other hand, underlying equity indices which are net total return indices typically deduct an amount on account of withholding tax before re-investing the dividend amount into the underlying equity index, although the amount and source of the withholding tax will vary across different underlying equity indices and will often depend on whether the underlying equity index is a country-specific index or whether it is an index comprised of companies listed in multiple jurisdictions.

Accordingly, the return of a Short Equity Index or a Leveraged Equity Index will differ depending on (amongst other things) whether it provides exposure to an underlying equity index which is a gross total return index or a net total return index. A description of each underlying equity index relating to a Short Equity Index or Leveraged Equity Index (including whether that underlying equity index is a gross total return or net total return index) is contained in Part 3 (*Equity Indices*).

How do the Short Equity Indices work?

The Short Equity Indices provide a leveraged short exposure of minus three times (-3x) the daily percentage change in the level of an underlying equity index.

A short exposure is typically achieved where someone borrows an equity or basket of equities comprised within an equity index (for the purpose of these examples referred to as "equities") and sells them in the market with the intention of buying those same equities back in the future at a lower price to redeliver to the lender, and retaining the remaining sale proceeds as a profit. Such person will benefit from a fall in prices of the equities as they can repurchase the equities to redeliver to the lender for an amount which is less than they sold them for, but will lose money if the price of the equities rises as they will have to repurchase the equities to redeliver to the lender for an amount which is more than they sold them for. Where the price of equities rises significantly, the loss that a person could incur on a short position could be excessive and could be unlimited as there is no limit on the price by which an equity could rise, although an investor in a Short Equity Security that tracks a Short Equity Index can never lose more than their initial investment (see "Can the level of an Equity Index fall to zero?" below for more details).

A leveraged short exposure is similar to the short exposure described above except that the short exposure to the rise or fall in the price of the equities is magnified - in the case of the Short Equity Indices by three times. This would be equivalent to the person in the preceding paragraph borrowing three times the amount of equities they would have otherwise.

As an example, if an underlying total return equity index falls in value by 1 per cent. on a particular day then the value of a Short Equity Index which provides a leveraged short exposure of minus three times (-3x) the daily percentage change in the level of that underlying equity index will rise by 3 per cent. on that day. The opposite effect would occur if the level of the underlying equity index rises by 1 per cent.

on a particular day i.e. the value of the Short Equity Index would fall by 3 per cent. on that day. The impact on the price of a Short Equity Security which tracks that Short Equity Index will be similar.

It should be noted that the above examples do not take into account the impact that fees, expenses and adjustments will have on an investment in Short Equity Securities or any stock lending costs comprised within the Short Equity Index. The examples further assume that none of the days referred to is a Disrupted Day and that no intra-day reset is applied on the relevant equity index.

How do the Leveraged Equity Indices work?

The Leveraged Equity Indices provide a leveraged exposure of three times (3x) the daily percentage change in the level of an underlying equity index.

A leveraged exposure is typically achieved where someone borrows an amount of money to purchase a greater amount of equities than they could otherwise afford. For example a person may have $1,000 and borrow an additional $2,000, if they invested the full $3,000 in equities then they would be considered to be three times leveraged as they would own $3,000 of equities but would have an obligation to pay $2,000 back to the lender.

That investor would buy equities with the intention of selling those same equities in the future at a higher price and using some of the sale proceeds to repay the amount they borrowed, with the remainder being profit. Such person will benefit from a rise in prices of the equities as they can sell the equities for an amount which is greater than their initial investment and what they borrowed and their profits will be magnified by the amount of leverage they have used (i.e. they will profit on a $3,000 investment in the equities rather than a $1,000 investment), but will lose money if the price of the equities falls as they will have to sell the equities for an amount which is less than their initial investment and what they borrowed and their losses will be magnified by the amount of leverage they have used (i.e. they will incur losses on a $3,000 investment in the equities rather than a $1,000 investment but will still have to repay the $2,000 to the lender).

Investors should note that such leverage will mean that any losses on their investment will be greater than if they had an unleveraged exposure.

As an example, if an underlying total return equity index rises in value by 1 per cent. on a particular day then the value of a Leveraged Equity Index which provides a leveraged exposure of three times (3x) the daily percentage change in the level of that underlying equity index will rise by 3 per cent. on that day. The opposite effect would occur if the level of the underlying equity index falls by 1 per cent. on a particular day i.e. the value of the Leveraged Equity Index would fall by 3 per cent. on that day. The impact on the price of a Leveraged Equity Security which tracks that Leveraged Equity Index will be similar.

It should be noted that the above examples do not take into account the impact that fees, expenses and adjustments will have on an investment in Leveraged Equity Securities or any financing costs or liquidity spreads comprised within the Leveraged Equity Index. The examples further assume that none of the days referred to is a Disrupted Day and that no intra-day reset is applied on the relevant equity index.

Why do the Equity Indices provide a daily exposure?

The Equity Indices provide a daily exposure to minus three times (-3x) or three times (3x) the change in an underlying equity index. This means that the value of the underlying equity index to which the minus three times (-3x) or three times (3x) exposure is applied will be reset on a daily basis. Accordingly an investor who buys a Short or Leveraged Equity Security which tracks an Equity Index on a particular day will receive minus three times (-3x) or three times (3x) exposure to the value of the underlying equity index on *that day*.

It is possible to construct indices which provide short or leveraged exposure to underlying equity indices measured over different time periods, for instance an index which provides exposure to minus three times (-3x) or three times (3x) the *weekly* or *monthly* change in an underlying equity index. If an investor purchased a security which tracked an index that provided three times leveraged exposure to underlying equity indices on a *weekly* basis then unless the investor purchased the security on the day of the week on which the index was reset then they would likely receive an exposure level to the underlying equity index other than three times *e.g. if the three times weekly leveraged exposure index was reset on a Monday and the underlying index falls 5 per cent. during the course of Monday then an investor buying that security on the Tuesday would likely receive roughly 3.53 times leveraged exposure to the underlying equity index until such time as the weekly leveraged exposure index was next reset*.

The advantage of investing in the Equity Indices that provide a daily exposure is that on any day the Price of the Short and Leveraged Equity Securities that track such Equity Indices will (before fees, expenses and adjustments and any costs contained within the index) change by minus three times (-3x) or three times (3x) the variation in value of the underlying total return equity index on that day. However there are compounding risks associated with daily exposure (as described under "What are the risks associated with holding a Short and Leveraged Equity Security for periods greater than one day?" below) which will likely be reduced by investing in short or leveraged indices that are reset on a less frequent basis.

Can the level of an Equity Index fall to zero?

It is possible that an underlying equity index could rise or fall in value by more than 33 per cent. in a given day. If this happened then there is a risk that, in the case of a rise by more than 33 per cent., a Short Equity Index that provides minus three times (-3x) daily exposure to the return of that underlying equity index could fall to zero and, in the case of a fall, that a Leveraged Equity Index that provides three times (3x) daily exposure to the return of that underlying equity index could likewise fall to zero.

To protect against these risks, each Equity Index provides for an intra-day trigger which is intended to act as a stop-loss to restrict (to a certain extent) the loss in value of an Equity Index during periods of extreme market movement by providing a new base level for determining the movement in the value of the underlying equity index. The effect of an intra-day reset is that an Equity Index will for the remainder of that day provide minus three times (-3x) or three times (3x) exposure (as the case may be) to the movement in the value of that underlying equity index measured from the time the intra-day reset took place (or thereabouts) or, in the case of certain Equity Indices, the index will provide an unleveraged exposure to the underlying equity index for the remainder of that day. The level of any intra-day reset trigger will vary between different Equity Indices and a description of the intra-day reset triggers for the Equity Indices are described in Part 3 (Equity Indices).

What are the risks associated with holding a Short and Leveraged Equity Security for periods greater than one day?

The Short Equity Indices provide an exposure to minus 3 times (-3x) the daily percentage change in the level of an underlying equity index and the Leveraged Equity Indices provide an exposure to 3 times (3x) the daily percentage change in the level of an underlying equity index.

Over periods of greater than one day, the Equity Indices may not match precisely minus 3 times (-3x) or 3 times (3x) the change in the level of the underlying equity index over such longer period and it is possible that they "outperform" or "underperform" minus 3 times (-3x) or 3 times (3x), respectively, the change in an underlying equity index. This is because, as described above, the Equity Indices reset on a daily basis meaning that the performance of an Equity Index over a period of greater than one day will not be equal to minus 3 times (-3x) or 3 times (-3x) the return of the underlying equity index over such longer period. This compounding effect is described in more detail below and will generally cause "outperformance" of a Short Equity Index versus minus 3 times (-3x) the performance of an underlying equity index in a low volatility, smooth down-trending market and "outperformance" of a Leveraged Equity Index versus 3 times (3x) the performance of an underlying equity index in a low volatility, smooth up-trending market. The reverse is also true, with compounding potentially having a large negative impact on the performance of a Short Equity Index or a Leveraged Equity Index versus minus 3 times (-3x) or three times (3x) the daily percentage change in the level of an underlying equity index in high volatility markets.

The following tables provide a hypothetical example of returns in a smooth up-trending market for a Leveraged Equity Index over a five day period (*Table 1*) and a hypothetical example of returns for that Leveraged Equity Index in a high volatility market over a five day period (*Table 2*) in each case compared against the underlying equity index and three times (3x) the performance of that underlying equity index over such five day period (which has no daily compounding).

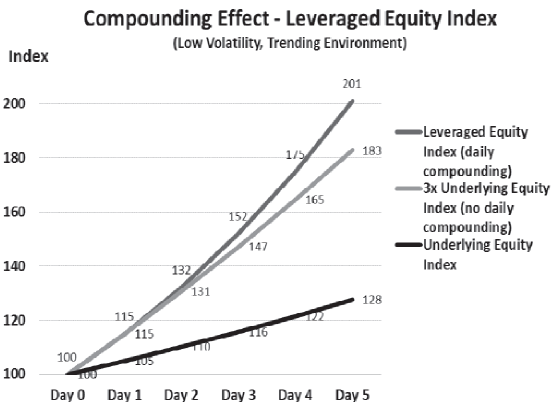


Table 1

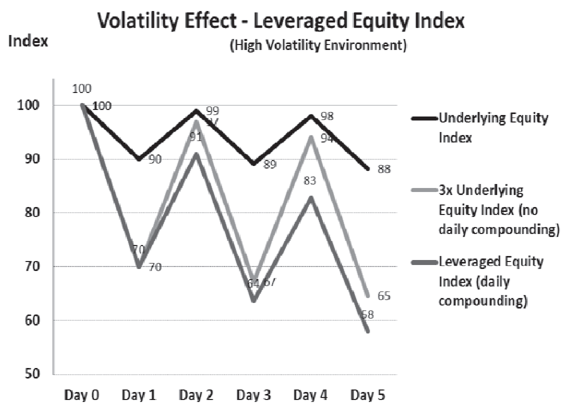


Table 2

It should be noted that the above graphs do not take into account the impact that fees, expenses and adjustments will have on an investment in Leveraged Equity Securities or any financing costs or liquidity spreads comprised within the Leveraged Equity Index or associated with three times (3x) the performance of the underlying equity index over a longer period. The examples further assume that none of the days referred to is a Disrupted Day (and that there is no intra-day reset applied).

Accordingly, the Short and Leveraged Equity Securities which track such Equity Indices are only suitable for persons who understand the economic risk of investing in a security which provides daily leverage and the impact that price volatility may have on their investment and who are willing to monitor their investment on a frequent basis.

Is an investment in an Equity Index the same as investing in the underlying equities?

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

What other factors impact the return on an Equity Index?

Aside from the short and/or leveraged exposure and the risks associated with daily leverage, the performance of an Equity Index is dependent upon the macroeconomic factors relating to the equities comprised within the underlying equity index to which that Equity Index relates, such as market and economic conditions, sector, geographical region and political events.

Certain Equity Indices may reference underlying equity indices that are comprised of emerging market equities. In certain emerging market countries there is a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The return on the Equity Indices will also be impacted by: (i) any tax charge incurred with respect to an underlying equity index which is a net total return index (see “What are the underlying equity benchmarks?” above for an explanation of net total return indices); (ii) any interest rate charge comprised within a Leveraged Equity Index to reflect the costs of providing a daily three times leveraged exposure to the relevant underlying equity index; and (iii) any stock lending returns comprised within a Short Equity Index to reflect the return that would otherwise be received on shorting the equities comprised within that Short Equity Index.

Who makes calculations in respect of an Equity Index?

The Equity Index Sponsor is responsible for the composition, calculation and maintenance of the relevant Equity Index. The official closing level of the relevant Equity Index published by the relevant Equity Sponsor will be used to calculate the price of the Short and Leveraged Equity Securities.

What is the purpose of the collateral?

The Issuer pays all of the issue proceeds for each class of Short and Leveraged Equity Security to the Equity Contract Counterparty in return for that Equity Contract Counterparty entering into an equivalent number of Equity Contracts of such class. Such Equity Contracts will provide the Issuer with exposure to the relevant Equity Index (less fees, expenses and adjustments) to an amount equal to the issue proceeds for that class.

This means that the Issuer will have a credit exposure to the Equity Contract Counterparty with respect to the amounts owed to the Issuer under the terms of the Equity Contracts. To reduce this exposure the Equity Contract Counterparty is required to post collateral to a collateral account held in the Equity Contract Counterparty's name with The Bank of New York Mellon (Luxembourg) S.A. There is a separate collateral account with respect to Equity Contracts denominated in US Dollars, Euro or Pound Sterling and the collateral in each collateral account may comprise a mixture of equities, bonds and government debt, subject to certain limits.

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

What happens if the Equity Contract Counterparty defaults?

In certain circumstances the Issuer is entitled to serve an enforcement notice and take control of the assets in each collateral account. Such circumstances include where the Equity Contract Counterparty has failed to pay amounts due with respect to the Equity Contracts and has failed to rectify such failure to pay within a certain time limit or where the Equity Contract Counterparty has failed to satisfy certain obligations with respect to the posting of collateral.

Where the Issuer has served an enforcement notice and taken control over the assets in each collateral account, it will use reasonable endeavours to appoint an entity to liquidate such collateral (a "**Liquidation Agent**") as soon as is reasonably practicable and such Liquidation Agent will be responsible for liquidating the collateral in a timely fashion. No Liquidation Agent has been appointed as of the date of this document and there is no guarantee that one will be appointed in the future. Where no Liquidation Agent has been appointed, the Issuer may be responsible for liquidating the collateral.

In appointing a Liquidation Agent, the Issuer will act in good faith and will seek to appoint a Liquidation Agent of good professional standing, having appropriate relevant experience and charging fees that are no higher than is commercially reasonable. The Issuer is under no obligation to obtain more than one quotation for such role and, where there is more than one candidate, may choose the entity it considers best suited to the role, regardless of whether other potential candidates would have charged lower fees.

When can an Equity Contract Counterparty elect to terminate Equity Contracts?

The Equity Contract Counterparty may, on giving not less than 3 months' prior written notice to the Issuer, elect to compulsorily redeem all classes of Equity Contracts or, in the event that the Issuer has defaulted on certain of its obligations to the Equity Contract Counterparty under the Facility Agreement, the Equity Contract Counterparty may compulsorily redeem all classes of Equity Contracts on not less than two Issuer Business Days' notice.

The Equity Counterparty (and the Issuer) also have the right to compulsorily cancel particular classes of Equity Contracts on not less than 5 Issuer Business Days' notice if certain events occur with respect to that class, for instance if no Equity Index has been calculated with respect to that class and it has not been possible to calculate a substitute index level or agree to a permanent replacement for such index or (on 5 days which are London business days and Paris business days' notice) in the event that a party determines that certain events would result in an illegality occurring with respect to such class of Equity Contracts.

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

In the event that a class of Equity Contracts is compulsorily redeemed then the corresponding class of Short and Leveraged Equity Security will also be compulsorily redeemed.

What happens if a disruption event occurs for an Equity Index?

In certain instances an Equity Index may be calculated and announced by a successor to the Equity Index Sponsor or it may be replaced by a successor index which is calculated in a similar manner. In such circumstances the successor sponsor may be deemed to be the Equity Index Sponsor or the successor index may be deemed to be the Equity Index, provided (as the case may be) that the successor sponsor is determined by the Calculation Agent, for the purposes of the Equity Contracts, to be an acceptable sponsor or the successor index is determined by the Calculation Agent, for the purposes of the Equity Contracts, to be calculated in a similar manner.

From time to time an Equity Index Sponsor may fail to announce the level of an Equity Index or in exceptional circumstances it may cancel an Equity Index (with no successor index being available). Alternatively, the Equity Index Sponsor may make a material change to the formula or method of calculating the Equity Index or may otherwise materially modify the Equity Index.

In these types of situations the Calculation Agent, pursuant to the terms of the Facility Agreement, will for a period of time use reasonable endeavours to calculate a substitute level for such Equity Index for the purposes of the Equity Contracts, using similar methods of calculation and, where available the values of the underlying equity index or, where it determines, based on the method of calculation of the Equity Index prior to the relevant event occurring. In the event one of these situations persists then the parties may agree to replace the Equity Index, failing which either party may give notice to compulsorily redeem the relevant class of Equity Contracts and, accordingly the Issuer will require the redemption of the corresponding class of Short and Leveraged Equity Securities.

In the event that an Equity Index merges with another index then the Calculation Agent may continue to use the index resulting from the merger or it may replace the Equity Index with another index provided that the new index is representative of the same economic or geographic sector. Likewise, if an Equity Index splits into more than one index then the Calculation Agent may determine an index to use equivalent to the one existing before the split or may replace the split index with a new index provided that the new index is representative of the same economic or geographic sector.

Finally, if the level of an Equity Index is not published due to a Market Disruption Event then the Calculation Agent shall use reasonable endeavours to calculate a substitute level for such index so far as possible in accordance with the formula for and method of calculating the Equity Index last in effect prior to such disruption. For these purposes, a Market Disruption Event may occur with respect to an Equity Index where, for example, certain events occur which disrupt trading in the equities that are comprised within the underlying equity index or where an exchange on which those equities trade closes early or fails to open for trading during its regular trading session.

Where calculations and determinations are made in relation to Equity Contracts, the same calculations and determinations will be carried over and applied to the corresponding Short and Leveraged Equity Securities.

Who is the Calculation Agent?

Société Générale is acting as the Calculation Agent with respect to the Equity Contracts under the Facility Agreement. It is not a Calculation Agent for the Short and Leveraged Equity Securities or for the Programme. The role of SG as Calculation Agent is limited to the making of calculations and determinations in accordance with the terms of the Facility Agreement in respect of Equity Contracts thereunder.

What is the Adjustment Factor?

The Adjustment Factor forms part of the pricing formula for the Short and Leveraged Equity Securities and will reflect certain adjustments to the Price of a class of Short and Leveraged Equity Securities which are necessary in particular circumstances. The Adjustment Factor comprises four components: a Disruption Adjustment Factor, an Index Adjustment Factor, a Tax Adjustment Factor and a Security Adjustment Factor. A more detailed description of these four components may be found in Part 1 (*General*).

Who is an Authorised Participant?

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

Who is the Trustee and what do they do?

The Trustee is The Law Debenture Trust Corporation p.l.c. and is an independent entity whose role is to act as trustee on behalf of Security Holders in accordance with the Trust Instrument and to hold all rights and entitlements under the Trust Instrument and the Security Deed on trust on behalf of Security Holders.

What is the cash value of a Short or Leveraged Equity Security?

Each Short and Leveraged Equity Security has a Price which reflects the performance of the relevant Equity Index and which also reduces each day to reflect the accrual of the fees payable in respect of that Short and Leveraged Equity Security. All Security Holders will buy and sell their Short and Leveraged Equity Securities on a stock exchange in return for cash. The cash value at which the Short and Leveraged Equity Securities will trade on exchange is expected to be close to the value of such Price.

How do I buy and sell Short and Leveraged Equity Securities?

Only Authorised Participants may create and redeem Short and Leveraged Equity Securities directly with the Issuer at the Price on the relevant date together with any associated application or redemption costs. Once an Authorised Participant creates Short and Leveraged Equity Securities with the Issuer it can then (i) choose to hold the Short and Leveraged Equity Securities itself; (ii) sell those securities on one of the stock exchanges on which the Short and Leveraged Equity Securities are admitted to trading; (iii) sell those Short and Leveraged Equity Securities in an off exchange transaction ("**over-the-counter**" or "**OTC**") or (iv) redeem the Short and Leveraged Equity Securities directly with the Issuer.

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

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

Can I lose all of my initial investment?

Yes, an investor may lose all of their initial investment in the event an Equity Index falls to zero (the circumstances upon which this may occur are described under the heading "Can the level of an Equity Index fall to zero?" above). An investor can also lose part of their investment if the Equity Contract Counterparty defaults – see section entitled "*What happens if the Equity Contact Counterparty defaults*" above.

Can I lose more than my initial investment?

A Security Holder who buys and holds their Short and Leveraged Equity Securities cannot lose more than their initial investment.

What is the minimum investment?

1 Short or Leveraged Equity Security.

What are the costs of holding the product?

Investors are charged an administration allowance, licence allowance, swap spread and collateral cost in respect of the Short and Leveraged Equity Securities. The combined amount of the administration allowance, licence allowance, swap spread and collateral cost comprise the Annualised Rate, which is deducted each day by a reduction in the Multiplier used to price such class of Short and Leveraged Equity Security.

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

Further information on the fees is set out in Part 4 (*Description of Short and Leveraged Equity Securities*).

Investors who buy and sell Short and Leveraged Equity Securities on exchange or in transactions other than with the Issuer may also be charged additional costs in respect of those transactions.

Who is the "holder" of the Short and Leveraged Equity Securities?

The legal "holder" will be the person entered in the register as the Security Holder. As an investor, your rights in relation to the Short and Leveraged Equity Securities will be governed by the contract you have with your broker, custodian or other entity through which you hold your interest in the Short and Leveraged Equity Securities and the contracts they have with the clearing system and any intermediaries in between. Accordingly, where this Prospectus describes a right as being owed to, or exercisable by, a Security Holder, your ability to benefit from or exercise such right will be dependent on the terms of the contracts in such chain.

CLASSES OF SHORT AND LEVERAGED EQUITY SECURITIES

The following are the classes of Short Equity Securities and Leveraged Equity Securities initially available for issue:

Classes of Short Equity Securities available for issue

Class of Short Equity Security	LSE Code	Short Equity Index	Equity Index Sponsor
ETFS 3x Daily Short AEX	NE3S	AEX® X3 Short GR	Euronext Amsterdam N.V.
ETFS 3x Daily Short BEL 20	BE3S	BEL 20® X3 Short GR	Euronext Brussels SA/NV
ETFS 3x Daily Short CAC 40	FR3S	CAC 40® X3 Short GR	Euronext Paris S.A.
ETFS 3x Daily Short PSI 20	PT3S	PSI 20® X3 Short GR	Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.
ETFS 3x Daily Short DAX 30	GE3S	ShortDAX® x3 AR (TR)	Deutsche Börse AG
ETFS 3x Daily Short FTSE 100	UK3S	FTSE 100 Daily Ultra Short Strategy RT Gross TR Index	FTSE International Limited
ETFS 3x Daily Short FTSE 250	BM3S	FTSE 250 Daily Ultra Short Strategy RT Gross TR Index	FTSE International Limited
ETFS 3x Daily Short FTSE MIB	IT3S	FTSE MIB Daily Ultra Short Strategy RT Gross TR Index	FTSE International Limited
ETFS 3x Daily Short FTSE USA Large Cap	US3S	FTSE USA Large Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE USA Small Cap	AS3S	FTSE USA Small Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE Australia Large Cap	AU3S	FTSE Australia Large Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE Brazil Large Cap	BZ3S	FTSE Brazil Large Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE China 50	CH3S	FTSE China 50 Daily Ultra Short Strategy RT Gross TR Index	FTSE International Limited
ETFS 3x Daily Short FTSE Japan Large Cap	JP3S	FTSE Japan Large Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE Spain Large Cap	SP3S	FTSE Spain Large Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE Emerging Market Large Cap	EM3S	FTSE Emerging Large Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE Latin America Large Cap	LT3S	FTSE Latin America Large Cap Super Liquid 3x Daily Short Index	FTSE International Limited
ETFS 3x Daily Short FTSE BRIC 50	BC3S	FTSE BRIC 50 Daily Ultra Short Strategy RT Gross TR Index	FTSE International Limited
ETFS 3x Daily Short EURO STOXX 50®	EU3S	EURO STOXX 50® Daily Short 3 EUR Gross Return	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Automobiles & Parts	ED3S	EURO STOXX® Automobiles & Parts Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Banks	EB3S	EURO STOXX® Banks Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Basic Resources	ER3S	EURO STOXX® Basic Resources Daily Triple Short	STOXX Limited

Class of Short Equity Security	LSE Code	Short Equity Index	Equity Index Sponsor
ETFS 3x Daily Short EURO STOXX® Chemicals	EC3S	EURO STOXX® Chemicals Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Construction & Materials	ET3S	EURO STOXX® Construction & Materials Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Financial Services	EF3S	EURO STOXX® Financial Services Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Food & Beverage	EV3S	EURO STOXX® Food & Beverage Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Health Care	EH3S	EURO STOXX® Health Care Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Industrial Goods & Services	EN3S	EURO STOXX® Industrial Goods & Services Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Insurance	EI3S	EURO STOXX® Insurance Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Media	EM3S	EURO STOXX® Media Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Oil & Gas	EO3S	EURO STOXX® Oil & Gas Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Personal & Household Goods	EP3S	EURO STOXX® Personal & Household Goods Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Real Estate	EE3S	EURO STOXX® Real Estate Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Retail	EL3S	EURO STOXX® Retail Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Technology	EY3S	EURO STOXX® Technology Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Telecommunications	EA3S	EURO STOXX® Telecommunications Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Travel & Leisure	ES3S	EURO STOXX® Travel & Leisure Daily Triple Short	STOXX Limited
ETFS 3x Daily Short EURO STOXX® Utilities	EU3S	EURO STOXX® Utilities Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Automobiles & Parts	CR3S	STOXX® Europe 600 Automobiles & Parts Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Banks	BK3S	STOXX® Europe 600 Banks Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Basic Resources	BR3S	STOXX® Europe 600 Basic Resources Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Chemicals	CM3S	STOXX® Europe 600 Chemicals Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Construction & Materials	CS3S	STOXX® Europe 600 Construction & Materials Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Financial Services	FN3S	STOXX® Europe 600 Financial Services Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Food & Beverage	BV3S	STOXX® Europe 600 Food & Beverage Daily Triple Short	STOXX Limited

Class of Short Equity Security	LSE Code	Short Equity Index	Equity Index Sponsor
ETFS 3x Daily Short STOXX® Europe 600 Health Care	HCS3	STOXX® Europe 600 Health Care Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Industrial Goods & Services	IG3S	STOXX® Europe 600 Industrial Goods & Services Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Insurance	IN3S	STOXX® Europe 600 Insurance Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Media	MD3S	STOXX® Europe 600 Media Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Oil & Gas	OG3S	STOXX® Europe 600 Oil & Gas Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Personal & Household Goods	PH3S	STOXX® Europe 600 Personal & Household Goods Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Real Estate	RE3S	STOXX® Europe 600 Real Estate Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Retail	RT3S	STOXX® Europe 600 Retail Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Technology	TC3S	STOXX® Europe 600 Technology Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Telecommunications	TL3S	STOXX® Europe 600 Telecommunications Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Travel & Leisure	TR3S	STOXX® Europe 600 Travel & Leisure Daily Triple Short	STOXX Limited
ETFS 3x Daily Short STOXX® Europe 600 Utilities	UT3S	STOXX® Europe 600 Utilities Daily Triple Short	STOXX Limited

Classes of Leveraged Equity Securities available for issue

Class of Leveraged Equity Security	LSE Code	Leveraged Equity Index	Equity Index Sponsor
ETFS 3x Daily Long AEX	NE3L	AEX® X3 Leverage NR	Euronext Amsterdam N.V.
ETFS 3x Daily Long BEL 20	BE3L	BEL 20® X3 Leverage NR	Euronext Brussels SA/NV
ETFS 3x Daily Long CAC 40	FR3L	CAC 40® X3 Leverage NR	Euronext Paris S.A.
ETFS 3x Daily Long PSI 20	PT3L	PSI 20® X3 Leverage NR	Euronext Lisbon – Sociedade Gestora de Mercados
ETFS 3x Daily Long DAX 30	GE3L	LevDAX® x3 AR (TR)	Deutsche Börse AG
ETFS 3x Daily Long FTSE 100	UK3L	FTSE 100 Daily Super Leveraged RT TR Index	FTSE International Limited
ETFS 3x Daily Long FTSE 250	BM3L	FTSE 250 Daily Super Leveraged RT TR Index	FTSE International Limited
ETFS 3x Daily Long FTSE MIB	IT3L	FTSE MIB Daily Super Leveraged RT Net TR Index	FTSE International Limited
ETFS 3x Daily Long FTSE USA Large Cap	US3L	FTSE USA Large Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited
ETFS 3x Daily Long FTSE USA Small Cap	AS3L	FTSE USA Small Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited

Class of Leveraged Equity Security	LSE Code	Leveraged Equity Index	Equity Index Sponsor
ETFS 3x Daily Long FTSE Australia Large Cap	AU3L	FTSE Australia Large Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited
ETFS 3x Daily Long FTSE Brazil Large Cap	BZ3S	FTSE Brazil Large Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited
ETFS 3x Daily Long FTSE China 50	CH3L	FTSE China 50 Daily Super Leveraged RT TR Index	FTSE International Limited
ETFS 3x Daily Long FTSE Japan Large Cap	JP3L	FTSE Japan Large Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited
ETFS 3x Daily Long FTSE Spain Large Cap	SP3L	FTSE Spain Large Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited
ETFS 3x Daily Long FTSE Emerging Market Large Cap	EM3L	FTSE Emerging Large Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited
ETFS 3x Daily Long FTSE Latin America Large Cap	US3L	FTSE Latin America Large Cap Super Liquid 3x Daily Leveraged Index	FTSE International Limited
ETFS 3x Daily Long FTSE BRIC 50	BC3L	FTSE BRIC 50 Daily Super Leveraged RT TR Index	FTSE International Limited
ETFS 3x Daily Long EURO STOXX 50®	EU3L	EURO STOXX 50® Daily Leverage 3 EUR Net Return	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Automobiles & Parts	ED3L	EURO STOXX® Automobiles & Parts Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Banks	EB3L	EURO STOXX® Banks Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Basic Resources	ER3L	EURO STOXX® Basic Resources Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Chemicals	EC3L	EURO STOXX® Chemicals Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Construction & Materials	ET3L	EURO STOXX® Construction & Materials Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Financial Services	EF3L	EURO STOXX® Financial Services Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Food & Beverage	EV3L	EURO STOXX® Food & Beverage Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Health Care	EH3L	EURO STOXX® Health Care Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Industrial Goods & Services	EN3L	EURO STOXX® Industrial Goods & Services Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Insurance	EI3L	EURO STOXX® Insurance Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Media	EM3L	EURO STOXX® Media Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Oil & Gas	EO3L	EURO STOXX® Oil & Gas Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Personal & Household Goods	EP3L	EURO STOXX® Personal & Household Goods Daily Triple Leverage	STOXX Limited

Class of Leveraged Equity Security	LSE Code	Leveraged Equity Index	Equity Index Sponsor
ETFS 3x Daily Long EURO STOXX® Real Estate	EE3L	EURO STOXX® Real Estate Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Retail	EL3L	EURO STOXX® Retail Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Technology	EY3L	EURO STOXX® Technology Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Telecommunications	EA3L	EURO STOXX® Telecommunications Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Travel & Leisure	ES3L	EURO STOXX® Travel & Leisure Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long EURO STOXX® Utilities	EU3L	EURO STOXX® Utilities Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Automobiles & Parts	CR3L	STOXX® Europe 600 Automobiles & Parts Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Banks	BK3L	STOXX® Europe 600 Banks Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Basic Resources	BR3L	STOXX® Europe 600 Basic Resources Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Chemicals	CM3L	STOXX® Europe 600 Chemicals Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Construction & Materials	CS3L	STOXX® Europe 600 Construction & Materials Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Financial Services	FN3L	STOXX® Europe 600 Financial Services Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Food & Beverage	BV3L	STOXX® Europe 600 Food & Beverage Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Health Care	HC3L	STOXX® Europe 600 Health Care Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Industrial Goods & Services	IG3L	STOXX® Europe 600 Industrial Goods & Services Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Insurance	IN3L	STOXX® Europe 600 Insurance Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Media	MD3L	STOXX® Europe 600 Media Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Oil & Gas	OG3L	STOXX® Europe 600 Oil & Gas Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Personal & Household Goods	PH3L	STOXX® Europe 600 Personal & Household Goods Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Real Estate	RE3L	STOXX® Europe 600 Real Estate Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Retail	RT3L	STOXX® Europe 600 Retail Daily Triple Leverage	STOXX Limited

Class of Leveraged Equity Security	LSE Code	Leveraged Equity Index	Equity Index Sponsor
ETFS 3x Daily Long STOXX® Europe 600 Technology	TC3L	STOXX® Europe 600 Technology Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Telecommunications	TL3L	STOXX® Europe 600 Telecommunications Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Travel & Leisure	TR3L	STOXX® Europe 600 Travel & Leisure Daily Triple Leverage	STOXX Limited
ETFS 3x Daily Long STOXX® Europe 600 Utilities	UT3L	STOXX® Europe 600 Utilities Daily Triple Leverage	STOXX Limited

DEFINITIONS AND INTERPRETATION

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

"Administration Agreement"	means the Administration Agreement dated 24 March 2014 between R&H Fund Services (Jersey) Limited and the Issuer providing for certain administration, company secretarial and registrar services to be provided by R&H Fund Services (Jersey) Limited to the Issuer
"Administration Allowance"	means the administration allowance (or as the context may require a rate equivalent to it) payable by the Issuer to ManJer in consideration for the provision by ManJer of all management and administration services in relation to the Programme, as set out in Part 1 (*General*) under "*Administration Allowance and Licence Allowance*", as that rate or amount may be adjusted from time to time
"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
"Aggregate Group Limit"	means in respect of any Equity Contract Group and any Equity Contract Counterparty on any day, a limit on the Price (or its equivalent value in Euros) on that day of each and every Equity Contract then in existence in that Equity Contract Group (including Equity Contracts for which a valid Creation Notice has been given and excluding Equity Contracts for which a valid Cancellation Notice has been given), as agreed between the Issuer and the Equity Contract Counterparty pursuant to the Facility Agreement between them
"Aggregate Outstanding Contracts Price"	means in respect of any day and an Equity Contract Counterparty the sum of the Euro Equivalent of the Price on that day of each and every Equity Contract then in existence with that Equity Contract Counterparty (including Equity Contracts in respect of which a valid Creation Notice has been given on or prior to that day and which have not been issued or Cancelled, but excluding Equity Contracts in respect of which a valid Cancellation Notice has been given on or before that day)
"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 Equity Securities using Agreed Pricing
"Annualised Rate"	means an annualised rate to be included in the calculation of the Price which is agreed from time to time by the Equity Contract Counterparties and the Issuer under the Annualised Rate Agreement
"Annualised Rate Agreement"	means agreements entitled "Annualised Rate Agreement pursuant to a Facility Agreement relating to Equity Contracts" between the Issuer and an Equity Contract Counterparty
"Applicable Authorised Participant Agreement"	means, with respect to each Authorised Participant Agreement (and without limitation to Clause 3(a) thereunder), the authorised participant agreement entered into between the Issuer and the relevant Authorised Participant
"Applicable Law"	means, with respect to any person (a) any law, rule, regulation, requirement, direction or order of any jurisdiction, government body or agency, court, or regulatory body with competent authority over such person, including any regulatory technical standard or delegated act adopted in respect of a European directive or regulation, and (b) the applicable rules and regulations of any

Exchange or Related Exchange, as applicable to such person in each case

"Applicant" means an Authorised Participant who makes an Application for Short and Leveraged Equity Securities

"Application" means an offer by an Applicant to the Issuer to subscribe for Short and Leveraged Equity Securities, being an offer on terms referred to in an Application Form and this document and in accordance with the provisions of the relevant Authorised Participant Agreement

"Application Cost" means in connection with the issuance of Short and Leveraged Equity Securities on any day (except in some cases where Agreed Pricing is used) an amount equal to a percentage of the Price of such securities on such day (as published from time to time), such cost being inclusive of any applicable tax directly relating to the corresponding Creation of Equity Contracts (if any) incurred by the Counterparty

"Application Fee" means the fee payable by an Applicant to the Issuer in respect of the issue of Short and Leveraged Equity Securities and on which more information can be found under the heading "*Application Fees and Redemption Fees*" in Part 4 (*Description of Short and Leveraged Equity Securities*)

"Application Form" means the application form to be used in connection with the Programme

"Application Moneys" means, for an Application, all moneys paid or to be paid to or to the order of the Issuer by the Applicant in respect of the Application

"Application Order" has the meaning given to it in the relevant Authorised Participant Agreement

"Asia and Global Equity Securities" means the classes of Short and Leveraged Equity Securities specified as such from time to time in the Trust Instrument (and, as at the date of this Prospectus, it is anticipated that these will include: ETFS 3x Daily Short FTSE Australia Large Cap, ETFS 3x Daily Long FTSE Australia Large Cap, ETFS 3x Daily Short FTSE China 50, ETFS 3x Daily Long FTSE China 50, ETFS 3x Daily Short FTSE Emerging Market Large Cap, ETFS 3x Daily Long FTSE Emerging Market Large Cap, ETFS 3x Daily Short FTSE Japan Large Cap and ETFS 3x Daily Long FTSE Japan Large Cap)

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

"Authorised Person"	means a person who is authorised for the purposes of FSMA
"Board"	means the board of directors of the Issuer
"Calculation Agent"	means a person appointed by the Issuer to determine various matters in respect of Equity Contracts entered into pursuant to a Facility Agreement
"Cancellation"	means the termination or 'closing out' of Equity Contracts between the Issuer and an Equity Contract Counterparty in accordance with the terms of a Facility Agreement – (and "**Cancel**" and "**Cancelled**" shall be construed accordingly)
"Cancellation Cost"	means in relation to any Cancellation of any Equity Contract, a cost equal to the product of the Price of such Equity Contract on such day and a percentage amount agreed between the parties to the relevant Facility Agreement and as such percentage amount may be modified from time to time by notice from the Equity Contract Counterparty to the Issuer, such cost being inclusive of any applicable tax directly relating to it (if any) incurred by the Counterparty
"Cancellation Limits"	means the limits under the Facility Agreements on cancellation of Equity Contracts
"Cancellation Notice"	means a notice sent by the Issuer to an Equity Contract Counterparty pursuant to a Facility Agreement which cancels the Equivalent Number of Equity Contracts corresponding with the Short and Leveraged Equity Securities referred to in such Cancellation Notice
"Certificated" or **"Certificated Form"**	means not in Uncertificated Form
"Class"	means a class of Short and Leveraged Equity Securities under which the Issuer's obligations to make payment, and the corresponding class of Equity Contracts under which any Equity Contract Counterparty's obligations to make payment, are determined by reference to a particular Equity Index and denominated in the same currency
"Collateral"	means Eligible Collateral Assets (as defined in the Collateral Monitoring Agency Agreement) subject to the pledge made under a Pledge Agreement in order to secure the obligations of an Equity Contract Counterparty to the Issuer under a Facility Agreement
"Collateral Account"	means, in relation to the Collateral Monitoring Agency Agreement, an account established and maintained by the Collateral Custodian in which the collateral is deposited pursuant to the terms of the Collateral Monitoring Agency Agreement and which shall include the three accounts, one relating to Equity Contracts denominated in each Currency, so established and maintained by the Collateral Custodian in the name of the Equity Contract Counterparty
"Collateral Business Day"	means such day which is a London Business Day and Paris Business Day
"Collateral Cost"	means in respect of a class of Equity Contracts, an annual percentage rate, representing the cost to the Equity Contract Counterparty of sourcing assets provided as Collateral in respect of such class, determined pursuant to the Supplementary Agreement
"Collateral Custodian"	means The Bank of New York Mellon (Luxembourg) S.A., with registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and any of its permitted successors, transferees or assigns

"Collateral Custodian Agreement"	means the collateral custodian agreement dated 24 March 2014 between SG, the Collateral Custodian and the Issuer
"Collateral Monitoring Agency Agreement" or **"CMAA"**	means the collateral monitoring agency agreement dated 24 March 2014 between SG, the Issuer, the Collateral Custodian and the Collateral Monitoring Agent
"Collateral Monitoring Agent"	means The Bank of New York Mellon, London Branch with registered office at One Canada Square, London E14 5AL and any of its successors, transferees or assigns
"Collateral Pool"	means, in respect of each Contract Currency Group, the Collateral credited to the Collateral Accounts securing (*inter alia*) the relevant Equity Contract Counterparty's obligations under such Contract Currency Group as the Primary Secured Liabilities as defined under and pursuant to the relevant Pledge Agreement
"Collateral Test"	means an assessment of the relevant Collateral Pool, as to whether that pool includes Collateral with a Collateral Value equal to or greater than the Required Collateral Value
"Collateral Value"	means on any Collateral Business Day, the aggregate Market Value of the Collateral included in a Collateral Pool (expressed in the currency of the Contract Currency Group secured by such pool), taking into account any Haircut applicable to Collateral included in such pool
"Competent Authority"	means any competent supranational, governmental, judicial, tax or regulatory authority
"Compulsory Redemption Date"	means a date notified in accordance with Condition 8.1, Condition 8.2, Condition 8.5, Condition 8.6, Condition 8.7 or Condition 8.8
"Conditions"	means the terms and conditions of the Short and Leveraged Equity Securities in the form set out in the Second Schedule (*The Conditions*) to the Trust Instrument and as set out in Part 7 (*Trust Instrument and Short and Leveraged Equity Securities*) and references herein to numbered Conditions are references to the numbers assigned to the Conditions in Part 7 (*Trust Instrument and Short and Leveraged Equity Securities*)
"Contract Currency Group"	means a group of Equity Contracts denominated in the same Currency
"Controller"	means a Controller as defined in the Conditions
"Counterparty Event of Default"	means: (a) the failure of any Equity Contract Counterparty to make a payment it is due to make in respect of a Cancellation in accordance with the relevant Facility Agreement, where such failure (x) does not arise as a result of *Force Majeure* and (y) is not rectified within five London Business Days following the day on which the Equity Contract Counterparty receives notice of the failure duly sent by the Issuer in accordance with the terms of the relevant Facility Agreement; (b) the Equity Contract Counterparty disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of the relevant Facility Agreement or any Counterparty Security Agreement; (c) any Counterparty Security Agreement ceases to be in full force and effect or enforceable for any reason other than in accordance with the terms following satisfaction of the obligations under it;

(d) a Required Collateral Default occurs with respect to the Equity Contract Counterparty;

(e) any other Counterparty Default (as defined in the relevant Facility Agreement) shall have occurred under the relevant Facility Agreement; or

(f) an Insolvency Event occurs with respect to the Equity Contract Counterparty

"Counterparty Security Agreement"	means the Pledge Agreements, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement
"Creation"	means the entering into of Equity Contracts between the Issuer and an Equity Contract Counterparty in accordance with the terms of a Facility Agreement and "create" and "created" shall be construed accordingly
"Creation Cost"	means in relation to any Creation of any Equity Contract on any day, a cost equal to the product of the Price of such Equity Contract on such day and a percentage amount agreed between the parties to the relevant Facility Agreement and as such percentage amount may be modified from time to time by notice from the Equity Contract Counterparty to the Issuer, subject to the Issuer's consent, such cost being inclusive of any applicable tax directly relating to it (if any) incurred by the Counterparty
"Creation Limits"	means the limits under the Facility Agreements on creation of Equity Contracts (and corresponding limits on issue of Short and Leveraged Equity Securities), as set out in Part 1 (*General*) under the heading "*Applications and Redemptions — Creation and Redemption Limits*"
"Creation Notice"	means a notice sent by the Issuer to an Equity Contract Counterparty pursuant to a Facility Agreement creating the Equivalent Number of Equity Contracts corresponding with the Short and Leveraged Equity Securities referred to in such Creation Notice
"CREST"	means the system of paperless settlement of transfers and the holding of securities in Uncertificated Form administered by Euroclear UK & Ireland Limited
"Currency"	means each of the three denominations of Short and Leveraged Equity Securities (and their corresponding Equity Contracts) provided for in the Trust Instrument, being Euros, Pounds Sterling and US Dollars, and "Currencies" will be construed accordingly
"Daily Group Limit"	means in respect of any Equity Contract Group and an Equity Contract Counterparty and any day, a limit on Creation or Cancellation, in respect of such day and that Equity Contract Counterparty agreed between the Issuer and that Equity Contract Counterparty pursuant to the Facility Agreement between them
"Defaulted Obligation"	means the failure of the Issuer to make or procure any payment in respect of the Redemption of any Equity 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 an Equity Contract Counterparty under the terms of a Facility Agreement in respect of a Cancellation 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 Equity 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 an Equity Contract Counterparty and an Authorised Participant or a person proposed by the Issuer to become an Authorised Participant
"Directors"	means the directors of the Issuer, being at the date of this document the persons whose names are listed as such under the heading *Directors, Secretary and Advisers* below
"Dispute Notice"	means a notice defined as a Dispute Notice in the CMAA and sent by the relevant Equity Contract Counterparty to the Collateral Monitoring Agent (copied to the Issuer) pursuant to the CMAA
"Disrupted Day"	means a day on which an Index Disruption Event or Market Disruption Event occurs
"Disruption Adjustment Factor"	means in respect of any class of Short and Leveraged Equity Securities on any day, a factor equal to the factor defined as the "Disruption Adjustment Factor" in respect of the corresponding class of Equity Contracts under the Facility Agreement on such day as determined, calculated and notified by the Calculation Agent in accordance with the terms of the Facility Agreement
"Documents"	means this document, the Trust Instrument, the Security Deed, all Authorised Participant Agreements, all Security Assignments, each Facility Agreement, each Custodian Agreement, each Collateral Monitoring Agency Agreement, each Pledge Agreement, any Liquidation Agent Agreement, the Registrar Agreement, the Services Agreement and the Administration Agreement
"Early Closure"	means the closure on any Exchange Business Day of (a) any relevant Exchange relating to any securities that constitute the Index Level on such Exchange Business Day, or (b) any Related Exchange, prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (x) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (y) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day
"EC Treaty"	means the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997), as further amended from time to time
"Eligible Equities"	means shares which are listed on regulated markets of the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, the United Kingdom and the United States, excluding any share issued by an Equity Contract Counterparty or any of its affiliates
"Equity Contract"	means a contract between the Issuer and an Equity Contract Counterparty created in accordance with a Facility Agreement and relating to an Equity Index corresponding to a class of Equity Securities

"Equity Contract Counterparty"	means the counterparty to each Facility Agreement with the Issuer and includes SG
"Equity Contract Group"	means the Equity Contract Groups as specified in the Facility Agreement, which for the Initial Classes are: (i) CAC 40® Equity Contract Group (comprising of ETFS 3x Daily Short CAC 40 and ETFS 3x Daily Long CAC 40 Equity Contracts); (ii) DAX 30® Equity Contract Group (comprising of ETFS 3x Daily Short DAX 30 and ETFS 3x Daily Long DAX 30 Equity Contracts); (iii) FTSE 100 Equity Contract Group (comprising of ETFS 3x Daily Short FTSE 100 and ETFS 3x Daily Long FTSE 100 Equity Contracts); (iv) FTSE MIB Equity Contract Group (comprising of ETFS 3x Daily Short FTSE MIB and ETFS 3x Daily Long FTSE MIB Equity Contracts); and (v) EURO STOXX 50® Equity Contract Group (comprising of ETFS 3x Daily Short EURO STOXX50® and ETFS 3x Daily Long EURO STOXX 50® Equity Contracts);
"Equity Index"	means in respect of a class of Short and Leveraged Equity Securities, the equity index specified as such in the Trust Instrument
"Equity Index Sponsor"	means, in relation to an Equity Index or Underlying Equity Benchmark relating to any class of Short and Leveraged Equity Security, the person specified in the related Facility Agreement or any other person which the Issuer and the Equity Contract Counterparty may from time to time agree is (a) responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustment if any related to the relevant Equity Index or Underlying Equity Benchmark and (b) on a regular basis announces, directly or through an agent, the Index Level or (as applicable) the published price level for such Underlying Equity Benchmark;
"Equity Security"	means an undated limited recourse secured debt security of the Issuer of any of the classes specified in the Trust Instrument issued pursuant to and constituted by the Trust Instrument and includes Euro Equity Securities, Sterling Equity Securities and US Dollar Equity Securities and "**Equity Securities**" means all of them
"Equivalent Number"	means, in relation to the Creation or Cancellation of Equity Contracts in conjunction with an Application for or Redemption of Short and Leveraged Equity Securities, the number and class of Equity Contracts which is the same as the number and class of Short and Leveraged Equity Securities to which the Application or Redemption relates
"ETFSL"	means ETF Securities Limited, a company incorporated in Jersey, on 20 August 2004 with registered number 88370 and having its registered office at Ordnance House, 31 Pier Road, St. Helier JE4 8PW Channel Islands
"Euro" or **"Eur"** or **"€"**	means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty
"Euro Equity Contract"	means an Equity Contract denominated in Euros
"Euro Equity Security"	means an Equity Security denominated in Euros

"Euro Equivalent"	means, in respect of any amount in any Relevant Currency other than Euro on any Pricing Day, such amount converted into Euro by multiplying it by the Foreign Exchange Rate for Equity Indices applicable to Equity Contracts of that Currency for that day
"Exchange"	means, in respect of an Equity Index or an Underlying Equity Benchmark on any Pricing Day, a corresponding exchange or quotation system specified in the relevant Facility Agreement, or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Equity Index has temporarily relocated (provided that (a) the relevant Calculation Agent has determined that there is comparable liquidity relative to such shares underlying such Equity Index on such temporary substitute exchange or quotation system as on the original exchange) and (b) the Equity Contract Counterparty has notified the Issuer as soon as reasonably practicable but in any event, on or before that Pricing Day of the same in accordance with the terms of the relevant Facility Agreement
"Exchange Business Day"	means, in respect of an Equity Index relating to any class of Short and Leveraged Equity Securities, any Scheduled Trading Day on which each relevant Exchange and Related Exchange of the Equity Index are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time
"Exchange Disruption"	means, in respect of an Equity Index or Underlying Equity Benchmark, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (a) on any relevant Exchange any securities that constitute the relevant Index Level, or (b) futures or options contracts on the relevant Equity Index or Underlying Equity Benchmark on any relevant Related Exchange
"Exempt Person"	means a person who, in entering into and performing the terms of an Authorised Participant Agreement, is acting in the course of a business comprising a regulated activity in relation to which it is exempt from the need to be an Authorised Person as a result of a provision of the FSMA or associated secondary legislation
"Extraordinary Resolution"	means in respect of one or more classes of Short and Leveraged Equity Securities either (a) a resolution passed at a meeting of the holders of the Short and Leveraged Equity 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 Price (or if no Price was determined on the day of that meeting, the most recently determined Price) of the Short and Leveraged Equity Securities of such class or classes voting on such poll or (b) a resolution in writing of holders of the Short and Leveraged Equity Securities of such class or classes holding not less than 75 per cent. by Price (as at the date of the last signature (or if no Price was determined on that date, the most recently determined Price)) of the Short and Leveraged Equity Securities of such class or classes
"Facility Agreement"	means the facility agreements between the Issuer and different Equity Contract Counterparties providing for the creation and termination of Equity Contracts thereunder including the Facility Agreement dated 24 March 2014 between the Issuer and SG

"FCA"	means the Financial Conduct Authority of the United Kingdom and any successor thereto
"FCA Glossary"	means the glossary giving the meaning of the defined expressions used in the FCA Handbook
"FCA Handbook"	means the FCA's Handbook of Rules and Guidance
"Final Terms"	means a pricing supplement constituting "final terms" in or substantially in the form annexed hereto
"Financial Transaction Tax"	means any financial transaction tax imposed in relation to the purchase or sale (or the posting as collateral) of shares, bonds, structured products or other financial instruments or the entering into of derivatives transactions
"Force Majeure"	means, after giving effect to any applicable provision, disruption, fall back or remedy specified in the relevant Facility Agreement, by reason of *force majeure* or act of state occurring after the date hereof, on any day a party to such Facility Agreement is prevented from performing any absolute or contingent obligation to make a payment in respect of an Equity Contract, from receiving a payment in respect of such Equity Contract or from complying with any other material provision of the Facility Agreement relating to such Equity Contract (or would be so prevented if such payment or compliance was required on that day) or it becomes impossible or impracticable for such party to so perform, receive or comply (or it would be impossible to or impracticable for such party so to perform, receive or comply if such payment, performance or compliance were required on that day), so long as the *force majeure* or act of state is not caused by and is beyond the control of such party and such party could not, after using all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) overcome such prevention, impossibility or impracticability
"Foreign Exchange Rate"	means in relation to Sterling or US Dollars on any day, the WM/Reuters "Closing Spot Rate" for that Currency and that day produced by the WM Company, expressed as a number of Euros per pound Sterling or, as applicable, US Dollar, provided that if the WM Company produces an amended or corrected WM/Reuters "Closing Spot Rate" for that Currency and that day by no later than 9 p.m. on that day, the Foreign Exchange Rate for that Currency and that day, shall be such amended or corrected rate or such other rate as the Issuer and SG may agree (for the purposes of the Facility Agreement and the Equity Contracts) from time to time
"FSMA"	means the Financial Services and Markets Act 2000
"Haircut"	means the percentage amount, if any, by which the value of such type of Collateral contained in a Collateral pool, shall be discounted, as specified in the CMAA
"Hedge Position"	means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions or (c) other instruments or arrangements (howsoever described) by the Equity Contract Counterparty or one of its Affiliates, in order to hedge, individually or on a portfolio basis, in whole or in part, the Equity Contracts
"Hedging Disruption Event"	in respect of any Equity Contract relating to any class of Equity Securities, means either (a) the Equity Contract Counterparty or one of its Affiliates being or becoming unable, after using commercially reasonable efforts, to either (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or

	asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the currency risk, if any) of entering into and performing its obligations with respect to such Equity Contract; or (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions as the case may be between accounts within the jurisdiction of the Hedge Positions (the "**Affected Jurisdiction**") or from accounts within the Affected Jurisdiction to accounts outside the Affected Jurisdiction; or (b) the carrying-out any of the actions referred to in sub-paragraphs (a)(i) and (a)(ii) of this definition giving rise to an Illegality
"HoldCo"	means ETFS Holdings (Jersey) Limited, a company incorporated and registered in Jersey, with registered number 106817
"holding company"	has the meaning given to that term in section 1159 of the Companies Act 2006
"Illegality"	means, after giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, any Facility Agreement, due to an event or circumstance occurring after Creation or Cancellation, it becomes unlawful under any Applicable Law (including, without limitation, the laws of any country in which payment, delivery or compliance is required by the Issuer or an Equity Contract Counterparty), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of failure by such party to the relevant Facility Agreement to use all reasonable efforts (which will not require such party to incur a material expense) to maintain in full force and effect all licences, authorisations, permissions and consents ("**Consents**") of any government body or agency or Competent Authority required in connection with its functions under the relevant Facility Agreement (or such Consents as may become so required in the future)) for the branch or office of a party to the relevant Facility Agreement through which such party makes and receives payments or deliveries with respect to the Creation or Cancellation, to perform or comply with any absolute or contingent obligation under, or to make or receive a payment or delivery in respect of such Creation or Cancellation under the relevant Facility Agreement, or to comply with any other obligation under the relevant Facility Agreement
"Index Adjustment Factor"	means in respect of any class of Short and Leveraged Equity Securities on any day, a factor equal to the factor defined as the "Index Adjustment Factor" in respect of the corresponding class of Equity Contracts under the relevant Facility Agreement on such day
"Index Disruption Event"	means an Index Mispricing, the failure of the Equity Index Sponsor to publish the relevant Index Level or any other event meeting the definition of an "Index Disruption Event" by the Calculation Agent in accordance with the terms of the relevant Facility Agreement
"Index Level"	means, in relation to any Equity Index and a Pricing Day: (i) the published price level of such Equity Index published for that Pricing Day; (ii) where a substitute price level for that Pricing Day is provided by the Calculation Agent for purposes of the Equity Contracts, that substitute price level; and (iii) where the Facility Agreement provides that the substitute price level for that Pricing Day is the Index Level on the immediately preceding Pricing Day, that substitute price level
"Index Mispricing"	means, in respect of any Pricing Day, (a) the publication on that Pricing Day (i) by an Equity Index Sponsor of a correction to an Index Level as previously published by it or (ii) by an Equity Index Sponsor of an Underlying Equity Benchmark of a correction to the price or

	level of an Underlying Equity Benchmark as previously published by it, or (b) the occurrence of a manifest error in the calculation of an Equity Index or an Underlying Equity Benchmark, as determined by the Calculation Agent in accordance with the terms of the relevant Facility Agreement
"Initial Classes"	means the following classes of Equity Securities: ETFS 3x Daily Short CAC 40, ETFS 3x Daily Long CAC 40, ETFS 3x Daily Short DAX 30, ETFS 3x Daily Long DAX 30, ETFS 3x Daily Short FTSE 100, ETFS 3x Daily Long FTSE 100, ETFS 3x Daily Short FTSE MIB, ETFS 3x Daily Long FTSE MIB, ETFS 3x Daily Short EURO STOXX 50® and ETFS 3x Daily Long EURO STOXX 50®
"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 judgement 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 judgement 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
"Issuer"	means ETFS Equity Securities Limited, a company incorporated and registered in Jersey with registered number 112019
"Issuer Business Day"	means (a) in the case of Asia and Global Equity Securities, (i) a London Business Day which is also a Paris Business Day, and (ii) any other additional day as may be agreed between the Issuer and the Counterparty; and (b) in respect of any other class of Short and Leveraged Equity Security, (i) a Scheduled Trading Day for the Equity Index relevant to that class which is also a London Business Day and a Paris Business Day and (ii) any additional day as may be agreed between the Issuer and an Equity Contract Counterparty
"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 paragraphs (1) to (8) (inclusive) or (10) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts, provided that no action taken by the Trustee in respect of the Issuer shall constitute an Issuer Insolvency Event save where acts of the Trustee fall within one or more of paragraphs (1) to (9) and are taken in respect of security taken over Equity Contracts or a Facility Agreement

"Issuer Italian FTT" means in respect of the issue or Redemption of an Equity Security, an amount representing the amount of Italian FTT, if any, directly arising from the corresponding creation or cancellation of Equity Contracts which is apportioned to the Issuer but payable by the Equity Contract Counterparty pursuant to Applicable Law in Italy as calculated by the Issuer

"Italian FTT" means the fixed levy Italian Financial Transaction Tax introduced pursuant to Law No. 228 of 24 December 2012

"Jersey" means the Island of Jersey, Channel Islands

"Leveraged Equity Contract" means an Equity Contract whose Relevant Equity Index is a Leveraged Equity Index

"Leveraged Equity Index" means each Equity Index specified as such in the tables set out above under the heading "Classes of Short and Leveraged Equity Securities"

"Leveraged Equity Security" means an Equity Security whose Relevant Equity Index is a Leveraged Equity Index

"Licence Allowance" means the rate or amount (as the context may require) payable by the Issuer to ManJer and from ManJer to ETFSL to be applied in paying fees to the relevant Equity Index Sponsor, as set out in Part 1 (*General*) under "Administration Allowance and Licence Allowance", as that rate or amount may be adjusted from time to time

"Liquidation Agent Agreement"	means any agreement entered into by the Issuer pursuant to which the Issuer appoints any person to act as the Issuer's agent in selling or liquidating Collateral
"Listing"	means the admission of a particular class of Short and Leveraged Equity Securities to the Official List in accordance with the Listing Rules and admission of a particular class of Short and Leveraged Equity 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)
"Listing Failure"	means the refusal of the UK Listing Authority to admit to the Official List any Equity Securities issued or to be issued under the Programme
"Listing Failure Date"	means in respect of any Listing Failure, the date on which the Issuer notifies the Equity Contract Counterparty of that Listing Failure under and for the purposes of the Facility Agreement
"Listing Failure Notification Date"	means (a) in the case where both (1) the Listing Failure Date is an Issuer Business Day and (2) the Issuer notifies the Counterparty of the Listing Failure before the Notice Deadline on such Issuer Business Day, the Listing Failure Date, except that in the case of Asia and Global Equity Contracts, the Listing Failure Notification Date shall be the next Scheduled Trading Day following the Listing Failure Date; and (b) in all other cases, the Issuer Business Day next following the Listing Failure Date, except that in the case of Asia and Global Equity Contracts, the Listing Failure Notification Date shall be the Scheduled Trading Day next following the first Issuer Business Day following such Listing Failure Date
"Listing Rules"	means the Listing Rules of the UK Listing Authority, made under section 73A of 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
"Main Market"	means the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List)
"ManJer"	means ETFS Management Company (Jersey) Limited, a company incorporated and registered in Jersey, on 16 November 2010 with registered number 106921
"Market Disruption Event"	means, in respect of any class of Equity Contract or any Short and Leveraged Equity Security, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption which, in either case, the Calculation Agent determines (for the purposes of the Facility Agreement) is material at any time during the one hour period that ends at the Valuation Time in accordance with the terms of the relevant Facility Agreement, (c) an Early Closure or (d) the failure of any Relevant Exchange or Related Exchange to open for trading during its regular trading session
"Market Disruption Notification Deadline"	means in respect of any day, (a) for any class of Equity Contracts, the time identified as the "Equity Contract Market Disruption Notification Deadline" for that day in the relevant Facility Agreement or such other time as agreed between the Issuer and the Counterparty for the purposes of such Facility Agreement, and (b) for the corresponding class of Short and Leveraged Equity Securities, 30 minutes after that time (except that for each of the

following classes of Short and Leveraged Equity Securities in respect of a day, it is 8.30 a.m. on the London Business Day which is also a Paris Business Day immediately following the Pricing Date in respect of that day: ETFS 3x Daily Long FTSE 100, ETFS 3x Daily Short FTSE 100, ETFS 3x Daily Long FTSE MIB, ETFS 3x Daily Short FTSE MIB, ETFS 3x Daily Long EURO STOXX 50®, ETFS 3x Daily Short EURO STOXX 50®, ETFS 3x Daily Long DAX 30, ETFS 3x Daily Short DAX 30, ETFS 3x Daily Long CAC 40, ETFS 3x Daily Short CAC 40)

"Market Value" means, with respect to any Collateral Asset on any Collateral Business Day, such value determined in accordance with the CMAA

"Minimum Cancellation Amount" means the minimum amount stipulated under the Facility Agreements for Cancellation of Equity Contracts (and the corresponding minima on the redemption of Short and Leveraged Equity Securities), as set out under the heading "*Applications and Redemptions – Redemption Processes*" in Part 4 (*Description of Short and Leveraged Equity Securities*)

"Minimum Creation Amount" means the minimum amount stipulated under the Facility Agreements for Creation of Equity Contracts (and the corresponding minima on the issue of Short and Leveraged Equity Securities), as set out under the heading "*Applications and Redemptions — Application Processes*" in Part 4 (*Description of Short and Leveraged Equity Securities*)

"month" means calendar month

"Multiplier" means, in respect of any class of Short and Leveraged Equity Security, (a) on the day on which the first Equity Securities of such class are issued, such number as the Issuer may notify in advance by RIS; and (b) on each subsequent day for such class, the number determined in accordance with Condition 5.2 *Multiplier*

"Notice Deadline" means (a) in respect of a class of Equity Contracts and an Issuer Business Day, the time identified as the relevant "Notice Deadline" in the relevant Facility Agreement for that class of Equity Contracts or such other time as may be identified as the relevant "Notice Deadline" pursuant to the relevant Facility Agreement for such class of Equity Contracts in respect of a particular Issuer Business Day or generally (for the purposes of such Facility Agreement); and (b) in respect of a class of Short and Leveraged Equity Securities and an Issuer Business Day, 30 minutes before the Notice Deadline in respect of the corresponding class of Equity Contracts

"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 and Leveraged Equity Securities, all the Short and Leveraged Equity 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 and Leveraged Equity Securities which have been redeemed and cancelled pursuant to the Trust Instrument; and

(b) Short and Leveraged Equity 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 and Leveraged Equity Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Issuer, (B) an Equity Contract

Counterparty, (C) ETFSL, (D) any subsidiary of the Issuer or of an Equity Contract Counterparty, (E) any individual Controller of the Issuer 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 Equity Securities shall be deemed not to be Security Holders

"Overseas Person" means a person defined as such in article 3 of the RAO

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

"Person" means a natural person or a company (including a corporation, a partnership, a trust, a fund or any organised group or persons, whether incorporated or not)

"Pledge Agreement" means each Luxembourg law pledge agreement dated 24 March 2014 between the Issuer and SG under which SG pledges Collateral to support its obligations to the Issuer under each Contract Currency Group

"Pool" means a particular fund or pool of Secured Property to which Short and Leveraged Equity Securities of a particular class are attributable, including such Secured Property that relates to the Equity Contracts corresponding to such class of Short and Leveraged Equity Securities

"Potential Required Collateral Default" means that, in respect of any Collateral Pool and following receipt by the relevant Equity Contract Counterparty of a Collateral Monitoring Agent Notice which indicates that the Collateral Test is not satisfied:

(a) (i) no Dispute Notice has been sent by the relevant Equity Contract Counterparty in accordance with the CMAA; or

(ii) a Dispute Notice has been sent by the relevant Equity Contract Counterparty in accordance with the CMAA and the relevant dispute resolution procedure provided for in the CMAA has been concluded in accordance with the CMAA, confirming such failure of a Collateral Test;

and

(b) the Collateral Test remains unsatisfied for a period of 3 consecutive Collateral Business Days following:

(i) (if no Dispute Notice has been delivered by the relevant Equity Contact Counterparty in accordance with paragraph 7 of Schedule 1 of the CMAA), the date of relevant Equity Contact Counterparty's receipt of the Collateral Monitoring Agent Notice; or

(ii) (if a Dispute Notice has been delivered by relevant Equity Contact Counterparty in accordance with paragraph 7 of Schedule 1 of the CMAA), the date on which relevant Equity Contact Counterparty is required to deliver the Post Dispute Collateral Allocation Notice following the conclusion of the Collateral Test Dispute Resolution Procedure

"Potential Required Collateral Default Notice" means a notice delivered by the Collateral Monitoring Agent to the relevant Equity Contact Counterparty, the Collateral Custodian and the Issuer pursuant to paragraph 7 of Schedule 1 of the CMAA, stating that a Potential Required Collateral Default has occurred and is continuing

"Price"	means for a Short and Leveraged Equity Security or a class of Short and Leveraged Equity Securities, the price in the Relevant Currency determined for that class in accordance with Condition 5 and "Pricing" (other than when used in the terms "Pricing Date" and "Pricing Day") and "Priced" 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 Issuer Business Day (or in the case of Asia and Global Equity Securities, the Scheduled Trading Day) in respect of which such Settlement Redemption Form is deemed to have been delivered
"Pricing Day"	means a day on which the Equity Index being tracked by a class of Short and Leveraged Equity Security is scheduled to be published by or on behalf of an Equity Index Sponsor
"Pricing Notice"	means a Redemption Form or a Withdrawal Notice
"Principal Amount"	means, in respect of each Short and Leveraged Equity Security, the amount specified as such in respect of such Short and Leveraged Equity Security in the Trust Instrument and as set out in paragraph 4 of Part 11 (*Additional Information*)
"Programme"	means the programme for the issue of Short and Leveraged Equity 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 United States Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or section 4975 of the Code, or any person who holds Equity Securities on behalf of, for the benefit of or with any assets of any such Plan or entity
"Property to be Assigned"	means with respect to each Applicable Authorised Participant Agreement: (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 Applicable Authorised Participant Agreement; 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 Applicable Authorised Participant Agreement including: (i) all of the Issuer's rights to receive payment of any amounts which may become payable to it pursuant to the Applicable Authorised Participant Agreement or with respect to the Applicable Authorised Participant Agreement as it so applies; (ii) all amounts due, payable and properly received by the Issuer pursuant to the Applicable Authorised Participant Agreement; (iii) all the Issuer's rights to serve notices and/or make demands pursuant to such Applicable Authorised

Participant Agreement and/or to take such steps as are required to cause payments to become due and payable thereunder pursuant to or with respect to such Applicable Authorised Participant Agreement;

(iv) all of the Issuer's rights of action in respect of any breach of such Applicable Authorised Participant Agreement; and

(v) all of the issuer's rights to receive damages or obtain other relief in respect of such Applicable Authorised Participant Agreement

"Prospectus" means this base prospectus of the Issuer

"Prospectus Directive" means Directive 2003/71/EC of the European Parliament and the European Council (as amended by Directive 2010/73/EU)

"Prospectus Rules" means the Prospectus Rules in the FCA Handbook

"RAO" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended, modified or re-enacted from time to time) made under FSMA

"Redemption" means the redemption of Short and Leveraged Equity Securities by the Issuer in accordance with the Conditions (and "Redeem" and "Redeemed" shall be construed accordingly)

"Redemption Amount" means the amount payable by the Issuer to the Security Holder upon the Redemption of Equity Securities, as may be reduced for any withholdings or deductions for or on account of tax as set out in the Conditions

"Redemption Cost" means in connection with the Redemption of Short and Leveraged Equity Securities on any day (except in some cases where Agreed Pricing is used) an amount equal to the product of the Price of such securities on such day and a percentage amount agreed by the Issuer and the Equity Contract Counterparty in respect of the corresponding class of Equity Contracts (as published from time to time), such cost being inclusive of any applicable tax directly relating to it (if any) incurred by the Equity Contract Counterparty

"Redemption Fee" means the fee payable by a Security Holder upon Redemption of Short and Leveraged Equity Securities in accordance with Condition 10 (*Redemption Fee*) and on which more information can be found under the heading "*Application Fees and Redemption Fees*" in Part 4 (*Description of Short and Leveraged Equity Securities*)

"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 the Conditions, as the case may be

"Redemption Limits" means the limits on Redemption set out in Condition 7.6 (*Redemption Limits*) and on which more information is set out in Part 1 (*General*) under the heading "*Applications and Redemptions — Creation and Redemption Limits*"

"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 Relevant Business Day, then the Redemption Payment Date shall be the next following day that is a London Business Day and a Relevant Business Day; or

(b) in the case of a Redemption pursuant to an Agreed Redemption Form, the London Business Day which is a Relevant 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 pursuant to the occurrence of a Listing Failure, the third London Business Day following the relevant Listing Failure Notification Date, provided that if that day is not a Relevant Business Day then the Redemption Payment Date shall be the next following day that is a London Business Day and a Relevant Business Day, or such other London Business Day which is a Relevant Business Day as may be agreed by the relevant Equity 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 third London Business Day following the last Pricing Day on which the Price of Short and Leveraged Equity Securities being Redeemed was determined in accordance with these Conditions; provided that if that day is not a Relevant Business Day then the Redemption Payment Date shall be the next following day that is a London Business Day which is a Relevant Business Day

"Reference Pricing Day" means any Pricing Day for which the Price of each and every outstanding Equity Contract within a Contract Currency Group is calculated and by reference to which an Equity Contract Counterparty notifies the Collateral Monitoring Agent of such Prices on the Collateral Business Day immediately following such Reference Pricing Day

"Registers" means the registers of Security Holders of each class kept and maintained by the Registrar and "Register" shall be construed accordingly

"Registrar" means Computershare Investor Services (Jersey) Limited or such other person as may be appointed by the Issuer from time to time to maintain the Registers

"Registrar Agreement" means the registrar agreement dated 24 March 2014 between the Registrar and the Issuer

"Regulated Market" means a regulated market for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)

"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 Equity Securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument

"Related Exchange" means, in respect of an Equity Index or Underlying Equity Benchmark, as at any Scheduled Trading Day each exchange or quotation system specified as such in the Facility Agreement, being an exchange or quotation system where trading has a material effect (as determined by the relevant Calculation Agent for purposes of the Equity Contracts) on the overall market for futures and options contracts relating to such Equity Index (or as the case may be, Underlying Equity Benchmark), or any successor exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to an Equity Index (or as the case may be, Underlying Equity Benchmark) has temporarily relocated (provided that for purposes of the Equity

	Contracts (a) the relevant Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Equity Index (or as the case may be, Underlying Equity Benchmark) on such temporary substitute exchange or quotation system as on the original Related Exchange and (b) the Equity Contract Counterparty has notified the Issuer as soon as reasonably practicable and, in any event, before that Scheduled Trading Day of the same
"Relevant Currency"	means in relation to any Short and Leveraged Equity Security or Equity Contract, the currency in which that Short and Leveraged Equity Security or Equity Contract is denominated being Euros, Pounds Sterling or US Dollars
"Relevant Equity Index"	means the Equity Index to which any class of Short and Leveraged Equity Security or Equity Contract relates
"Required Collateral Default"	means (a) a Potential Required Collateral Default Notice has been delivered by the Collateral Monitoring Agent to the relevant Equity Contract Counterparty, the Collateral Custodian and the Issuer; and (b) following such delivery of a Potential Required Collateral Default Notice to the Issuer, a Required Collateral Default Notice has been delivered by the Issuer to the relevant Equity Contract Counterparty, the Collateral Monitoring Agent and the Collateral Custodian declaring a Required Collateral Default
"Required Collateral Default Notice"	means a notice sent by the Issuer to the relevant Equity Contract Counterparty, the Collateral Monitoring Agent and the Collateral Custodian declaring a Required Collateral Default pursuant to the terms of the CMAA
"Required Collateral Value"	means in respect of an Equity Contract Counterparty and Contract Currency Group, on any Collateral Business Day the product of (i) the sum of the Price as at the Reference Pricing Day of each and every outstanding Equity Contract within such group notified by the Equity Contract Counterparty to the Collateral Monitoring Agent on the preceding Collateral Business Day and (ii) 100 per cent. or such other percentage as may be agreed by the Issuer and such Equity Contract Counterparty and notified to the Collateral Monitoring Agent and Collateral Custodian
"Required Security Document"	means, with respect to an Authorised Participant Agreement and an Equity Contract Counterparty, each security that the relevant Equity Contract Counterparty requires the Issuer to execute over the Property to be Assigned in favour of the relevant Equity 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
"Scheduled Closing Time"	means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours
"Scheduled Trading Day"	means, in respect of an Equity Contract and the Relevant Equity Index, any day on which (a) the Equity Index Sponsor is scheduled to publish the Index Level for that Equity Index and (b) each relevant

	Exchange and Related Exchange is scheduled to open for trading during its regular trading session
"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 Equity Contract Counterparty on account of Creation Amounts; (b) all late payment charges accrued thereon; and (c) all losses, damages, legal and other costs, charges and expenses sustained, suffered or incurred by the relevant Equity 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 or under a Counterparty Security Document
"Secured Property"	means in respect of Short and Leveraged Equity Securities of any class, all rights and interests of the Issuer under each Facility Agreement, Equity Contract, Pledge Agreement, Collateral Monitoring Agency Agreement, Liquidation Agent Agreement and Collateral Custodian Agreement to the extent that they apply to payments due in respect of the Pool to which Short and Leveraged Equity Securities of such class are attributable, and all rights of the Issuer to the Collateral, and in each case which is subject to the security created in favour of the Trustee pursuant to the Security Deed
"Securities Act"	means the Securities Act of 1933 of the United States
"Security"	means in respect of each Pool the security constituted by the Security Deed
"Security Adjustment Factor"	with respect to any class of Short and Leveraged Equity Securities and on any day, has the meaning given to it in the Conditions, and with respect to any class of Equity Contract, means the factor derived as the "Security Adjustment Factor" under the Facility Agreement on such day
"Security Assignment"	means, in respect of each Authorised Participant Agreement and each Equity Contract Counterparty, the Security Assignment (if any) pertaining to that Authorised Participant Agreement as it applies in relation to that Equity Contract Counterparty entered into between the Issuer and the relevant Equity Contract Counterparty and securing the Secured Obligations of the Issuer to that Equity Contract Counterparty
"Security Conditions"	means, with respect to a proposed Authorised Participant and an Equity Contract Counterparty, that (a) each Required Security Document with respect to the relevant Authorised Participant Agreement and Equity 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 Equity Contract Counterparty
"Security Deed"	means the Security Deed dated 24 March 2014 between the Issuer and the Trustee and, in respect of each Pool to which a class of Equity Securities is attributable, and also means the same as it applies to such Pool
"Security Holder"	means a registered holder of Short and Leveraged Equity Securities

"Services Agreement"	means the Services Agreement dated 24 March 2014 between ManJer and the Issuer providing for certain services to be provided by ManJer to the Issuer
"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 Equity Securities using Settlement Pricing
"SG"	means Société Générale, a société anonyme incorporated in France having its registered office at 29, Boulevard Haussmann, 75009 Paris, France (Registered Number: RCS Paris 552 120 222)
"SG Group"	means SG and its Affiliates
"Short Equity Contract"	means an Equity Contract whose Relevant Equity Index is a Short Equity Index
"Short Equity Index"	means each Equity Index specified as such in the tables set out above under the heading "Classes of Short and Leveraged Equity Securities"
"Short Equity Security"	means an Equity Security whose Relevant Equity Index is a Short Equity Index
"Short and Leveraged Equity Security"	means a Short Equity Security or a Leveraged Equity Security
"Sterling" or **"Pound Sterling"** or **"GBP"** or **"£"**	means the lawful currency of the United Kingdom
"Sterling Equity Contract"	means an Equity Contract denominated in Sterling
"Sterling Equity Security"	means an Equity Security denominated in Sterling
"subsidiary"	has the meaning given to that term in section 1159 of the Companies Act 2006
"Supplemental Agreement"	means the supplemental agreement relating to the Facility Agreement dated 24 March 2014 between the Issuer and SG
"Swap Spread"	means an amount payable by the Issuer to the Equity Contract Counterparty as set out in Part 1 (*General*) under "Equity Contract Counterparty Fees", as that amount may be adjusted from time to time
"System"	means the system for requesting the issue and Redemption of Equity Securities and the Creation and Cancellation of Equity Contracts via the secure website maintained by the Issuer for such purpose as described under the heading "Applications and Redemptions — The System" in Part 4 (*Description of Short and Leveraged Equity Securities*)
"tax"	means any VAT, tax, income tax, capital gains tax, corporation tax, goods and services tax, withholding tax, financial transaction 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
"Tax Adjustment Factor"	means in respect of any class of Short and Leveraged Equity Securities on any day, a factor equal to the factor defined as the "Tax Adjustment Factor" in respect of the corresponding class of Equity Contracts under the relevant Facility Agreement on such day as determined, calculated and notified by the Calculation Agent under and in accordance with that Facility Agreement
"Trading Disruption"	means, in respect of an Equity Index or Underlying Equity Benchmark relating to any class of Short and Leveraged Equity

	Securities, any suspension of or limitation imposed by the relevant Exchange or Related Exchange or a Competent Authority and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or a Competent Authority on trading in (a) (for such relevant Exchange) any securities that constitute the Equity Index or Underlying Equity Benchmark or (b) futures or options contracts on the relevant Equity Index or Underlying Equity Benchmark on any relevant Exchange or Related Exchange
"Trust Instrument"	means the trust instrument dated 24 March 2014 between the Issuer and the Trustee constituting Short and Leveraged Equity Securities and includes the schedules thereto and the Conditions
"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
"UCITS Scheme"	means a scheme that falls within the definition of a "UCITS Scheme" contained in the FCA Glossary
"UK Listing Authority"	means the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA or any successor enactment
"Unacceptable Authorised Participant"	means, in respect of an Equity Contract Counterparty, an Authorised Participant in respect of which the relevant Equity Contract Counterparty has given and not withdrawn notice under that Equity Contract Counterparty's Facility Agreement that the Authorised Participant is to be treated as an Unacceptable Authorised Participant in respect of that Equity Contract Counterparty
"Uncertificated Form"	means recorded on a Register as being held in uncertificated form, title to which, by virtue of the Regulations, may be transferred by means of CREST
"Underlying Equity Benchmark"	means any index in respect of equity securities by reference to which an Equity Index is calculated
"United Kingdom" or **"UK"**	means the United Kingdom of Great Britain and Northern Ireland
"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
"US Dollars", **"USD"** or **"US$"**	means the lawful currency of the United States
"US Dollar Equity Contract"	means an Equity Contract denominated in US Dollars
"US Dollar Equity Security"	means an Equity Security denominated in US Dollars
"US Person"	means a "US person" as defined in Regulation S under the Securities Act
"VAT"	means value added tax
"Valuation Time"	means (for the purposes only of determining whether a Market Disruption Event or Early Closure has occurred) the Scheduled Closing Time on a Scheduled Trading Day, provided however that if the Exchange closes prior to its Scheduled Closing Time, the Valuation Time shall be the actual closing time of the Exchange
"WM Company"	means the WM Company, the trading name of The World Markets Company plc (registered in Scotland under company number SC088378) and/or State Street Corporation and includes any successor to the business known as "the WM/Reuters "Spot & Forward Rates" service that includes compiling and/or publishing Foreign Exchange Rates

"WM/Reuters Rate"	means in relation to any Currency and any day, the WM/Reuters Closing Spot Rate for that Currency and that day produced by the WM Company, or any substitute for such rate agreed with each Equity Contract Counterparty for the purposes of the relevant Facility Agreement, in each case expressed as a number of Euros per Pound Sterling or a number of Euros per US Dollars, provided that if the WM Company produces an amended or corrected WM/Reuters Closing Spot Rate for that Currency and that day by no later than 9.00 p.m. on that day, the WM/Reuters Rate for that Currency and that day shall be such amended or corrected rate

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

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

DIRECTORS, SECRETARY AND ADVISERS

Directors of the Issuer	Graham Tuckwell, Chairman Graeme Ross Joseph Roxburgh All the Directors are non-executive
Secretary of the Issuer	R&H Fund Services (Jersey) Limited
Registered Office of the Issuer and address of directors and secretary of the Issuer	The address of all the directors and of the secretary of the Issuer is the registered office of the Issuer, which is: Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW Channel Islands Tel: +44 1534 825230
Administrator	ETFS Management Company (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW Channel Islands
Trustee	The Law Debenture Trust Corporation p.l.c. Fifth Floor 100 Wood Street London EC2V 7EX United Kingdom
English Legal Advisers to the Issuer	Reed Smith LLP The Broadgate Tower 20 Primrose Street London EC2A 2RS United Kingdom
Jersey Legal Advisers to the Issuer	Mourant Ozannes 22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands
Austrian Legal Advisers to the Issuer	Dorda Brugger Jordis Rechtsanwälte GmbH Universitätsring 10, 1010 Vienna 1010 Vienna Austria
Danish Legal Adviser to the Issuer	Horten Philip Heymans Allé 7 2900 Hellerup Copenhagen Denmark
Dutch Legal Advisers to the Issuer	Stibbe Strawinskylaan 2001 1077 ZZ Amsterdam The Netherlands

Finnish Legal Advisers to the Issuer	Dittmar & Indrenius Pohjoisesplanadi 25 A FI-00100 Helsinki Finland
French Legal Advisers to the Issuer	Reed Smith LLP 42, Avenue Raymond Poincaré 75782 Paris Cedex 16 France
German Legal Advisers to the Issuer	Dechert LLP Erika-Mann-Straße 5 80636 München Germany
German Listing and Paying Agent	HSBC Trinkaus & Burkhardt AG Königsalee 21/23 40212 Düsseldorf Germany
Irish Legal Advisers to the Issuer	A&L Goodbody IFSC North Wall Quay Dublin 1 Ireland
Italian Legal Advisers to the Issuer	Studio Legale Crocenzi e Associati Lungotevere degli Altoviti, 1 00186 Roma Italy
Norwegian Legal Advisers to the Issuer	Advokatfirmaet Wiersholm AS Ruseløkkveien 26 PO Box 1400 Vika N-0115 Oslo Norway
Portuguese Legal Advisers to the Issuer	Cuatrecasas, Gonçalves Pereira & Associados, RL Praça Marquês de Pombal, n°2 (e n°1-8°) 1250-160 Lisboa Portugal
Spanish Legal Advisers to the Issuer	Cuatrecasas, Gonçalves Pereira Almagro, 9 – 28010 Madrid Spain
Swedish Legal Advisers to the Issuer	Ashurst Advokatbyra AB Jakobsgatan 6 PO Box 7124 SE-103 87 Stockholm Sweden
English Legal Advisers to the Trustee	Simmons & Simmons LLP CityPoint 1 Ropemaker Street London EC2Y 9SS United Kingdom

Jersey Legal Advisers to the Trustee	Ogier Ogier House The Esplanade St. Helier Jersey JE4 9WG Channel Islands
Auditors of the Issuer	Deloitte LLP Lord Coutanche House 66-68 Esplanade St. Helier Jersey JE2 3QB Channel Islands Deloitte LLP is authorised by the Jersey Financial Services Commission to be appointed as an auditor of a Jersey incorporated company under Article 109 of the Companies (Jersey) Law 1991.
Registrar	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier Jersey JE1 1ES Channel Islands

PART 1

GENERAL

General Description of Short and Leveraged Equity Securities

Short and Leveraged Equity Securities have been designed to enable investors to gain three times leveraged short exposure (-3x) or three times leveraged long exposure (3x), respectively, to daily movements in benchmark equity indices without needing to purchase those equities or to trade in equity futures contracts, and to buy and sell the exposure through the trading of a security on the London Stock Exchange or other exchanges.

In the case of each class of Short Equity Security, this is achieved by tracking a Short Equity Index which provides an exposure reflecting minus three times (-3x) the daily percentage change in the level of an Underlying Equity Benchmark. As an example, if the level of the Underlying Equity Benchmark falls by 1 per cent. on a particular day then the value of the Short Equity Index and, accordingly the Price of the Short Equity Security, would rise by 3 per cent. on that day (before taking into account fees, expenses and adjustments). The opposite effect would occur if the level of the Underlying Equity Benchmark rises by 1 per cent. on a particular day i.e. the value of the Short Equity Index and, accordingly the Price of the Short Equity Security, would fall by 3 per cent. on that day (before taking into account fees, expenses and adjustments).

Similarly, in the case of each class of Leveraged Equity Security, this is achieved by tracking a Leveraged Equity Index which provides an exposure reflecting three times (3x) the daily percentage change in the level of an Underlying Equity Benchmark. As an example, if the level of the Underlying Equity Benchmark rises by 1 per cent. on a particular day then the value of the Leveraged Equity Index and, accordingly the Price of the Leveraged Equity Security, would rise by 3 per cent. on that day (before taking into account fees, expenses and adjustments). The opposite effect would occur if the level of the Underlying Equity Benchmark falls by 1 per cent. on a particular day i.e. the value of the Leveraged Equity Index and, accordingly the Price of the Leveraged Equity Security, would fall by 3 per cent. on that day (before taking into account fees, expenses and adjustments).

In the event of a large movement in the value of an Underlying Equity Benchmark during the course of a trading day it is possible that an intra-day reset may be triggered with respect to an Equity Index (the level of movement upon which an intra-day reset occurs being known as an "**Intra-day Reset Trigger**"). An intra-day reset is designed as a stop-loss to restrict (to a certain extent) the loss in value of an Equity Index during periods of extreme market movement by providing a new base level from which the movement in the value of the Underlying Equity Benchmark is to be determined. The effect of an intra-day reset is that an Equity Index will for the remainder of that day provide minus three times (-3x) or three times (3x) exposure (as the case may be) to the movement in the value of that Underlying Equity Benchmark measured from the time the intra-day reset took place (or thereabouts) or, in the case of certain Equity Indices, the index will provide an unleveraged exposure to the Underlying Equity Benchmark for the remainder of that day. The level of any Intra-day Reset Trigger will vary between different Equity Indices and a description of the Intra-day Reset Trigger for the Equity Indices are described in Part 3 (*Equity Indices*) below.

The fees and expenses for each class of Short and Leveraged Equity Securities are as follows:

- The Annualised Rate for such class which is a factor included in the calculation of the Price by way of application of the Multiplier and which comprises the Swap Spread and the Collateral Cost and a rate equivalent to the Administration Allowance and the Licence Allowance for such class.
- An Application Cost which may be charged with respect to the issue of Short and Leveraged Equity Securities and a Redemption Cost which may be charged on a Redemption of Short and Leveraged Equity Securities.
- The Issuer will separately charge an Application Fee for each Application and a Redemption Fee for each Redemption regardless of the number or denomination of the Short and Leveraged Equity Securities being issued or Redeemed.

The Issuer is initially making available for issue 114 different classes of Short and Leveraged Equity Securities denominated in Euro, Pounds Sterling or US Dollars. Details of each class of Short and Leveraged Equity Security available for issue, the relevant LSE code, the Equity Index which is used to determine the Price of that class of Short and Leveraged Equity Security and any Equity Index Sponsor responsible for that Equity Index are set out in the section of this Prospectus entitled "Classes of Short and Leveraged Equity Securities".

A further description of each Equity Index and its corresponding Underlying Equity Benchmark is set out in Part 3 (*Equity Indices*).

Short and Leveraged Equity Securities may also be issued under this Prospectus in respect of any additional Short Equity Index or Leveraged Equity Index and denominated in any currency, provided that the Issuer can create matching Equity Contracts under a Facility Agreement.

Calculation of the Short Equity Indices and the Leveraged Equity Indices

The following table provides simplified examples of how the levels of the Short Equity Indices and the Leveraged Equity Indices are calculated.

The examples below assume that none of the days referred to is a Disrupted Day and exclude any stock lending costs contained within the Short Equity Indices and any financing costs or liquidity spreads contained within the Leveraged Equity Indices. The examples also assume that no intra-day reset occurs with respect to any Equity Index and do not account for any fees, expenses or adjustments that would apply with respect to the Short and Leveraged Equity Securities that track such Short Equity Indices or Leveraged Equity Indices.

	At Start of Week	**Movement During the Week**					**Change over Week**
		day1	**day2**	**day3**	**day4**	**day5**	
Underlying Equity Benchmark							
Percent Change		2%	2%	2%	2%	2%	
Level	100.00	102.00	104.04	106.12	108.24	110.41	10.4%
Short Equity Index							
Percent Change		-6%	-6%	-6%	-6%	-6%	
Price	100.00	94.00	88.36	83.06	78.07	73.39	-26.6%
Leveraged Equity Index							
Percent Change		6%	6%	6%	6%	6%	
Price	100.00	106.00	112.36	119.10	126.25	133.82	33.8%

As shown in the table, over the course of one day the Short Equity Index matches minus 3 times (-3x) the daily percentage change in the Underlying Equity Benchmark and the Leveraged Equity Index matches 3 times (3x) the daily percentage change in the level of the Underlying Equity Benchmark (in each case excluding any stock lending or financing costs).

However, over periods longer than one day, the Equity Indices may not match precisely minus 3 times (-3x) or 3 times (3x) the percentage change in the level of the Underlying Equity Benchmark. This is illustrated in the column labeled "Change over Week" which shows the weekly returns (excluding any stock lending or financing costs) where the relevant Underlying Equity Benchmark increases by 2 per cent. each day. At the end of the week, the Underlying Equity Benchmark increased by 10.4 per cent., the Short Equity Index decreased by 26.6 per cent. (not by 31.2 per cent.) and the Leveraged Equity Index increased by 33.82 per cent. (and not by 31.2 per cent.).

For periods longer than one day, it is possible for a Short Equity Index or Leveraged Equity Index to "outperform" or "underperform" minus 3 times (-3x) or 3 times (3x), respectively, the percentage change in the level of relevant Underlying Equity Benchmark. Outperformance is where the actual return on the Short Equity Index or Leveraged Equity Index over a period of longer than one day is greater than minus 3 times (-3x) or 3 times (3x), respectively, the percentage change in the level of relevant Underlying Equity Benchmark return and underperformance is where the actual return of the Short Equity Index or Leveraged Equity Index is less than minus 3 times (-3x) or 3 times (3x), respectively, the percentage change in the level of relevant Underlying Equity Benchmark return (in each case excluding any stock lending or financing costs).

The following table illustrates various scenarios of outperformance and underperformance and the causes of this are noted in the table and discussed immediately below.

Again, the scenarios below assume that none of the days referred to is a Disrupted Day and exclude any stock lending costs contained within the Short Equity Indices and any financing costs or liquidity spreads contained within the Leveraged Equity Indices. The scenarios also assume that no intra-day reset occurs with respect to any Equity Index and do not account for any fees, expenses or adjustments that would apply with respect to the Short and Leveraged Equity Securities that track such Short and Leveraged Equity Indices.

	Daily Change in Underlying Equity Benchmark					Change over Week			Performance*
	day1	day2	day3	day4	day5	Underlying Equity Benchmark	Short Equity Index	Leveraged Equity Index	
1. The greater the cumulative change in the Underlying Equity Benchmark, the better the performance* of the Equity Indices (subject to point 3)									
Case A	2%	2%	2%	2%	2%	10.4%	-26.6%	33.8%	outperform
Case B	5%	5%	5%	5%	5%	27.6%	-55.6%	101.1%	outperform
Case C	-5%	-5%	-5%	-5%	-5%	-22.6%	101.1%	-55.6%	outperform
2. The smaller the cumulative change in the Underlying Equity Benchmark, the worse the performance* of the Equity Indices									
Case D	2%	2%	0%	-2%	-2%	0.0%	-0.7%	-0.7%	underperform
Case E	5%	5%	0%	-5%	-5%	0.0%	-4.4%	-4.4%	underperform
Case F	-5%	-5%	0%	5%	5%	0.0%	-4.4%	-4.4%	underperform
3. The higher the volatility, the greater the cumulative price movement required to minimise underperformance*									
Case G	4%	-1%	0%	4%	-1%	6.0%	-17.8%	18.0%	similar
Case H	4%	-2%	0%	4%	-2%	3.9%	-13.0%	10.8%	underperform
Case I	8%	-2%	0%	8%	-2%	12.0%	-35.1%	35.9%	underperform
Case J	10%	-5%	0%	10%	-4%	10.4%	-36.9%	26.4%	underperform

* *Performance is expressed relative to the weekly percentage change in the level of the Underlying Equity Benchmark multiplied by minus 3 times (-3x) for Short Equity Indices and 3 times (+3x) for Leveraged Equity Indices).*

As discussed further under the heading "*Simulated Historic Investment Returns*" in Part 3 (*Equity Indices*), when comparing the simulated historical returns of the Short Equity Indices or Leveraged Equity Indices to minus 3 times (-3x) or 3 times (3x), respectively, the relevant Underlying Equity Benchmark return (excluding any stock lending or financing costs), the following observations may be made for periods longer than one day:

(1) as the magnitude of the cumulative changes in the Underlying Equity Benchmark increase (whether positive or negative), the return of a Short Equity Index or Leveraged Equity Index (and thus a Short and Leveraged Equity Security which tracks that index) tends to outperform minus 3 times (-3x) or 3 times (3x) the Underlying Equity Benchmark return. This is illustrated in the first three scenarios above (Cases A-C);

(2) as the magnitude of the cumulative changes in the Underlying Equity Benchmark decrease (whether positive or negative), the return of a Short Equity Index or Leveraged Equity Index (and thus a Short and Leveraged Equity Security which tracks that index) tends to underperform minus 3 times (-3x) or 3 times (3x) the Underlying Equity Benchmark return. This is illustrated in the second three scenarios above (Cases D-F); and

(3) as the volatility of the Underlying Equity Benchmark increases, the return of a Short Equity Index or Leveraged Equity Index (and thus a Short and Leveraged Equity Security which tracks that index) tends to underperform minus 3 times (-3x) or 3 times (3x) the Underlying Equity Benchmark return. This is illustrated in the final four scenarios above (Cases G-J).

Pricing and Trading of Short and Leveraged Equity Securities

Pricing

The Price of a Short and Leveraged Equity Security of a particular class for any calendar day will be an amount (which may not be negative) expressed in the Relevant Currency determined by the following formula:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

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

i refers to the relevant class of Short and Leveraged Equity Security;

t refers to the applicable calendar day;

$I_{i,t}$ is the Index Level of the Equity Index to which Short and Leveraged Equity Securities of class i relate for day t, *provided that* if day t is not a Pricing Day for Short and Leveraged Equity Securities of class i, then $I_{i,t}$ will be the same as $I_{i,t-1}$;

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

$M_{i,t}$ is the Multiplier applicable to Short and Leveraged Equity Securities of class i for day t;

$AF_{i,t}$ is the Adjustment Factor applicable to Short and Leveraged Equity Securities of class i for day t and is equal to $DAF_{i,t}$ multiplied by $IAF_{i,t}$ multiplied by $TAF_{i,t}$ multiplied by $SAF_{i,t}$;

$DAF_{i,t}$ is the Disruption Adjustment Factor for Short and Leveraged Equity Securities of class i on day t;

$IAF_{i,t}$ is the Index Adjustment Factor for Short and Leveraged Equity Securities of class i on day t;

$TAF_{i,t}$ is the Tax Adjustment Factor for Short and Leveraged Equity Securities of class i on day t; and

$SAF_{i,t}$ is the Security Adjustment Factor for Short and Leveraged Equity Securities of class i for day t.

Multiplier

The Multiplier forms part of the pricing formula for Short and Leveraged Equity Securities of each class and is adjusted daily to reflect a daily accrual of the Annualised Rate for such class. The Annualised Rate is a percentage rate per annum which comprises the sum of the Swap Spread, the Collateral Cost and rates equal to the Administration Allowance and the Licence Allowance.

The Multiplier for a Short and Leveraged Equity Security of any class i on the day such class was first issued is such number as the Issuer may notify in advance by RIS. On each subsequent day, the Multiplier for a Short and Leveraged Equity Security of class i shall be adjusted in accordance with the following formula:

$$M_{i,t} = M_{i,t-1} \times (1 - AR_{i,t})^{1/D}$$

where:

$M_{i,t}$ is the Multiplier for Short and Leveraged Equity Securities of class i on day t, expressed as a decimal;

$M_{i,t-1}$ is the Multiplier for Short and Leveraged Equity Securities of class i on day t-1, expressed as a decimal;

$AR_{i,t}$ is the Annualised Rate applicable to class i on day t, expressed as a decimal;

i refers to the relevant class of Short and Leveraged Equity Security;

t refers to the applicable calendar day;

t-1 is the calendar day prior to day t; and

D is equal to 365 except where day t falls during a leap year in which case D is equal to 366.

Annualised Rate

The Annualised Rate applicable to each class of Short and Leveraged Equity Security is an annual percentage rate which comprises the sum of the Swap Spread, the Collateral Cost and rates equal to the Administration Allowance and the Licence Allowance.

As at the date of this Prospectus, the Administration Allowance applicable to the Initial Classes of Short and Leveraged Equity Security is an annual rate of 0.70 per cent. and the Licence Allowance applicable to the Initial Classes of Short and Leveraged Equity Security is an annual rate of 0.07 per cent.

As at the date of this Prospectus, the Collateral Cost applicable to the Initial Classes of Short and Leveraged Equity Security is an annual rate of 0.05 per cent. and the Swap Spread applicable to the Initial Classes of Short and Leveraged Equity Security is an annual rate of 0 per cent., except that the Swap Spread applicable to the ETFS 3x Daily Long DAX 30 class is an annual rate of 0.50 per cent. per annum.

The Equity Contract Counterparty may propose amendments to the Swap Spread or the Collateral Cost applicable to a class of Equity Contracts relating to the Initial Classes of Short and Leveraged Equity Security provided that following such amendment the Swap Spread may not exceed 1 per cent. per annum and the Collateral Cost may not exceed 1 per cent. per annum except in the case of ETFS 3x Daily Long DAX 30 and ETFS 3x Daily Short DAX 30, where the Swap Spread may not exceed 2 per cent. per annum and the Collateral Cost may not exceed 2 per cent. per annum. Where the Equity Contract Counterparty proposes an amendment to the Swap Spread or the Collateral Cost the Issuer may at its discretion consent to such amendment (provided that such consent shall not be unreasonably withheld or delayed). Any such change may occur without prior notice being given to investors. The Swap Spread and Collateral Cost applicable to the Initial Classes of Short and Leveraged Equity Security on any day may be found at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

In certain circumstances the Equity Contract Counterparty may propose amendments to the Swap Spread or the Collateral Cost applicable to a class of Equity Contracts relating to the Initial Classes of Short and Leveraged Equity Security that exceed 1 per cent. per annum, with respect to the Swap Spread (or 2 per cent. per annum with respect to the Swap Spread for ETFS 3x Daily Long DAX 30 and ETFS 3x Daily Short DAX 30), or 1 per cent. per annum, with respect to the Collateral Cost (or 2 per cent. per annum with respect to the Collateral Cost for ETFS 3x Daily Long DAX 30 and ETFS 3x Daily Short DAX 30) or the Equity Contract Counterparty may propose amendments to the aforementioned limits. In either case the Issuer may at its discretion consent to such amendments and, if it does so consent, then such amendment will be notified through an RIS, and will not take effect for at least 6 Issuer Business Days following the publication of the RIS.

Adjustment Factor

The Adjustment Factor forms part of the pricing formula for Short and Leveraged Equity Securities of each class and will reflect certain adjustments to the Price of a class of Short and Leveraged Equity Securities. The Adjustment Factor for a particular class comprises four components: a Disruption Adjustment Factor, an Index Adjustment Factor, a Tax Adjustment Factor and a Security Adjustment Factor, and on any day the Adjustment Factor for a particular class will equal the product of the four components for such class on such day.

On the day a class of Short and Leveraged Equity Securities is first issued the Disruption Adjustment Factor, Index Adjustment Factor, Tax Adjustment Factor and the Security Adjustment Factor will each equal 1.

Accordingly, as at the date of this Prospectus the Adjustment Factor for all classes of Short and Leveraged Equity Securities will be equal to 1.

Each of the four components that comprise the Adjustment Factor and the circumstances upon which these components may change are described in more detail below:

(a) *Disruption Adjustment Factor*

The Disruption Adjustment Factor for Short and Leveraged Equity Securities of any class on any day is a factor equal to the factor defined as the "Disruption Adjustment Factor" for the corresponding class of Equity Contracts under the Facility Agreement on that day.

Under the Facility Agreement, the Calculation Agent may calculate a "Disruption Adjustment Factor" to be applied to the Price of Equity Contracts on a particular Pricing Day (or on a subsequent Pricing Day) in circumstances where an Index Disruption Event or a Market Disruption Event has occurred and where the Calculation Agent determines that such event prevents the Equity Contract Counterparty from fully rebalancing its underlying hedge position, or has otherwise materially affected its underlying hedge position, with respect to such class of Equity Contract.

Under the Facility Agreement:

- An Index Disruption Event may occur in circumstances including where (i) the Equity Index is not calculated and announced by the Equity Index Sponsor but by a successor or it is replaced by a successor index; (ii) the Equity Index Sponsor fails to calculate or publish the Index Level for an Equity Index or (iii) an Equity Index or Underlying Equity Benchmark is replaced or permanently cancelled, (iv) a material change is made to the way an Equity Index or Underlying Equity Benchmark is calculated or such Equity Index or Underlying Equity Benchmark merges with another index or otherwise splits.
- A Market Disruption Event may occur where a Trading Disruption, Exchange Disruption or Early Closure occurs in relation to the relevant Exchange or Related Exchange for such

Equity Index or Underlying Equity Benchmark or such Exchange or Related Exchange fails to open for trading during its regular trading session.

- Where an Index Disruption Event or a Market Disruption Event has occurred and prevented the Calculation Agent from fully rebalancing its underlying hedge position or has materially affected its underlying hedge position, with respect to a class of Equity Contract, the Calculation Agent may amend the Disruption Adjustment Factor with respect to such class of Equity Contract on such Pricing Day (or on a subsequent Pricing Day) to reflect any detrimental impact such Index Disruption Event or Market Disruption Event has had on its hedge position.

Where there is any change to the "Disruption Adjustment Factor" under the Facility Agreement with respect to a class of Equity Contracts on a Pricing Day a corresponding change to the Disruption Adjustment Factor will also be made in respect of the corresponding class of Short and Leveraged Equity Securities on such day.

(b) *Index Adjustment Factor*

The Index Adjustment Factor for Short and Leveraged Equity Securities of any class on any day is a factor equal to the factor defined as the "Index Adjustment Factor" for the corresponding class of Short and Leveraged Equity Contracts under the Facility Agreement on that day.

Where a rebasing, consolidation or division occurs with respect to an Equity Index on a particular day which results in an Equity Index Sponsor adjusting the Index Level of such Equity Index by a particular factor, then the Index Adjustment Factor for the relevant class of Short and Leveraged Equity Securities may be amended on and following such day by a factor equal to the inverse of that by which the Index Level is adjusted to ensure that such rebasing, consolidation or division of the Equity Index does not have any unintended impact on the Price of such Short and Leveraged Equity Securities.

(c) *Tax Adjustment Factor*

The Tax Adjustment Factor for Short and Leveraged Equity Securities of any class on any day is a factor equal to the factor defined as the "Tax Adjustment Factor" for the corresponding class of Short and Leveraged Equity Contracts under the Facility Agreement on that day.

Under the Facility Agreement, where any Financial Transaction Tax, stamp duty or other similar tax is required to be paid by an Equity Contract Counterparty in respect of its hedge position relating to a class of Equity Contracts or by a party with respect to the entering into or cancellation of a particular class of Equity Contract or Equity Security, then an amendment may be made to the "Tax Adjustment Factor" for such class of Equity Contracts to reflect the obligation to pay such tax.

Where there is any change to the "Tax Adjustment Factor", under the Facility Agreement, with respect to a class of Equity Contracts on a Pricing Day a corresponding change to the Tax Adjustment Factor will also be made in respect of the corresponding class of Short and Leveraged Equity Securities on such day.

(d) *Security Adjustment Factor*

Where the Issuer exercises its power under Condition 18.4 to adjust a class of Short and Leveraged Equity Securities as of any day by consolidating or dividing the Short and Leveraged Equity Securities within that class, a factor, the Security Adjustment Factor is applied to the Price of each Short and Leveraged Equity Security in such class to ensure that the aggregate Price of all Short and Leveraged Equity Securities in such class is not changed by that consolidation or division.

Publication of Pricing Information

The Multiplier, Adjustment Factor and the Price for each class of Short and Leveraged Equity Securities will be calculated by or on behalf of the Issuer as at the end of each day for the relevant class (after the relevant Equity Indices have been published for that day) and prior to trading commencing on the following Pricing Day.

The Issuer's calculations of the Multiplier, Adjustment Factors and all Prices will be posted on the Issuer's website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

Listing and Trading

All Short and Leveraged Equity Securities are fully transferable. The Issuer has applied to the UK Listing Authority for all of the Short and Leveraged Equity Securities to be issued within 12 months from the date of this document to be admitted to the Official List and to the London Stock Exchange for all of such Short and Leveraged Equity Securities to be admitted to trading on its Main Market. However, an active secondary market on the Main Market may not develop in respect of all classes of Short and Leveraged Equity Securities.

In order to provide liquidity to investors and to minimize any tracking error, the Issuer has agreed 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 at least one Authorised Participant, making a market on the London Stock Exchange in some or all of the Short and Leveraged Equity Securities (or on other exchanges if the Issuer decides to apply for listing of Short and Leveraged Equity Securities on such exchanges). Authorised Participants will have the right to effect applications or redemptions — see below under "Applications and Redemptions" and Part 4 (*Description of Short and Leveraged Equity Securities*) under the heading "Applications and Redemptions" for further details.

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

Equity Contracts and Facility Agreements

The liability of the Issuer to Security Holders upon redemption of Short and Leveraged Equity Securities will be backed by Equity Contracts with corresponding terms. Each time Short and Leveraged Equity Securities are issued or redeemed by the Issuer, corresponding Equity Contracts will be created or cancelled by the Issuer under a Facility Agreement.

The Issuer has entered into a Facility Agreement with SG and has also entered into three Pledge Agreements with SG. In addition the Issuer, SG and the Collateral Custodian have entered into a Collateral Custodian Agreement and the Issuer, SG, the Collateral Monitoring Agent and the Collateral Custodian have entered into a Collateral Monitoring Agency Agreement. Information relating to SG is set out in Part 10 (*Particulars of the Equity Contract Counterparty*).

Under the terms of the Facility Agreement, the Issuer can create and cancel Equity Contracts on a continuous basis, subject to the Creation Limits and the Cancellation Limits (and days not being Disrupted Days) and certain other conditions. Further information on the Creation Limits and Redemption Limits is set out below.

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

Further information on Equity Contracts, the Facility Agreement, the Pledge Agreements, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement are set out in Part 5 (*Description of the Facility Agreement and Equity Contracts*).

Provision of Collateral by the Equity Contract Counterparties

Pledge Agreements and Collateral Monitoring Agency Agreement

The Issuer has entered into (i) a Collateral Custodian Agreement with SG and the Collateral Custodian; (ii) a separate Pledge Agreement for Equity Contracts denominated in Euro, Sterling and US Dollar (each a "**Contract Currency Group**") with SG and the Collateral Custodian; and (iii) a Collateral Monitoring Agency Agreement with SG, the Collateral Custodian and the Collateral Monitoring Agent under which SG is required to post the Collateral relating to a particular Contract Currency Group to the Collateral Account relating to that Contract Currency Group in its name at the Collateral Custodian and the Issuer has been granted a security interest over the assets comprised within each such Collateral Account.

On each Collateral Business Day for each Contract Currency Group the Collateral Monitoring Agent shall calculate the value of Collateral posted by SG to the relevant Collateral Account (i.e. the Collateral Value) and conduct a test (a Collateral Test) to determine whether such value equals or exceeds the sum of the Prices, as at the Reference Pricing Day, of each and every outstanding Equity Contract within such Contract Currency Group (i.e. the Required Collateral Value). For these purposes both the Collateral Value and Required Collateral Value shall be based on previous days' values and prices, respectively, and the basis for determining the Collateral Value and Required Collateral Value are more particularly described below. In the event a Collateral Test is failed then the Collateral Monitoring Agent shall deliver a notice to SG and the Issuer to that effect.

On each Collateral Business Day the Collateral Monitoring Agent shall calculate the Collateral Value based on the Market Value of Collateral posted by SG to each Collateral Account as at the end of the calendar day falling one day prior to the immediately preceding Collateral Business Day (i.e. the Collateral is valued on a T-2 basis). The value of such Collateral shall include assets which SG has instructed for transfer into a Collateral Account pursuant to valid instructions but which have not yet settled.

Likewise, the Collateral Monitoring Agent is required to determine the Required Collateral Value for each Contract Currency Group on each Collateral Business Day, which value shall be equal to the sum of the Prices as at the Reference Pricing Day of each and every outstanding Equity Contract within such group as notified by SG to the Collateral Monitoring Agent on the preceding Collateral Business Day. The Reference Pricing Day is the Pricing Day immediately preceding the Collateral Business Day on which SG provides such notice to the Collateral Monitoring Agent (i.e. the Required Collateral is based on the Price of the Equity Contracts as at T-2). The Collateral Monitoring Agent shall base its determinations on the Price of the Equity Contracts notified to it by SG, provided that if the Issuer disputes a Price then the Collateral Monitoring Agent shall, with respect to the disputed class(es), rely on the last Price notified to it which was not subject to a dispute.

Under the Pledge Agreements SG has agreed to ensure on each Collateral Business Day that the Collateral Test be satisfied in accordance with the terms of the Collateral Monitoring Agency Agreement and that in the event that the Collateral Value is lower then the Required Collateral Value on a Collateral Business Day then SG shall ensure that sufficient Collateral is credited to or substituted within the Collateral Account on such Collateral Business Day in order to rectify such shortfall. SG may withdraw Collateral from and/or add to or replace Collateral in a Collateral Account provided that following such adjustment the Collateral Test continues to be satisfied.

The Issuer is entitled to serve an enforcement notice with respect to each Collateral Account and take control over each Collateral Account and any Collateral in the Collateral Accounts upon the occurrence of a "Counterparty Default" under a Facility Agreement. A "Counterparty Default" includes, *inter alia*: (i) the failure of the Equity Contract Counterparty to make a payment when it is due where such failure does not arise as a result of Force Majeure and is not rectified within five London Business Days following the day on which the Equity Contract Counterparty receives notice from the Issuer of such failure; (ii) the giving of notice by the Issuer that the Collateral Monitoring Agent has notified Equity Contract Counterparty that a Collateral Test has failed and that the Collateral Test subsequently remains unsatisfied for a period of 3 consecutive Collateral Business Days following the receipt of the first such notice or, if the failure of the Collateral Test is disputed, following the date the Equity Contract Counterparty is required to re-allocate Collateral following conclusion of the dispute resolution process; or (iii) an Insolvency Event occurring with respect to the Equity Contract Counterparty.

Description of Collateral

Under the terms of the Collateral Monitoring Agency Agreement, an Equity Contract Counterparty may only transfer "Eligible Collateral" into its Collateral Account. For these purposes, Eligible Collateral for each Collateral Account means:

(A) Debt securities or obligations issued or guaranteed by any of the governments of Belgium, Canada, France, Germany, Italy, Japan, The Netherlands, Sweden, Switzerland or the United Kingdom (each a "Sovereign Issuer") where such government has a long-term issuer rating of not lower than "BBB-" by Standard & Poor's Rating Services;

(B) Covered, convertible and corporate bonds which are rated not lower than "A" by Standard & Poor's Rating Services; and

(C) Eligible Equities,

provided that, *inter alia*:

(i) in the case of (B) and (C), above none of the foregoing securities or obligations is a security or obligation of the relevant Equity Contract Counterparty or certain related entities;

(ii) in the case of (C) above, and with respect to each Collateral Account, Eligible Equities which (x) are issued by an entity with a market capitalization of less than U.S. Dollars 1.1 billion; and (y) have a 60 day average trading volume of less than $10 million, shall not comprise in aggregate more than 1 per cent. of the Collateral Value of a Collateral Account; and

(iii) only cash resulting from distributions on other Collateral Assets shall constitute Eligible Collateral provided that such cash is invested in AAA rated money market funds,

The following diversification limits apply to each type of Eligible Collateral which may be contained in the Collateral Account for a particular Collateral Pool:

(i) in the case of any collateral falling within paragraph (A) above, the debt securities or obligations issued or guaranteed by a Sovereign Issuer shall not represent more than 35 per cent. of the Collateral Value of a Collateral Pool provided further that this limit shall not apply to a Sovereign Issuer with respect to a particular Collateral Pool if that Collateral Pool comprises at least six different bond issues from that Sovereign Issuer, none of which represents over 30 per cent. of the Collateral Value of such Collateral Pool; and

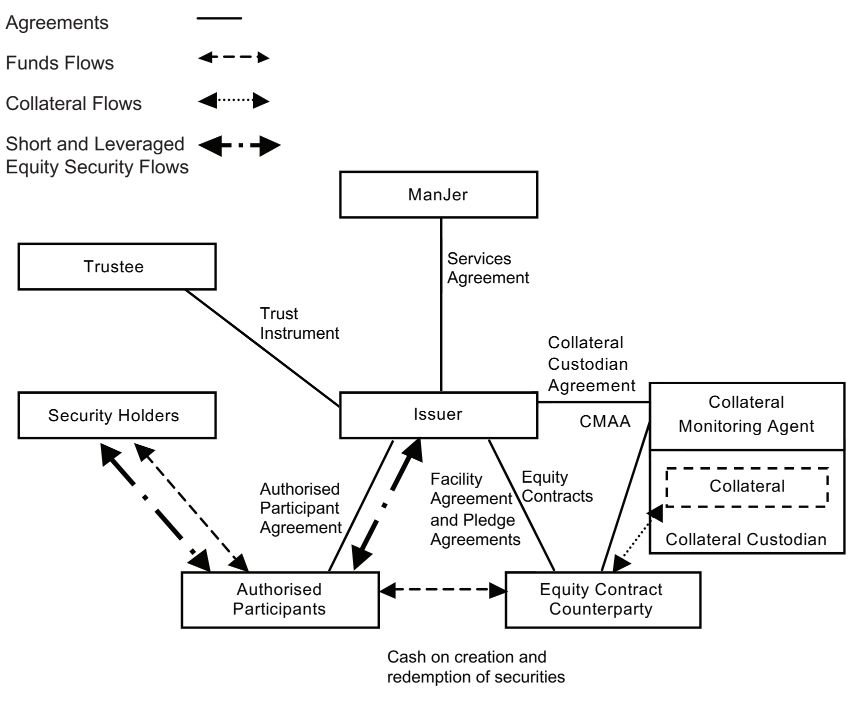
(ii) in the case of any collateral falling within paragraphs (B) or (C) above, the value of securities issued by an entity shall not represent more than 10 per cent. of the Collateral Value of a Collateral Pool and that the aggregate value of securities issued by entities whose securities exceed more than 5 per cent. of the Collateral Value of a Collateral Pool shall not exceed 40 per cent. of the Collateral Value of such Collateral Pool.

Contract Structure for Short and Leveraged Equity Securities

Short and Leveraged Equity Securities are constituted by the Trust Instrument. Under the terms of the Trust Instrument, the Trustee acts as trustee for the Security Holders of each class of Short and Leveraged Equity Securities.

Details about how the obligations of the Issuer in respect of each class of Short and Leveraged Equity Securities will be secured are set out below under the heading “Security Structure”.

A diagrammatic representation of the principal aspects of the structure as currently in place appears below:



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

Most Security Holders will buy and sell their Short and Leveraged Equity Securities for cash on one of the stock exchanges on which the Short and Leveraged Equity Securities are admitted to trading rather than directly from the Issuer. The cash used to settle these transactions is never delivered to the Issuer. Market makers work to ensure that there is sufficient liquidity on those stock exchanges. To aid this process, the Issuer has entered into agreements (known as Authorised Participant Agreements) with certain financial institutions – Authorised Participants – whereby it has agreed to issue and redeem Short and Leveraged Equity Securities with those Authorised Participants on an ongoing basis. Further details about the terms of the Authorised Participant Agreements are set out under the heading "Authorised Participant Agreements" in Part 11 (*Additional Information*).

The creation of Short and Leveraged Equity Securities will be settled on a delivery versus payment basis in CREST, whereby an Authorised Participant will, in satisfaction of its payment obligation to the Issuer, deliver an amount of cash in the Relevant Currency to the Counterparty equal to the Price of the Short and Leveraged Equity Securities to be issued together with any applicable Application Cost in respect of those Short and Leveraged Equity Securities and in exchange for which the Issuer will issue the Short and Leveraged Equity Securities and deliver them to the Authorised Participant via CREST. Further details about settlement of the Securities in CREST can be found under the heading "Settlement" in Part 6 (*The Programme*).

The Authorised Participant may then sell the Short and Leveraged Equity Securities on a stock exchange, sell the Short and Leveraged Equity Securities in off-exchange transactions (known as OTC or 'over the counter' transactions) or keep the Short and Leveraged Equity Securities to hold themselves. The Creation process is described in more detail under the heading "Applications and Redemptions" below.

Each time Short and Leveraged Equity Securities are issued the Issuer will create corresponding Equity Contracts, exactly matching the number of Short and Leveraged Equity Securities of the relevant class issued. The obligations of the Equity Contract Counterparty under those Equity Contracts are secured by collateral pledged by that Equity Contract Counterparty to one of three custody accounts in its name held with The Bank of New York Mellon (Luxembourg) S.A. The provision of collateral is described in more detail above under the heading "Provision of Collateral by the Equity Contract Counterparties".

If an Authorised Participant requests the Redemption of Short and Leveraged Equity Securities, they must return those Short and Leveraged Equity Securities into CREST and in return will receive payment by the Issuer of (i) an amount of cash in the Relevant Currency equal to the Price (or, if higher, Principal Amount) of the Short and Leveraged Equity Securities to be redeemed less (ii) any Redemption Cost, if applicable, in respect of those Short and Leveraged Equity Securities. The Issuer obtains cash by cancelling corresponding Equity Contracts and requiring the relevant Equity Contract Counterparty to pay the cancellation amount directly into the account from which cash is released to the Authorised Participant pursuant to such redemption of the Short and Leveraged Equity Securities. The Redemption process is described in more detail under the heading "Applications and Redemptions" below.

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

Applications and Redemptions

Short and Leveraged Equity Securities can be issued or redeemed at any time, subject to certain conditions (including not exceeding the Creation Limits and Redemption Limits), by Authorised Participants. The issuance and Redemption mechanism is intended to ensure that Short and Leveraged Equity Securities have sufficient liquidity and that the price at which they trade on the London Stock Exchange or other exchanges tracks the relevant Price formula. Only an Authorised Participant may apply for or (unless there are at any given time no Authorised Participants or as otherwise announced by the Issuer) require Redemption of Short and Leveraged Equity Securities — all other persons must buy and sell Short and Leveraged Equity Securities through trading on the London Stock Exchange or other relevant exchanges on which the Short and Leveraged Equity Securities are admitted to trading.

Short and Leveraged Equity Securities can only be issued or redeemed if corresponding Equity Contracts can be Created or Cancelled. There are limits on the Creation and Cancellation of Equity Contracts, which means that there are corresponding limits on the issue and Redemption of Short and Leveraged Equity Securities.

The Issuer will charge Authorised Participants an Application Fee for each Application for Short and Leveraged Equity Securities and a Redemption Fee for any Redemption of Short and Leveraged Equity Securities, regardless of the number or denomination of Short and Leveraged Equity Securities being issued or Redeemed.

Except in some cases where Agreed Pricing is used, the Issuer will charge Authorised Participants an Application Cost for each Application and deduct an amount equal to the Redemption Cost for each Redemption from any Redemption Amount payable on any Redemption.

Creation and Redemption Limits

The Issuer’s ability to issue or Redeem Short and Leveraged Equity Securities of any class is dependent on its ability to Create or Cancel Equity Contracts of the corresponding class. As a result the Issuer imposes Creation and Redemption Limits in respect of Short and Leveraged Equity Securities, which reflect corresponding limits placed on the Issuer by Equity Contract Counterparties in respect of Equity Contracts. Under the Facility Agreement the Issuer’s ability to Create or Cancel Equity Contracts is subject to “Creation Limits” and “Cancellation Limits”.

There are two different types of “Creation Limits” and “Cancellation Limits”, “Creation Limits” that apply as a total limit and “Creation Limits” and “Cancellation Limits” that apply as a daily limit, which in each case apply under the Facility Agreement on each Issuer Business Day. These limits may be waived by the Equity Contract Counterparty.

Unless otherwise agreed by the Equity Contract Counterparty, the following total limits apply in respect of the Facility Agreement:

- Equity Contracts cannot be Created on any day to the extent that the sum of the Euro Equivalent of the Price of each Equity Contract then in existence would exceed €1,000,000,000; and
- Equity Contracts in an Equity Contract Group cannot be Created on any day to the extent that the sum of the Euro Equivalent of the Price of each Equity Contract in that Equity Contract Group then in existence would exceed the Aggregate Group Limit for such Equity Contract Group;

in each instance including Equity Contracts in respect of which a Creation Notice has been given and which have not been Created or Cancelled but excluding Equity Contracts in respect of which a valid Cancellation Notice has been given.

The daily limits are that, unless otherwise agreed by an Equity Contract Counterparty:

- Equity Contracts cannot be Created or Cancelled under the Facility Agreement with it to the extent that the Euro Equivalent of the Price of each Equity Contract in respect of which a Creation Notice has been given on that day less the Euro Equivalent of the Price of each Equity Contract in respect of which a Cancellation Notice has been given on that day (such difference being expressed as a positive number) would exceed €15,000,000; and
- Equity Contracts in an Equity Contract Group cannot be Created or Cancelled under the Facility Agreement with it to the extent that the sum of the Euro Equivalent of the Price of (i) each Leveraged Equity Contract in an Equity Contract Group in respect of which a Creation Notice has been given on that day less each Leveraged Equity Contract in an Equity Contract Group in respect of which a Cancellation Notice has been given on that day (such difference being expressed as a

positive number); and (ii) each Short Equity Contract in an Equity Contract Group in respect of which a Creation Notice has been given on that day less each Short Equity Contract in an Equity Contract Group in respect of which a Cancellation Notice has been given on that day (such difference being expressed as a positive number) would exceed the Daily Group Limit for such Equity Contract Group;

in each instance including Equity Contracts in respect of which a Creation Notice has been given and which have not been Created or Cancelled but excluding Equity Contracts in respect of which a valid Cancellation Notice has been given.

The Aggregate Group Limit and the Daily Group Limit will vary per Equity Contract Group and the Aggregate Group Limit and the Daily Group Limit for a class of Equity Contracts comprised within such Equity Contract Group will be set out in the applicable Final Terms for the corresponding class of Short and Leveraged Equity Security.

As at the date of this Prospectus, the Aggregate Group Limit and the Daily Group Limit for certain Equity Contract Groups are as follows:

Equity Contract Group	Aggregate Group Limit	Daily Group Limit
FTSE 100 Equity Contract Group	€200,000,000	€34,000,000
FTSE MIB Equity Contract Group	€150,000,000	€15,000,000
EURO STOXX 50® Equity Contract Group	€400,000,000	€85,000,000
DAX 30 Equity Contract Group	€200,000,000	€67,000,000
CAC 40 Equity Contract Group	€200,000,000	€67,000,000

For the purposes of the Creation Limits and Redemption Limits with regard to Short and Leveraged Equity Securities, Applications and Redemptions are dealt with in strict time priority by reference to the date and time of their receipt.

A Notice to Create or Cancel Equity Contracts by way of Agreed Pricing will not be subject to “Creation Limits” or “Cancellation Limits”.

Authorised Participants

The Issuer has agreed 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 at least one Authorised Participant. However, if at any given time there are no Authorised Participants, Security Holders are permitted to redeem Short and Leveraged Equity Securities held by them directly with the Issuer.

Payments for Applications and Redemptions

Payment for the issue of Short and Leveraged Equity Securities will be made by an Authorised Participant in the Relevant Currency and shall include any applicable Application Cost (except in some cases where Agreed Pricing is used). Such payment shall be made directly to an account of the relevant Equity Contract Counterparty and the Issuer will use this mechanism to pay for the Creation of the corresponding Equity Contracts.

Payment upon Redemption of Short and Leveraged Equity Securities will be made in the Relevant Currency by the Issuer and (save where there are no Authorised Participants, in the case of compulsory Redemptions or if the Issuer has announced that Redemptions may be made by Security Holders in accordance with the Conditions) will be made after deduction of any applicable Redemption Cost (except in some cases where Agreed Pricing is used) directly from the relevant Equity Contract Counterparty to the relevant Authorised Participant(s). The Issuer will obtain cash for the redemption of Short and Leveraged Equity Securities by cancelling corresponding Equity Contracts and requiring the relevant Equity Contract Counterparty to make its cancellation payment directly to an account of the relevant Authorised Participant(s).

Payments from or to Authorised Participants in respect of Short and Leveraged Equity Securities will be made via the CREST system on a delivery versus payment basis. In the cases of compulsory Redemptions, Redemptions where there are no Authorised Participants or other Redemptions by Security Holders, the relevant Equity Contract Counterparty will make payment in the Relevant Currency to accounts of the Issuer secured for the benefit of the Security Holders of the relevant classes or to the Trustee for the benefit of such Security Holders.

Further details of the application and redemption process are set out in Part 4 (*Description of Short and Leveraged Equity Securities*) under the heading “Applications and Redemptions”.

Security Structure

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

The Programme has been established as an “umbrella” or “multi-class” programme with separate Pools of assets so that the Issuer can issue separate classes of securities, based on different prices, different currencies of denomination or having some other different characteristics, but on terms that each such separate class of securities will have recourse only to the Pool attributable to that class and not to the assets attributable to any other class. The assets and liabilities attributable to each class of Short and Leveraged Equity Securities will represent the Pool for that class.

Thus there are 114 separate Pools currently applicable to Short and Leveraged Equity Securities. A single Pool secures all Short and Leveraged Equity Securities of a single class.

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

In addition, the Issuer and the Trustee have entered into a single Security Deed in respect of all the Pools. However, the Security Deed applies as if it constitutes a separate deed in respect of each Pool with the rights and entitlements held by the Trustee in respect of any particular Pool being held by the Trustee on trust for the Security Holders of that particular class of Short and Leveraged Equity Securities. Further information on the Security Deed is set out in Part 8 (*Particulars of the Security Deed*).

Under the terms of the Security Deed, the Issuer has in respect of each Pool assigned to the Trustee by way of security the contractual rights of the Issuer relating to such class under each Assigned Agreement (which includes the Facility Agreement, each Pledge Agreement, the CMAA and the Collateral Custodian Agreement), and granted a first-ranking floating charge in favour of the Trustee over all of the Issuer’s rights in relation to the Secured Property attributable to the applicable Pool, including but not limited to its rights under the Facility Agreement, all Equity Contracts for the relevant class created pursuant to the Facility Agreement and the rights of the Issuer under each Pledge Agreement, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement, in each case insofar as they relate to the relevant Pool. The grant to the Trustee of a floating charge means that the Trustee does not have control of the charged assets and prior to the Trustee enforcing its security the Issuer can continue to deal in the assets, except where that dealing would contravene a restriction on the Issuer’s ability to deal in the assets.

If the amounts received from the relevant Secured Property are insufficient to make payment of all amounts due in respect of the relevant Pool, no other assets of the Issuer shall be available to meet that shortfall and all further claims of the holders in respect of such class of Short and Leveraged Equity Securities will be extinguished.

Under the terms of the Trust Instrument, it is agreed that neither the Security Holders, nor the Trustee on their behalf, will, in relation to Short and Leveraged Equity 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 the relevant Security Deed) in relation to the Issuer 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 for all outstanding Short and Leveraged Equity Securities issued by the Issuer are repaid.

Further details of the Trust Instrument are set out in Part 7 (*Trust Instrument and Short and Leveraged Equity Securities*). Further details of the Security Deed are set out in Part 8 (*Particulars of the Security Deed*).

The Issuer

The Issuer is a public company incorporated in Jersey for the purpose of issuing classes of debt securities the price of which is related to equity indices and entering into the Documents and agreements relating to such classes of debt securities.

The shares in the Issuer are all held by HoldCo, a company incorporated in Jersey which is wholly-owned by ETFSL, and ManJer acts as the manager of the Issuer. The Issuer is neither directly or indirectly owned or controlled by any other party to the Programme. The Issuer is dependent upon ManJer to provide management and administration services to it, as further described below under the heading "*Administration*". ManJer intends to promote and to provide management and other services to both the Issuer and other companies issuing asset-backed securities and currently also provides such services to ETFS Commodity Securities Limited, ETFS Hedged Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Hedged Metal Securities Limited, ETFS Metal Securities Australia Limited, ETFS Commodity Securities Australia Limited, ETFS Oil Securities Limited, Gold Bullion Securities Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and Swiss Commodity Securities Limited.

The Issuer is a special purpose company whose only assets attributable to Short and Leveraged Equity Securities of each class are the Equity Contracts of each class and rights under the Facility Agreements, each Pledge Agreement, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement (together, if there are any other Equity Contract Counterparties, with any Facility Agreements and Equity Contracts with such other Equity Contract Counterparties and any related credit support) to the extent attributable to that class. The Issuer's obligations are primarily its obligations under the Short and Leveraged Equity Securities.

The directors of ManJer at the date of this Prospectus are Graham Tuckwell, Joseph Roxburgh, Craig Stewart and Steven Ross. The secretary of ManJer at the date of this document is R&H Fund Services (Jersey) Limited. The Directors of the Issuer are also directors of HoldCo and their respective biographies are set out below under the heading "Directors and Secretary".

The audited financial statements of the Issuer for the period from 6 December 2012 (being the date of incorporation of the Issuer) to 31 December 2012 and for the year ended 31 December 2013 are reproduced at Annex 5 (*Financial Information of the Issuer*).

Administration

ManJer will, pursuant to the Services Agreement, supply, or arrange the supply of, all management and administration services for the Issuer and will pay all the management and administration costs of the Issuer.

The Service Agreement may be terminated by ManJer at any time on three months' notice or earlier in the event of certain breaches or the insolvency of either party.

Administration Allowance and Licence Allowance

In return for ManJer supplying to the Issuer, or arranging the supply to the Issuer of, all management and administration services, the Issuer is liable under the Services Agreement to pay ManJer the Administration Allowance. The Administration Allowance, as at the date of this Prospectus, is 0.70 per cent. per annum of the aggregate Price of all of the Initial Classes or Short and Leveraged Equity Securities outstanding. The administration allowance rate may be varied by the Issuer from time to time.

The Issuer is also liable under the Services Agreement to pay ManJer the Licence Allowance. ManJer will pay the Licence Allowance to ETFSL to enable ETFSL to pay the fees due to the Equity Index Sponsors for the use of each relevant Equity Index in pricing the Short and Leveraged Equity Securities. The Licence Allowance, as at the date of this Prospectus, is 0.07 per cent. per annum of the aggregate Price of all of the Initial Classes or Short and Leveraged Equity Securities outstanding. The licence allowance rate may be varied by the Issuer from time to time.

Under the terms of the Annualised Rate Agreement, the Equity Contract Counterparty will pay to the Issuer in respect of the Equity Contracts to which it is a party certain amounts as notified to the Equity Contract Counterparty by the Issuer from time to time. Such payments by the Equity Contract Counterparty under the Annualised Rate Agreement shall be in a sufficient amount as to allow the Issuer to pay the Administration Allowance and the Licence Allowance taken together.

Upon receipt of that amount from the Equity Contract Counterparty the Issuer will be liable to pay to ManJer the Administration Allowance and Licence Allowance in respect of each class.

Amounts equal to the Administration Allowance and Licence Allowance comprise part of the Annualised Rate, which is accrued on a daily basis by way of the Multiplier that forms part of the pricing formula for Short and Leveraged Equity Securities.

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

Equity Contract Counterparty Fees

A Swap Spread will be charged with respect to each class of Short and Leveraged Equity Security which will reflect the fee payable to the Equity Contract Counterparty in return for entering into Equity Contracts of the corresponding class.

In addition a Collateral Cost will be charged with respect to each class of Short and Leveraged Equity Security which takes into account the cost to the Equity Contract Counterparty of sourcing the assets which it will provide as Collateral for its obligations under the Equity Contracts of the corresponding class.

As at the date of this Prospectus, the Collateral Cost applicable to the Initial Classes of Short and Leveraged Equity Security is an annual rate of 0.05 per cent. per annum and the Swap Spread applicable to the Initial Classes of Short and Leveraged Equity Security is an annual rate of 0 per cent. per annum, except that the Swap Spread applicable to the ETFS 3x Daily Long DAX 30 class is an annual rate of 0.50 per cent. per annum.

The Equity Contract Counterparty may propose amendments to the Swap Spread or the Collateral Cost applicable to one or more of the initial classes of Short and Leveraged Equity Security provided that following such amendment the Swap Spread may not exceed 1 per cent. per annum and the Collateral Cost may not exceed 1 per cent. per annum except in the case of ETFS 3x Daily Long DAX 30 and ETFS 3x Daily Short DAX 30, where the Swap Spread may not exceed 2 per cent. per annum and the Collateral Cost may not exceed 2 per cent. per annum. Where the Equity Contract Counterparty proposes an amendment to the Swap Spread or the Collateral Cost the Issuer may at its discretion consent to such amendment (provided that such consent shall not be unreasonably withheld or delayed). Any such change may occur without prior notice being given to investors. The Swap Spread and Collateral Cost applicable to a class of Short and Leveraged Equity Security on any day may be found at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

In certain circumstances the Equity Contract Counterparty may propose amendments to the Swap Spread or the Collateral Cost applicable to a class of Short and Leveraged Equity Security that exceed 1 per cent. per annum, with respect to the Swap Spread (or 2 per cent. per annum with respect to the Swap Spread for ETFS 3x Daily Long DAX 30 and ETFS 3x Daily Short DAX 30), or 1 per cent. per annum, with respect to the Collateral Cost (or 2 per cent. per annum with respect to the Collateral Cost for ETFS 3x Daily Long DAX 30 and ETFS 3x Daily Short DAX 30) or, the Equity Contract Counterparty may propose amendments to the aforementioned limits. In either case the Issuer may at its discretion consent to such amendments and, if it does so consent, then such amendment will be notified through an RIS, and will not take effect for at least 6 Issuer Business Days following the publication of the RIS.

Calculation Agent under the Facility Agreement in respect of Equity Contracts

SG is required to act as Calculation Agent under and solely for the purposes of the Facility Agreement and the Equity Contracts between SG and the Issuer. In its capacity as Calculation Agent, SG's obligations are limited to those determinations and calculations made solely with reference to the Equity Contracts.

More information on the role of SG as Calculation Agent is set out in Part 5 (*Description of Facility Agreement and Equity Contracts*) under the heading "*Calculation Agent under the Facility Agreement in respect of Equity Contracts*".

Directors and Secretary of the Issuer

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

(a) ***Graham Tuckwell — Chairman***

Mr Tuckwell is the founder and chairman of ETF Securities Limited, ManJer, HoldCo and the Issuer and of eleven other companies issuing exchange-traded products: Gold Bullion Securities Limited in Jersey and ETFS Metal Securities Australia Limited in Australia (which two companies obtained the world's first listings of a commodity on a stock exchange), ETFS Commodity Securities Limited, ETFS Commodities Securities Australia Limited, ETFS Hedged Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Hedged Metal Securities Limited, ETFS Oil Securities

Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and Swiss Commodity Securities Limited. He is also a director of ETFX Fund Company Public Limited Company and of its manager ETFX Management Company Limited in Ireland as well as the President and Chief Executive Officer of ETF Securities USA LLC. Assets under management in those companies are in excess of US$18.5 billion. Previously, Mr Tuckwell was the founder and managing director of Investor Resources Limited, a boutique corporate advisory firm which specialised in providing financial, technical and strategic advice to the resources industry. He has more than 20 years of corporate and investment banking experience. Prior to the above activities, Mr Tuckwell was Head of Mining Asia/Pacific at Salomon Brothers, Group Executive Director at Normandy Mining responsible for Strategy and Acquisitions and Head of Mergers and Acquisitions at Credit Suisse First Boston in Australia. He holds a Bachelor of Economics (Honours) and a Bachelor of Laws degree from the Australian National University.

(b) ***Graeme Ross — Non-Executive Director***

Mr Ross graduated from Abertay University in 1980 and joined Arthur Young McClelland Moores in Perth, Scotland. He qualified as a chartered accountant in 1984 and joined KPMG Peat Marwick's practice in Jersey shortly afterwards. Mr Ross joined the Jersey practice of Rawlinson & Hunter in 1986 as a manager in the fund administration division. In 1994 he was admitted to the Jersey partnership. Mr Ross has been the managing director of R&H Fund Services (Jersey) Limited since 1996 and has in-depth knowledge and experience of the fund management industry and in particular retail funds. He has worked in the offshore fund management industry for 28 years and also served as a committee member of the Jersey Fund Managers Association for three years. As a director of R&H Fund Services (Jersey) Limited, Mr Ross maintains the day-to-day operations in Jersey of the Issuer and those of Gold Bullion Securities Limited, ETFS Commodity Securities Limited, ETFS Hedged Commodity Securities Limited, ETFS Commodity Securities Australia Limited, ETFS Metal Securities Limited, ETFS Hedged Metal Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and Swiss Commodity Securities Limited (he is a non-executive director of each of those companies and of ETF Securities Limited and HoldCo).

(c) ***Joseph Roxburgh — Non-Executive Director***

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

(d) ***R&H Fund Services (Jersey) Limited — Company Secretary***

R&H Fund Services (Jersey) Limited is a company incorporated in Jersey on 29 November 1988 with limited liability whose issued and paid up share capital is £1,625,000. It is not involved in any other business activities other than that of acting as manager and administrator of collective investment schemes and is a wholly owned subsidiary of Rawlinson & Hunter in Jersey. The directors of R&H Fund Services (Jersey) Limited are:

Graeme David Ross
Craig Andrew Stewart
Hilary Patricia Jones

Directors and Secretary of ManJer

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

Craig Stewart

Mr Stewart has been a member of the board of directors of ManJer since July 2013. Mr Stewart graduated from Edinburgh University in 1987 with a degree in Politics and worked in commercial roles for two blue chip companies headquartered in London. In 1993, he joined Arthur Andersen’s Audit and Business Advisory practice in Jersey and qualified as a chartered accountant in 1997. He has specialised in the investment fund sector and been particularly involved with retail, institutional and private equity funds. In 1997, he was promoted to manager with sole responsibility for Andersen’s asset management clients in European offshore jurisdictions. He was also the manager on a significant number of consulting assignments including controls reviews, operational reviews, due diligence projects, benchmarking studies and forensic investigations. In April 2000, he joined Rawlinson & Hunter’s fund administration division and in January 2001 he was promoted to Director of R&H Fund Services (Jersey) Limited. He was admitted to the partnership of Rawlinson & Hunter, Jersey in 2003. Mr Stewart has worked in the offshore fund management industry for 20 years and also served as a committee member of the Jersey Fund Managers Association. He is also a non-executive director of HoldCo.

Steven Ross

Mr Ross has been a member of the board of directors of ManJer since August 2013. Mr Ross graduated from the University of Stirling with an honours degree in Accountancy before embarking on a career with PricewaterhouseCoopers CI LLP in Jersey from 2001 to 2006. Whilst with PricewaterhouseCoopers he qualified as a chartered accountant with the Institute of Chartered Accountants of England and Wales and was responsible for assisting and managing a number of assurance and business advisory engagements for high profile offshore financial services and commercial clients. Prior to joining R&H Fund Services (Jersey) Limited he held the position of Head of Operations for Capita Financial Administrators (Jersey) Limited, an offshore fund administration business and was responsible for the provision of fund administration services to a portfolio of listed and private investment funds. In March 2012, he joined R&H Fund Services (Jersey) Limited as a Client Services Director.

Conflicts of Interest

Mr Tuckwell and Mr Roxburgh are also directors of ManJer, a provider of services to the Issuer and all of the Directors are also directors of HoldCo, the sole shareholder of the Issuer. Mr G Ross is also a director of R&H Fund Services (Jersey) Limited, the secretary of the Issuer. Mr Tuckwell is also a director and a shareholder in ETFSL and Mr Roxburgh is the Chief Financial Officer of ETFSL. While these roles could potentially lead to conflicts of interest, the Directors do not believe there are any actual or potential conflicts of interest between the duties which the directors and/or members of the administrative, management and supervisory bodies of the Issuer owe to the Issuer, and the private interests and/or other duties which they have.

Save as specifically stated herein, none of the principal activities performed by the Directors outside the Issuer are significant with respect to the Issuer and they have no interests that are material to the Programme.

Further Information

Information regarding taxation in the United Kingdom, Jersey, Austria, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain and Sweden in respect of the Programme and Short and Leveraged Equity Securities is set out in Part 11 (*Additional Information*). If an investor is in any doubt about the tax position, it should consult a professional adviser.

Your attention is drawn to the remainder of this document which contains further information relating to the Programme and Short and Leveraged Equity Securities.

PART 2

HOW DOES A SECURITY HOLDER DETERMINE THE VALUE OF ITS INVESTMENT

Pricing of Short and Leveraged Equity Securities

The Price of each class of Short and Leveraged Equity Security is calculated on a daily basis to reflect the value of the relevant short or leveraged Equity Index on such day less fees applicable to such class on that day. A description of the formula used to Price the Short and Leveraged Equity Securities is set out under "Calculation of the Price" below and some worked examples for both the Short Equity Securities and the Leveraged Equity Securities are set out under "Worked Examples of the Calculation of the Price" below. The formula and method of calculating the price is the same for all classes of Short and Leveraged Equity Securities.

The fees for each class are deducted from the Price of such class on a daily basis by way of the application of the Multiplier as more particularly described under "Multiplier" below.

The Price of a class of Short and Leveraged Equity Security may also be adjusted in certain circumstances by way of a change to the Adjustment Factor for such class as more particularly described under the heading "Adjustment Factors" below. The Adjustment Factor for each class will initially be set at 1 and will only change and become relevant to the pricing of a Short and Leveraged Equity Security in the circumstances described below.

Each Short and Leveraged Equity Security carries a right upon Redemption by the Issuer to receipt of the higher of the Principal Amount and the Price less any applicable Redemption Cost (further information on any Redemption Cost that may apply can be found under the heading "Application Cost and Redemption Cost" in Part 4 (*Description of Short and Leveraged Equity Securities*)). In normal circumstances, only Authorised Participants are able to require Redemption of their Short and Leveraged Equity Securities directly with the Issuer. The value of a Security Holder's investment is generally therefore the Price (although there may be other costs associated with holding and selling the securities).

The Price of a class of Short and Leveraged Equity Security reflects the performance of the relevant short or leveraged Equity Index over a period of time (subject to fees, expenses and other adjustments as described below). The 3x short or 3x leveraged element of the Short and Leveraged Equity Securities, and any stop losses to prevent the index dropping to zero intra-day, is built in to the relevant Equity Index, rather than in the Pricing of the Short and Leveraged Equity Securities. The stop loss means that where there is a large movement in the value of an underlying equity benchmark during the course of a day, an intra-day reset may be triggered for the corresponding short or leveraged Equity Index which will restrict (to a certain extent) the potential losses an investor may face. In these circumstances the Price of a class of Short and Leveraged Equity Security will continue to reflect the value of the short or leveraged Equity Index, and the impact of the intra-day reset will be reflected in the value of such index.

The Principal Amounts of the Short and Leveraged Equity Securities are set out in paragraph 5 (*ISINs and Principal Amounts of the Short and Leveraged Equity Securities*) of Part 11 (*Additional Information*). A description of each Equity Index is contained in Part 3 (*Equity Indices*).

Calculation of the Price

The Price of each Short and Leveraged Equity Security on a particular day is based on the value of the relevant short or leveraged Equity Index (represented in the formula by $I_{i,t}$) multiplied by the relevant Multiplier (represented in the formula by $M_{i,t}$) and the relevant Adjustment Factor (represented in the formula by $AF_{i,t}$) and so is calculated in accordance with the following formula:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$P_{i,t}$ is the Price of the Short and Leveraged Equity Security of the relevant class on the day on which the Price is being calculated;

i refers to the relevant class of Short and Leveraged Equity Security;

t refers to the day on which the Price is being calculated;

$I_{i,t}$ refers to the level of the Equity Index applicable to the relevant class of Short and Leveraged Equity Security on the day on which the Price of the Short and Leveraged Equity Security is being calculated;

$M_{i,t}$ is the Multiplier applicable to the relevant class of Short and Leveraged Equity Security on the day on which the Price of the Short and Leveraged Equity Security is being calculated;

$AF_{i,t}$ is the Adjustment Factor applicable to the relevant class of Short and Leveraged Equity Security on the day on which the Price of the Short and Leveraged Equity Security is being calculated.

The Equity Contracts backing each class of Short and Leveraged Equity Securities are priced using the same formula as the corresponding class of Short and Leveraged Equity Securities.

The Index Level ($I_{i,t}$), Multplier ($M_{i,t}$) and Adjustment Factor ($AF_{i,t}$) are all published daily by the Issuer on its website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

Multiplier

The Multiplier (represented in the formula by $M_{i,t}$) is applied to the value of the Equity Index in determining the Price of the Short and Leveraged Equity Securities to reflect the fees payable to:

(i) ManJer for the services it provides to the Issuer (as more particularly described under the heading 'Administration Allowance and Licence Allowance' in Part 1 (*General*));

(ii) SG for providing exposure to the Equity Indices pursuant to the Equity Contracts (as more particularly described under the heading 'Equity Contract Counterparty Fees' in Part 1 (*General*)); and

(iii) SG to cover the cost to it of sourcing the assets which it then pledges as collateral for its obligations under the Equity Contracts (as more particularly described under the heading 'Equity Contract Counterparty Fees' in Part 1 (*General*)).

On the first day of issue, the Multiplier for a Short and Leveraged Equity Security of a particular class will be such number as the Issuer may notify in advance by RIS.

On subsequent days, the Multiplier is calculated by taking the previous day's Multiplier (represented in the formula below by $M_{i,t-1}$) and adjusting it by that day's fees (represented in the formula by the "Annualised Rate" ($AR_{i,t}$)) in accordance with the following:

$$M_{i,t} = M_{i,t-1} \times (1\text{-}AR_{i,t})^{1/D}$$

where:

$M_{i,t}$ is the Multiplier applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated;

i refers to the relevant class of Short and Leveraged Equity Security;

t refers to the day on which the Multiplier is being calculated;

D refers to the number of days in the current calendar year;

$M_{i,t-1}$ is the Multiplier applicable to a particular class of Short and Leveraged Equity Securities on the last previous day on which the Multiplier is being calculated;

$AR_{i,t}$ is the annualised adjustment applicable to a particular class of Short and Leveraged Equity Security on the day on which the Multiplier is calculated.

Each of the Multiplier and Annualised Adjustment for each Short and Leveraged Equity Security of a particular class will be published daily by the Issuer on its website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

For a particular class of Short and Leveraged Equity Security, assuming that the Multiplier on the previous day on which the Price was calculated was 1.00, that the Annualised Adjustment on the current day was 0.70 per cent. and there were 365 days in the current year, then the Multiplier would be calculated as follows:

$$M_{i,t} = M_{i,t-1} \times (1\text{-}AR_{i,t})^{1/D}$$

$$M_{i,t} = 1 \times (1\text{-}0.7\%)^{1/365}$$

$$M_{i,t} = 0.9999808$$

Adjustment Factors

The Adjustment Factor ($AF_{i,t}$) referred to in the formula for calculating the price of a class of Short and Leveraged Equity Security is included to reflect certain adjustments which need to be made to the price in particular circumstances. On issue, the Adjustment Factor applicable to all classes of Short and Leveraged Equity Security will be 1 and will only change if any of the circumstances occurs or has occurred in the past.

The Adjustment Factor is designed to allow adjustments to be made to the price of the Short and Leveraged Equity Securities in four different circumstances and the value of the Adjustment Factor is itself made up of the following four factors (each representing a different circumstance as more particularly described under the heading 'Adjustment Factor' in Part 1 (*General*)): (i) the Disruption Adjustment Factor, (ii) the Index Adjustment Factor, (iii) the Tax Adjustment Factor and (iv) the Security Adjustment Factor.

The Adjustment Factor is calculated by multiplying together the four factors described at (i) to (iv) above which are represented in the following formula:

$$AF_{i,t} = DAF_{i,t} \times IAF_{i,t} \times TAF_{i,t} \times SAF_{i,t}$$

where:

i refers to the relevant class of Short and Leveraged Equity Security;

t refers to the day on which the Adjustment Factor is being calculated;

$AF_{i,t}$ is the Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated;

$DAF_{i,t}$ is the Disruption Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated;

$IAF_{i,t}$ is the Index Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated;

$TAF_{i,t}$ is the Tax Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated; and

$SAF_{i,t}$ is the Security Adjustment Factor applicable to a particular class of Short and Leveraged Equity Securities on the day on which the Price is being calculated.

On the first day Short and Leveraged Equity Securities of a class are calculated, the value of each of the factors included in the calculation of the Adjustment Factor will be 1 and will only change on or after the occurrence of the relevant circumstance. Following the occurrence of any of the relevant circumstances, the level of each of the factors will be adjusted to reflect the level of the equivalent factor used in the calculation of the price of the corresponding Equity Contracts. On each day on which the price of Short and Leveraged Equity Securities is calculated, the Adjustment Factor and the level of each of the factors included in its calculation for each class of Short and Leveraged Equity Security will be published by the Issuer on its website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

For a particular class of Short and Leveraged Equity Security, assuming that on the current day the Disruption Adjustment Factor was 0.9950, the Index Adjustment Factor was 1.0000, the Tax Adjustment Factor 0.9995 and the Security Adjustment Factor was 1.0000, the Adjustment Factor would therefore be calculated as follows:

$$AF_{i,t} = DAF_{i,t} \times IAF_{i,t} \times TAF_{i,t} \times SAF_{i,t}$$

$$AF_{i,t} = 0.995 \times 1 \times 0.9995 \times 1$$

$$AF_{i,t} = 0.9945025$$

Worked Examples of the Calculation of the Price

If on a particular day (t), the Multiplier and the Adjustment Factor for the ETFS 3x Daily Short FTSE 100 Securities were as calculated above and the level of the Equity Index on such day was 750, then the

Price of an ETFS 3x Daily Short FTSE 100 Security would be calculated using the pricing formula as follows:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$I_{i,t}$ = 750

$M_{i,t}$ = 0.9999808

$AF_{i,t}$ = 0.9945025

$$P_{i,t} = 750 \times 0.9999808 \times 0.9945025$$

$$P_{i,t} = 745.8625542$$

Likewise, if on a particular day (t), the Multiplier and the Adjustment Factor for the ETFS 3x Daily Long FTSE 100 Securities were as calculated above and the level of the Equity Index on such day was 1250, the Price of an ETFS 3x Daily Short FTSE 100 Security would be calculated using the pricing formula as follows:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$I_{i,t}$ = 1250

$M_{i,t}$ = 0.9999808

$AF_{i,t}$ = 0.9945025

$$P_{i,t} = 1250 \times 0.9999808 \times 0.9945025$$

$$P_{i,t} = 1243.104257$$

How the Price of Short Equity Securities is affected by changes in the value of the Short Equity Index

The 3 hypothetical scenarios in this section show some possible outcomes of an investment in the Short Equity Securities under hypothetical market conditions. These scenarios are not indicators of the actual future performance of the Short Equity Securities and are for illustration purposes only. The following assumptions have been made:

- An investor invests in the Short Equity Securities for one calendar day.
- 1 Short Equity Security is bought from a broker at a price of €200.00.
- The level of the short Equity Index when the security is bought is 200.
- The Multiplier on the day of investment is 1.
- The Multiplier on the next day is 0.9999808.
- The Adjustment Factor on the day of investment is 1.
- The Adjustment Factor on the next day is 1.
- There are no changes in the level of fees applied in pricing the securities during the investment period.
- All transaction fees (including any commission) of the investor’s broker and investment advisor for the sale and purchase of the Short Equity Securities, the custody fees of the investor’s bank and the stock lending costs contained within the Short Equity Indices are excluded.
- There is no difference between the Price of the security and the value at which it trades on exchange.
- No Redemption Cost is charged on the sale of the Short Equity Securities by an investor.
- There are no intra-day resets on the relevant Equity Index during the investment period.

Scenario 1: The level of the Short Equity Index decreases

- 1 Short Equity Security is bought from a broker at a price of €200
- The level of the relevant Short Equity Index decreases by 15% to 170
- The sum of the fees charged for the day of ownership would be €0.005 (rounded up)
- The price of the Short Equity Security will be calculated as follows:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$I_{i,t} = 170$

$M_{i,t} = 0.9999808$

$AF_{i,t} = 1$

$$P_{i,t} = 170 \times 0.9999808 \times 1$$

$$P_{i,t} = 169.996736$$

- The investor sells the Short Equity Security and has lost €30.005 (rounded up) from his/her investment the day before.

Scenario 2: The level of the Equity Index remains the same

- 1 Short Equity Security is bought from a broker at a price of €200
- The level of the relevant Equity Index remains the same
- The sum of the fees charged for the day of ownership would be €0.005 (rounded up)
- The price of the Short Equity Security will be calculated as follows:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$I_{i,t} = 200$

$M_{i,t} = 0.9999808$

$AF_{i,t} = 1$

$$P_{i,t} = 200 \times 0.9999808 \times 1$$

$$P_{i,t} = 199.99616$$

- The investor sells the Short Equity Security and has lost €0.005 (rounded up) from his/her investment the day before.

Scenario 3: The level of the Short Equity Index increases

- 1 Short Equity Security is bought from a broker at a price of €200
- The level of the relevant Short Equity Index increases by 15% to 230
- The sum of the fees charged for the day of ownership would be €0.005 (rounded up)
- The price of the Short Equity Security will be calculated as follows:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$I_{i,t} = 230$

$M_{i,t} = 0.9999808$

$AF_{i,t} = 1$

$$P_{i,t} = 230 \times 0.9999808 \times 1$$

$$P_{i,t} = 229.995584$$

- The investor sells the Short Equity Security and has gained €29.995 (rounded down) from his/her investment the day before.

How the Price of Leveraged Equity Securities is affected by changes in the value of the Leveraged Equity Index

The 3 hypothetical scenarios in this section show some possible outcomes of an investment in the Leveraged Equity Securities under hypothetical market conditions. These scenarios are not indicators of the actual future performance of the Leveraged Equity Securities and are for illustration purposes only. The following assumptions have been made:

- An investor invests in the Leveraged Equity Securities for one calendar day;
- 1 Leveraged Equity Security is bought from a broker at a price of €200.00
- The level of the Leveraged Equity Index when the security is bought is 200
- The Multiplier on the day of investment is 1.
- The Multiplier on the next day is 0.9999808.
- The Adjustment Factor on the day of investment is 1.
- The Adjustment Factor on the next day is 1.
- There are no changes in the level of fees applied in pricing the securities during the investment period
- All transaction fees (including any commission) of the investor's broker and investment advisor for the sale and purchase of the Leveraged Equity Securities and any financing costs or liquidity spreads contained within the Leveraged Equity Indices are excluded.
- There is no difference between the Price of the security and the value at which it trades on exchange.
- No Redemption Cost is charged on the sale of the Leveraged Equity Securities by an investor.
- There are no intra-day resets on the relevant Equity Index during the investment period.

Scenario 1: The level of the Leveraged Equity Index decreases

- 1 Leveraged Equity Security is bought from a broker at a price of €200
- The level of the relevant Leveraged Equity Index decreases by 15% to 170
- The sum of the fees charged for the day of ownership would be €0.005 (rounded up)
- The price of the Leveraged Equity Security will be calculated as follows:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$I_{i,t} = 170$

$M_{i,t} = 0.9999808$

$AF_{i,t} = 1$

$$P_{i,t} = 170 \times 0.9999808 \times 1$$

$$P_{i,t} = 169.996736$$

- The investor sells the Leveraged Equity Security and has lost €30.005 (rounded up) from his/her investment the day before.

Scenario 2: The level of the Leveraged Equity Index remains the same

- 1 Leveraged Equity Security is bought from a broker at a price of €200
- The level of the relevant Leveraged Equity Index remains the same
- The sum of the fees charged for the day of ownership would be €0.005 (rounded up)
- The price of the Leveraged Equity Security will be calculated as follows:

$$P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}$$

where:

$I_{i,t} = 200$

$M_{i,t} = 0.9999808$

$AF_{i,t} = 1$

$$P_{i,t} = 200 \times 0.9999808 \times 1$$

$$P_{i,t} = 199.99616$$

- The investor sells the Leveraged Equity Security and has lost €0.005 (rounded up) from his/her investment the day before.

Scenario 3: The level of the Leveraged Equity Index increases

- 1 Leveraged Equity Security is bought from a broker at a price of €200
- The level of the relevant Leveraged Equity Index increases by 15% to 230
- The sum of the fees charged for the day of ownership would be €0.005 (rounded up)
- The price of the Leveraged Equity Security will be calculated as follows:

$$P_{i,t} = I_{i,t} \text{ x } M_{i,t} \text{ x } AF_{i,t}$$

where:

$I_{i,t}$ = 230

$M_{i,t}$ = 0.9999808

$AF_{i,t}$ = 1

$$P_{i,t} = 230 \text{ x } 0.9999808 \text{ x } 1$$

$$P_{i,t} = 229.995584$$

- The investor sells the Leveraged Equity Security and has gained €29.995 (rounded down) from his/her investment the day before.

PART 3

EQUITY INDICES

The information in this section of the Prospectus has been extracted from the websites and materials set out below and has been reproduced on the basis of information available to the Issuer. Such information has been accurately reproduced and, as far as the Issuer is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The websites set out below do not form part of this Prospectus. The delivery of this Prospectus at any time does not imply any representation on the part of the Issuer, the Authorised Participants, the Trustee, the Equity Contract Counterparties or any other person that any information contained therein is correct at any time subsequent to the date of this Prospectus.

Purchasers of Short and Leveraged Equity Securities should conduct such independent investigation and analysis regarding the Equity Indices, the relevant index sponsors and all other parties connected to the Equity Indices from time to time as they deem appropriate to evaluate the merits and risks of an investment in the Short and Leveraged Equity Securities.

The Short and Leveraged Equity Securities are not sponsored, endorsed or promoted by the relevant index sponsor in respect of any of the Equity Indices below or any other party. Purchasers of Short and Leveraged Equity Securities should review the relevant index disclaimer with respect to each Equity Index set out in "*Index Disclaimers*" below.

Description of the Short Equity Indices and the Leveraged Equity Indices

The Price of Short and Leveraged Equity Securities will be calculated by reference to Equity Indices calculated and published by various Equity Index Sponsors. Details of the Equity Index that corresponds to each class of Short and Leveraged Equity Security and the Equity Index Sponsor of such Equity Index may be found in the section of this Prospectus entitled "*Classes of Short and Leveraged Equity Securities*".

Both the Short Equity Indices and Leveraged Equity Indices are total return indices and will be denominated in either US Dollars, Euro or Pound Sterling and, in each case, are denominated in the same currency as the corresponding class of Short and Leveraged Equity Securities.

Each Equity Index provides an exposure equal to minus three times (-3x) or three times (3x) the daily percentage change in the level of an Underlying Equity Benchmark. The Underlying Equity Benchmark will be published by the same Equity Index Sponsor that publishes the corresponding Equity Index. A description of each Short Equity Index and each Leveraged Equity Index together with, in each case, a description of the corresponding Underlying Equity Benchmark is set out below.

1. INDEX DESCRIPTIONS

AEX®

AEX® X3 Leverage NR

The AEX® X3 Leverage NR is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the AEX® NR, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The AEX® X3 Leverage NR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the AEX® NR loses more than 15 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the AEX® NR on the AEX® X3 Leverage NR.

Further information on the AEX® X3 Leverage NR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
AEX® NR	QS0011211156	AEXNR	.AEXNR
Leveraged Equity Index			
AEX® X3 Leverage NR	QS0011230115	AEX3L	.AEX3L

AEX® X3 Short GR

The AEX® X3 Short GR is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the AEX® GR, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The AEX® X3 Short GR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the AEX® GR appreciates by more than 15 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the AEX® GR on the AEX® X3 Short GR.

Further information on the AEX® X3 Short GR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
AEX® GR	QS0011131990	RAEX	.AEXGR
Short Equity Index			
AEX® X3 Short GR	QS0011230198	AEX3S	.AEX3S

Overview of the AEX® and Underlying Equity Benchmarks

The AEX® is a weighted index made up of shares issued by the 25 most traded companies listed on Euronext Amsterdam in such a way that it is suitable to serve as the underlying value for index-linked products such as derivatives. The AEX® consists exclusively of shares issued by companies that have been admitted to listing on Euronext Amsterdam. The AEX® is calculated in EUR.

The AEX® NR is a net total return version of the AEX® which is obtained by reinvesting the net dividends accruing on the constituent shares of the AEX®. Dividend income is assumed to be reinvested on the ex-dividend date. The net dividend is calculated as the gross dividends minus the applicable withholding tax which is set out in the "Withholding Tax Table" available at: https://indices.nyx.com/en/index-rules.

The AEX® GR is a gross total return version of the AEX® which is obtained by reinvesting the gross dividends accruing on the constituent shares of the AEX®. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the AEX® indices can be found in the "INDEX RULE BOOK – AEX® Family" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

BEL 20®

BEL 20® X3 Leverage NR

The BEL 20® X3 Leverage NR is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the BEL 20® NR, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The BEL 20® X3 Leverage NR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the BEL 20® NR loses more than 25 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the BEL 20® NR on the BEL 20® X3 Leverage NR.

Further information on the BEL 20® X3 Leverage NR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

BEL 20® X3 Short GR

The BEL 20® X3 Short GR is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the BEL 20® GR, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The BEL 20® X3 Short GR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the BEL 20® GR appreciates by more than 25 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the BEL 20® GR on the BEL 20® X3 Short GR.

Further information on the BEL 20® X3 Short GR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

Overview of the BEL 20® and Underlying Equity Benchmarks

The BEL 20® is a real-time index reflecting the continuous price evolution of the 20 most liquid Belgian shares listed on Euronext Brussels and serves as Blue-chip index for Euronext Brussels. The basis was set at 1000 on 30 December 1990. The BEL 20® is published continuously and is calculated in EUR.

The BEL 20® NR is a net total return version of the BEL 20® which is obtained by reinvesting the net dividends accruing on the constituent shares of the BEL 20®. Dividend income is assumed to be reinvested on the ex-dividend date. The net dividend is calculated as the gross dividends minus the applicable withholding tax which is set out in the "Withholding Tax Table" available at: https://indices.nyx.com/en/index-rules.

The BEL 20® GR is a gross total return version of the BEL 20® which is obtained by reinvesting the gross dividends accruing on the constituent shares of the BEL 20®. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the BEL 20® indices can be found in the "INDEX RULE BOOK – BEL® Family" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

CAC 40®

CAC 40® X3 Leverage NR

The CAC 40® X3 Leverage NR is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the CAC 40® NR, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The CAC 40® X3 Leverage NR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the CAC 40® NR loses more than 15 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the CAC 40® NR on the CAC 40® X3 Leverage NR.

Further information on the CAC 40® X3 Leverage NR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

Information about the past and further performance of the CAC 40® X3 Leverage NR and its volatility can be found at: https://indices.nyx.com/en/products/indices/QS0011146857-XPAR/quotes.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
CAC 40® NR	QS0011131826	NCAC	.PX1NR
Leveraged Equity Index			
CAC 40® X3 Leverage NR	QS0011146857	CAC3L	.CAC3L

CAC 40® X3 Short GR

The CAC 40® X3 Short GR is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the CAC40® GR, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The CAC 40® X3 Short GR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the CAC 40® GR appreciates by more than 15 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the CAC 40® GR on the CAC 40® X3 Short GR.

Further information on the CAC 40® X3 Short GR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

Information about the past and further performance of the CAC 40® X3 Short GR and its volatility can be found at: https://indices.nyx.com/en/products/indices/QS0011146857-XPAR/quotes.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
CAC 40® GR	QS0011131834	CACR	.PX1GR
Short Equity Index			
CAC 40® X3 Short GR	QS0011146873	CAC3S	.CAC3S

Overview of the CAC 40® and Underlying Equity Benchmarks

The CAC 40®, the most widely-used indicator of the Paris market, reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalisation and liquidity. The CAC 40® is calculated in EUR.

The CAC 40® NR is a net total return version of the CAC 40® which is obtained by reinvesting the net dividends accruing on the constituent shares of the CAC 40®. Dividend income is assumed to be reinvested on the ex-dividend date. The net dividend is calculated as the gross dividends minus the applicable withholding tax which is set out in the "Withholding Tax Table" available at: https://indices.nyx.com/en/index-rules.

The CAC 40® GR is a gross total return version of the CAC 40® which is obtained by reinvesting the gross dividends accruing on the constituent shares of the CAC 40®. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the CAC 40® indices can be found in the "INDEX RULE BOOK – CAC® Family" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

PSI 20®

PSI 20® X3 Leverage NR

The PSI 20® X3 Leverage NR is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the PSI 20® NR, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The PSI 20® X3 Leverage NR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the PSI 20® NR loses more than 25 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the PSI 20® NR on the PSI 20® X3 Leverage NR.

Further information on the PSI 20® X3 Leverage NR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

PSI 20® X3 Short GR

The PSI 20® X3 Short GR is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the PSI 20® GR, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The PSI 20® X3 Short GR incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the PSI 20® GR appreciates by more than 25 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the PSI 20® GR on the PSI 20® X3 Short GR.

Further information on the PSI 20® X3 Short GR can be found in the "INDEX RULE BOOK – Leverage, Short, and Bear Indices" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

Overview of the PSI 20® and Underlying Equity Benchmarks

The PSI 20® is the Portuguese benchmark index, reflecting the evolution of the prices of the 20 largest and most liquid share issues selected from the universe of companies listed on Euronext Lisbon. The constituent weights are adjusted for free-float and are limited to 15 per cent. of the index capitalisation on the periodic review date. The PSI 20® is calculated in EUR.

The PSI 20® NR is a net total return version of the PSI 20® which is obtained by reinvesting the net dividends accruing on the constituent shares of the PSI 20®. Dividend income is assumed to be reinvested on the ex-dividend date. The net dividend is calculated as the gross dividends minus the applicable withholding tax which is set out in the "Withholding Tax Table" available at: https://indices.nyx.com/en/index-rules.

The PSI 20® GR is a gross total return version of the PSI 20® which is obtained by reinvesting the gross dividends accruing on the constituent shares of the PSI 20®. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the PSI 20® indices can be found in the "INDEX RULE BOOK – PSI 20® Index" and various other materials which are available at: https://indices.nyx.com/en/index-rules.

DAX®

LevDAX® x3 AR (TR)

The LevDAX® x3 AR (TR) is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the DAX® (TR), less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The LevDAX® x3 AR (TR) incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the DAX® (TR) loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the LevDAX® x3 AR (TR) is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the DAX® (TR) on the LevDAX® x3 AR (TR).

Further information on the LevDAX® x3 AR (TR) can be found in the "Guide to the Strategy Indices of Deutche Börse" and various other materials which are available at: http://dax-indices.com/.

Information about the past and further performance of the LevDAX® x3 AR (TR) and its volatility can be found at: http://www.dax-indices.com/EN/index.aspx?pageID=25&ISIN=DE000A1EX2Y7.

	ISIN	Bloomberg	Reuters
Underlying EquityBenchmark			
DAX® (TR)	DE0008469008	DAX	.GDAXI
Leveraged Equity Index			
LevDAX® x3 AR (TR)	DE000A1EXY02	LEVDAX3	.LEVDAX3

ShortDAX® x3 AR (TR)

The ShortDAX® x3 AR (TR) is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the DAX® (TR), plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The ShortDAX® x3 AR (TR) incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the DAX® (TR) appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the ShortDAX® x3 AR (TR) is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the DAX® (TR) on the ShortDAX® x3 AR (TR).

Further information on the ShortDAX® x3 AR (TR) can be found in the "Guide to the Strategy Indices of Deutche Börse" and various other materials which are available at: http://dax-indices.com/.

Information about the past and further performance of the ShortDAX® x3 AR (TR) and its volatility can be found at: http://www.dax-indices.com/EN/index.aspx?pageID=25&ISIN=DE000A1EXZA7.

	ISIN	**Bloomberg**	**Reuters**
Underlying Equity Benchmark			
DAX® (TR)	DE0008469008	DAX	.GDAXI
Short Equity Index			
ShortDAX® x3 AR (TR)	DE000A1EXZA7	SHRTDX3	.SHRTDX3

Overview of the DAX® and Underlying Equity Benchmarks

The DAX® reflects the segment of blue chips admitted to the Prime Standard Segment and comprises the 30 largest and most actively traded companies that are listed at the FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange). The index is open to companies with juristic headquarters in Germany or to companies with operating headquarters in Germany with a major share of their stock exchange turnover at the Frankfurt Stock Exchange and juristic headquarters in the European Union or in an EFTA state. The DAX® index is calculated in EUR.

The DAX® (TR) is a gross total return index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the DAX®. Dividend income is assumed to be reinvested on the ex-dividend date. No net return version of the DAX® is currently available.

Further information on the DAX® indices can be found in the "Guide to the Equity Indices of Deutche Börse" and various other materials which are available at: http://dax-indices.com/.

FTSE 100

FTSE 100 Daily Super Leveraged RT TR Index

The FTSE 100 Daily Super Leveraged RT TR Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE 100 Net of Tax Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Sterling Overnight Index Average ("SONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE 100 Daily Super Leveraged RT TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE 100 Net of Tax Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE 100 Net of Tax Index on the FTSE 100 Daily Super Leveraged RT TR Index.

Further information on the FTSE 100 Daily Super Leveraged RT TR Index can be found in the "GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Information about the past and further performance of the FTSE 100 Daily Super Leveraged RT TR Index and its volatility can be found at: http://www.ftse.com/Indices/index.jsp.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
FTSE 100 Net of Tax Index	N/A	UKXNUK	.TRIUKXNUK
Leveraged Equity Index			
FTSE 100 Daily Super Leveraged RT TR Index	N/A	UKXL3X	.FTUKXL3X

FTSE 100 Daily Ultra Short Strategy RT Gross TR Index

The FTSE 100 Daily Ultra Short Strategy RT Gross TR Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE 100 Total Return Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Sterling Overnight Index Average ("SONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE 100 Daily Ultra Short Strategy RT Gross TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE 100 Total Return Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE 100 Total Return Index on the FTSE 100 Daily Ultra Short Strategy RT Gross TR Index.

Further information on the FTSE 100 Daily Ultra Short Strategy RT Gross TR Index can be found in the "GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices" and various other materials which are available at: http://www.ftse.com/Indices/.

Information about the past and further performance of the FTSE 100 Daily Ultra Short Strategy RT Gross TR Index and its volatility can be found at: http://www.ftse.com/indices/index.jsp.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
FTSE 100 Total Return Index	N/A	UKXDUK	.TRIUKXDUK
Short Equity Index			
FTSE 100 Daily Ultra Short Strategy RT Gross TR Index	N/A	UKXI3X	.FTUKXI3X

Overview of the FTSE 100 and Underlying Equity Benchmarks

The FTSE 100 Index is a market-capitalisation weighted index of UK-listed blue chip companies which is designed to measure the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. The FTSE 100 Index is calculated in GBP.

The FTSE 100 Net of Tax Index is a net total return version of the FTSE 100 Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE 100 Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends paid by UK tax resident companies are applied as declared. Where a company with REIT status declares a Property Income Dividend (PIDs), any appropriate withholding tax adjustment will be applied. Dividends paid by non-UK tax resident companies are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "Withholding Tax" table available at: http://www.ftse.com/Indices.

The FTSE 100 Total Return Index is a gross total return version of the FTSE 100 Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE 100 Index. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the FTSE 100 indices can be found in the "GROUND RULES FOR THE MANAGEMENT OF THE FTSE UK INDEX SERIES", the "GUIDE TO CALCULATION METHODS FOR THE FTSE UK INDEX SERIES" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE 250

FTSE 250 Daily Super Leveraged RT TR Index

The FTSE 250 Daily Super Leveraged RT TR Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE

250 Net of Tax Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Sterling Overnight Index Average ("SONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE 250 Daily Super Leveraged RT TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE 250 Net of Tax Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE 250 Net of Tax Index on the FTSE 250 Daily Super Leveraged RT TR Index.

Further information on the FTSE 250 Daily Super Leveraged RT TR Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE 250 Daily Ultra Short Strategy RT Gross TR Index

The FTSE 250 Daily Ultra Short Strategy RT Gross TR Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE 250 Total Return Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Sterling Overnight Index Average ("SONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE 250 Daily Ultra Short Strategy RT Gross TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE 250 Total Return Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE 250 Total Return Index on the FTSE 250 Daily Ultra Short Strategy RT Gross TR Index.

Further information on the FTSE 250 Daily Ultra Short Strategy RT Gross TR Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE 250 and Underlying Equity Benchmarks

The FTSE 250 Index is a market-capitalisation weighted index of UK-listed blue chip companies which is designed to measure the performance of the 101st to 350th largest companies traded on the London Stock Exchange that pass screening for size and liquidity. The FTSE 250 Index is calculated in GBP.

The FTSE 250 Net of Tax Index is a net total return version of the FTSE 250 Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE 250 Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends paid by UK tax resident companies are applied as declared. Where a company with REIT status declares a Property Income Dividend (PIDs), any appropriate withholding tax adjustment will be applied. Dividends paid by non-UK tax resident companies are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "*Withholding Tax*" table available at: http://www.ftse.com/Indices.

The FTSE 250 Total Return Index is a gross total return version of the FTSE 250 Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE 250 Index. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the FTSE 250 indices can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE UK INDEX SERIES", the "GUIDE TO CALCULATION METHODS FOR THE FTSE UK INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE MIB

FTSE MIB Daily Super Leveraged RT Net TR Index

The FTSE MIB Daily Super Leveraged RT Net TR Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE MIB Net Total Return Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average (“EONIA”)) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE MIB Daily Super Leveraged RT Net TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE MIB Net Total Return Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE MIB Net Total Return Index on the FTSE MIB Daily Super Leveraged RT Net TR Index.

Further information on the FTSE MIB Daily Super Leveraged RT Net TR Index can be found in the “GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices” and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
FTSE MIB Net Total Return Index	N/A	FTSEMIBN	.TRIFTSEMIBN
Leveraged Equity Index			
FTSE MIB Daily Super Leveraged RT Net TR Index	N/A	FMIBL3X	.FTFMIBL3X

FTSE MIB Daily Ultra Short Strategy RT Gross TR Index

The FTSE MIB Daily Ultra Short Strategy RT Gross TR Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE MIB Total Return Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average (“EONIA”)), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE MIB Daily Ultra Short Strategy RT Gross TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE MIB Total Return Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE MIB Total Return Index on the FTSE MIB Daily Ultra Short Strategy RT Gross TR Index.

Further information on the FTSE MIB Daily Ultra Short Strategy RT Gross TR Index can be found in the “GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices” and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
FTSE MIB Total Return Index	N/A	TFTSEMIB	.TRIFTSEMIB
Short Equity Index			
FTSE MIB Daily Ultra Short Strategy RT Gross TR Index	N/A	FMIBI3X	.FTFMIBI3X

Overview of the FTSE MIB and Underlying Equity Benchmarks

The FTSE MIB Index is the primary benchmark index for the Italian equity markets and measures the performance of 40 Italian equities and seeks to replicate the broad sector weights of the Italian stock market. The FTSE MIB Index is derived from the universe of stocks trading on the Borsa Italiana (BIt) main equity market, and is calculated in EUR.

The FTSE MIB Net Total Return Index is a net total return version of the FTSE MIB Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE MIB Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted by an implied withholding tax rate derived from the highest withholding tax rate then in effect for recipients in Luxembourg, regardless of the tax domicile of the constituent company which has declared the dividend. The current withholding tax rate is set out in the “Withholding Tax” table available at: http://www.ftse.com/Indices.

The FTSE MIB Total Return Index is a gross total return version of the FTSE MIB Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE MIB Index. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the FTSE MIB indices can be found in the "METHODOLOGY FOR THE MANAGEMENT OF THE FTSE MIB INDEX" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE USA Large Cap Super Liquid

FTSE USA Large Cap Super Liquid 3x Daily Leveraged Index

The FTSE USA Large Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE USA Large Cap Super Liquid Net TR Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE USA Large Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE USA Large Cap Super Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE USA Large Cap Super Liquid Net TR Index on the FTSE USA Large Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE USA Large Cap Super Liquid 3x Daily Leveraged Index can be found in the "GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
FTSE USA Large Cap Super Liquid Net TR Index	N/A	FTUSLNU	.FTUSLNU
Leveraged Equity Index			
FTSE USA Large Cap Super Liquid 3x Daily Leveraged Index	N/A	SLQUSL3	.SLQUSL3

FTSE USA Large Cap Super Liquid 3x Daily Short Index

The FTSE USA Large Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE USA Large Cap Super Liquid Gross TR Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE USA Large Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE USA Large Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE USA Large Cap Super Liquid Gross TR Index on the FTSE USA Large Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE USA Large Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
FTSE USA Large Cap Super Liquid Gross TR Index	N/A	FTUSLU	.FTUSLU
Short Equity Index			
FTSE USA Large Cap Super Liquid 3x Daily Short Index	N/A	SLQUSS3	.SLQUSS3

Overview of the FTSE USA Large Cap Super Liquid Index

The FTSE USA Large Cap Super Liquid Index is a super liquid version of the FTSE USA Large Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE USA Large Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE USA Large Cap Index. The FTSE USA Large Cap Index is calculated in USD.

The FTSE USA Large Cap Index is a USA-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE USA Large Cap Super Liquid Index can be found in the “GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES” and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Further information on the FTSE USA Large Cap Index as a USA-specific large cap sub-set of the FTSE All-World Index Series can be found in the “GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES” and the “GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES” and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE USA Large Cap Super Liquid Net TR Index is a net total return version of the FTSE USA Large Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE USA Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the “*Withholding Tax*” table available at: http://www.ftse.com/Indices/index.jsp.

The FTSE USA Large Cap Super Liquid Gross TR Index is a gross total return version of the FTSE USA Large Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE USA Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE USA Small Cap Super Liquid

FTSE USA Small Cap Super Liquid 3x Daily Leveraged Index

The FTSE USA Small Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE USA Small Cap Super Liquid Net TR Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE USA Small Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE USA Small Cap Super Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE USA Small Cap Super Liquid Net TR Index on the FTSE USA Small Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE USA Small Cap Super Liquid 3x Daily Leveraged Index can be found in the “*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*” and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE USA Small Cap Super Liquid 3x Daily Short Index

The FTSE USA Small Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE USA Small Cap Super Liquid Gross TR Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE USA Small Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE USA Small Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE USA Small Cap Super Liquid Gross TR Index on the FTSE USA Small Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE USA Small Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE USA Small Cap Super Liquid Index

The FTSE USA Small Cap Super Liquid Index is a super liquid version of the FTSE USA Small Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE USA Small Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE USA Small Cap Index. The FTSE USA Small Cap Index is calculated in USD. The FTSE USA Small Cap Index is a USA-specific sub-set of the universe of stocks in the FTSE Global Small Cap Index Series which is itself a small cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE USA Small Cap Super Liquid Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/indices.jsp.

Further information on the FTSE USA Small Cap Index as a USA-specific sub-set of the FTSE Global Small Cap Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE USA Small Cap Super Liquid Net TR Index is a net total return version of the FTSE USA Small Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE USA Small Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "Withholding Tax" table available at: http://www.ftse.com/Indices/.

The FTSE USA Small Cap Super Liquid Gross TR Index is a gross total return version of the FTSE USA Small Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE USA Small Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE Australia Large Cap Super Liquid

FTSE Australia Large Cap Super Liquid 3x Daily Leveraged Index

The FTSE Australia Large Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Australia Large Cap Super Liquid Net TR Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE Australia Large Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Australia Large Cap Super

Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE Australia Large Cap Super Liquid Net TR Index on the FTSE Australia Large Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE Australia Large Cap Super Liquid 3x Daily Leveraged Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE Australia Large Cap Super Liquid 3x Daily Short Index

The FTSE Australia Large Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Australia Large Cap Super Liquid Gross TR Index, *plus* an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), *less* an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE Australia Large Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Australia Large Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE Australia Large Cap Super Liquid Gross TR Index on the FTSE Australia Large Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE Australia Large Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE Australia Large Cap Super Liquid Index

The FTSE Australia Large Cap Super Liquid Index is a super liquid version of the FTSE Australia Large Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE Australia Large Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE Australia Large Cap Index. The FTSE Australia Large Cap Index is calculated in USD. The FTSE Australia Large Cap Index is an Australian-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE Australia Large Cap Super Liquid Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Further information on the FTSE Australia Large Cap Index as an Australian-specific large cap sub-set of the FTSE All-World Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE Australia Large Cap Super Liquid Net TR Index is a net total return version of the FTSE Australia Large Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE Australia Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "*Withholding Tax*" table available at: http://www.ftse.com/Indices/.

The FTSE Australia Large Cap Super Liquid Gross TR Index is a gross total return version of the FTSE Australia Large Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE Australia Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE Brazil Large Cap Super Liquid

FTSE Brazil Large Cap Super Liquid 3x Daily Leveraged Index

The FTSE Brazil Large Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Brazil Large Cap Super Liquid Net TR Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE Brazil Large Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Brazil Large Cap Super Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE Brazil Large Cap Super Liquid Net TR Index on the FTSE Brazil Large Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE Brazil Large Cap Super Liquid 3x Daily Leveraged Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE Brazil Large Cap Super Liquid 3x Daily Short Index

The FTSE Brazil Large Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Brazil Large Cap Super Liquid Gross TR Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE Brazil Large Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Brazil Large Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE Brazil Large Cap Super Liquid Gross TR Index on the FTSE Brazil Large Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE Brazil Large Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE Brazil Large Cap Super Liquid Index

The FTSE Brazil Large Cap Super Liquid Index is a super liquid version of the FTSE Brazil Large Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE Brazil Large Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE Brazil Index. The FTSE Brazil Large Cap Index is calculated in USD. The FTSE Brazil Large Cap Index is a Brazil-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE Brazil Large Cap Super Liquid Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Further information on the FTSE Brazil Large Cap Index as a Brazil-specific large cap sub-set of the FTSE All-World Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE Brazil Large Cap Super Liquid Net TR Index is a net total return version of the FTSE Brazil Large Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE Brazil Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "Withholding Tax" table available at: http://www.ftse.com/Indices/index.jsp.

The FTSE Brazil Large Cap Super Liquid Gross TR Index is a gross total return version of the FTSE Brazil Large Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE Brazil Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE Emerging Large Cap Super Liquid

FTSE Emerging Large Cap Super Liquid 3x Daily Leveraged Index

The FTSE Emerging Large Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Emerging Large Cap Super Liquid Net TR Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE Emerging Large Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Emerging Large Cap Super Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE Emerging Large Cap Super Liquid Net TR Index on the FTSE Emerging Large Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE Emerging Large Cap Super Liquid 3x Daily Leveraged Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE Emerging Large Cap Super Liquid 3x Daily Short Index

The FTSE Emerging Large Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Emerging Large Cap Super Liquid Gross TR Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE Emerging Large Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Emerging Large Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE Emerging Large Cap Super Liquid Gross TR Index on the FTSE Emerging Large Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE Emerging Large Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE Emerging Large Cap Super Liquid Index

The FTSE Emerging Large Cap Super Liquid Index is a super liquid version of the FTSE Emerging Large Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE Emerging Large Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE Emerging Large Cap Index. The FTSE Emerging Large Cap Index is calculated in USD. The FTSE Emerging Large Cap Index is an Emerging Market-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE Emerging Large Cap Super Liquid Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Further information on the FTSE Emerging Large Cap Index as an Emerging Market-specific large cap sub-set of the FTSE All-World Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE Emerging Large Cap Super Liquid Net TR Index is a net total return version of the FTSE Emerging Large Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE Emerging Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "*Withholding Tax*" table available at: http://www.ftse.com/Indices/index.jsp.

The FTSE Emerging Large Cap Super Liquid Gross TR Index is a gross total return version of the FTSE Emerging Large Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE Emerging Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE Japan Large Cap Super Liquid

FTSE Japan Large Cap Super Liquid 3x Daily Leveraged Index

The FTSE Japan Large Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Japan Large Cap Super Liquid Net TR Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE Japan Large Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Japan Large Cap Super Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE Japan Large Cap Super Liquid Net TR Index on the FTSE Japan Large Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE Japan Large Cap Super Liquid 3x Daily Leveraged Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE Japan Large Cap Super Liquid 3x Daily Short Index

The FTSE Japan Large Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Japan Large Cap Super Liquid Gross TR Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE Japan Large Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Japan Large Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE Japan Large Cap Super Liquid Gross TR Index on the FTSE Japan Large Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE Japan Large Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE Japan Large Cap Super Liquid Index

The FTSE Japan Large Cap Super Liquid Index is a super liquid version of the FTSE Japan Large Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE Japan Large Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE Japan Large Cap Index. The FTSE Japan Large Cap Index is calculated in USD. The FTSE Japan Large Cap Index is a Japan-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE Japan Large Cap Super Liquid Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Further information on the FTSE Japan Large Cap Index as a Japan-specific large cap sub-set of the FTSE All-World Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE Japan Large Cap Super Liquid Net TR Index is a net total return version of the FTSE Japan Large Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE Japan Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "*Withholding Tax*" table available at: http://www.ftse.com/Indices/index.jsp.

The FTSE Japan Large Cap Super Liquid Gross TR Index is a gross total return version of the FTSE Japan Large Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE Japan Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE Latin America Large Cap Super Liquid

FTSE Latin America Large Cap Super Liquid 3x Daily Leveraged Index

The FTSE Latin America Large Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Latin America Large Cap Super Liquid Net TR Index, *less* an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE Latin America Large Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Latin America Large Cap Super Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE Latin America Large Cap Super Liquid Net TR Index on the FTSE Latin America Large Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE Latin America Large Cap Super Liquid 3x Daily Leveraged Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE Latin America Large Cap Super Liquid 3x Daily Short Index

The FTSE Latin America Large Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Latin America Large Cap Super Liquid Gross TR Index, *plus* an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), *less* an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE Latin America Large Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Latin America Large Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE Latin America Large Cap Super Liquid Gross TR Index on the FTSE Latin America Large Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE Latin America Large Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE Latin America Large Cap Super Liquid Index

The FTSE Latin America Large Cap Super Liquid Index is a super liquid version of the FTSE Latin America Large Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE Latin America Large Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE Latin America Large Cap Index. The FTSE Latin America Large Cap Index is calculated in USD. The FTSE Latin America Large Cap Index is a Latin America-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE Latin America Large Cap Super Liquid Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Further information on the FTSE Latin America Large Cap Index as a large cap sub-set of the FTSE All-World Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE Latin America Large Cap Super Liquid Net TR Index is a net total return version of the FTSE Latin America Large Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE Latin America Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "*Withholding Tax*" table available at: http://www.ftse.com/Indices/index.jsp.

The FTSE Latin America Large Cap Super Liquid Gross TR Index is a gross total return version of the FTSE Latin America Large Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE Latin America Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE Spain Large Cap Super Liquid

FTSE Spain Large Cap Super Liquid 3x Daily Leveraged Index

The FTSE Spain Large Cap Super Liquid 3x Daily Leveraged Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Spain Large Cap Super Liquid Net TR Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (US federal funds effective rate) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE Spain Large Cap Super Liquid 3x Daily Leveraged Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Spain Large Cap Super Liquid Net TR Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE Spain Large Cap Super Liquid Net TR Index on the FTSE Spain Large Cap Super Liquid 3x Daily Leveraged Index.

Further information on the FTSE Spain Large Cap Super Liquid 3x Daily Leveraged Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE Spain Large Cap Super Liquid 3x Daily Short Index

The FTSE Spain Large Cap Super Liquid 3x Daily Short Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE Spain Large Cap Super Liquid Gross TR Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (US federal funds effective rate), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE Spain Large Cap Super Liquid 3x Daily Short Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE Spain Large Cap Super Liquid Gross TR Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE Spain Large Cap Super Liquid Gross TR Index on the FTSE Spain Large Cap Super Liquid 3x Daily Short Index.

Further information on the FTSE Spain Large Cap Super Liquid 3x Daily Short Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE Spain Large Cap Super Liquid Index

The FTSE Spain Large Cap Super Liquid Index is a super liquid version of the FTSE Spain Large Cap Index which uses a quantitative liquidity screening methodology that identifies and selects the most liquid stocks in the FTSE Spain Large Cap Index. This results in a basket with increased tradability and reduced implementation and maintenance costs, whilst retaining the industry exposure and performance characteristics of the FTSE Spain Large Cap Index. The FTSE Spain Large Cap Index is calculated in EUR. The FTSE Spain Large Cap Index is a Spain-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on how the super liquid methodology is used to calculate the FTSE Spain Large Cap Super Liquid Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE SUPER LIQUID INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Further information on the FTSE Spain Large Cap Index as a Spain-specific large cap sub-set of the FTSE All-World Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE Spain Large Cap Super Liquid Net TR Index is a net total return version of the FTSE Spain Large Cap Super Liquid Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE Spain Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "*Withholding Tax*" table available at: http://www.ftse.com/Indices.

The FTSE Spain Large Cap Super Liquid Gross TR Index is a gross total return version of the FTSE Spain Large Cap Super Liquid Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE Spain Large Cap Super Liquid Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE BRIC 50

FTSE BRIC 50 Daily Super Leveraged RT TR Index

The FTSE BRIC 50 Daily Super Leveraged RT TR Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE BRIC 50 Net of Tax Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Sterling Overnight Index Average ("SONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE BRIC 50 Daily Super Leveraged RT TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE BRIC 50 Net of Tax Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE BRIC 50 Net of Tax Index on the FTSE BRIC 50 Daily Super Leveraged RT TR Index.

Further information on the FTSE BRIC 50 Daily Super Leveraged RT TR Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE BRIC 50 Daily Ultra Short Strategy RT Gross TR Index

The FTSE BRIC 50 Daily Ultra Short Strategy RT Gross TR Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE BRIC 50 Total Return Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Sterling Overnight Index Average ("SONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE BRIC 50 Daily Ultra Short Strategy RT Gross TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE BRIC 50 Total Return Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE BRIC 50 Total Return Index on the FTSE BRIC 50 Daily Ultra Short Strategy RT Gross TR Index.

Further information on the FTSE BRIC 50 Daily Ultra Short Strategy RT Gross TR Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE BRIC 50 and Underlying Equity Benchmarks

The FTSE BRIC 50 Index represents the performance of the 50 biggest companies by full market capitalization, that trade as either depositary receipts (DRs) for Brazilian, Indian or Russian companies, or H shares or Red Chips for Chinese companies. The index provides a highly-liquid BRIC basket that aims to represent the free-float adjusted capitalisation of the underlying securities. The FTSE BRIC 50 Index is calculated in USD. The FTSE BRIC 50 Index is a BRIC-specific sub-set of the large cap stocks in the FTSE ALL-World Index Series which is itself a large and mid cap sub-set of the FTSE Global Equity Index Series. The FTSE Global Equity Index Series is comprised of the FTSE Global Small Cap Index Series (small cap) and the FTSE All-World Index Series (large and mid cap).

Further information on the FTSE BRIC 50 Index as a BRIC-specific large cap sub-set of the FTSE All-World Index Series can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE GLOBAL EQUITY INDEX SERIES*" and the "*GUIDE TO CALCULATION METHODS FOR THE FTSE GLOBAL EQUITY INDEX SERIES*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Underlying Equity Benchmarks

The FTSE BRIC 50 Net of Tax Index is a net total return version of the FTSE BRIC 50 Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE BRIC 50 Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "*Withholding Tax*" table available at: http://www.ftse.com/Indices/index.jsp.

The FTSE BRIC 50 Total Return Index is a gross total return version of the FTSE BRIC 50 Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE BRIC 50 Index. Dividend income is assumed to be reinvested on the ex-dividend date.

FTSE China 50

FTSE China 50 Daily Super Leveraged RT TR Index

The FTSE China 50 Daily Super Leveraged RT TR Index is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE China 50 Net of Tax Index, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Sterling Overnight Index Average ("SONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The FTSE China 50 Daily Super Leveraged RT TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE China 50 Net of Tax Index loses more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the FTSE China 50 Net of Tax Index on the FTSE China 50 Daily Super Leveraged RT TR Index.

Further information on the FTSE China 50 Daily Super Leveraged RT TR Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Leveraged Net Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

FTSE China 50 Daily Ultra Short Strategy RT Gross TR Index

The FTSE China 50 Daily Ultra Short Strategy RT Gross TR Index is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the FTSE China 50 Total Return Index, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Sterling Overnight Index Average ("SONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The FTSE China 50 Daily Ultra Short Strategy RT Gross TR Index incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the FTSE China 50 Total Return Index appreciates by more than 20 per cent. measured against its value at the close of the previous trading day. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the FTSE China 50 Total Return Index on the FTSE China 50 Daily Ultra Short Strategy RT Gross TR Index.

Further information on the FTSE China 50 Daily Ultra Short Strategy RT Gross TR Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF FTSE Daily Short Strategy Gross Total Return Indices*" and various other materials which are available at: http://www.ftse.com/Indices/index.jsp.

Overview of the FTSE China 50 and Underlying Equity Benchmarks

The FTSE China 50 Index is a real-time tradable index comprising 50 of the largest and most liquid Chinese stocks (H Shares, Red Chips and P Chips) listed and trading on the Stock Exchange of Hong Kong (SEHK), ranked by full market capitalisation. The FTSE China 50 Index represents the free-float adjusted capitalisation of the underlying securities and is calculated in USD.

The FTSE China 50 Net of Tax Index is a net total return version of the FTSE China 50 Index which is obtained by reinvesting the net dividends accruing on the constituent shares of the FTSE China 50 Index. Dividend income is assumed to be reinvested on the ex-dividend date. All dividends are adjusted for withholding tax based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The current withholding tax rates are set out in the "Withholding Tax" table available at: http://www.ftse.com/Indices.

The FTSE China 50 Total Return Index is a gross total return version of the FTSE China 50 Index which is obtained by reinvesting the gross dividends accruing on the constituent shares of the FTSE China 50 Index. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the FTSE China 50 Index can be found in the "*GROUND RULES FOR THE MANAGEMENT OF THE FTSE China 50 INDEX*" and various other materials which are available at: http://www.ftse.com/Indices/.

EURO STOXX 50®

EURO STOXX 50® Daily Leverage 3 EUR Net Return

The EURO STOXX 50® Daily Leverage 3 EUR Net Return is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX 50® EUR Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX 50® Daily Leverage 3 EUR Net Return incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX 50® EUR Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX 50® Daily Leverage 3 EUR Net Return is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX 50® EUR Net Return on the EURO STOXX 50® Daily Leverage 3 EUR Net Return.

Further information on the EURO STOXX 50® Daily Leverage 3 EUR Net Return can be found in the "STOXX® Strategy Index Guide" and various other materials which are available at: http://www.stoxx.com/indices.

Information about the past and further performance of the EURO STOXX 50® and its volatility can be found at: http://www.stoxx.com/data/historical/historical_strategy.html.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark			
EURO STOXX 50® EUR Net Return	EU0009658152	SX5T	.STOXX50ER
Leveraged Equity Index			
EURO STOXX 50® Daily Leverage 3 EUR Net Return	CH0183708806	SX5TDL3	.SX5TDL3

EURO STOXX 50® Daily Short 3 EUR Gross Return

The EURO STOXX 50® Daily Short 3 EUR Gross Return is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX 50® EUR Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX 50® Daily Short 3 EUR Gross Return incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX 50® EUR Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX 50® Daily Short 3 EUR Gross Return is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX 50® EUR Gross Return on the EURO STOXX 50® Daily Short 3 EUR Gross Return.

Further information on the EURO STOXX 50® Daily Short 3 EUR Gross Return can be found in the "STOXX® Strategy Index Guide" and various other materials which are available at: http://www.stoxx.com/indices.

	ISIN	Bloomberg	Reuters
Underlying Equity Benchmark EURO STOXX 50® EUR Gross Return	CH0102173264	SX5GT	.SX5GT
Short Equity Index EURO STOXX 50® Daily Short 3 EUR Gross Return	CH0183709143	SX5GT3S	.SX5GT3S

Overview of the EURO STOXX 50® and Underlying Equity Benchmarks

The EURO STOXX 50® provides a Blue-chip representation of supersector (as defined by the Industry Classification Benchmark) leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The EURO STOXX 50® is weighted according to free-float market capitalization and is reviewed annually in September. The EURO STOXX 50® is calculated in EUR.

The EURO STOXX 50® EUR Net Return is a net total return version of the EURO STOXX 50® which is obtained by reinvesting the net dividends accruing on the constituent shares of the EURO STOXX 50®. Dividend income is assumed to be reinvested on the ex-dividend date. The net dividend is calculated as the gross dividends minus the applicable withholding tax which is set out in the "Withholding Tax" table available at: http://www.stoxx.com/indices/taxes.html.

The EURO STOXX 50® EUR Gross Return is a gross total return version of the EURO STOXX 50® which is obtained by reinvesting the gross dividends accruing on the constituent shares of the EURO STOXX 50®. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the EURO STOXX 50® indices described above can be found in the "STOXX® EQUITY INDEX CALCULATION GUIDE" and various other materials which are available at: http://www.stoxx.com/indices.

EURO STOXX® Supersectors

Overview of the EURO STOXX 50® Supersectors and Underlying Equity Benchmarks

The EURO STOXX® Supersector Indices are derived from the Eurozone subset of the STOXX® Europe 600 Index and represent the largest Eurozone companies in each of the 19 supersectors as defined by the Industry Classification Benchmark (ICB). The Eurozone subset covers Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Each of the index descriptions below indicates whether it is derived from the net return or gross return version of the relevant underlying EURO STOXX® Supersector Index. The EURO STOXX® Supersector Indices are calculated in EUR.

The net return version of each EURO STOXX® Supersector Index is obtained by reinvesting the net dividends accruing on the constituent shares of the relevant EURO STOXX® Supersector Index. Dividend income is assumed to be reinvested on the ex-dividend date. The net dividend is calculated as the gross dividends minus the applicable withholding tax which is set out in the "Withholding Tax" table available at: http://www.stoxx.com/indices/taxes.html.

The gross return version of each EURO STOXX® Supersector Index is obtained by reinvesting the gross dividends accruing on the constituent shares of the relevant EURO STOXX® Supersector Index. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the EURO STOXX® Supersector Indices described above can be found in the "STOXX® INDEX METHODOLOGY GUIDE (PORTFOLIO BASED INDICES)" and various other materials which are available at: http://www.stoxx.com/indices.

Further information on the leveraged and short versions of the EURO STOXX® Supersector Indices described below can be found in the "STOXX® Strategy Index Guide" and various other materials which are available at: http://www.stoxx.com/indices.

EURO STOXX® Automobiles & Parts Daily Triple Leverage

The EURO STOXX® Automobiles & Parts Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Automobiles & Parts Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Automobiles & Parts Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Automobiles & Parts Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Automobiles & Parts Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Automobiles & Parts Net Return on the EURO STOXX® Automobiles & Parts Daily Triple Leverage.

EURO STOXX® Automobiles & Parts Daily Triple Short

The EURO STOXX® Automobiles & Parts Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Automobiles & Parts Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Automobiles & Parts Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Automobiles & Parts Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Automobiles & Parts Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Automobiles & Parts Gross Return on the EURO STOXX® Automobiles & Parts Daily Triple Short.

EURO STOXX® Banks Daily Triple Leverage

The EURO STOXX® Banks Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Banks Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Banks Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Banks Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Banks Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Banks Net Return on the EURO STOXX® Banks Daily Triple Leverage.

EURO STOXX® Banks Daily Triple Short

The EURO STOXX® Banks Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the

EURO STOXX® Banks Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Banks Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Banks Gross Return appreciates by more than 16.66 per cent. of its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Banks Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Banks Gross Return on the EURO STOXX® Banks Daily Triple Short.

EURO STOXX® Basic Resources Daily Triple Leverage

The EURO STOXX® Basic Resources Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Basic Resources Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Basic Resources Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Basic Resources Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Basic Resources Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Basic Resources Net Return on the EURO STOXX® Basic Resources Daily Triple Leverage.

EURO STOXX® Basic Resources Daily Triple Short

The EURO STOXX® Basic Resources Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Basic Resources Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Basic Resources Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Basic Resources Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Basic Resources Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Basic Resources Gross Return on the EURO STOXX® Basic Resources Daily Triple Short.

EURO STOXX® Chemicals Daily Triple Leverage

The EURO STOXX® Chemicals Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Chemicals Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Chemicals Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Chemicals Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Chemicals Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Chemicals Net Return on the EURO STOXX® Chemicals Daily Triple Leverage.

EURO STOXX® Chemicals Daily Triple Short

The EURO STOXX® Chemicals Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Chemicals Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Chemicals Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Chemicals Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Chemicals Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Chemicals Gross Return on the EURO STOXX® Chemicals Daily Triple Short.

EURO STOXX® Construction & Materials Daily Triple Leverage

The EURO STOXX® Construction & Materials Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Construction & Materials Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Construction & Materials Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Construction & Materials Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Construction & Materials Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Construction & Materials Net Return on the EURO STOXX® Construction & Materials Daily Triple Leverage.

EURO STOXX® Construction & Materials Daily Triple Short

The EURO STOXX® Construction & Materials Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Construction & Materials Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Construction & Materials Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Construction & Materials Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Construction & Materials Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Construction & Materials Gross Return on the EURO STOXX® Construction & Materials Daily Triple Short.

EURO STOXX® Financial Services Daily Triple Leverage

The EURO STOXX® Financial Services Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Financial Services Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Financial Services Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Financial Services Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Financial Services Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Financial Services Net Return on the EURO STOXX® Financial Services Daily Triple Leverage.

EURO STOXX® Financial Services Daily Triple Short

The EURO STOXX® Financial Services Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Financial Services Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Financial Services Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Financial Services Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Financial Services Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Financial Services Gross Return on the EURO STOXX® Financial Services Daily Triple Short.

EURO STOXX® Food & Beverage Daily Triple Leverage

The EURO STOXX® Food & Beverage Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Food & Beverage Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Food & Beverage Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Food & Beverage Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Food & Beverage Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Food & Beverage Net Return on the EURO STOXX® Food & Beverage Daily Triple Leverage.

EURO STOXX® Food & Beverage Daily Triple Short

The EURO STOXX® Food & Beverage Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Food & Beverage Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Food & Beverage Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Food & Beverage Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Food & Beverage Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Food & Beverage Gross Return on the EURO STOXX® Food & Beverage Daily Triple Short.

EURO STOXX® Health Care Daily Triple Leverage

The EURO STOXX® Health Care Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Health Care Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Health Care Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Health Care Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Health Care Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Health Care Net Return on the EURO STOXX® Health Care Daily Triple Leverage.

EURO STOXX® Health Care Daily Triple Short

The EURO STOXX® Health Care Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Health Care Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Health Care Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Health Care Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Health Care Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Health Care Gross Return on the EURO STOXX® Health Care Daily Triple Short.

EURO STOXX® Industrial Goods & Services Daily Triple Leverage

The EURO STOXX® Industrial Goods & Services Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Industrial Goods & Services Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Industrial Goods & Services Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Industrial Goods & Services Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Industrial Goods & Services Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Industrial Goods & Services Net Return on the EURO STOXX® Industrial Goods & Services Daily Triple Leverage.

EURO STOXX® Industrial Goods & Services Daily Triple Short

The EURO STOXX® Industrial Goods & Services Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Industrial Goods & Services Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Industrial Goods & Services Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Industrial Goods & Services

Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Industrial Goods & Services Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Industrial Goods & Services Gross Return on the EURO STOXX® Industrial Goods & Services Daily Triple Short.

EURO STOXX® Insurance Daily Triple Leverage

The EURO STOXX® Insurance Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Insurance Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Insurance Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Insurance Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Insurance Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Insurance Net Return on the EURO STOXX® Insurance Daily Triple Leverage.

EURO STOXX® Insurance Daily Triple Short

The EURO STOXX® Insurance Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Insurance Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Insurance Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Insurance Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Insurance Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Insurance Gross Return on the EURO STOXX® Insurance Daily Triple Short.

EURO STOXX® Media Daily Triple Leverage

The EURO STOXX® Media Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Media Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Media Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Media Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Media Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Media Net Return on the EURO STOXX® Media Daily Triple Leverage.

EURO STOXX® Media Daily Triple Short

The EURO STOXX® Media Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the

EURO STOXX® Media Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Media Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Media Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Media Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Media Gross Return on the EURO STOXX® Media Daily Triple Short.

EURO STOXX® Oil & Gas Daily Triple Leverage

The EURO STOXX® Oil & Gas Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Oil & Gas Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Oil & Gas Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Oil & Gas Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Oil & Gas Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Oil & Gas Net Return on the EURO STOXX® Oil & Gas Daily Triple Leverage.

EURO STOXX® Oil & Gas Daily Triple Short

The EURO STOXX® Oil & Gas Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Oil & Gas Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Oil & Gas Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Oil & Gas Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Oil & Gas Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Oil & Gas Gross Return on the EURO STOXX® Oil & Gas Daily Triple Short.

EURO STOXX® Personal & Household Goods Daily Triple Leverage

The EURO STOXX® Personal & Household Goods Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Personal & Household Goods Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Personal & Household Goods Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Personal & Household Goods Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Personal & Household Goods Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO

STOXX® Personal & Household Goods Net Return on the EURO STOXX® Personal & Household Goods Daily Triple Leverage.

EURO STOXX® Personal & Household Goods Daily Triple Short

The EURO STOXX® Personal & Household Goods Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Personal & Household Goods Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Personal & Household Goods Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Personal & Household Goods Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Personal & Household Goods Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Personal & Household Goods Gross Return on the EURO STOXX® Personal & Household Goods Daily Triple Short.

EURO STOXX® Real Estate Daily Triple Leverage

The EURO STOXX® Real Estate Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Real Estate Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Real Estate Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Real Estate Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Real Estate Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Real Estate Net Return on the EURO STOXX® Real Estate Daily Triple Leverage.

EURO STOXX® Real Estate Daily Triple Short

The EURO STOXX® Real Estate Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Real Estate Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Real Estate Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Real Estate Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Real Estate Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Real Estate Gross Return on the EURO STOXX® Real Estate Daily Triple Short.

EURO STOXX® Retail Daily Triple Leverage

The EURO STOXX® Retail Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Retail Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average (“EONIA”)) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Retail Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Retail Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Retail Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Retail Net Return on the EURO STOXX® Retail Daily Triple Leverage.

EURO STOXX® Retail Daily Triple Short

The EURO STOXX® Retail Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Retail Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average (“EONIA”)), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Retail Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Retail Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Retail Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Retail Gross Return on the EURO STOXX® Retail Daily Triple Short.

EURO STOXX® Technology Daily Triple Leverage

The EURO STOXX® Technology Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Technology Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average (“EONIA”)) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Technology Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Technology Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Technology Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Technology Net Return on the EURO STOXX® Technology Daily Triple Leverage.

EURO STOXX® Technology Daily Triple Short

The EURO STOXX® Technology Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Technology Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average (“EONIA”)), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Technology Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Technology Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Technology Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Technology Gross Return on the EURO STOXX® Technology Daily Triple Short.

EURO STOXX® Telecommunications Daily Triple Leverage

The EURO STOXX® Telecommunications Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Telecommunications Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Telecommunications Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Telecommunications Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Telecommunications Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Telecommunications Net Return on the EURO STOXX® Telecommunications Daily Triple Leverage.

EURO STOXX® Telecommunications Daily Triple Short

The EURO STOXX® Telecommunications Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Telecommunications Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Telecommunications Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Telecommunications Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Telecommunications Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Telecommunications Gross Return on the EURO STOXX® Telecommunications Daily Triple Short.

EURO STOXX® Travel & Leisure Daily Triple Leverage

The EURO STOXX® Travel & Leisure Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Travel & Leisure Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Travel & Leisure Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Travel & Leisure Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Travel & Leisure Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Travel & Leisure Net Return on the EURO STOXX® Travel & Leisure Daily Triple Leverage.

EURO STOXX® Travel & Leisure Daily Triple Short

The EURO STOXX® Travel & Leisure Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Travel & Leisure Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Travel & Leisure Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Travel & Leisure Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Travel & Leisure Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Travel & Leisure Gross Return on the EURO STOXX® Travel & Leisure Daily Triple Short.

EURO STOXX® Utilities Daily Triple Leverage

The EURO STOXX® Utilities Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Utilities Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The EURO STOXX® Utilities Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Utilities Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Utilities Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the EURO STOXX® Utilities Net Return on the EURO STOXX® Utilities Daily Triple Leverage.

EURO STOXX® Utilities Daily Triple Short

The EURO STOXX® Utilities Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the EURO STOXX® Utilities Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The EURO STOXX® Utilities Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the EURO STOXX® Utilities Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the EURO STOXX® Utilities Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the EURO STOXX® Utilities Gross Return on the EURO STOXX® Utilities Daily Triple Short.

STOXX® Europe 600 Supersectors

Overview of the STOXX® Europe 600 Supersectors and Underlying Equity Benchmarks

The STOXX® Europe 600 Supersector Indices are derived from STOXX® Europe 600 Index which represents large, mid and small capitalisation companies across 18 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. Each of the STOXX® Europe 600 Supersector Indices is designed to represent the largest European companies in the relevant supersector, as defined by the Industry Classification Benchmark (ICB). Each of the index descriptions below indicates whether it is derived from the net return or gross return version of the relevant underlying STOXX® Europe 600 Supersector Index. The STOXX® Europe 600 Supersector Indices are calculated in EUR.

The net return version of each STOXX® Europe 600 Supersector Index is obtained by reinvesting the net dividends accruing on the constituent shares of the relevant STOXX® Europe 600 Supersector Index. Dividend income is assumed to be reinvested on the ex-dividend date. The net dividend is calculated as the gross dividends minus the applicable withholding tax which is set out in the "Withholding Tax" table available at: http://www.stoxx.com/indices/taxes.html.

The gross return version of each STOXX® Europe 600 Supersector Index is obtained by reinvesting the gross dividends accruing on the constituent shares of the relevant STOXX® Europe 600 Supersector Index. Dividend income is assumed to be reinvested on the ex-dividend date.

Further information on the STOXX® Europe 600 Supersector Indices described above can be found in the “STOXX® INDEX METHODOLOGY GUIDE (PORTFOLIO BASED INDICES)” and various other materials which are available at: http://www.stoxx.com/indices.

Further information on the leveraged and short versions of the STOXX® Europe 600 Supersector Indices described below can be found in the “STOXX® Strategy Index Guide” and various other materials which are available at: http://www.stoxx.com/indices.

Information about the past and further performance of the STOXX® EUROPE 600 Index and its volatility can be found at: http://www.stoxx.com/data/historical/historical_strategy.html.

STOXX® Europe 600 Automobiles & Parts Daily Triple Leverage

The STOXX® Europe 600 Automobiles & Parts Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Automobiles & Parts Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average (“EONIA”)) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Automobiles & Parts Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Automobiles & Parts Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Automobiles & Parts Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Automobiles & Parts Net Return on the STOXX® Europe 600 Automobiles & Parts Daily Triple Leverage.

STOXX® Europe 600 Automobiles & Parts Daily Triple Short

The STOXX® Europe 600 Automobiles & Parts Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Automobiles & Parts Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average (“EONIA”)), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Automobiles & Parts Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Automobiles & Parts Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Automobiles & Parts Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Automobiles & Parts Gross Return on the STOXX® Europe 600 Automobiles & Parts Daily Triple Short.

STOXX® Europe 600 Banks Daily Triple Leverage

The STOXX® Europe 600 Banks Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Banks Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average (“EONIA”)) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Banks Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Banks Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Banks Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Banks Net Return on the STOXX® Europe 600 Banks Daily Triple Leverage.

STOXX® Europe 600 Banks Daily Triple Short

The STOXX® Europe 600 Banks Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Banks Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Banks Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Banks Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Banks Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Banks Gross Return on the STOXX® Europe 600 Banks Daily Triple Short.

STOXX® Europe 600 Basic Resources Daily Triple Leverage

The STOXX® Europe 600 Basic Resources Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Basic Resources Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Basic Resources Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Basic Resources Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Basic Resources Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Basic Resources Net Return on the STOXX® Europe 600 Basic Resources Daily Triple Leverage.

STOXX® Europe 600 Basic Resources Daily Triple Short

The STOXX® Europe 600 Basic Resources Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Basic Resources Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Basic Resources Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Basic Resources Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Basic Resources Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Basic Resources Gross Return on the STOXX® Europe 600 Basic Resources Daily Triple Short.

STOXX® Europe 600 Chemicals Daily Triple Leverage

The STOXX® Europe 600 Chemicals Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Chemicals Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Chemicals Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Chemicals Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Chemicals Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Chemicals Net Return on the STOXX® Europe 600 Chemicals Daily Triple Leverage.

STOXX® Europe 600 Chemicals Daily Triple Short

The STOXX® Europe 600 Chemicals Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Chemicals Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Chemicals Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Chemicals Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Chemicals Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Chemicals Gross Return on the STOXX® Europe 600 Chemicals Daily Triple Short.

STOXX® Europe 600 Construction & Materials Daily Triple Leverage

The STOXX® Europe 600 Construction & Materials Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Construction & Materials Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Construction & Materials Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Construction & Materials Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Construction & Materials Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Construction & Materials Net Return on the STOXX® Europe 600 Construction & Materials Daily Triple Leverage.

STOXX® Europe 600 Construction & Materials Daily Triple Short

The STOXX® Europe 600 Construction & Materials Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Construction & Materials Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Construction & Materials Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Construction & Materials Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Construction & Materials Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Construction & Materials Gross Return on the STOXX® Europe 600 Construction & Materials Daily Triple Short.

STOXX® Europe 600 Financial Services Daily Triple Leverage

The STOXX® Europe 600 Financial Services Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Financial Services Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Financial Services Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Financial Services Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Financial Services Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Financial Services Net Return on the STOXX® Europe 600 Financial Services Daily Triple Leverage.

STOXX® Europe 600 Financial Services Daily Triple Short

The STOXX® Europe 600 Financial Services Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Financial Services Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Financial Services Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Financial Services Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Financial Services Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Financial Services Gross Return on the STOXX® Europe 600 Financial Services Daily Triple Short.

STOXX® Europe 600 Food & Beverage Daily Triple Leverage

The STOXX® Europe 600 Food & Beverage Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Food & Beverage Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Food & Beverage Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Food & Beverage Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Food & Beverage Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Food & Beverage Net Return on the STOXX® Europe 600 Food & Beverage Daily Triple Leverage.

STOXX® Europe 600 Food & Beverage Daily Triple Short

The STOXX® Europe 600 Food & Beverage Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Food & Beverage Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Food & Beverage Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Food & Beverage

Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Food & Beverage Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Food & Beverage Gross Return on the STOXX® Europe 600 Food & Beverage Daily Triple Short.

STOXX® Europe 600 Health Care Daily Triple Leverage

The STOXX® Europe 600 Health Care Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Health Care Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Health Care Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Health Care Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Health Care Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Health Care Net Return on the STOXX® Europe 600 Health Care Daily Triple Leverage.

STOXX® Europe 600 Health Care Daily Triple Short

The STOXX® Europe 600 Health Care Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Health Care Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Health Care Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Health Care Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Health Care Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Health Care Gross Return on the STOXX® Europe 600 Health Care Daily Triple Short.

STOXX® Europe 600 Industrial Goods & Services Daily Triple Leverage

The STOXX® Europe 600 Industrial Goods & Services Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Industrial Goods & Services Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Industrial Goods & Services Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Industrial Goods & Services Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Industrial Goods & Services Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Industrial Goods & Services Net Return on the STOXX® Europe 600 Industrial Goods & Services Daily Triple Leverage.

STOXX® Europe 600 Industrial Goods & Services Daily Triple Short

The STOXX® Europe 600 Industrial Goods & Services Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Industrial Goods & Services Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Industrial Goods & Services Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Industrial Goods & Services Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Industrial Goods & Services Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Industrial Goods & Services Gross Return on the STOXX® Europe 600 Industrial Goods & Services Daily Triple Short.

STOXX® Europe 600 Insurance Daily Triple Leverage

The STOXX® Europe 600 Insurance Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Insurance Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Insurance Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Insurance Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Insurance Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Insurance Net Return on the STOXX® Europe 600 Insurance Daily Triple Leverage.

STOXX® Europe 600 Insurance Daily Triple Short

The STOXX® Europe 600 Insurance Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Insurance Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Insurance Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Insurance Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Insurance Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Insurance Gross Return on the STOXX® Europe 600 Insurance Daily Triple Short.

STOXX® Europe 600 Media Daily Triple Leverage

The STOXX® Europe 600 Media Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Media Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Media Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Media Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Media Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Media Net Return on the STOXX® Europe 600 Media Daily Triple Leverage.

STOXX® Europe 600 Media Daily Triple Short

The STOXX® Europe 600 Media Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Media Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Media Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Media Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Media Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Media Gross Return on the STOXX® Europe 600 Media Daily Triple Short.

STOXX® Europe 600 Oil & Gas Daily Triple Leverage

The STOXX® Europe 600 Oil & Gas Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Oil & Gas Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Oil & Gas Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Oil & Gas Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Oil & Gas Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Oil & Gas Net Return on the STOXX® Europe 600 Oil & Gas Daily Triple Leverage.

STOXX® Europe 600 Oil & Gas Daily Triple Short

The STOXX® Europe 600 Oil & Gas Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Oil & Gas Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Oil & Gas Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Oil & Gas Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Oil & Gas Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Oil & Gas Gross Return on the STOXX® Europe 600 Oil & Gas Daily Triple Short.

STOXX® Europe 600 Personal & Household Goods Daily Triple Leverage

The STOXX® Europe 600 Personal & Household Goods Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Personal & Household Goods Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Personal & Household Goods Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Personal & Household Goods Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Personal & Household Goods Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Personal & Household Goods Net Return on the STOXX® Europe 600 Personal & Household Goods Daily Triple Leverage.

STOXX® Europe 600 Personal & Household Goods Daily Triple Short

The STOXX® Europe 600 Personal & Household Goods Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Personal & Household Goods Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Personal & Household Goods Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Personal & Household Goods Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Personal & Household Goods Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Personal & Household Goods Gross Return on the STOXX® Europe 600 Personal & Household Goods Daily Triple Short.

STOXX® Europe 600 Real Estate Daily Triple Leverage

The STOXX® Europe 600 Real Estate Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Real Estate Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Real Estate Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Real Estate Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Real Estate Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Real Estate Net Return on the STOXX® Europe 600 Real Estate Daily Triple Leverage.

STOXX® Europe 600 Real Estate Daily Triple Short

The STOXX® Europe 600 Real Estate Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Real Estate Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index

Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Real Estate Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Real Estate Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Real Estate Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Real Estate Gross Return on the STOXX® Europe 600 Real Estate Daily Triple Short.

STOXX® Europe 600 Retail Daily Triple Leverage

The STOXX® Europe 600 Retail Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Retail Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Retail Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Retail Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Retail Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Retail Net Return on the STOXX® Europe 600 Retail Daily Triple Leverage.

STOXX® Europe 600 Retail Daily Triple Short

The STOXX® Europe 600 Retail Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Retail Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Retail Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Retail Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Retail Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Retail Gross Return on the STOXX® Europe 600 Retail Daily Triple Short.

STOXX® Europe 600 Technology Daily Triple Leverage

The STOXX® Europe 600 Technology Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Technology Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Technology Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Technology Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Technology Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Technology Net Return on the STOXX® Europe 600 Technology Daily Triple Leverage.

STOXX® Europe 600 Technology Daily Triple Short

The STOXX® Europe 600 Technology Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Technology Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Technology Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Technology Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Technology Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Technology Gross Return on the STOXX® Europe 600 Technology Daily Triple Short.

STOXX® Europe 600 Telecommunications Daily Triple Leverage

The STOXX® Europe 600 Telecommunications Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Telecommunications Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Telecommunications Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Telecommunications Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Telecommunications Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Telecommunications Net Return on the STOXX® Europe 600 Telecommunications Daily Triple Leverage.

STOXX® Europe 600 Telecommunications Daily Triple Short

The STOXX® Europe 600 Telecommunications Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Telecommunications Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Telecommunications Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Telecommunications Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Telecommunications Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Telecommunications Gross Return on the STOXX® Europe 600 Telecommunications Daily Triple Short.

STOXX® Europe 600 Travel & Leisure Daily Triple Leverage

The STOXX® Europe 600 Travel & Leisure Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Travel & Leisure Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Travel & Leisure Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Travel & Leisure Net

Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Travel & Leisure Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Travel & Leisure Net Return on the STOXX® Europe 600 Travel & Leisure Daily Triple Leverage.

STOXX® Europe 600 Travel & Leisure Daily Triple Short

The STOXX® Europe 600 Travel & Leisure Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Travel & Leisure Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Travel & Leisure Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Travel & Leisure Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Travel & Leisure Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Travel & Leisure Gross Return on the STOXX® Europe 600 Travel & Leisure Daily Triple Short.

STOXX® Europe 600 Utilities Daily Triple Leverage

The STOXX® Europe 600 Utilities Daily Triple Leverage is a Leveraged Equity Index which aims to provide three times (x3) the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Utilities Net Return, less an implied amount reflecting the cost of borrowing additional capital to invest in the index portfolio to create the leveraged position which is comprised of an overnight interest rate (Euro Overnight Index Average ("EONIA")) and a liquidity spread cost reflecting the cost of sourcing long term liquidity to finance the leveraged position.

The STOXX® Europe 600 Utilities Daily Triple Leverage incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Utilities Net Return loses more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Utilities Daily Triple Leverage is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme falls in the level of the STOXX® Europe 600 Utilities Net Return on the STOXX® Europe 600 Utilities Daily Triple Leverage.

STOXX® Europe 600 Utilities Daily Triple Short

The STOXX® Europe 600 Utilities Daily Triple Short is a Short Equity Index which aims to provide three times (x3) the inverse of the daily percentage change in the level of the Underlying Equity Benchmark, the STOXX® Europe 600 Utilities Gross Return, plus an implied amount reflecting the interest accruing on the cash proceeds earned from the sale of the index portfolio (Euro Overnight Index Average ("EONIA")), less an implied amount reflecting the cost of borrowing the index portfolio to maintain the short exposure.

The STOXX® Europe 600 Utilities Daily Triple Short incorporates an intraday adjustment mechanism which causes it to automatically rebalance if the STOXX® Europe 600 Utilities Gross Return appreciates by more than 16.66 per cent. measured against its value at the close of the previous trading day (trigger event). Where a trigger event occurs, the rebalanced value of the STOXX® Europe 600 Utilities Daily Triple Short is based on the average index values which occur in a 10-minute window which starts 5 minutes after the trigger event occurs. This adjustment mechanism is intended to alleviate the impact of extreme rises in the level of the STOXX® Europe 600 Utilities Gross Return on the STOXX® Europe 600 Utilities Daily Triple Short.

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Simulated Historic Investment Returns

The following table shows simulated historical returns for the calendar years 1999 to 2012 inclusive with respect to certain of the Underlying Equity Benchmarks (referred to in the column in the table as Benchmarks) and the corresponding classes of Equity Indices. In the table:

Benchmark Volatility – is a measure of the average dispersion of the daily Underlying Equity Benchmark returns around their statistical mean. It is calculated for each year as the standard deviation of daily Underlying Equity Benchmark returns and annualised.

Benchmark Return – is the percentage change in the Underlying Equity Benchmark in the calendar year (excluding fees, costs and adjustments).

Leveraged Equity Index returns – is the percentage change in the simulated Leveraged Equity Index in the calendar year (excluding fees, costs and adjustments).

Short Equity Index returns – is the percentage change in the simulated Short Equity Index in the calendar year (excluding fees, costs and adjustments).

The figures in the right hand columns “1999 to 2012”, other than for Benchmark Volatility, are compound annual returns.

Index	Type of exposure	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EURO STOXX 50®	Index volatility(1)	19%	22%	26%	33%	24%	12%	10%	13%	16%	40%	25%	19%	21%	14%
	Index return(2)	38%	-2%	-18%	-34%	14%	7%	24%	14%	3%	-41%	29%	3%	-5%	13%
	3x Daily long(3)	125%	-26%	-58%	-80%	19%	13%	78%	32%	-8%	-88%	76%	-2%	-27%	36%
	3x Daily short(3)	-66%	-4%	44%	104%	-47%	-19%	-47%	-31%	-7%	118%	-66%	-25%	-7%	-38%
FTSE 100 (UK)	Index volatility(1)	18%	19%	22%	28%	19%	10%	9%	13%	18%	38%	24%	17%	21%	14%
	Index return(2)	21%	-8%	-14%	-23%	18%	11%	21%	14%	7%	-28%	27%	13%	-2%	10%
	3x Daily long(3)	44%	-38%	-50%	-66%	37%	22%	57%	30%	1%	-78%	73%	29%	-19%	24%
	3x Daily short(3)	-46%	-31%	-3%	43%	-60%	-32%	-48%	-46%	45%	292%	-92%	-23%	44%	-68%
FTSE MIB	Index volatility(1)	20%	22%	28%	29%	19%	11%	10%	13%	15%	39%	31%	26%	33%	28%
	Index return(2)	15%	6%	-26%	-25%	18%	19%	19%	21%	-3%	-47%	25%	-10%	-22%	12%
	3x Daily long(3)	28%	-5%	-70%	-69%	40%	56%	58%	59%	-22%	-91%	43%	-40%	-67%	11%
	3x Daily short(3)	-41%	-25%	84%	63%	-46%	-40%	-40%	-43%	13%	211%	-71%	-8%	14%	-56%
DAX®	Index volatility(1)	22%	24%	30%	41%	32%	16%	12%	16%	16%	38%	29%	18%	29%	19%
	Index return(2)	32%	-8%	-19%	-44%	37%	7%	27%	22%	22%	-40%	24%	16%	-15%	29%
	3x Daily long(3)	92%	-41%	-63%	-90%	83%	10%	88%	60%	57%	-87%	47%	40%	-53%	92%
	3x Daily short(3)	-64%	8%	35%	144%	-77%	-24%	-52%	-47%	-45%	122%	-67%	-47%	1%	-62%
CAC 40®	Index volatility(1)	19%	24%	26%	36%	26%	14%	11%	15%	17%	41%	27%	24%	29%	21%
	Index return(2)	47%	1%	-20%	-32%	20%	11%	27%	21%	4%	-40%	28%	1%	-13%	20%
	3x Daily long(3)	168%	-20%	-62%	-80%	35%	25%	88%	56%	-4%	-88%	65%	-14%	-50%	53%
	3x Daily short(3)	-71%	-17%	57%	69%	-57%	-30%	-50%	-44%	-13%	-36%	-68%	-29%	-3%	-55%
EURO STOXX Banks®	Index volatility(1)	20%	19%	28%	33%	23%	12%	10%	14%	20%	53%	47%	30%	36%	27%
	Index return(2)	17%	12%	-7%	-25%	26%	13%	25%	22%	-14%	-63%	51%	-10%	-30%	27%
	3X Daily long(3)	35%	17%	-42%	-71%	64%	34%	82%	63%	-48%	-98%	76%	-44%	-77%	66%
	3x Daily short(3)	-46%	-31%	-3%	43%	-60%	-32%	-48%	-46%	45%	292%	-92%	-23%	44%	-68%

(1) Benchmark Volatility is annualised and calculated on a 260 business days basis.

(2) Benchmark returns are simulated returns calculated on a total net return basis.

(3) The Leveraged Equity Index returns and Short Equity Index returns are simulated returns back tested using Euro OverNight Index Average rates or, in the case of FTSE 100 (UK) Benchmark, Sterling OverNight Index Average. No stock borrowing costs, financing costs or liquidity spreads were considered in calculating the returns.

(4) For simplicity no distinction was drawn between gross total return or net total return versions of the Underlying Equity Benchmarks in calculating the Benchmark Volatility and Benchmark returns and presenting the data.

The table has been prepared on the assumption that there were no Index Disruption Events or Market Disruption Events and that no intra-day resets occurred with respect to the Short Equity Indices or the Leveraged Equity Indices.

Source Bloomberg

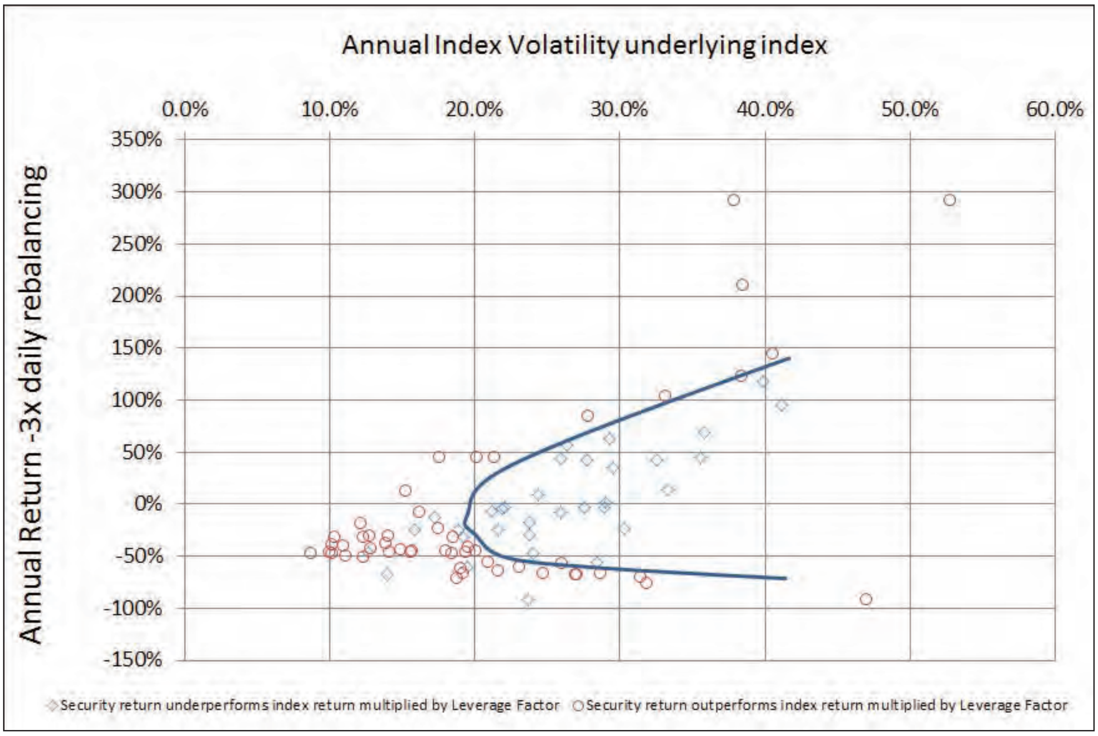
The table shows that (over a period other than a single day) the returns from Short and Leveraged Equity Securities are not equal to minus 3 times (-3x) or 3 times (3x), respectively, the return on the Underlying Equity Benchmark. The actual return will differ for reasons set out in Part 1 (*General*).

For example, in 2011 the EURO STOXX® 50 return was -5 per cent. Multiplying this Underlying Equity Benchmark return by minus 3 times (-3x) would imply an ETFS 3x Daily Short EURO STOXX 50® return of 15 per cent. and multiplying this Underlying Equity Benchmark return by 3 times (3x) would imply a ETFS 3x Daily Long EURO STOXX® 50 return of -15 per cent. However, the simulated historical returns (before fees, expenses, adjustments, stock lending and financing costs or liquidity spreads and assuming no Index Disruption Events or Market Disruption Events) were -7 per cent. and -27 per cent., respectively. In both cases the simulated historical return was worse than minus 3 times (-3x) or 3 times (3x), respectively, the Underlying Equity Benchmark return.

The opposite result occurred, for example, in 2008. The DAX 30 experienced a return of -40 per cent. Multiplying this Underlying Equity Benchmark return by minus 3 times (-3x) would imply a ETFS 3x Daily Short DAX 30 return of +120 per cent. and multiplying this Underlying Equity Benchmark return by 3 times (3x) would imply a ETFS 3x Daily Long DAX 30 return of -120 per cent. yet the simulated historical returns (before fees, expenses, adjustments, stock lending and financing costs or liquidity spreads and assuming no Index Disruption Events or Market Disruption Events) were 122 per cent. and -87 per cent., respectively. In both cases the simulated historical returns were better than minus 3 times (-3x) or 3 times (3x), respectively, the Underlying Equity Benchmark return.

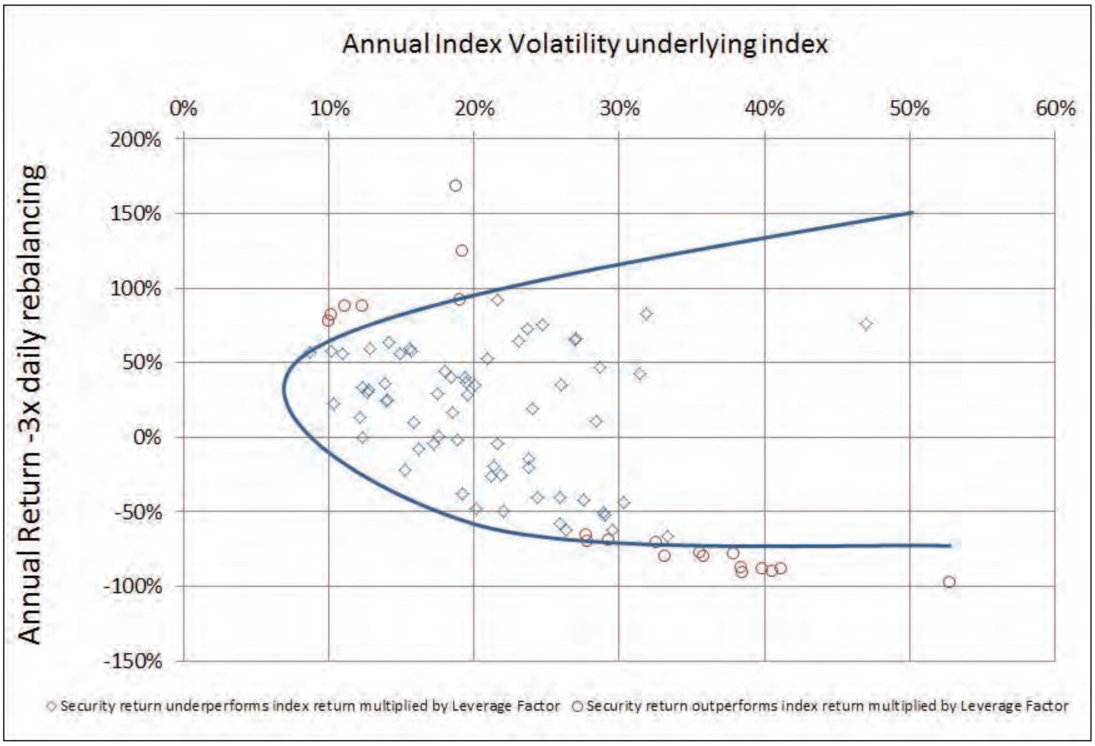
The same simulated historical returns have been used to create the two graphs below. Using the data in the table above for each Equity Index and calendar year, simulated historical returns are compared to minus 3 times (-3x) or 3 times (3x), respectively, the annual return of the Underlying Equity Benchmark. The resulting data points have been marked either "outperform" or "underperform".

Short Equity Indices: Comparison of simulated historical annual returns versus minus 3 times (-3x) or 3 times (3x) the annual Underlying Equity Benchmark return



Source: Bloomberg

Leveraged Equity Indices: Comparison of simulated historical annual returns versus minus 3 times (-3x) or 3 times (3x) the annual Underlying Equity Benchmark return



Source: Bloomberg

For both Short Equity Indices and Leveraged Equity Indices, when comparing the simulated historical return (before fees, expenses and adjustments) to the return on the Underlying Equity Benchmark multiplied by minus three times (-3x) or three times (3x), respectively, the results show that:

- as the magnitude of the cumulative change in the Underlying Equity Benchmark return increases (whether positive or negative), the simulated historical return for Short Equity Indices and Leveraged Equity Indices improves relative to the return on the Underlying Equity Benchmark multiplied by minus three times (-3x) or three times (3x), respectively; and
- in many cases (especially with respect to the Short Equity Indices), as the Underlying Equity Benchmark volatility increases, the simulated historical return for Short Equity Indices and Leveraged Equity Indices worsens relative to the return on the Underlying Equity Benchmark multiplied by minus three times (-3x) or three times (3x), respectively.

Additionally as the time increases, the simulated historical return for the Short Equity Indices and the Leveraged Equity Indices worsens relative to the return on the Underlying Equity Benchmark multiplied by minus three times (-3x) or three times (3x), respectively.

PART 4

DESCRIPTION OF SHORT AND LEVERAGED EQUITY SECURITIES

The following is a description of the rights attaching to Short and Leveraged Equity Securities. The legally binding Conditions of Short and Leveraged Equity Securities are set out in Part 7 (Trust Instrument and Short and Leveraged Equity Securities) of this Prospectus. Copies of the Trust Instrument, by which Short and Leveraged Equity Securities are constituted, are available for inspection as set out in paragraph 22 of Part 11 (Additional Information) under the heading "Documents Available for Inspection".

Pricing of Short and Leveraged Equity Securities

A Short and Leveraged Equity Security entitles an Authorised Participant (subject to certain conditions) to require the Redemption of the Short and Leveraged Equity Security at the Price of that Short and Leveraged Equity Security calculated in respect of the relevant Pricing Date (day T) and to receive such amount in the Relevant Currency (being Euros, Pounds Sterling or US Dollars) on the Redemption Payment Date (normally day T+3).

The Price of a class of Short and Leveraged Equity Security will generally be calculated on each calendar day and such Price will reflect the level of the relevant Equity Index published on a Pricing Day and a Multiplier for that day, which represents a daily accrual of the Annualised Rate to reflect various fees and expenses for such class. In certain circumstances the Price may also reflect certain adjustment factors that may be applied to reflect the impact of various events and circumstances as more particularly described under the section entitled "Adjustment Factor" below. The Price of each class of Short and Leveraged Equity Securities is calculated by reference to an Equity Index which provides an exposure equal to either minus three times (-3x) or three times (3x) the daily percentage change in the level of an Underlying Equity Benchmark. A description of each Equity Index is contained in Part 3 (*Equity Indices*).

Prices for all classes of Short and Leveraged Equity Security are calculated as at the end of each day and such Prices will be posted on the Issuer's website at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

57 classes of Short Equity Securities and 57 classes of Leveraged Equity Securities will initially be available for issue under this programme. These are shown in the tables under the heading "*Classes of Short and Leveraged Equity Securities*".

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

Short and Leveraged Equity Securities will be priced and settled in the Relevant Currency.

The Price of each class of Short Equity Security and Leveraged Equity Security, will be calculated daily as follows:

$$\mathbf{P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}}$$

where:

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

i refers to the relevant class of Short and Leveraged Equity Security;

t refers to the applicable calendar day;

$I_{i,t}$ is the Index Level of the Equity Index to which Short and Leveraged Equity Securities of class i relate for day t, *provided that* if day t is not a Pricing Day for Short and Leveraged Equity Securities of class i, then $I_{i,t}$ will be the same as $I_{i,t-1}$;

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

$M_{i,t}$ is the Multiplier applicable to Short and Leveraged Equity Securities of class i for day t;

$AF_{i,t}$ is the Adjustment Factor applicable to Short and Leveraged Equity Securities of class i for day t and is equal to $DAF_{i,t}$ multiplied by $IAF_{i,t}$ multiplied by $TAF_{i,t}$ multiplied by $SAF_{i,t}$;

$DAF_{i,t}$ is the Disruption Adjustment Factor for Short and Leveraged Equity Securities of class i on day t;

$IAF_{i,t}$ is the Index Adjustment Factor for Short and Leveraged Equity Securities of class i on day t;

$TAF_{i,t}$ is the Tax Adjustment Factor for Short and Leveraged Equity Securities of class i on day t; and

$SAF_{i,t}$ is the Security Adjustment Factor for Short and Leveraged Equity Securities of class i on day t.

Multiplier

The Multiplier forms part of the pricing formula for Short and Leveraged Equity Securities of each class and is adjusted on a daily basis to reflect a daily accrual of the Annualised Rate applicable to such class of Short and Leveraged Equity Securities. The Annualised Rate is a percentage rate per annum which comprises the sum of the Swap Spread, the Collateral Cost and rates equal to the Administration Allowance and the Licence Allowance.

The Multiplier for a Short and Leveraged Equity Security of any class i on the day such class was first issued is set out under the heading "Initial Multipliers" in Part 11 (*Additional Information*) or will otherwise be notified through an RIS. On each subsequent day, the Multiplier for a Short and Leveraged Equity Security of class i shall be adjusted in accordance with the following formula:

$$\mathbf{M}_{i,t} = \mathbf{M}_{i,t-1} \times (1 - \mathbf{AR}_{i,t})^{1/D}$$

where:

$M_{i,t}$ is the Multiplier for Short and Leveraged Equity Securities of class i on day t, expressed as a decimal;

$M_{i,t-1}$ is the Multiplier for Short and Leveraged Equity Securities of class i on day t-1, expressed as a decimal;

$AR_{i,t}$ is the Annualised Rate applicable to Short and Leveraged Equity Securities of class i on day t, expressed as a decimal;

i refers to the relevant class of Short and Leveraged Equity Security;

t refers to the applicable calendar day;

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

D is equal to 365 except where day t falls during a leap year in which case D is equal to 366.

The Conditions provide that the amount payable upon Redemption of a Short and Leveraged Equity Security of a particular class under Settlement Pricing will be the higher of the Principal Amount for that class and the Price of such Short and Leveraged Equity Security on the applicable day (after deduction of the applicable Redemption Cost). As each class of Short and Leveraged Equity Security is a limited recourse security as described in Condition 3.2, it is in the interests of the Security Holders of each class that the Price for each relevant class of Short and Leveraged Equity Securities does not fall below its Principal Amount and the measures taken by the Issuer to avoid this occurrence are set out under the section entitled "*Compulsory Redemptions*" below. The Principal Amount for each class of Short and Leveraged Equity Security as at the date of this document is set out in paragraph 4 of Part 11 (*Additional Information*).

Annualised Rate

The Annualised Rate applicable to each class of Short and Leveraged Equity Security is an annualised rate expressed as a percentage, which comprises the sum of the Swap Spread, the Collateral Cost and rates equal to the Administration Allowance and the Licence Allowance.

The Annualised Rate applying to each class of Short and Leveraged Equity Security on each day will be posted by the Issuer on its website, at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

As at the date of this Prospectus, the Annualised Rate for the Initial Classes of Short and Leveraged Equity Securities is 0.82 per cent. per annum except that for ETFS 3x Daily Long DAX 30 the Annualised Rate is 1.32 per cent. per annum.

Adjustment Factor

The Adjustment Factor forms part of the pricing formula for Short and Leveraged Equity Securities of each class and will reflect certain adjustments to the Price of a class of Short and Leveraged Equity Securities. The Adjustment Factor for a particular class comprises four components: a Disruption Adjustment Factor, an Index Adjustment Factor, a Tax Adjustment Factor and a Security Adjustment Factor, and on any day the Adjustment Factor for a particular class will equal the product of the four components for such class on such day.

On the day a class of Short and Leveraged Equity Securities is first issued the Disruption Adjustment Factor, Index Adjustment Factor, Tax Adjustment Factor and the Security Adjustment Factor will each equal 1.

Accordingly, as at the date of this Prospectus the Adjustment Factor for all classes of Short and Leveraged Equity Securities will be equal to 1. Each of the four components that comprise the Adjustment Factor and the circumstances upon which these components may change are described in more detail below:

(a) *Disruption Adjustment Factor*

The Disruption Adjustment Factor for Short and Leveraged Equity Securities of any class on any day is a factor equal to the factor defined as the "Disruption Adjustment Factor" for the corresponding class of Short and Leveraged Equity Contracts under the Facility Agreement on that day.

Under the Facility Agreement, the Calculation Agent may calculate a "Disruption Adjustment Factor" to be applied to the Price of Equity Contracts on a particular Pricing Day (or on a subsequent Pricing Day) in circumstances where an Index Disruption Event or a Market Disruption Event has occurred and where the Calculation Agent determines that such event prevents the Equity Contract Counterparty from fully rebalancing its underlying hedge position, or has otherwise materially affected its underlying hedge position, with respect to such class of Equity Contract.

Under the Facility Agreement:

- An Index Disruption Event may occur in circumstances including where (i) the Equity Index is not calculated and announced by the Equity Index Sponsor but by a successor or it is replaced by a successor index; (ii) the Equity Index Sponsor fails to calculate or publish the Index Level for an Equity Index or (iii) an Equity Index or Underlying Equity Benchmark is replaced or permanently cancelled or (iv) a material change is made to the way an Equity Index or Underlying Equity Benchmark is calculated or such Equity Index or Underlying Equity Benchmark merges with another index or splits.
- A Market Disruption Event may occur where a Trading Disruption, Exchange Disruption or Early Closure occurs in relation to the relevant Exchange or Related Exchange for such Equity Index or Underlying Equity Benchmark or such Exchange or Related Exchange fails to open for trading during its regular trading session.
- Where an Index Disruption Event or a Market Disruption Event has occurred and prevented the Calculation Agent from fully rebalancing its underlying hedge position or has materially affected its underlying hedge position, with respect to a class of Equity Contract, the Calculation Agent may amend the Disruption Adjustment Factor with respect to such class of Equity Contract on such Pricing Day (or on a subsequent Pricing Day) to reflect any detrimental impact such Index Disruption Event or Market Disruption Event has had on its hedge position.

Where there is any change to the "Disruption Adjustment Factor" under the Facility Agreement with respect to a class of Equity Contracts on a Pricing Day a corresponding change to the Disruption Adjustment Factor will also be made in respect of the corresponding class of Short and Leveraged Equity Securities on such day.

(b) *Index Adjustment Factor*

The Index Adjustment Factor for Short and Leveraged Equity Securities of any class on any day is a factor equal to the factor defined as the "Index Adjustment Factor" for the corresponding class of Short and Leveraged Equity Contracts under the Facility Agreement on that day.

Where a rebasing, consolidation or division occurs with respect to an Equity Index on a particular day which results in an Equity Index Sponsor adjusting the Index Level of such Equity Index by a particular factor, then the Index Adjustment Factor for the relevant class of Short and Leveraged Equity Securities may be amended on and following such day by a factor equal to the inverse of that by which the Index Level is adjusted to ensure that such rebasing, consolidation or division of the Equity Index does not have any unintended impact on the Price of such Short and Leveraged Equity Securities.

(c) *Tax Adjustment Factor*

The Tax Adjustment Factor for Short and Leveraged Equity Securities of any class on any day is a factor equal to the factor defined as the "Tax Adjustment Factor" for the corresponding class of Short and Leveraged Equity Contracts under the Facility Agreement on that day.

Under the Facility Agreement, where any Financial Transaction Tax, stamp duty or other similar tax is required to be paid by an Equity Contract Counterparty in respect of its hedge position relating to a class of Equity Contracts or by a party with respect to the entering into or cancellation of a particular class of Equity Contract or Equity Security, then an amendment may be made to the "Tax Adjustment Factor" for such class of Equity Contracts to reflect the obligation to pay such tax.

Where there is any change to the "Tax Adjustment Factor", under the Facility Agreement, with respect to a class of Equity Contracts on a Pricing Day a corresponding change to the Tax Adjustment Factor will also be made in respect of the corresponding class of Short and Leveraged Equity Securities on such day.

(d) *Security Adjustment Factor*

Where the Issuer exercises its power under Condition 18.4 to adjust a class of Short and Leveraged Equity Securities as of any day by consolidating or dividing the Short and Leveraged Equity Securities within that class, a factor, the Security Adjustment Factor is applied to the Price of each Short and Leveraged Equity Security in such class to ensure that the aggregate price of all Short and Leveraged Equity Securities in such class is not changed by that consolidation or division.

Applications and Redemptions

All applications for and redemptions of Short and Leveraged Equity Securities on any Issuer Business Day (or, in the case of Asia and Global Equity Securities Scheduled Trading Day) and the matching creation and cancellation of Equity Contracts, may be effected using the pricing formulae described above ("**Settlement Pricing**").

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

There are limits on the creation and cancellation of Equity Contracts as described in "*Creation and Redemption Limits*" in Part 1 (*General*). The Issuer will not issue or redeem Short and Leveraged Equity Securities of a particular class if the "Creation Limit" or "Cancellation Limit" under the relevant Facility Agreement would prevent the Issuer from being able to Create or Cancel Equity Contracts of the corresponding class (unless the Equity Contract Counterparty agrees to waive any such limit). An Authorised Participant may subscribe for Short and Leveraged Equity Securities using Settlement Pricing or, if agreed with an Equity Contract Counterparty, using Agreed Pricing. In either case, Short and Leveraged Equity Securities will only be issued if corresponding Equity Contracts can be created by the Issuer for the same amount.

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

Application Processes

Short and Leveraged Equity Securities may be issued on the Application of an Authorised Participant during the period of 12 months from the date of this document.

By completing and delivering an Application Form or lodging an Application order through the System, the Applicant confirms and agrees that:

(a) it is not relying on any information or representation other than such as may be contained in this document;

(b) no person responsible solely or jointly for this document or any part of it shall have any liability for any information or representation not contained in this document;

(c) it is an Authorised Person, an Exempt Person or an Overseas Person;

(d) it understands that Short and Leveraged Equity Securities are direct, limited recourse obligations of the Issuer alone; and

(e) it understands that the obligations of the Issuer under Short and Leveraged Equity Securities are not guaranteed by SG or any member of the SG Group or any other Equity Contract Counterparty.

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

The Minimum Creation Amount for the Initial Classes of Short and Leveraged Equity Securities at the date of this Prospectus are:

Class of Short and Leveraged Equity Security	Minimum Creation Amount
ETFS 3x Daily Short CAC 40	500,000 EUR
ETFS 3x Daily Short DAX 30	500,000 EUR
ETFS 3x Daily Short FTSE 100	500,000 GBP
ETFS 3x Daily Short FTSE MIB	500,000 EUR
ETFS 3x Daily Short EURO STOXX 50®	500,000 EUR
ETFS 3x Daily Long CAC 40	500,000 EUR
ETFS 3x Daily Long DAX 30	500,000 EUR
ETFS 3x Daily Long FTSE 100	500,000 GBP
ETFS 3x Daily Long FTSE MIB	500,000 EUR
ETFS 3x Daily Long EURO STOXX 50®	500,000 EUR

Where an Authorised Participant subscribes for Short and Leveraged Equity Securities using Settlement Pricing, an Application Cost will be payable in addition to the Price and which will be equal to a percentage amount of the aggregate Price of the Short and Leveraged Equity Securities to be issued as described under "Application Cost and Redemption Cost" below.

Application moneys for all Short and Leveraged Equity Securities must be paid by Applicants in the Relevant Currency. The Issuer requires that such payments are made by the Authorised Participant making the Application directly to the account of the relevant Equity Contract Counterparty, via the CREST system on a delivery versus payment basis. Legal title to Short and Leveraged Equity Securities will be transferred by means of the CREST system and evidenced by an entry on the Register.

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

(a) (subject as set out under "The System" below) receipt by the Issuer of a valid Application Form;

(b) the creation of matching Equity Contracts; and

(c) listing in respect of such Short and Leveraged Equity Securities having become effective.

If an Applicant does not make payment for the full amount of the Short and Leveraged Equity Securities to be issued and the amount of any applicable Application Cost in relation to such issue on the due date for payment or the following London Business Day, the Issuer may elect by notice to the Applicant to cancel the Application. Alternatively the Issuer may elect to enforce against the relevant Applicant the obligation of that Applicant to pay for the Short and Leveraged Equity Securities applied for and the amount of any applicable Application Cost.

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

Agreed Pricing

There are no restrictions on the number of Short and Leveraged Equity Securities that can be applied for, the time for lodging the Application or the settlement date, other than the requirement for the Issuer to receive the requisite signed documents from both the Authorised Participant and the relevant Equity Contract Counterparty not later than two London Business Days prior to the proposed settlement date.

Settlement Pricing

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

- an Application for Short and Leveraged Equity Securities using Settlement Pricing may only be made in respect of an Issuer Business Day or in the case of Asia and Global Equity Securities, Scheduled Trading Day;
- a Price and any applicable Application Cost in the Relevant Currency will be determined for each class relevant to a valid Application in respect of the day to which the Application relates (which shall be an Issuer Business Day for that class or in the case of Asia and Global Equity Securities a Scheduled Trading Day following an Issuer Business Day);
- upon receipt and confirmation of a valid Application, the Issuer will send a Creation Notice to the relevant Equity Contract Counterparty creating such number of Equity Contracts as correspond to the Application, and that Equity Contract Counterparty will confirm its receipt of such Creation Notice;
- a Creation Notice which is received by the relevant Equity Contract Counterparty shall be deemed to have been delivered:
  - before the next following Notice Deadline on an Issuer Business Day (the "**Relevant Issuer Business Day**") for such class (whether or not such Relevant Issuer Business Day occurs on a day which is the same as or later than the day on which such notice is received); and
  - "in respect of" such Relevant Issuer Business Day (but for a Creation Notice for an Equity Contract relating to any Asia and Global Equity Security, that Creation Notice will be deemed to have been delivered "in respect of" the Scheduled Trading Day next following such Relevant Issuer Business Day);
- following publication by the relevant Equity Index Sponsor of the relevant Equity Index, the Issuer will calculate the Price and any applicable Application Cost in the Relevant Currency of the relevant class of Short and Leveraged Equity Security to be issued to an Applicant and will confirm such Price and Application Cost with each Applicant and the creation amount of the corresponding Equity Contracts with the relevant Equity Contract Counterparty by the following Issuer Business Day.

The Issuer will also charge an Application Fee as described under "**Application Fees and Redemption Fees**" below.

Under each Facility Agreement, the relevant Equity Contract Counterparty is bound by the creation of Equity Contracts by the Issuer on any Pricing Date, provided that the Equity Contract Counterparty has confirmed its acceptance of the relevant Creation Notice and has not notified the Issuer that a Disrupted Day has occurred in relation to the class of Equity Contracts to which that Creation Notice relates by the Market Disruption Notification Deadline.

Redemption Processes

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

A Security Holder who is not an Authorised Participant may only require the redemption of any of its Short and Leveraged Equity Securities using Settlement Pricing and only if, on an Issuer Business Day, there are no Authorised Participants and the Security Holder submits a valid Redemption Form on such day or the Issuer has announced that redemptions by Security Holders will be permitted and the Security Holder submits a notice of redemption in the form prescribed for such circumstances by the Issuer. Payment on redemption to persons who are not Authorised Participants may be subject to their giving to the Issuer and the relevant Equity Contract Counterparty certain beneficial owner certifications to assess whether such payments should be subject to withholding or deduction for taxes.

Where Short and Leveraged Equity Securities are redeemed using Settlement Pricing, the Issuer will deduct any applicable Redemption Cost from the Redemption Amount payable on any Redemption. The Redemption Cost will be equal to a percentage amount of the aggregate Price of the Short and Leveraged Equity Securities to be redeemed as described under "Application Cost and Redemption Cost" below. The Issuer will deduct the applicable Redemption Cost regardless of whether the Redemption is a compulsory Redemption or not and regardless of whether the Redemption is being made by an Authorised Participant or by a Security Holder who is not an Authorised Participant submitting a Redemption Form in circumstances where there is no Authorised Participant.

The Issuer will also charge a Redemption Fee as described under "Application Fees and Redemption Fees" below.

There is no minimum number of Short and Leveraged Equity Securities that must be redeemed (but there is a Minimum Cancellation Amount for the cancellation of Equity Contracts on any day, and if that Minimum Cancellation Amount is not achieved through redemptions of corresponding Short and Leveraged Equity Securities by all Authorised Participants, the Equity Contract Counterparty may elect that no cancellations of Equity Contracts of that class will occur, in which case no Short and Leveraged Equity Securities of that class will be redeemed). The Issuer will decline redemptions if it cannot for any reason cancel corresponding Equity Contracts under a Facility Agreement.

The Minimum Cancellation amount for the Initial Classes of Short and Leveraged Equity Securities at the date of this Prospectus are:

Class of Short and Leveraged Equity Security	Minimum Cancellation Amount
ETFS 3x Daily Short CAC 40	500,000 EUR
ETFS 3x Daily Short DAX 30	500,000 EUR
ETFS 3x Daily Short FTSE 100	500,000 GBP
ETFS 3x Daily Short FTSE MIB	500,000 EUR
ETFS 3x Daily Short EURO STOXX 50®	500,000 EUR
ETFS 3x Daily Long CAC 40	500,000 EUR
ETFS 3x Daily Long DAX 30	500,000 EUR
ETFS 3x Daily Long FTSE 100	500,000 GBP
ETFS 3x Daily Long FTSE MIB	500,000 EUR
ETFS 3x Daily Long EURO STOXX 50®	500,000 EUR

The payment of the Redemption Amount is effected on a delivery versus payment basis as follows. The Issuer requires that the relevant Equity Contract Counterparty, in respect of the cancellation of corresponding Equity Contracts, makes payment of the cancellation amount payable by such Equity Contract Counterparty to the Issuer in respect of such cancellation directly through the CREST system to the account of the relevant Authorised Participant redeeming the corresponding Short and Leveraged Equity Securities in the Relevant Currency.

The Equity Contract Counterparty fulfils its cancellation payment obligation under the Equity Contracts by making payment of the cancellation amount as the Issuer directs pursuant to the terms of the relevant Facility Agreement. In so doing, the Equity Contract Counterparty does not act as an agent or intermediary or in any other capacity for or on behalf of the Issuer, the Trustee or the Security Holders (including the Authorised Participants).

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

- if a valid Redemption Form requesting Settlement Pricing is received (or deemed to be received) by the Issuer before the Notice Deadline on an Issuer Business Day, for the class of Short and Leveraged Equity Securities which are the subject of the Redemption Form, the applicable Redemption Payment Date (on which the redemption will be settled) will be three London Business

Days following that Issuer Business Day or in the case of Asia and Global Equity Securities following the Scheduled Trading Day immediately after that Issuer Business Day, as the case may be; and

- when Short and Leveraged Equity Securities are to be redeemed, the Issuer will cancel an Equivalent Number of Equity Contracts, subject to the Issuer's discretion to elect to satisfy Redemption Forms by transfer of the appropriate number of Short and Leveraged Equity Securities to one or more Applicants from Security Holders seeking redemption.

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

If a Counterparty Event of Default occurs, then Security Holders who are not Authorised Participants will not have a right to require redemption, however the Trustee may, at its discretion and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount of all Short and Leveraged Equity Securities then outstanding or pursuant to an Extraordinary Resolution passed at a duly called meeting of the Security Holders (as a single class), the Trustee having first been indemnified to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all Short and Leveraged Equity Securities.

The System

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

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

Application Fees and Redemption Fees

Application Fees and Redemption Fees will only be payable on the issue and redemption of Short and Leveraged Equity Securities and not by investors who buy and sell Short and Leveraged Equity Securities on the secondary market, including the London Stock Exchange.

The Issuer will charge Authorised Participants an Application Fee equal to £500 (including any applicable VAT) (or such other amount as may be accepted by the Issuer, either generally or on any particular occasion) for each Application, regardless of the number of Short and Leveraged Equity Securities being issued or the currency of denomination of such Short and Leveraged Equity Securities.

The Issuer will also charge Authorised Participants a Redemption Fee equal to £500 (including any applicable VAT) (or such other amount as may be accepted by the Issuer, either generally or on any particular occasion) for each Redemption Form, regardless of the number of Short and Leveraged Equity Securities being redeemed or the currency of denomination of such Short and Leveraged Equity Securities.

In the event of a compulsory redemption or a Security Holder who is not an Authorised Participant submitting a Redemption Form in circumstances where there is no Authorised Participant, as described above, the Issuer will reduce the Redemption Fee to an amount equal to the Issuer's cost in satisfying such Redemption Form, including costs of enquiries under Condition 13 (*Enquiries as to status of Security Holders*) and of giving the redemption notice (but not exceeding £500), and that amount will be charged by the Issuer by way of a deduction from the redemption proceeds due to such Security Holder.

No additional amounts will be charged by the Issuer to an Applicant or a Security Holder in respect of VAT payable in connection with Application Fees or Redemption Fees.

The Issuer may vary the Application Fees and Redemption Fees at any time after giving 30 days' written notice to Authorised Participants and through a RIS.

Application Cost and Redemption Cost

Where an Authorised Participant subscribes for Short and Leveraged Equity Securities using Settlement Pricing, the Issuer will charge an Application Cost which will be payable in addition to the Price and which will equal a percentage amount of the aggregate Price of the Short and Leveraged Equity Securities to be issued. The Application Cost, which may vary per class of Short and Leveraged Equity Security and may also vary over time for each class, will be set out in the applicable Final Terms as at the date thereof.

Likewise, the Issuer will deduct an amount equal to the Redemption Cost from any Redemption Amount payable on any Redemption of Short and Leveraged Equity Securities. The Issuer will make such deduction regardless of whether the Redemption is a compulsory Redemption or not and regardless of whether the Redemption is being made by an Authorised Participant or by a Security Holder who is not an Authorised Participant submitting a Redemption Form in circumstances where there is no Authorised Participant. The Redemption Cost may vary per class of Short and Leveraged Equity Security and for each class and will be set out in the applicable Final Terms as at the date thereof.

As at the date of this Prospectus, the Application Cost and Redemption Cost for certain classes of Short and Leveraged Equity Security are as follows:

	Application Cost (as a percentage of the Price of the Equity Securities to be issued)		Redemption Cost (as a percentage of the Price of the Equity Securities to be redeemed)	
Class of Short and Leveraged Equity Security	For an Application Amount of less than or equal to €2,000,000 (or equivalent in Relevant Currency):	For an Application Amount of greater than €2,000,000 (or equivalent in Relevant Currency):	For a Redemption Amount of less than or equal to €2,000,000 (or equivalent in Relevant Currency):	For a Redemption Amount of greater than €2,000,000 (or equivalent in Relevant Currency):
ETFS 3x Daily Short FTSE 100	0.04%	0.03%	0.04%	0.03%
ETFS 3x Daily Long FTSE 100	0.04%	0.03%	0.04%	0.03%
ETFS 3x Daily Short FTSE MIB	0.06%	0.04%	0.34%	0.33%
ETFS 3x Daily Long FTSE MIB	0.36%	0.34%	0.04%	0.03%
ETFS 3x Daily Short EURO STOXX 50®	0.05%	0.04%	0.06%	0.05%
ETFS 3x Daily Long EURO STOXX 50®	0.06%	0.05%	0.05%	0.04%
ETFS 3x Daily Short DAX 30	0.04%	0.03%	0.04%	0.03%
ETFS 3x Daily Long DAX 30	0.04%	0.03%	0.04%	0.03%
ETFS 3x Daily Short CAC 40	0.05%	0.04%	0.05%	0.04%
ETFS 3x Daily Long CAC 40	0.05%	0.04%	0.05%	0.04%

The Issuer may amend the Application Cost or Redemption Cost applicable to one of the Initial Classes of Short and Leveraged Equity Security provided that following such amendment the Application Cost may not exceed 1 per cent. (except in the case of ETFS 3x Daily Long DAX 30 where the Application Cost may not exceed 1.50 per cent.) and the Redemption Cost may not exceed 1 per cent. (except in the case of ETFS 3x Daily Long DAX 30 where the Redemption Cost may not exceed 1.50 per cent.). It is expected that the Issuer will amend the Application Cost or Redemption Cost to reflect any corresponding change that the Equity Contract Counterparty makes to the Creation Cost or Cancellation Cost payable by the Issuer to that Equity Contract Counterparty in respect of the creations or cancellations of the corresponding class of Equity Contract. Any such change will occur without prior notice being given to investors.

In certain circumstances the Issuer may amend the Application Cost or the Redemption Cost applicable to one of the Initial Classes of Short and Leveraged Equity Security to an amount in excess of 1 per cent. per annum, with respect to the Application Cost (or 1.50 per cent. with respect to the Application Cost for ETFS 3x Daily Long DAX 30) or 1 per cent. per annum, with respect to the Redemption Cost (or 1.50 per cent. with respect to the Redemption Cost for ETFS 3x Daily Long DAX 30) or, alternatively, the Issuer may amend the aforementioned limits. In these circumstances the amendment will take effect after giving 6 Issuer Business Days' written notice to Authorised Participants and through a RIS.

The Application Cost and Redemption Cost applicable to a class of Short and Leveraged Equity Security on any day may be found at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

Issuer Italian FTT

Where an Authorised Participant subscribes for Short and Leveraged Equity Securities using either Settlement Pricing or Agreed Pricing, the Issuer will charge an amount equal to Issuer Italian FTT which will be payable in addition to the Price. In this case, Issuer Italian FTT is the amount, if any, of Italian FTT directly arising from the corresponding creation of Equity Contracts which is apportioned to the

Issuer but payable by the Equity Contract Counterparty pursuant to Applicable Law in Italy, as calculated by the Issuer in accordance with the Facility Agreement.

Likewise, the Issuer will deduct an amount equal to Issuer Italian FTT from any Redemption Amount payable on the Redemption of Short and Leveraged Equity Securities. In this case Issuer Italian FTT is the amount, if any, of Italian FTT directly arising from the corresponding cancellation of Equity Contracts which is apportioned to the Issuer but payable by the Equity Contract Counterparty pursuant to Applicable Law in Italy, as calculated by the Issuer in accordance with the Facility Agreement.

Compulsory Redemptions

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

The Issuer may at any time by RIS announcement to the Security Holders redeem all Short and Leveraged Equity Securities, or all Short and Leveraged Equity Securities of any one or more class, upon not less than: (i) seven calendar days' notice where the Issuer or the Equity Contract Counterparty gives notice to terminate the Facility Agreement; (ii) two Issuer Business Days' notice where either of them nominates a compulsory pricing date under the Facility Agreement in respect of all Equity Contracts of any class; or (iii) 30 calendar days' notice where the Issuer elects to Redeem all Short and Leveraged Equity Securities of any class.

The Trustee may, at any time, where an Issuer Insolvency Event or a Counterparty Event of Default has occurred and is continuing, upon not less than 20 London Business Days' notice to the Issuer (or two London Business Days' in the case of an Issuer Insolvency Event), require the Issuer to redeem all Short and Leveraged Equity Securities, whereupon the Issuer will exercise its right to redeem such Short and Leveraged Equity Securities.

The Issuer may at any time by not less than 5 Issuer Business Days' notice redeem all Short and Leveraged Equity Securities of any class if a Hedging Disruption Event occurs and the Calculation Agent determines for the purposes of the Facility Agreement with SG that the Equity Contract Counterparty may be required or find it reasonably necessary to close or reduce its hedging positions or if the Calculation Agent determines for the purposes of the Facility Agreement with SG that the Equity Contract Counterparty's costs of hedging have increased and that such increase has not been materially addressed by other means.

The Conditions provide that the amount payable upon a Redemption of a Short and Leveraged Equity Security of a particular class under Settlement Pricing will be the higher of the Principal Amount for that class and the Price of such Short and Leveraged Equity Security on the applicable Pricing Date. The Principal Amount for each class of Short and Leveraged Equity Security is set out under the heading "ISINs and Principal Amounts of the Short and Leveraged Equity Securities" in Part 11 (*Additional Information*). As each class of Short and Leveraged Equity Security is a limited recourse security as described in Condition 3.2, it is in the interests of the Security Holders of each class to ensure that the Price for each relevant class of Short and Leveraged Equity Securities does not fall below its Principal Amount. The Issuer will aim to avoid the Price of a class of Short and Leveraged Equity Security falling below its Principal Amount by the following measures: the Issuer may (i) where necessary, seek the sanction of Security Holders by Extraordinary Resolution to reduce the Principal Amount of a class of Short and Leveraged Equity Security to a level less than its Price; and/or (ii) if on any Pricing Day the Price of any class of Short and Leveraged Equity Security falls to 2.5 times the Principal Amount of such Short and Leveraged Equity Security or below, the Issuer may, at any time for so long as the Price remains below such amount and during the period 60 days thereafter, upon not less than two days' notice by RIS announcement elect to redeem the Short and Leveraged Equity Securities of that class. The right pursuant to (ii) above will cease once an Extraordinary Resolution is passed to reduce the Principal Amount such that the Price is more than 2.5 times the Principal Amount, subject to any further fall in the Price of any class of Short and Leveraged Equity Securities to 2.5 times the Principal Amount or below.

If the Price of a class of Short and Leveraged Equity Security falls below its Principal Amount, the Issuer may suspend Redemptions of that class of Short and Leveraged Equity Security and may terminate any such suspension (giving notice in each case via RIS announcement) for a period of 30 days, and 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, the suspension to expire 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. Any suspension will 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 and Leveraged Equity Securities of that class is suspended will be invalid.

The Issuer may, at any time by not less than 7 nor more than 14 London Business Days' written notice, redeem any Short and Leveraged Equity Securities held by Prohibited Benefit Plan Investors, held by Security Holders who have not provided appropriate certifications as to their status in accordance with the conditions or in certain other circumstances specified in the Conditions.

SG has only agreed to supply Equity Contracts to the Issuer for ten years from 24 March 2014 (although each Equity Contract Counterparty may terminate its Facility Agreement on three months' notice). If the Equity Contract Counterparty does not agree to provide Equity Contracts beyond such date or if the Equity Contract Counterparty chooses to terminate its Facility Agreement earlier, then the Equity Contracts with it will expire and, unless they are replaced by Equity Contracts with another Equity Contract Counterparty, the Issuer will elect to redeem some or all of the outstanding Short and Leveraged Equity Securities.

Where a compulsory Redemption occurs, the Short and Leveraged Equity Securities to be redeemed will where possible be priced in the normal way using Settlement Pricing as set out under the headings "*Pricing of Short and Leveraged Equity Securities*" and "*Applications and Redemptions*" above and will include an adjustment for interest as more fully described in the Conditions, but depending on the number of Short and Leveraged Equity Securities to be redeemed this pricing may occur over a period of more than one day. Details of the circumstances in which this could occur are set out in the Conditions.

In some circumstances, however, compulsory Redemption may occur because of Index Disruption or Market Disruption Events which may impede the Issuer's ability to Redeem on the basis of Settlement Pricing. In those cases Short and Leveraged Equity Securities will be redeemed at *pro rata* values calculated by reference to the liquidated value of the corresponding class of Equity Contracts subject to compulsory cancellation under the Facility Agreement. In such circumstances the Calculation Agent will determine the value of such Equity Contracts as being their "market value" (such determination being made where appropriate by reference to the value (net of transaction costs) of a commercially reasonable hypothetical hedge position).

If at that time Security Holders other than Authorised Participants hold the Short and Leveraged Equity Securities being redeemed, the Issuer will require that the Redemption Amount payable to those Security Holders is paid from cash paid by the Equity Contract Counterparties upon cancellation of the corresponding Equity Contracts either to accounts of the Issuer secured for the benefit of the Security Holders of the relevant classes or to the Trustee for the benefit of such Security Holders, and will be paid to those Security Holders by the Issuer or the Trustee.

Consolidation and Division of Short and Leveraged Equity Securities

Circumstances may arise where the Issuer might wish to effect a consolidation or division of a particular class of Short and Leveraged Equity Security.

For example, if a class of Short and Leveraged Equity Security was secured on corresponding Equity Contracts from two or more different Equity Contract Counterparties and one of them (the "**Lower Credit**") had, for example, a significant credit rating downgrade, it may be necessary or desirable, in order to ensure that the value of the Short and Leveraged Equity Securities reflects the value of the relevant Equity Index, for the Equity Contracts from the Lower Credit to be excluded from that class. This could be effected by the Equity Contracts from the Lower Credit being transferred into a new Pool and the Issuer creating and issuing new Short and Leveraged Equity Securities secured by that new Pool on a one-for-one basis with the Price for both classes being adjusted accordingly. Investors of the affected class would then hold two Short and Leveraged Equity Securities for each one they held previously and the Price would be split between the two. For example, if the Equity Contracts from the Lower Credit comprised 30 per cent. of the aggregate number of Equity Contracts in the Pool, then the Price following the division would be 70 per cent. of the Price prior to the division for the old class and 30 per cent. for the new class.

The Issuer has the right under the Trust Instrument at any time to effect either a consolidation or division and to allocate Equity Contracts into a new Pool representing a new class of Short and Leveraged Equity Securities, and need not obtain Listing for any such new classes of Short and Leveraged Equity

Securities. The Issuer will only take such action if it believes it is in the interest of the affected Security Holders to do so.

Authorised Participants

Only Authorised Participants may deal with the Issuer in applying for or redeeming Short and Leveraged Equity Securities, save where, as noted elsewhere in this document, on the date on which a Redemption Form is lodged there are no Authorised Participants or the Issuer has announced that redemptions by Security Holders will be permitted and the Security Holder submits a notice of redemption in the form prescribed for such circumstances by the Issuer. A person can only be an Authorised Participant if it is: (a) a securities house or other market professional approved by the Issuer (in its absolute discretion); and (b) an Authorised Person, an Exempt Person or an Overseas Person. An Authorised Participant must also have entered into: (a) an Authorised Participant Agreement with the Issuer dealing with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for and redeeming Short and Leveraged Equity Securities; and (b) a Direct Agreement with SG and/or another Equity Contract Counterparty, under which, amongst other things, the Authorised Participant and SG (or other Equity Contract Counterparty) agree certain provisions in relation to Short and Leveraged Equity Securities and the corresponding Equity Contracts.

Authorised Participant Agreement has been entered into with Société Générale, the terms of which are summarised in paragraph 3 of Part 11 (*Additional Information*).

Under the Facility Agreements, each Equity Contract Counterparty has the right to give notice (with immediate effect) that an Authorised Participant has ceased to be acceptable to it in certain circumstances, including if it deems such person to be unacceptable to it as an Authorised Participant for credit, compliance, general business policy or reputational reasons. As a result of any exercises of such right there could at any time be no Authorised Participants.

The Issuer will use its reasonable endeavours to ensure that at all times for the duration of the Programme after the date three months following Listing there are at least two Authorised Participants and until then at least one Authorised Participant. In the event that at any time there are no Authorised Participants, Security Holders will be permitted to redeem Short and Leveraged Equity Securities respectively held by them directly from the Issuer.

Creation Limits and Redemption Limits

There are limits on the number of Equity Contracts which can be created or cancelled at any time under each Facility Agreement (and therefore on the issue or redemption of corresponding Short and Leveraged Equity Securities). Details of these limits are set out Part 1 (*General*). The Issuer will reject Application Forms or Redemption Forms to the extent that the acceptance of such would cause the Creation Limits or Redemption Limits to be exceeded, unless an Equity Contract Counterparty agrees with the Issuer that corresponding Equity Contracts will be created or cancelled notwithstanding that the Creation Limits or Redemption Limits would be exceeded.

Right to Satisfy Applications and Redemptions by Transfer of Securities

Notwithstanding the provisions above, the Issuer may, in its discretion, elect to satisfy Application Forms and Redemption Forms by transfer of the appropriate number of Short and Leveraged Equity Securities to one or more Applicants from the Security Holder(s) seeking redemption. For this purpose, a Security Holder seeking redemption will be deemed to have authorised the Issuer to transfer such Security Holder's Short and Leveraged Equity Securities as are the subject of the Redemption Form to a third party, on such Security Holder's behalf, provided that the amount payable by the Authorised Participant shall still be an amount equal to the relevant Price in the Relevant Currency on the applicable Pricing Date (plus the Application Fee and any Application Cost) and the amount receivable by the Security Holder shall still be the relevant Price on the applicable Pricing Date (less the Redemption Fee and any Redemption Cost), and the relevant Redemption Payment Date will be the date of the transfer.

Security

All rights of the Issuer in relation to the Facility Agreement, the Equity Contracts, each Pledge Agreement, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement, to the extent they apply to payments due in respect of each Pool will be the subject of a first-ranking floating charge in favour of the Trustee under the Security Deed to secure the obligations owed by the Issuer to the Trustee and the Security Holders in respect of Short and Leveraged Equity Securities of the relevant class. The grant to the Trustee of a floating charge means that the Trustee does not have control of the charged assets but, instead has placed broad restrictions on the Issuer's ability to deal in the assets.

Accounts

The Issuer's financial statements are presented in US Dollars. The value of any assets and liabilities denominated in currencies other than US Dollars is converted into US Dollars at rates quoted by independent sources.

The valuation of the assets and liabilities of the Issuer attributable to any Pool is determined under the supervision of the Board.

The Equity Contracts constitute an asset of the Issuer. For the purposes of the valuation of the Issuer's assets, the Equity Contracts are valued at the Price as at the date of valuation.

PART 5

DESCRIPTION OF FACILITY AGREEMENT AND EQUITY CONTRACTS

All Short and Leveraged Equity Securities will be backed by corresponding Equity Contracts with corresponding terms and the same currency of denomination. Each class of Short and Leveraged Equity Securities has a corresponding class of Equity Contract. Each time Short and Leveraged Equity Securities are issued or redeemed the Issuer will create or cancel corresponding Equity Contracts, exactly matching the number and classes of Short and Leveraged Equity Securities in question. Equity Contracts will be created and cancelled by the Issuer under the Facility Agreement or a Facility Agreement with another Equity Contract Counterparty.

As the Issuer is a special purpose company, whose only assets attributable to Short and Leveraged Equity Securities will be rights under the Facility Agreement, Equity Contracts, each Pledge Agreement, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement, the ability of the Issuer to meet its obligations upon redemption of Short and Leveraged Equity Securities will be wholly dependent on its ability to receive payment on cancellation of Equity Contracts from the relevant Equity Contract Counterparty or the realisation of Collateral provided by the relevant Equity Contract Counterparty under the Pledge Agreements and Collateral Monitoring Agency Agreement in respect of its obligations to the Issuer under the Facility Agreement. The Facility Agreement, the Equity Contracts provided thereunder, each Pledge Agreement, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Short and Leveraged Equity Securities. The Facility Agreement, Equity Contracts and the Collateral Monitoring Agency Agreement are governed by English law and the Pledge Agreements and the Collateral Custodian Agreement are governed by Luxembourg law.

Facility Agreements

The Issuer has entered into the Facility Agreement with SG under which the Issuer can create and cancel on a continuous basis, subject to the Creation Limits and Redemption Limits and certain other conditions, any combination of classes of Equity Contracts. The Facility Agreement runs until at least 23 March 2024, subject to earlier termination in accordance with the terms of the Facility Agreement, and as more fully described below. The Issuer hopes to procure an increase in the total number of Equity Contracts available from the Equity Contract Counterparties in the event that demand for Short and Leveraged Equity Securities necessitates such additional capacity.

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

The Facility Agreement may be terminated by the Issuer in the following circumstances:

- on not less than 2 days that are Paris Business Days and London Business Days' notice following the occurrence of a Counterparty Event of Default in respect of SG, provided that the same was not caused by a breach by the Issuer of its obligations under the Facility Agreement or by any Authorised Participant under the relevant Authorised Participant Agreement;
- on not less than 2 days that are Paris Business Days and London Business Days' notice, following the failure of the Equity Contract Counterparty to perform or observe any of its other material obligations under a Facility Agreement or any Counterparty Security Agreement where such failure does not arise as a result of Force Majeure provided that such failure (if capable of being rectified) is not rectified within five London Business Days of the Equity Contract Counterparty receiving written notice from the Issuer of such failure; or
- on not less than 2 days that are Paris Business Days and London Business Days' notice, if any representation made by the Counterparty or deemed to have been made or repeated by it under a Facility Agreement or any Counterparty Security Agreement proves to have been incorrect or misleading in any material respect when so made or deemed repeated.

Classes of Equity Contracts under the Facility Agreement may be cancelled by the Issuer in the following circumstances:

- on not less than two days which are London Business Days and Paris Business Days' notice in respect of the applicable classes of Equity Contracts if all Short and Leveraged Equity Securities of any class are to be redeemed pursuant to Condition 8.7 (*Compulsory Redemption on a fall in the Price relative to the Principal Amount*) of the Conditions;
- on 30 days' notice in respect of any one or more classes of Equity Contracts if all Short and Leveraged Equity Securities of such classes are to be redeemed; or
- on not less than 30 days' notice for all affected classes of Equity Contracts if a withholdable tax is imposed by any taxing authority.

The Issuer may also terminate a Facility Agreement at any time upon giving not less than three months' notice.

SG and any additional Equity Contract Counterparties may elect to amend their Facility Agreement if the Issuer enters into a Facility Agreement with another Equity Contract Counterparty to substantially conform its Facility Agreement to that new Facility Agreement and for this purpose the consent of the Trustee will not be required.

Under the terms of the Facility Agreement the Issuer may appoint Equity Contract Counterparties in its sole discretion. The Calculation Agent will enter into good faith negotiations with the Issuer as to whether it would act as a calculation agent for any Equity Contract Counterparty other than SG. It may decline to do so for various reasons including risk, credit, compliance, business policy or reputational reasons (other than on grounds of competition).

The Issuer may, but is not required to, enter into other Facility Agreements with other Equity Contract Counterparties. **Other Facility Agreements may not be on the same terms as the Facility Agreement between the Issuer and SG**. It is not the Issuer's intention to enter into Facility Agreements for the purpose of spreading counterparty risk. In the event that the Issuer enters into a Facility Agreement with a new Equity Contract Counterparty, the Issuer will include in a supplementary prospectus such information relating to that new Equity Contract Counterparty of which it is aware or is able to ascertain from information published by such new Equity Contract Counterparty, as is required by Annex VIII of the Prospectus Regulation (Regulation Number 809/2004/EC).

Under the terms of the Facility Agreement SG acts as Calculation Agent solely for the purposes of the Facility Agreement and the Equity Contracts thereunder. The Facility Agreement contains customary exculpatory terms including provisions that neither the Trustee nor any holder nor any potential holder of Short and Leveraged Equity Securities will be entitled to rely as against the Calculation Agent upon any determination of the Calculation Agent and that no duty will be owed by the Calculation Agent to the Trustee or any holder or potential holder of Short and Leveraged Equity Security in connection with any such determination.

SG's role as Calculation Agent terminates automatically on the termination of the Facility Agreement. If the Issuer enters into a Facility Agreement with any other Equity Contract Counterparty, SG will, subject to certain provisos, enter into negotiations with the Issuer in respect of its appointment as calculation agent for the purposes of the new Facility Agreement on terms satisfactory to SG containing such customary exculpatory terms as SG may reasonably require and SG shall be entitled to resign if at any time there are no and have not for 30 consecutive days been any Equity Contracts under such new Facility Agreement.

Pledge Agreements and Collateral Monitoring Agency Agreement

The Issuer has entered into (i) a Collateral Custodian Agreement with SG and the Collateral Custodian; (ii) a separate Pledge Agreement for Equity Contracts denominated in Euro, Sterling and US Dollar (each a "Contract Currency Group") with SG and the Collateral Custodian; and (iii) a Collateral Monitoring Agency Agreement with SG, the Collateral Custodian and the Collateral Monitoring Agent, under which SG is required to post Collateral relating to a particular Contract Currency Group to the Collateral Account relating to that Contract Currency Group in its name at the Collateral Custodian and the Issuer has been granted a security interest over the assets comprised within each such Collateral Account.

On each Collateral Business Day for each Contract Currency Group the Collateral Monitoring Agent shall calculate the value of Collateral posted by SG to the relevant Collateral Account (i.e. the Collateral Value) and conduct a test (a Collateral Test) to determine whether such value equals or exceeds the sum of the Prices, as at the Reference Pricing Day, of each and every outstanding Equity Contract within such Contract Currency Group (i.e. the Required Collateral Value). For these purposes both the Collateral Value and Required Collateral Value shall be based on previous days' values and prices, respectively, and the basis for determining the Collateral Value and Required Collateral Value are more particularly described below. In the event a Collateral Test is failed then the Collateral Monitoring Agent shall deliver a notice to SG and the Issuer to that effect.

On each Collateral Business Day the Collateral Monitoring Agent shall calculate the Collateral Value based on the Market Value of Collateral posted by SG to each Collateral Account as at the end of the calendar day falling one day prior to the immediately preceding Collateral Business Day (i.e. the Collateral is valued on a T-2 basis). The value of such Collateral shall include assets which SG has instructed for transfer into a Collateral Account pursuant to valid instructions but which have not yet settled.

Likewise, the Collateral Monitoring Agent is required to determine the Required Collateral Value for each Contract Currency Group on each Collateral Business Day, which value shall be equal to the sum of the Prices as at the Reference Pricing Day of each and every outstanding Equity Contract within such group as notified by SG to the Collateral Monitoring Agent on the preceding Collateral Business Day. The Reference Pricing Day is the Pricing Day immediately preceding the Collateral Business Day on which SG provides such notice to the Collateral Monitoring Agent (i.e. the Required Collateral is based on the Price of the Equity Contracts as at T-2). The Collateral Monitoring Agent shall base its determinations on the Price of the Equity Contracts notified to it by SG, provided that if the Issuer disputes a Price then the Collateral Monitoring Agent shall, with respect to the disputed class(es), rely on the last Price notified to it which was not subject to a dispute.

Under the Pledge Agreements SG has agreed to ensure on each Collateral Business Day that the Collateral Test be satisfied in accordance with the terms of the Collateral Monitoring Agency Agreement and that in the event that the Collateral Value is lower than the Required Collateral Value on a Collateral Business Day then SG shall ensure that sufficient Collateral is credited to or substituted within the Collateral Account on such Collateral Business Day in order to rectify such shortfall. SG may withdraw Collateral from and/or add to or replace Collateral in a Collateral Account provided that following such adjustment the Collateral Test continues to be satisfied.

A further description of the arrangements for the provision of Collateral by an Equity Contract Counterparty under the Pledge Agreements and the Collateral Monitoring Agency Agreement is set out under "Provision of Collateral by the Equity Contract Counterparties" in Part 1 (*General*).

The Collateral Monitoring Agent is not liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever under the Collateral Monitoring Agency Agreement.

Collateral Custodian Agreement

The Issuer has entered into a Collateral Custodian Agreement with the Collateral Custodian and SG under which the Collateral Custodian acknowledges the security interests created in favour of the Issuer under each Pledge Agreement and undertakes to the Issuer that following the enforcement of its security under a Pledge Agreement it will hold Collateral pledged under that Pledge Agreement on behalf of the Issuer.

The Issuer acknowledges and agrees that depositories and subcustodians may have a lien, pledge or other security interest (statutory or otherwise) over, or right of setoff or retention and sale in respect of, securities or cash held in Collateral Accounts in relation to claims for payment of obligations owed to them (including administration and safe custody charges) as provided in the applicable depository agreement or subcustodian agreement.

The Collateral Custodian is not liable for (i) loss of business opportunity or loss of profit arising in connection with the Collateral Custodian Agreement (ii) losses arising out of the holding of any securities or cash in any country (iii) losses incurred as a result of errors or omissions with respect to any pricing or other data related to securities and other assets utilised by the Collateral Custodian, or the Equity Contract Counterparty under the Collateral Custodian Agreement (iv) the action or inaction of any Depository (as such term is defined in the Collateral Custodian Agreement) or for any losses resulting from the maintenance of securities or cash with a depository (v) except in the case of fraud, for losses arising from any delaying in acting upon certain written communications when such delay is solely due to any procedure or process to be performed by the Collateral Custodian, a subcustodian or depositary (vi) losses arising from the use of any third party appointed or selected by the Equity Contract

Counterparty or by the Collateral Custodian at the express request of the Equity Contract Counterparty (vii) losses suffered or incurred by the Equity Contract Counterparty or any person claiming by or through the Equity Contract Counterparty as a result of certain information being transmitted to the Equity Contract Counterparty by facsimile or electronically and (viii) losses incurred by or asserted against the Equity Contract Counterparty arising from the default or insolvency of any legal entity or individual except to the extent that the Collateral Custodian is negligent in its selection or continued retention of a subcustodian, or where a subcustodian or depository is a direct or indirect subsidiary of The Bank of New York Mellon Corporation.

Equity Contracts

114 classes of Equity Contracts are currently available under the Facility Agreement to be created by the Issuer, corresponding to the 114 classes of Short and Leveraged Equity Securities. Where an Authorised Participant has agreed with SG the price for the issue or redemption of Short and Leveraged Equity Securities and the creation or cancellation of the corresponding Equity Contracts (“**Agreed Pricing**”) the Issuer will create or cancel Equity Contracts at that price, but otherwise the creation or cancellation price per Equity Contract will be the Price in the Relevant Currency of the corresponding Short and Leveraged Equity Security on the applicable Pricing Date (“**Settlement Pricing**”). Payments due on the creation or cancellation of Equity Contracts will be made in the Relevant Currency.

Whenever Settlement Pricing is used:

- Upon receipt by the Issuer of a valid Application Form or Redemption Form, the Issuer will send to the relevant Equity Contract Counterparty a Creation Notice or Cancellation Notice (together with a copy of the applicable Application Form or Redemption Form, as the case may be) creating or cancelling, as the case may be, an Equivalent Number of Equity Contracts corresponding to the Short and Leveraged Equity Securities which are the subject of the Application Form or Redemption Form.
- Within 30 minutes of the Notice Deadline on any Issuer Business Day, the Issuer will contact the relevant Equity Contract Counterparty by telephone to seek confirmation of acceptance by it of such Creation Notice or Cancellation Notice which has been received or been deemed to have been received on that day. The relevant Equity Contract Counterparty is required to confirm such Creation Notice or Cancellation Notice provided that it complies with certain formalities (set out in the Facility Agreement) as to form, quantum, procedure, timing and substance.

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

Separate Pools

All Short and Leveraged Equity Securities of the same class will have recourse only to the Secured Property of the Pool attributable to that class and not to the Secured Property of any Pool attributable to any other class. The principal assets to be included in each Pool are the rights of the Issuer under the Equity Contracts of the corresponding class with the Equity Contract Counterparty, the rights of the Issuer under the Facility Agreement for such class, and such rights of the Issuer in respect of that class of Equity Contracts under the Pledge Agreements, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement. The Issuer may issue other classes of Short and Leveraged Equity Securities, based on different prices, different currencies of denomination or having some other different characteristics, but any such securities will have recourse only to the Secured Property of the Pool attributable to such new type and not to the assets attributable to any other type.

Corresponding Terms of Equity Contracts with Short and Leveraged Equity Securities

Whenever Short and Leveraged Equity Securities are issued or redeemed, the Issuer will always create or cancel corresponding Equity Contracts of the corresponding class as those Short and Leveraged Equity Securities. Consequently the sum of the exposures of the Equity Contract Counterparties in respect of Equity Contracts of each class at any time will always exactly match the exposure of the Issuer in respect of Short and Leveraged Equity Securities of the corresponding class at that time.

Payment for the issue of Short and Leveraged Equity Securities will be made by an Authorised Participant in the Relevant Currency and shall include any applicable Application Cost (except in certain cases where Agreed Pricing is used). The Issuer requires that the relevant Authorised Participant makes payment directly credited via CREST to an account in the name of the Equity Contract Counterparty and in this manner payment to the Equity Contract Counterparty for the Creation of the corresponding Equity Contracts is made by the Issuer. In addition an Application Fee is payable on the issue of Short and Leveraged Equity Securities.

Payment upon Redemption of Short and Leveraged Equity Securities will be made via CREST to the Authorised Participant (save where there are no Authorised Participants, in the case of Compulsory Redemptions or if the Issuer has announced that Redemptions may be made by Security Holders in accordance with the Conditions) in the Relevant Currency after deduction of the applicable Redemption Cost (except in certain cases where Agreed Pricing is used). The Issuer requires that the relevant Equity Contract Counterparty make payment upon Cancellation of the corresponding Equity Contracts directly to an account in the name of the Authorised Participant redeeming the Short and Leveraged Equity Securities and in this manner payment to the Authorised Participant upon Redemption of the corresponding Short and Leveraged Equity Securities is made by the Issuer. In addition a Redemption Fee is payable on the Redemption of Short and Leveraged Equity Securities.

Except in some cases where Agreed Pricing is used, the amount payable upon creation or cancellation of Equity Contracts is always determined in the same manner as the Price on the applicable Pricing Date for the corresponding Short and Leveraged Equity Securities which are applied for or redeemed. Under the Facility Agreements, a Disrupted Day is determined on an equivalent basis as the determination of a Disrupted Day under the Programme. Accordingly, any day that is a Disrupted Day for the purposes of a Facility Agreement is also a Disrupted Day for the purposes of the Programme. Equity Contracts have no equivalent of a Principal Amount.

If Agreed Pricing is used to determine the amount payable upon creation or cancellation of Equity Contracts, the same Agreed Pricing applies to the corresponding Short and Leveraged Equity Securities which are applied for or redeemed.

Consequently, save in the event of a Compulsory Redemption in the circumstances described in the risk factors entitled "*Realisation of Collateral*" and "*Enforcement by the Trustee*" above, the amounts payable between Authorised Participants and the Issuer on the issue or redemption of Short and Leveraged Equity Securities (other than Application Fees and Redemption Fees which are payable by Authorised Participants to the Issuer in the Relevant Currency (and save where the Principal Amount of a Short and Leveraged Equity Security exceeds its Price)) will always be identical to the amounts payable between the Issuer and the Equity Contract Counterparty on the creation and cancellation of the corresponding Equity Contracts.

Elections

Upon an Application Form being lodged for new Short and Leveraged Equity Securities:

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

Administration Allowance

The Annualised Rate comprises the sum of the Swap Spread, the Collateral Cost and rates equal to the Administration Allowance and the Licence Allowance and will be reflected in the Multiplier for such class. The Equity Counterparty pays on a monthly basis such amounts that are sufficient to put the Issuer in funds to pay the Administration Allowance and the Licence Allowance pursuant to the Annualised Rate Agreement.

No other cash payments are settled between the Equity Contract Counterparty and the Issuer.

Calculation Agent under the Facility Agreement in respect of Equity Contracts

SG acts as Calculation Agent under and for the purposes of the Facility Agreement with SG in respect of the Equity Contracts only.

SG has the following rights and obligations as Calculation Agent under and for the purposes of that Facility Agreement and in connection with the Equity Contracts only:

(a) to determine the identity of an "Exchange" or "Related Exchange" and the occurrence of an "Exchange Disruption", "Index Disruption Event" or "Market Disruption Event" and therefore of a "Disrupted Day" (each as defined under that Facility Agreement);

(b) in relation to an "Index Mispricing" (as defined under that Facility Agreement), to determine the occurrence of a manifest error in the calculation of an Equity Index or an Underlying Equity Benchmark;

(c) to determine the "Market Value Amount" (as defined under that Facility Agreement) of any Equity Contract subject to compulsory Cancellation as a result of an Index Disruption Event, where appropriate making such determination by reference to the value (net of transaction costs) of a commercially reasonable hypothetical hedge position for such Equity Contract;

(d) on or after a "Disrupted Day" (as defined under that Facility Agreement):

    (i) to determine that it has prevented the Equity Contract Counterparty, despite using all commercially reasonable endeavours to do so, from fully rebalancing or has otherwise materially affected its hedge position for any Equity Contracts on any Pricing Day;

    (ii) to calculate an adjustment factor which when applied to the Price of any Equity Contracts on a Pricing Day corresponds to the proportion of such rebalancing shortfall or such material effect; and

    (iii) to notify the Issuer of, among other things, any such adjustment factor (and therefore of the "Disruption Adjustment Factor" under that Facility Agreement for that Pricing Day);

(e) if an Equity Index for any class of Equity Contracts is not calculated and announced by the relevant Equity Index Sponsor, to determine an acceptable successor sponsor;

(f) if an Equity Index for any class of Equity Contracts is replaced by a successor index, to determine whether such replacement successor index uses the same or an substantially similar formula for, and method of, calculation as used in the calculation of that Equity Index and provides for the same level of leveraged exposure to the Underlying Equity Benchmark or to an index that is substantially similar to the Underlying Equity Benchmark;

(g) to determine whether an Equity Index Sponsor has made a material change in the formula for, or the method of calculating, an Equity Index or otherwise materially modified an Equity Index; whether that the impact of any such material modification can be adequately mitigated by adjustment factors under the Facility Agreement; whether the failure of an Equity Index Sponsor to announce the level of an Equity Index or Underlying Equity Benchmark is likely to have a material impact on the hedge position of the Equity Contract Counterparty in connection with Equity Contracts, and for these (and other "Index Disruption Events" or "Market Disruption Events"):

    (i) to use all reasonable endeavours to calculate a substitute level as the Index Level of an Equity Index (or Underlying Equity Benchmark or both) using the same methods of calculation as were used for the calculation of such Equity Index by the relevant Equity Index Sponsor immediately before it ceased to do so and to notify the Issuer of that substitute level; or

    (ii) where the Calculation Agent is unable to do so, to calculate a substitute level as the relevant Index Level using, in lieu of a published level for the Equity Index, the level of that Equity Index on the relevant Pricing Day in accordance with the formula for and method of calculating that Equity Index last in effect prior to the relevant "Index Disruption Event", but using only those securities that comprised that Equity Index immediately beforehand (other than any securities which have since ceased to be listed on any relevant Exchange);

(h) if an Equity Index merges with another index, to determine, whether to continue using the index resulting from the merger or to replace it with a new index (provided that such new index is representative of the same economic or geographic sector);

(i) if an Equity Index is split into two or more new indices, to determine whether to use the indices resulting from the split to determine an equivalent index or to replace that Equity Index with a new index (provided that such new index is representative of the same economic or geographic sector);

(j) to determine whether, the Equity Contract Counterparty or any of its affiliate companies, as a consequence of an anticipated "Hedging Disruption Event" (as defined in that Facility Agreement), is required by law or by the order a competent regulatory authority to close or reduce hedge positions related to Equity Contracts in connection with that Facility Agreement (or would find it reasonably necessary to do so to comply with that law or order);

(k) to determine whether there is an "Increased Cost of Hedging" (as defined in that Facility Agreement) for an Equity Contract Counterparty in respect of any class of Equity Contracts and whether any such Increased Cost of Hedging has been materially addressed through adjustments under that Facility Agreement or by any other agreement between the Issuer and SG.

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

The Calculation Agent's functions and responsibilities are limited to the making of calculations and determinations in accordance with the terms of the Facility Agreement in respect of the Equity Contracts thereunder. The Calculation Agent is not appointed as calculation agent for the purposes of the Conditions, the Short and Leveraged Equity Securities or the Trust Instrument and has no role in relation to any of them. Nothing in any such instrument or document or hereunder creates or implies any obligation or duty whatsoever on the part of the Calculation Agent to Security Holders, potential Security Holders, the Trustee or any other person. In this connection, SG expressly disclaims any responsibility or liability in respect of the Short and Leveraged Equity Securities or to any holder thereof.

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

Creation Cost and Cancellation Cost

Unless Agreed Pricing is used, the Equity Contract Counterparty will charge the Issuer a Creation Cost on the creation of Equity Contracts and a Cancellation Cost on the cancellation of Equity Contracts.

The Creation Cost will be payable in addition to the Price and will equal a percentage amount of the aggregate Price of the Equity Contracts that are created. Likewise, the Cancellation Cost will equal a percentage amount of the aggregate Price of the Equity Contracts that are cancelled and the Equity Contract Counterparty will deduct such Cancellation Cost from the amount that will be payable upon the cancellation of the Equity Contracts.

The Creation Cost and the Cancellation Cost applicable to each class of Equity Contract will always be equal to the Application Cost and Redemption Cost, respectively, for the corresponding class of Short and Leveraged Equity Securities. Details of the Application Cost and Redemption Cost for certain classes of Short and Leveraged Equity Security are detailed under "Application Cost and Redemption Cost" in Part 4 (*Description of Short and Leveraged Equity Securities*) and the Application Cost and Redemption Cost for each class of Short and Leveraged Equity Security on any day may be found at http://www.etfsecurities.com/retail/uk/en-gb/pricing-ThreeTimesETC.aspx.

The Equity Contract Counterparty may propose amendments to the Creation Cost and the Cancellation Cost applicable to one or more classes of Equity Contracts provided that following such amendment the

Creation Cost may not exceed 1 per cent. (except in the case of ETFS 3x Daily Long Dax 30 where the Creation Cost may not exceed 1.50 per cent.) and the Cancellation Cost may not exceed 1 per cent. (except in the case of ETFS 3x Daily Long DAX 30 where the Cancellation Cost may not exceed 1.50 per cent.). Where the Equity Contract Counterparty proposes an amendment to the Creation Cost or the Cancellation Cost the Issuer may at its discretion consent to such amendment (provided that such consent shall not be unreasonably withheld or delayed). Any such change will give rise to a corresponding change in the level of Application Cost or Redemption Cost in respect of Short and Leveraged Equity Securities (except in some cases where Agreed Pricing is used). Any such change will take effect without prior notice to the investors.

In certain circumstances the Equity Contract Counterparty may propose amendments to the Creation Cost or the Cancellation Cost applicable to a class of Equity Contract that exceeds 1 per cent., with respect to the Creation Cost (or 1.50 per cent. with respect to the Creation Cost for ETFS 3x Daily Long DAX 30), or 1 per cent., with respect to the Cancellation Cost (or 1.50 per cent. with respect to the Cancellation Cost for ETFS 3x Daily Long DAX 30) or, alternatively, the Equity Contract Counterparty may propose amendments to the aforementioned limits. In either case the Issuer may at its discretion consent to such amendments. Any such change will give rise to a corresponding change in the level of Application Cost or Redemption Cost in respect of Short and Leveraged Equity Securities (except in some cases where Agreed Pricing is used). In these circumstances the amendment will take effect after 5 Issuer Business Days' written notice to Authorised Participants and through an RIS.

The Creation Cost payable upon creation of Equity Contracts will always be equal to the Application Cost payable for the corresponding Short and Leveraged Equity Securities which are applied for and the Cancellation Cost payable upon the cancellation of Equity Contracts will always be equal to the Redemption Cost payable for the corresponding Short and Leveraged Equity Securities which are redeemed. In circumstances where the Equity Contract Counterparty amends the Creation Cost or the Cancellation Cost for a particular class of Equity Contracts then then Issuer shall make a corresponding amendment to the Application Cost or Redemption Cost for the corresponding class of Short and Leveraged Equity Securities.

Consequently, the Application Cost or Redemption Cost payable between Authorised Participants and the Issuer on the respective issue or redemption of Short and Leveraged Equity Securities will always be identical to the Creation Cost or Cancellation Cost payable between the Issuer and the Equity Contract Counterparty on the creation and cancellation of the corresponding Equity Contracts (except in some cases where Agreed Pricing is used).

Issuer Italian FTT

On the creation of Equity Contracts using either Settlement Pricing or Agreed Pricing, the Equity Contract Counterparty will charge the Issuer an amount equal to any Issuer Italian FTT, which will be payable in addition to the Price. Likewise, on the cancellation of Equity Contracts using either Settlement Pricing or Agreed Pricing, the Equity Contract Counterparty will deduct an amount equal to any Issuer Italian FTT from the amount that will be payable upon the cancellation of the Equity Contracts.

The amount of Issuer Italian FTT applicable to each creation or cancellation of Equity Contracts of any class will always be equal to the amount of Issuer Italian FTT applicable to the corresponding issue or Redemption of Short and Leveraged Equity Securities of the same class. Consequently, the amount of Issuer Italian FTT, if any, payable between an Authorised Participant and the Issuer on the respective issue or Redemption of Short and Leveraged Equity Securities will always be identical to the amount of Issuer Italian FTT payable between the Issuer and the Equity Contract Counterparty on the corresponding creation or cancellation of Equity Contracts of the same class.

PART 6

THE PROGRAMME

1. PASSPORTING

The purpose of passporting is to allow for the Short and Leveraged Equity Securities to be offered publicly in accordance with local law in the European countries listed below.

The Issuer has requested the FCA to provide the competent authority in Austria, the Österreichische Finanzmarktaufsicht (Austrian Financial Market Authority), the competent authority in Denmark, the Finanstilsynet (Financial Supervisory Authority), the competent authority in Finland, the Finanssivalvonta (Finnish Financial Supervisory Authority), the competent authority in France, the Autorité des Marchés Financiers (Authority for the Financial Markets), the competent authority in Germany, the Bundesanstalt für Finanzdienstleistungsaufsicht (the Federal Financial Supervisory Authority), the competent authority in Ireland (Central Bank of Ireland), the competent authority in Italy, the Commissione Nazionale per le Società e la Borsa (CONSOB), the competent authority in the Netherlands, the Autoriteit Financiële Markten (Authority for the Financial Markets), the competent authority in Norway, the Kredittilsynet (Norwegian Financial Supervision Authority), the competent authority in Portugal, the Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission), the competent authority in Spain, the Comisión Nacional del Mercado de Valores (Securities Market Commission) and the competent authority in Sweden, Finansinspektionen (Financial Supervisory Authority) with certificates of approval attesting that this Prospectus has been drawn up in accordance with Directive 2003/71/EC.

The Issuer may request the FCA to provide competent authorities in other EEA Member States with such certificates whether for the purposes of making a public offer in such Member States or for admission to trading of all or any Short and Leveraged Equity Securities on a regulated market therein or both.

The Issuer intends to make an application for the Short and Leveraged Equity Securities specified in paragraph 20(d) of Part 11 (*Additional Information*) to be admitted to listing on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Public trading of the Short and Leveraged Equity Securities on the Frankfurt Stock Exchange can occur only after the application for such admission has been approved, which is expected to occur on or after 7 April 2014. There can be no assurance that such admission will necessarily be approved.

The Issuer intends to make an application for the Short and Leveraged Equity Securities specified in paragraph 20(d) of Part 11 (*Additional Information*) to be admitted to listing on the ETFplus market of the Borsa Italiana. Public trading of the Short and Leveraged Equity Securities on the ETFplus market of the Borsa Italiana can occur only after the application for such admission has been approved. There can be no assurance that such admission will necessarily be approved.

2. PROCEDURE FOR APPLICATION

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

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

3. SUBSCRIPTION FOR SHORT AND LEVERAGED EQUITY SECURITIES

All Application Moneys for Short and Leveraged Equity Securities must be paid through CREST in accordance with the procedures set out in the Application Form in the Relevant Currency.

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

4. SETTLEMENT

Short and Leveraged Equity Securities are available to be issued in Certificated Form or in Uncertificated Form in the CREST System. Persons who apply for Short and Leveraged Equity Securities and wish to hold their Short and Leveraged Equity Securities in Uncertificated Form should so signify on the Application Form and complete the relevant sections of that form in accordance with the instructions thereon.

For those Applicants who wish to hold their Short and Leveraged Equity Securities in Certificated Form, certificates in respect of the Short and Leveraged Equity Securities will be dispatched within 10 London Business Days of the Short and Leveraged Equity Securities being issued. For those Applicants who desire to hold their Short and Leveraged Equity Securities in Uncertificated Form, the relevant CREST account will be credited on the day on which the Short and Leveraged Equity Securities are issued free of payment. The Issuer considers it preferable that Short and Leveraged Equity Securities be held in Uncertificated Form. Notwithstanding any other provision in this document, the Issuer reserves the right to issue any Short and Leveraged Equity Securities in Certificated Form. In normal circumstances this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Registrar in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account details) are not provided as requested on the Application Form. No temporary documents of title will be issued and, pending despatch of security certificates, transfers will be certified against the register.

CREST

The Issuer is a participating issuer in, and the Short and Leveraged Equity Securities are participating securities in, CREST, a paperless multi-currency electronic settlement procedure enabling securities (including debt securities) to be evidenced otherwise than by written instrument, and transferring such securities electronically with effective delivery versus payment. Accordingly, to the extent that the Short and Leveraged Equity Securities are issued in Uncertificated Form, settlement of transactions in the Short and Leveraged Equity Securities will take place within the CREST system.

Settlement and Delivery on the Frankfurt Stock Exchange

For the purpose of good delivery of the Short and Leveraged Equity Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("**Clearstream**") will issue, for each series and the relevant number of Short and Leveraged Equity Securities, a Global Bearer Certificate (each a "**Global Bearer Certificate**") in the German language created under German law ("**Collective Safe Custody**"). Global Bearer Certificates have been issued in respect of the Short and Leveraged Equity Securities. The Global Bearer Certificates have the following German ISIN Codes:

Type of Global Bearer Certificate	ISIN Code
ETFS 3x Daily Long DAX 30	DE000A1YKTG2
ETFS 3x Daily Long EURO STOXX 50®	DE000A1YKTH0
ETFS 3x Daily Long EURO STOXX® Banks	DE000A1YKTJ6
ETFS 3x Daily Short DAX 30	DE000A1YKTK4
ETFS 3x Daily Short EURO STOXX 50®	DE000A1YKTL2
ETFS 3x Daily Short EURO STOXX® Banks	DE000A1YKTM0

A non-binding English language translation of the conditions of the Global Bearer Certificates is set out in Part 9 (*Global Bearer Certificates*) and the definitive German language text is annexed hereto in Annexes 1 and 2.

For each Global Bearer Certificate, the relevant number and type of Short and Leveraged Equity Securities will be registered in the name of Vidacos Nominees Limited, London, England (the "**Nominee**") in the relevant Register of Security Holders and credited to a separate safe custody account of Clearstream with Citibank N.A., London, England (the "**Custodian**"). The safe custody accounts assigned to the Short and Leveraged Equity Securities (the "**Safe Custody Account**") will be designated "Clearstream Banking Aktiengesellschaft (Clearstream) – Special Safe Custody Account for ETFS Equity Securities Global Bearer Certificate" followed by the name and type of Equity Security concerned.

In accordance with the conditions governing each Global Bearer Certificate:

- each co-owner thereof will be entitled, at his expense, to demand at any time that Clearstream arrange for the registration of the co-owner or a third party designated by him, in the relevant

Register of Security Holders of the number and type of Short and Leveraged Equity Securities corresponding to his co-ownership share or any portion thereof in the Global Bearer Certificate of the same class; and

- any registered holder of Short and Leveraged Equity Securities of any relevant class will be entitled, at his expense, to have his Short and Leveraged Equity Securities delivered to the Custodian for crediting to the Safe Custody Account against a corresponding co-ownership share in the Global Bearer Certificate of the relevant class.

Whenever the number of Short and Leveraged Equity Securities represented by the Global Bearer Certificate of any class changes (as a result, for example, of deliveries to the Safe Custody Account, withdrawals from the Safe Custody Account or issues or redemptions of Short and Leveraged Equity Securities), Clearstream will amend the relevant Global Bearer Certificate accordingly.

Unless otherwise agreed, the Issuer will treat the Nominee as one single security holder so far as fractional rights and entitlements are concerned.

Cash Payments and Exercise of Subscription Rights and Other Rights: Cash payments are credited to Clearstream's cash account with the Custodian and paid by Clearstream to the respective co-owners. Any subscription rights or other rights and any fractional rights relating to the Short and Leveraged Equity Securities in the Safe Custody Account will be held by Clearstream at the disposal of HSBC Trinkaus & Burkhardt AG (the "**Bank**") of Königsallee 21/23, 40212 Düsseldorf, Federal Republic of Germany. Upon the request of the Bank, Clearstream will give instructions to the Custodian for the exercise, purchase or sale of such subscription rights, other rights or fractional rights. In case of any flow of cash amounts resulting out of such transactions, Clearstream will without delay inform the Bank by fax of the net proceeds or the net costs, respectively, and the related value date. The net proceeds or the net costs, respectively, must be credited or debited to the Bank's cash account with Clearstream or as otherwise agreed between Clearstream and the Bank.

Clearstream Banking AG: Clearstream is a company that was incorporated on 12 July 1949 in Frankfurt under the laws of the Federal Republic of Germany.

Clearstream is a regulated credit institution under the German Banking Act and licensed as the German Central Securities Depository pursuant to the German Securities Deposit Act, i.e. a professional depository that holds securities for its customers and facilitates the clearance and settlement of securities transactions among them through electronic book-entry transfers between their accounts, thereby eliminating the need for physical movement of the securities. Clearstream also provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Clearstream's customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

Clearstream conducts its business in the legal form of a German stock corporation (*Aktiengesellschaft*), registered in the commercial register at the local court in Frankfurt under number HRB 7500, and with registered office at Neue Börsenstraße 1, D60487 Frankfurt am Main, Federal Republic of Germany.

Supply and Inspection of Documents in Germany

For the duration of the Programme or so long as any Short and Leveraged Equity Securities remain outstanding, copies of this Prospectus (or any replacement prospectus), the German translation of the summary thereto and all financial information as well as the contracts required to be disclosed by the Issuer pursuant to the applicable rules will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Bank, and a copy of the documents referred above may be requested by contacting the Bank.

Settlement and Delivery on the ETFplus Market of the Borsa Italiana

All Short and Leveraged Equity Securities traded on Borsa Italiana S.p.A. will be recorded in the Register in the name of Monte Titoli S.p.A. and held beneficially for persons who have bought through Borsa Italiana S.p.A. For those persons Monte Titoli S.p.A. will maintain its own record of holders ("**Italian sub-register**"). All Short and Leveraged Equity Securities traded on the Borsa Italiana S.p.A. are eligible for settlement through the normal Monte Titoli S.p.A. settlement systems on the deposit accounts opened with Monte Titoli S.p.A. Marketmakers and other account holders at Monte Titoli S.p.A. will be permitted to transfer securities between the Register and the Italian sub-register and any other sub-registers applicable to other markets to which the Short and Leveraged Equity Securities may be admitted to trading, and thereby be able to move securities between the London Stock Exchange, such other markets and Monte Titoli S.p.A.

For the purposes of discharging any obligations under the Short and Leveraged Equity Securities held through Monte Titoli S.p.A., the Issuer will treat Monte Titoli S.p.A. as the single security holder of such Short and Leveraged Equity Securities and the holders recorded in the Italian sub-register must look to Monte Titoli S.p.A. to receive any and all entitlements under such Short and Leveraged Equity Securities.

5. REGISTERS

The Registrar will maintain the Registers in Jersey.

In accordance with the terms of the Registrar Agreement, the Registrar is not liable to the Issuer for any damages or loss arising in relation to (i) any act or omission on the part of the network provider used by the Registrar to send and receive instructions to and from CREST, (ii) any matter relating to the registers of members and other security holders of the Issuer or the assets of the Issuer and (iii) the operation or otherwise of the CREST system including compliance with its terms of use.

Furthermore the Registrar is not liable for any loss or damage to any party suffered as a result of the non-availability of or lack of security in respect of the view-only online access to the registers of members and other security holders maintained on the Registrar's website.

6. UCITS AND CIS

United Kingdom

The Issuer has been advised that:

(a) the Short and Leveraged Equity Securities do not constitute units in a collective investment scheme; and

(b) the Short and Leveraged Equity Securities are capable of constituting transferable securities.

Prospective investing UCITS Schemes would need to satisfy themselves that an investment in the Short and Leveraged Equity Securities in their own circumstances would be in line with their investment objectives and comply with the relevant parts of the FCA Handbook (or other such rules as may apply to them in their home member state).

7. MONEY LAUNDERING REGULATIONS

The verification of identity requirements of Jersey's anti-money laundering laws and regulations and/or any subsequent equivalent legislation will apply to the Programme and verification of the identity of the Authorised Participants for Short and Leveraged Equity Securities may be required. The anti-money laundering laws and regulations of other jurisdictions may also apply to the Programme and verification of the identity of the Authorised Participants.

By lodging an Application Form or lodging an Application order through the System, each Authorised Participant confirms that it is subject to the Money Laundering (Jersey) Order 2008 (as amended from time to time) (in relation to Jersey), the Money Laundering Regulations 2007 (in relation to the UK) and/or any other applicable anti-money laundering laws and regulations and/or undertakes to provide such other evidence of identity as is required by the Issuer at the time of lodging the Application Form or order, or, at the absolute discretion of the Issuer, at such specified time thereafter as may be requested to ensure compliance with the Money Laundering (Jersey) Order 2008, the Money Laundering Regulations 2007 and/or any other applicable legislation.

The secretary is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Authorised Participant and whether such requirements have been satisfied. Neither the Issuer nor the Registrar shall be responsible or liable to any person for any loss or damage suffered as a result of the exercise of their discretion hereunder.

No Application will be accepted by the Issuer unless evidence of such Authorised Participant's identity satisfactory to the Issuer and its agents is provided.

PART 7

TRUST INSTRUMENT AND SHORT AND LEVERAGED EQUITY SECURITIES

The issue of up to 1,000,000,000 Short and Leveraged Equity Securities of each class of the Issuer (each having the Principal Amount stated in paragraph 4 of Part 11 (*Additional Information*)) was authorised pursuant to a resolution of the Board passed on 11 November 2013. The Short and Leveraged Equity Securities will be constituted by the Trust Instrument, which is governed by Jersey law, and secured by the Security Deed, which is governed by English law. Under the terms of the Trust Instrument the Trustee may delegate all or any of its rights, powers, authorities, duties and discretions in respect of the Short and Leveraged Equity Securities upon such terms and subject to such conditions and regulations as the Trustee may in the interests of the Security Holders think fit.

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

The Trustee is not liable for any loss, damage, cost, charge, claim, demand, expense, judgement, action, proceeding or other liability whatsoever which may result from the exercise or non-exercise of its trusts, rights, powers, authorities, duties and discretions under the Documents.

The following are the conditions applicable to the Short and Leveraged Equity Securities.

"The Conditions

The Equity Securities are undated, limited recourse, secured debt securities of ETFS Equity Securities Limited and are constituted by, are issued subject to and have the benefit of, a trust instrument dated 24 March 2014 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of Equity Securities, governed by Jersey law.

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

1. DEFINED TERMS AND INTERPRETATION

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

"**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 Equity Securities using Agreed Pricing;

"**Annualised Rate**" means with respect to each class of Equity Securities, an adjustment factor reflecting an annualised rate to be included in the calculation of the Price which is equal to the annualised rate agreed from time to time in respect of the corresponding class of Equity Contracts by an Equity Contract Counterparty and the Issuer for the purposes of the Facility Agreement between them;

"**Annualised Rate Agreement**" means an annualised rate agreement between the Issuer and an Equity Contract Counterparty in connection with Equity Contracts;

"**Applicable Law**" means with respect to any person: (a) any law, rule, regulation, requirement, direction or order of any jurisdiction, government body or agency, court, or regulatory body with competent authority over such person, including without limitation any regulatory technical standard or delegated act adopted in respect of a European directive or regulation, and (b) the applicable rules and regulations of any Exchange or Related Exchange, as applicable to such person in each case;

"**Asia and Global Equity Securities**" means the classes of Equity Securities specified as such in Schedule 6;

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

"**Calculation Agent**" means the person from time to time appointed by the Issuer and each Equity Contract Counterparty under a Facility Agreement for the purposes referred to in Condition 14;

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

"**Change in Tax Law**" means either (a) the announcement, enactment, promulgation, execution or ratification or the coming into force of, or (in any case) any change or proposed change in or amendment or proposed amendment to, any law, regulation, order, guidance, treaty or practice relating to tax (or in the application or official interpretation by any Competent Authority of any law, regulation, order, guidance, treaty or practice relating to tax) including for the avoidance of doubt and without limitation, the introduction of any new VAT or other tax payable by the Issuer in Jersey, that occurs on or after the date of entry into a Facility Agreement, or (b) the implementation, application or bringing into effect of any Financial Transaction Tax or tax with a similar effect in a relevant jurisdiction which occurs on or after the date of entry into such Facility Agreement and has the effect that such tax is imposed on a party to such Facility Agreement in respect of any Equity Contracts (or the corresponding Equity Securities) contemplated under such Facility Agreement or the hedging thereof;

"**class**" means a class of Equity Securities under which the Issuer's obligations to make payment, and the corresponding class of Equity Contracts under which any Equity Contract Counterparty's obligations to make payment, are determined by reference to a particular Equity Index and denominated in the same currency;

"**Collateral**" means all Collateral Assets as defined in any Pledge Agreement to the extent attributable to the obligations of an Equity Contract Counterparty under a Facility Agreement;

"**Collateral Custodian**" means the collateral custodian under any Collateral Custodian Agreement;

"**Collateral Custodian Agreement**" means any collateral custodian agreement in connection with Equity Contracts entered into between, amongst others, an Equity Contract Counterparty and a Collateral Custodian;

"**Collateral Monitoring Agent**" means the collateral monitoring agent under any Collateral Monitoring Agency Agreement;

"**Collateral Monitoring Agency Agreement**" means any collateral monitoring agency agreement in connection with Collateral entered into between, amongst others, an Equity Contract Counterparty and a Collateral Monitoring Agent;

"**Competent Authority**" means any competent supranational body, treaty organisation, supervisory committee, governmental, judicial, tax, banking or regulatory authority;

"**Compulsory Daily Pricing Number**" means, in respect of a Compulsory Redemption and a class of Equity Securities in relation to any Pricing Day, a number of outstanding Equity Securities equal to the number of Equity Contracts of the corresponding class required to be priced pursuant to the Facility Agreement for such Pricing Day;

"**Compulsory Number Priced**" means in respect of a Pricing Day and a class of Equity Securities, the Compulsory Daily Pricing Number; *provided that* where the Compulsory Redemption Date is notified in accordance with Condition 8.5 the Compulsory Number Priced in respect of a class of

Equity Securities for any Pricing Day shall be reduced by the number of Equity 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 Equity Securities in accordance with Condition 8.12 or Condition 8.13;

"**Compulsory Redemption Date**" means a date notified in accordance with Condition 8.1, Condition 8.2, Condition 8.5, Condition 8.6, Condition 8.7 or Condition 8.8;

"**Compulsory Redemption Number**" means in respect of a Compulsory Redemption Date and a class of Equity Securities, where such Compulsory Redemption Date is notified in accordance with:

(a) Condition 8.1, Condition 8.2, or Condition 8.7, the total number of Equity Securities of that class outstanding as at the end of the London Business Day immediately preceding the Compulsory Redemption Date;

(b) Condition 8.5 or Condition 8.6 the number of that class of outstanding Equity Securities in respect of which notice was given by the Issuer in accordance with Condition 8.5 (unless Condition 7.19(d) applies, in which case it means all the Equity Securities of that class outstanding as at the end of the London Business Day immediately preceding the Compulsory Redemption Date); and

(c) Condition 8.8, the number of Equity Securities of that class in respect of which notice was given by the Issuer in accordance with Condition 8.8 with respect to the Security Holder in question;

"**Conditions**" means these terms and conditions on and subject to which Equity 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, ten 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, ten 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 Equity Contract Counterparty to make a payment it is due to make in respect of an Equity Contract Cancellation in accordance with the relevant Facility Agreement, where such failure (x) does not arise as a result of Force Majeure and (y) is not rectified within five London Business Days following the day on which the Equity Contract Counterparty receives notice of the failure duly sent by the Issuer in accordance with the terms of the relevant Facility Agreement;

(b) failure of any Equity Contract Counterparty to perform or observe any of its other material obligations under the relevant Facility Agreement or any Counterparty Security Agreement where such failure does not arise as a result of Force Majeure *provided that* such failure (if capable of being rectified) is not rectified within five London Business Days of the Equity Contract Counterparty receiving written notice from the Issuer of such failure;

(c) any representation made by any Equity Contract Counterparty or deemed to have been made or repeated by it under the relevant Facility Agreement or any Counterparty Security Agreement proves to have been incorrect or misleading in any material respect when so made, repeated or deemed made or deemed repeated;

(d) any other Counterparty Default (as defined in the relevant Facility Agreement) shall have occurred under the relevant Facility Agreement; or

(e) an Insolvency Event occurs with respect to the Equity Contract Counterparty;

"**Counterparty Security Agreement**" means the Pledge Agreements, the Collateral Monitoring Agency Agreement and the Collateral Custodian Agreement;

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

"**Currency**" means each of the three denominations of Equity Securities (and their corresponding Equity Contracts) provided for in the Trust Instrument, being Euro in respect of Euro Equity Securities, Pounds Sterling in respect of Sterling Equity Securities and US Dollars in respect of US Dollar Equity Securities and "Currencies" will be construed accordingly;

"**Default Rate**" means a rate per annum of interest equal to LIBOR in respect of Sterling or US Dollars and EURIBOR in respect of Euros (as the case may be) plus 2 per cent. in each case, compounding daily;

"**Defaulted Obligation**" means the failure of the Issuer to make or procure any payment in respect of the Redemption of any Equity 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 an Equity Contract Counterparty under the terms of a Facility Agreement in respect of an Equity Contract Cancellation 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 Equity 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 an Equity Contract Counterparty and an Authorised Participant or a person proposed by the Issuer to become an Authorised Participant;

"Disrupted Day" means in respect of any class of Equity Contracts relating to any class of Equity Securities, a day on which an Index Disruption Event or a Market Disruption Event occurs;

"**Disruption Adjustment**" means in respect of any class of Equity Securities on any day, the ratio as provided for under Condition 14.2(a);

"**Disruption Adjustment Factor**" means in respect of any class of Equity Securities:

(a) on the day on which the first such Equity Securities are issued, 1; and

(b) on any subsequent day a number equal to the Disruption Adjustment Factor on the preceding day, except where a Disruption Adjustment is applied pursuant to Condition 14.2(a) to such class for such day, in which case the Disruption Adjustment Factor is the product of such Disruption Adjustment and the Disruption Adjustment Factor on the preceding day;

"**Early Closure**" means the closure on any Exchange Business Day of (a) any relevant Exchange relating to any securities that constitute the Index Level on such Exchange Business Day, or (b) any Related Exchange, prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (x) the actual closing time for the regular trading session on such Exchange or

Related Exchange (as the case may be) on such Exchange Business Day and (y) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day;

"**EC Treaty**" means the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997), as further amended from time to time;

"**Equity Contract**" means in relation to Equity Securities of a particular class, a corresponding contract between the Issuer and an Equity Contract Counterparty created in accordance with a Facility Agreement;

"**Equity Contract Cancellation**" means the cancellation of Equity Contracts by the Issuer and an Equity Contract Counterparty in accordance with the terms of a Facility Agreement;

"**Equity Contract Counterparty**" means the counterparty to each Facility Agreement with the Issuer and for so long as the Société Générale Facility Agreement remains in force, includes Société Générale;

"**Equity Contract Creation**" means the entering into (referred to as "creation") of Equity Contracts by the Issuer and an Equity Contract Counterparty in accordance with a Facility Agreement;

"**Equity Index**" means in respect of a class of Equity Securities, the equity index specified as such in relation to such class in Schedule 6 (Classes of Equity Securities) of the Trust Instrument;

"**Equity Index Sponsor**" means, in relation to an Equity Index or Underlying Equity Benchmark relating to any class of Equity Security, the person specified in the related Facility Agreement or any other person which the Issuer and the Equity Contract Counterparty may from time to time agree (for the purposes of such Facility Agreement) is (a) responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustment if any related to the relevant Equity Index or Underlying Equity Benchmark and (b) on a regular basis announces, directly or through an agent, the Index Level or (as applicable) the published price level for such Underlying Equity Benchmark;

"**Equity Security**" means an undated limited recourse secured debt security of the Issuer of any of the classes specified in the Trust Instrument created pursuant to and constituted by the Trust Instrument and includes Euro Equity Securities, Sterling Equity Securities and US Dollar Equity Securities and "Equity Securities" means all of them;

"**EURIBOR**" means in respect of any date of determination:

(a) the rate for overnight deposits in Euros which appears on www.euribor.org sponsored by the European Banking Federation (or any other person which takes over administration of that rate) ("**Screen Page**") (or any successor page) as of 11.00 a.m. Brussels time (the "**Relevant Time**") on the day that is two TARGET2 Settlement Days preceding such date of determination; or

(b) in the event of the unavailability of the relevant Screen Page (or any such successor page), the rate for such determination date will be determined on the basis of the rates at which deposits in Euros are offered by four major banks in the Euro-zone interbank market (the "**Reference Banks**" for the purpose of this definition) at approximately 11.00 a.m. on the day that is two TARGET2 Settlement Days preceding the relevant determination date to prime banks in the Euro-zone interbank market for overnight deposits commencing on that date and in an amount (a "**Representative Amount**" for the purposes of this definition) that is representative for a single transaction in the relevant market at the relevant time.

The Issuer will request the principal Euro-zone 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 (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards). 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 London or Paris (in respect of Euros) (as the case may be), selected by the Issuer at approximately 11.00 a.m., local time in London or in Paris, (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards), on such determination date for loans in Euros to leading European banks for overnight deposits commencing on the determination date and in a Representative Amount;

"**Euro**" or "**Eur**" or "**€**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty;

"**Euro Equity Contract**" an Equity Contract denominated in Euros;

"**Euro Equity Security**" an Equity Security denominated in Euros;

"**Exchange**" means in respect of an Equity Index or an Underlying Equity Benchmark on any Pricing Day, a corresponding exchange or quotation system specified in the relevant Facility Agreement, or any successor to such exchange or quotation system or any substitute exchange or quotation system as provided for by Condition 14.2(d) to which trading in the shares underlying such Equity Index has temporarily relocated provided that (a) there is comparable liquidity relative to such shares underlying such Equity Index on such temporary substitute exchange or quotation system as on the original exchange and (b) the Equity Contract Counterparty has notified the Issuer as soon as reasonably practicable but in any event, on or before that Pricing Day of the same in accordance with the terms of and for the purposes of the Facility Agreement;

"**Exchange Business Day**" means, in respect of an Equity Index relating to any class of Equity Securities, any Scheduled Trading Day on which each relevant Exchange and Related Exchange of the Equity Index are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

"**Exchange Disruption**" means, in respect of an Equity Index or Underlying Equity Benchmark, any event as provided for by Condition 14.2(e) (other than an Early Closure) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for (a) any securities that constitute the relevant Index Level on any relevant Exchange, or (b) futures or options contracts on the relevant Equity Index or Underlying Equity Benchmark on any relevant Related Exchange;

"**Extraordinary Resolution**" means in respect of one or more classes of Equity Securities either (a) a resolution passed at a meeting of the holders of the Equity 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 Equity Securities of such class or classes voting on such poll or (b) a resolution in writing of holders of the Equity Securities of such class or classes holding not less than 75 per cent. by Principal Amount (as at the date of the last signature) of the Equity Securities of such class or classes;

"**Facility Agreement**" means each of the facility agreements relating to Equity Contracts between the Issuer and different Equity Contract Counterparties providing for the creation and termination of Equity Contracts thereunder, including the Société Générale Facility Agreement;

"**FCA**" means the Financial Conduct Authority of the United Kingdom and any successor thereto;

"**Financial Transaction Tax**" means any financial transaction tax, imposed in relation to the purchase or sale (or the posting as collateral) of shares, bonds, structured products or other financial instruments or to the entering into of derivatives transactions;

"**Force Majeure**" means, after giving effect to any applicable provision, disruption, fall back or remedy specified in the relevant Facility Agreement, by reason of force majeure or act of state occurring after the date hereof, on any day a party to such Facility Agreement is prevented from performing any absolute or contingent obligation to make a payment in respect of an Equity Contract, from receiving a payment in respect of such Equity Contract or from complying with any other material provision of such Facility Agreement relating to such Equity Contract (or would be so prevented if such payment or compliance was required on that day) or it becomes impossible or impracticable for such party to so perform, receive or comply (or it would be impossible to or impracticable for such party so to perform, receive or comply if such payment, performance or compliance were required on that day), so long as the force majeure or act of state is not caused by and is beyond the control of such party and such party could not, after using all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) overcome such prevention, impossibility or impracticability;

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

"**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;

"**Guarantee**" means in respect of any Equity Contract Counterparty, any guarantee or other credit support agreement provided by a guarantor or other credit support provider in respect of such Equity Contract Counterparty's obligations under the relevant Facility Agreement;

"**Guarantor**" means in respect of any Equity Contract Counterparty, any guarantor or other credit support provider who has entered into a Guarantee in respect of such Equity Contract Counterparty's obligations under the relevant Facility Agreement;

"**Hedge Position**" means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions or (c) other instruments or arrangements (howsoever described) by the Equity Contract Counterparty or one of its Affiliates, in order to hedge, individually or on a portfolio basis, in whole or in part, the Equity Contracts;

"**Hedging Disruption Event**" in respect of any Equity Contract relating to any class of Equity Securities, means either (a) the Equity Contract Counterparty or one of its Affiliates being or becoming unable, after using commercially reasonable efforts, to either (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the currency risk, if any) of entering into and performing its obligations with respect to such Equity Contract; or (ii) freely realize, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions as the case may be between accounts within the jurisdiction of the Hedge Positions (the "**Affected Jurisdiction**") or from accounts within the Affected Jurisdiction to accounts outside the Affected Jurisdiction; or (b) the carrying-out any of the actions referred to in sub-paragraphs (a)(i) and (a)(ii) of this definition giving rise to an Illegality;

"**Illegality**" means, after giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, any Facility Agreement, due to an event or circumstance occurring after an Equity Contract Creation or Equity Contract Cancellation, it becomes unlawful under any Applicable Law (including, without limitation, the laws of any country in which payment, delivery or compliance is required by the Issuer or an Equity Contract Counterparty), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day in each case, other than as a result of failure by such party to the relevant Facility Agreement to use all reasonable efforts (which will not require such party to incur a material expense) to maintain in full force and effect all licences, authorisations, permissions and consents ("**Consents**") of any government body or agency or competent authority required in connection with its functions under the relevant Facility Agreement (or such Consents as may become so required in the future) for the branch or office of a party to the relevant Facility Agreement through which such party (the "**Affected Party**") makes and receives payments or deliveries with respect to the Equity Contract Creation or Equity Contract Cancellation, to perform or comply with any absolute or contingent obligation under, or to make or receive a payment or delivery in respect of such Equity Contract Creation or Equity Contract Cancellation, or to comply with any other obligation under, the relevant Facility Agreement;

"**Increased Cost of Hedging**" means a material increase in the amount of tax, duty, expense or fee (other than brokerage commissions) incurred by the Equity Contract Counterparty or its Affiliates to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the Equity Contracts, or (b) freely realize, recover or remit the proceeds of its Hedge Positions, including any such costs resulting from a change in any applicable Regulatory Standards on capital requirements or liquidity requirements but excluding in any case: (i) any increase in cost caused by a change in the creditworthiness of the Equity Contract Counterparty; (ii) any cost within the reasonable control of the Equity Contract Counterparty or any of its Affiliates and which it (or they) can reasonably and practicably mitigate, and (iii) any cost to the extent compensated or covered by the application of a Tax Adjustment Factor, in each case as determined under the relevant Facility Agreement;

"**Index Adjustment Factor**" means in respect of any class of Equity Securities on any day, a factor equal to the factor defined as the "Index Adjustment Factor" in respect of the corresponding class of Equity Contracts under the Facility Agreement on such day;

"**Index Disruption Event**" means an Index Mispricing or any event deemed an "Index Disruption Event" by Condition 14.2(f), the failure of an Equity Index Sponsor to publish an Index Level or any other event meeting the definition of "Index Disruption Event" under a Facility Agreement;

"**Index Level**" means in relation to any Equity Index for any class of Equity Securities on a Pricing Day: (i) the published price level of such Equity Index published for that Pricing Day; (ii) where a substitute price level for that Pricing Day is provided for pursuant to Condition 14.2, that substitute price level; and (iii) where a substitute price level for that Pricing Day for the Equity Index for the corresponding class of Equity Contracts is otherwise provided for under the Facility Agreement, that substitute price level;

"**Index Mispricing**" means, in respect of any Pricing Day, (a) the publication on that Pricing Day (i) by an Equity Index Sponsor of a correction to an Index Level as previously published by it or (ii) by an Equity Index Sponsor of an Underlying Equity Benchmark of a correction to the price or level of an Equity Benchmark as previously published by it, or (b) the occurrence of a manifest error in the calculation of an Equity Index or an Underlying Equity Benchmark, as provided for by Condition 14.2(f);

"**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 paragraphs (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;

"**Issuer**" means ETFS Equity Securities Limited, a company incorporated and registered in Jersey with registered number 112019;

"**Issuer Business Day**" means in respect of any class:

(1) in the case of Asia and Global Equity Securities, (i) a London Business Day which is also a Paris Business Day and (ii) any other additional day as may be agreed as such in writing from time to time between the Issuer and the Equity Contract Counterparty in respect of the corresponding class of Equity Contracts (under and for the purposes of the Facility Agreement); or

(2) in the case of any other class of Equity Securities, (i) a Scheduled Trading Day for the Equity Index relevant to that class which is also a London Business Day and a Paris Business Day and (ii) any other additional day as may be agreed as such in writing from time to time between the Issuer and an Equity Contract Counterparty in respect of the corresponding class of Equity Contracts (under and for the purposes of the Facility Agreement);

"**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 paragraphs (1) to (8) (inclusive); or

(10) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts,

provided that no action taken by the Trustee in respect of the Issuer shall constitute an Issuer Insolvency Event save where acts of the Trustee fall within one or more of paragraphs (1) to (9) and are taken in respect of security taken over the Issuer's rights and interests under Equity Contracts or a Facility Agreement;

"Issuer Italian FTT" means in respect of the Redemption of an Equity Security of any class on any day, an amount representing the amount of Italian FTT, if any, directly arising from the corresponding cancellation of Equity Contracts on the same day which is apportioned to the Issuer but payable by the Equity Contract Counterparty pursuant to Applicable Law in Italy, as calculated by the Issuer (in accordance with the Facility Agreement);

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

“Italian FTT” means the fixed levy Italian Financial Transaction Tax introduced pursuant to Law No. 228 of 24 December 2012;

“**Jersey**” means the Island of Jersey, Channel Islands;

“**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 and any Currency:

(a) the London interbank offered rate for overnight deposits in that Currency administered by the British Bankers Association (or any other person which takes over the administration of that rate) which appears on the relevant Reuters 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 relevant Reuters page (or any such successor page), the rate for such determination date will be determined on the basis of the rates at which deposits in that Currency are offered by four major banks in the London interbank market (the “**Reference Banks**” for the purposes of this definition) 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**” for the purposes of this definition) 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 (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards). 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 (in respect of US Dollars) or in London (in respect of Sterling) (as the case may be), selected by the Issuer, at approximately 11.00 a.m., local time in New York (in respect of US Dollars) or in London (in respect of Sterling) (as the case may be), (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards) on such determination date for loans in that Currency to leading European banks for overnight deposits commencing on the determination date and in a Representative Amount;

“**Limit**” means any limit on Equity Contract Creations or Equity Contract Cancellations as agreed between the Issuer and an Equity Contract Counterparty (or between an Authorised Participant and an Equity Contract Counterparty and notified to the Issuer) from time to time under and for the purposes of the relevant Facility Agreement;

“**Liquidation Agent Agreement**” means any agreement entered into by the Issuer pursuant to which the Issuer appoints any person to act as the Issuer’s agent in selling or liquidating Collateral;

“**Listing**” means the admission of a particular class of Equity Securities to the Official List in accordance with the Listing Rules and admission of a particular class of Equity 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 Equity Securities issued or to be issued under the Programme;

“**Listing Failure Date**” means, where a Listing Failure occurs, the date on which the Issuer notifies the Equity Contract Counterparty of such event in accordance with and for the purposes of the Facility Agreement;

“**Listing Failure Notification Date**” means the following:

(a) in the case where both (1) the Listing Failure Date is an Issuer Business Day and (2) the Issuer notifies the Equity Contract Counterparty of the UK Listing Authority's refusal to admit any Equity Securities issued or to be issued in conjunction with the Creation of Equity Contracts under the Facility Agreement before the Notice Deadline on such Issuer Business Day, the Listing Failure Notification Date shall be the Listing Failure Date except in the case of Asia and Global Equity Securities, in which case the Listing Failure Notification Date shall be the next Scheduled Trading Day following such Listing Failure Date; and

(b) in the case where either (1) the Listing Failure Date is not an Issuer Business Day or (2) the Issuer provides the notice referred to in (a) above after the Notice Deadline, the Listing Failure Notification Date shall be the Issuer Business Day next following the Listing Failure Date except in the case of Asia and Global Equity Securities, in which case the Listing Failure Notification Date shall be the Scheduled Trading Day next following the first Issuer Business Day to fall after such Listing Failure Date;

"**Listing Rules**" means the Listing Rules of the UK Listing Authority from time to time, made under section 73A of 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 Event**" in respect of any class of Equity Contract or any Equity Security, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption which, in either case, is material at any time during the one hour period which ends at the Valuation Time, (c) an Early Closure or (d) the failure of any relevant Exchange or Related Exchange to open for trading during its regular trading session, in each case as provided for by Condition 14.2(g);

"**Market Disruption Notification Deadline**" means in respect of any day, (a) for any class of Equity Contracts, the time identified as the "Equity Contract Market Disruption Notification Deadline" for that day in the relevant Facility Agreement or such other time as agreed between the Issuer and the Equity Contract Counterparty for the purposes of such Facility Agreement, and (b) for the corresponding class of Equity Securities, 30 minutes after that time;

"**Material Adverse Change**" means any of (a) (without prejudice to any clause relating to Illegality in a Facility Agreement) the adoption of, or any change in, any Applicable Law as a consequence of which the performance of a Facility Agreement by either party to such Facility Agreement becomes unlawful, (b) by reason of the adoption of any change in or any implementation of any Applicable Law, Regulatory Standards, accounting rule, practice or principle, or any Change in Tax Law, in each case after the date of entry into such Facility Agreement, or any change in the interpretation or application thereof by any Competent Authority, after the date of entry into such Facility Agreement, a party to such Facility Agreement considers (acting in good faith) that the economic benefit of its participation in any existing or future Equity Contracts would be materially and adversely affected; (c) an Equity Index Sponsor not reasonably co-operating with the Issuer or an Equity Contract Counterparty with a view to agreeing the terms of any licence in respect of an Equity Index or any licence condition is, or the terms of any Equity Index licence are, unduly onerous with respect to the Issuer or an Equity Contract Counterparty, such that solely due to such event or circumstance either the Issuer or such Equity Contract Counterparty might reasonably be expected to incur material additional costs or to be unable to fully and punctually perform its material obligations under the relevant Facility Agreement in relation to Equity Contracts corresponding to the Equity Index licensed by the Equity Index Sponsor or, as the case may be, to which the relevant licence or licence condition relates; (d) an event or circumstance which (when taken alone or together with any previous or concurrent event or circumstance) may reasonably be expected to (i) have a material adverse effect on the assets, business, operations, condition (financial or otherwise), performance or prospects of a party to such Facility Agreement; or (ii) materially and adversely change any of the rights of either party under such Facility Agreement, such that, due solely to such event or circumstance, such party might reasonably be expected to be unable to fully and punctually perform its material obligations under such Facility Agreement; or (e) following the occurrence of an event or circumstance after the date of a Facility Agreement which may reasonably be expected to materially and adversely affect the economic benefit of the

Equity Contract Counterparty's participation in any existing or future Equity Contracts: (i) the Equity Contract Counterparty duly proposes a change to one or more economic parameters relevant to the Equity Contract Counterparty's participation in any existing or future Equity Contracts which maintains (but does not increase) such economic benefit; (ii) the process by which such changes are proposed is governed by the requirements of an agreement between the Issuer and the Equity Contract Counterparty and the proposal complies with those requirements in all respects; and (iii) the Issuer is required not to unreasonably withhold its consent to the proposed change or make such consent the subject of conditions and the Issuer withholds its consent to the proposed change or makes that consent subject to conditions the Equity Contract Counterparty cannot accept;

"**Minimum Redemption Amount**" means the amount specified as the "Minimum Cancellation Amount" in the relevant Facility Agreement, or if there are more than one Facility Agreements, the lowest such amount;

"**month**" means calendar month;

"**Multiplier**" in respect of any class of Equity Security, the number determined in accordance with Condition 5;

"**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;

"**Notice Deadline**" means in respect of any class of Equity Securities for an Issuer Business Day, 30 minutes before (a) the time identified as the relevant "Notice Deadline" in the relevant Facility Agreement for the corresponding class of Equity Contracts (b) such other time as may be identified as the relevant "Notice Deadline" pursuant to the relevant Facility Agreement for such class of Equity Contracts in respect of a particular Issuer Business Day or generally (for the purposes of such Facility Agreement);

"**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 Equity Securities, all the Equity Securities of that class issued and in respect of which there is for the time being an entry in the Register other than:

(a) Equity Securities which have been redeemed and cancelled pursuant to the Trust Instrument; and

(b) Equity 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, Equity Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Issuer, (B) an Equity Contract Counterparty, (C) ETF Securities Limited, (D) any subsidiary of the Issuer or of an Equity Contract Counterparty, (E) any individual Controller of the Issuer 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 Equity Securities shall be deemed not to be Security Holders;

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

"**Person**" means a natural person or a company (including a corporation, a partnership, a trust, a fund or any organised group of persons, whether incorporated or not);

"**Pledge Agreements**" means any of (a) the pledge agreement between the Issuer and the Equity Contract Counterparty relating to the Equity Contract Counterparty's obligations in respect of Euro Equity Contracts, (b) the pledge agreement between the Issuer and the Equity Contract Counterparty relating to the Equity Contract Counterparty's obligations in respect of Sterling Equity Contracts and (c) the pledge agreement between the Issuer and the Equity Contract Counterparty relating to the Equity Contract Counterparty's obligations in respect of US Dollar Equity Contracts;

"**Pool**" means a particular fund or pool of Secured Property to which Equity Securities of a particular class are attributable;

“**Price**” means the price in the Relevant Currency determined in accordance with Condition 5 and “**Pricing**” and “**Priced**” (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 pursuant to Condition 7.17; or

(b) in the case of a valid Settlement Redemption Form, the Issuer Business Day (or in the case of Asia and Global Equity Securities, Scheduled Trading Day) “in respect of” which such Settlement Redemption Form is deemed to have been delivered under Condition 7.12;

“**Pricing Day**” means in respect of an Equity Contract, Equity Security or a Relevant Equity Index in respect of such Equity Contract or Equity Security, the day on which the price level of that Relevant Equity Index is scheduled to be published by the Equity Index Sponsor;

“**Pricing Notice**” means a Redemption Form;

“**Principal Amount**” means in respect of each Equity Security the amount in the Relevant Currency specified in Schedule 6 (Classes of Equity Securities) to the Trust Instrument;

“**Programme**” means the programme for the issue of Equity Securities;

“**Prohibited Benefit Plan Investor**” means any “**employee benefit plan**” within the meaning of section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), subject to Part 4. Subtitle B of Title I of ERISA, any “**plan**” to which section 4975 of the United States Internal Revenue Code of 1986, (the “**Code**”) applies (collectively, “**Plans**”), any entity whose underlying assets include “**plan assets**” of any of the foregoing Plans within the meaning of 29 C.F.R. Section 2510.3-101 or section 3(42) of ERISA, as they may be modified, by reason of a Plan’s investment in such entity, any governmental or church plan that is subject to any U.S. Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or section 4975 of the Code, or any person who holds Equity Securities on behalf of, for the benefit of or with any assets of any such Plan or entity;

“**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 Equity 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 Equity 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 pursuant to 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;

“**Redemption**” means the redemption of Equity Securities by the Issuer in accordance with these Conditions (and “**Redeem**” and “**Redeemed**” shall be construed accordingly);

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

(a) for an Authorised Participant, the bank account notified in writing by the Authorised Participant to the Issuer, each Equity 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 duly specified in the Redemption Form;

“**Redemption Amount**” means the amount determined as such in accordance with Condition 7.4 (without prejudice to any deduction which may apply in respect of any withholdings or deductions for or on account of tax as set out in Condition 9.5);

“**Redemption Cost**” means in respect of any Redemption of an Equity Security of any class on any day, a cost equal to the product of the Price of such Equity Security on such day and a percentage amount applicable to such class equal to the percentage amount agreed by an Equity Contract Counterparty and the Issuer in writing from time to time in respect of the corresponding class of Equity Contracts (for the purposes of determining the “Cancellation Cost” in respect of such an Equity Contract under and for the purposes of the Facility Agreement), such cost being inclusive of any applicable tax directly relating to it (if any) incurred by the Equity Contract Counterparty (including any Italian FTT directly relating to it apportioned to the Equity Contract Counterparty);

“**Redemption Fee**” means the fee payable by a Security Holder upon Redemption of Equity 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 Relevant Business Day, then the Redemption Payment Date shall be the next following day that is a London Business Day and a Relevant Business Day; or

(b) in the case of a Redemption pursuant to an Agreed Redemption Form, the London Business Day which is a Relevant 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 pursuant to the occurrence of a Listing Failure, the third London Business Day following the relevant Listing Failure Notification Date *provided that* if that day is not a Relevant Business Day, then the Redemption Payment Date shall be the next following day that is a London Business Day and a Relevant Business Day, or such other London Business Day which is a Relevant Business Day as may be agreed by the relevant Equity Contract Counterparty and such Authorised Participant; or

(d) in the case of a Redemption following the nomination of a Compulsory Redemption Date, the third London Business Day following the last Pricing Day on which the Price of Equity Securities being Redeemed was determined in accordance with these Conditions; *provided that* if that day is not a Relevant Business Day then the Redemption Payment Date shall be the next following day that is a London Business Day which is a Relevant Business Day;

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

“**Registrar**” means Computershare Investor Services (Jersey) Limited or such other person as may be appointed by the Issuer from time to time to maintain the Registers;

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

"**Regulatory Standards**" means in respect of a party to a Facility Agreement, codes of conduct, banking standards, frameworks and guidance (including without limitation capital and liquidity standards, frameworks or guidance) issued by any Competent Authority with a view to setting standards for the business conduct, organisation and prudential supervision of banks or financial services firms, as applicable to such party to such Facility Agreement;

"**Related Exchange**" means, in respect of an Equity Index or Underlying Equity Benchmark, each exchange or quotation system specified as such in a Facility Agreement or provided for by Condition 14.2(d), being an exchange or quotation system where trading has a material effect on the overall market for futures and options contracts relating to such Equity Index (or as the case may be, Underlying Equity Benchmark), or any successor exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to an Equity Index (or as the case may be, Underlying Equity Benchmark) has temporarily relocated provided that (a) there is comparable liquidity relative to the futures or options contracts relating to such Equity Index (or as the case may be, Underlying Equity Benchmark) on such temporary substitute exchange or quotation system as on the original Related Exchange and (b) the Equity Contract Counterparty has notified the Issuer as soon as reasonably practicable and, in any event, before that Scheduled Trading Day of the same by notice in accordance with the terms of and for the purposes of the Facility Agreement;

"**Relevant Business Day**" means in respect of:

(a) payments to be made in Euros, Euro Equity Contracts or Euro Equity Securities, any TARGET2 Settlement Day;

(b) payments to be made in Sterling, Sterling Equity Contracts or Sterling Equity Securities, a London Business Day;

(c) payments to be made in US Dollars, US Dollar Equity Contracts or US Dollar Equity Securities, a New York Business Day;

"**Relevant Currency**" means, in relation to any Equity Security, the currency in which that Equity Security is denominated being:

(a) in the case of a Euro Equity Security, Euro;

(b) in the case of a Sterling Equity Security, Sterling; and

(c) in the case of a US Dollar Equity Security, US Dollar;

"**Relevant Equity Index**" in respect of any class of Equity Contracts or Equity Securities, the Equity Index to which that class of Equity Contracts or Equity Securities relates;

"**Required Security Document**" means, with respect to an Authorised Participant Agreement and an Equity Contract Counterparty, each security that the relevant Equity Contract Counterparty requires the Issuer to execute over the Property to be Assigned in favour of the relevant Equity 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;

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

"**Scheduled Trading Day**" means, in respect of an Equity Contract and the Relevant Equity Index, any day on which (a) the Equity Index Sponsor is scheduled to publish the Index Level for that

Equity Index and (b) each relevant Exchange and Related Exchange is scheduled to open for trading during its regular trading session;

"**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 Equity Contract Counterparty on account of Creation Amounts;

(b) all late payment charges accrued thereon; and

(c) all losses, damages, legal and other costs, charges and expenses sustained, suffered or incurred by the relevant Equity 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 or under a Counterparty Security Agreement;

"**Secured Property**" means (in respect of Equity Securities of any class) all rights of the Issuer under the corresponding Facility Agreement(s), Guarantee(s), Pledge Agreement(s), Collateral Monitoring Agency Agreement(s), Collateral Custodian Agreement(s), Liquidation Agent Agreement(s) (in so far as they relate to the Pool attributable to such class) or any Equity Contract and all rights of the Issuer to the Collateral (in each case to the extent that they apply to payments due in respect of such Pool) and in each case which are subject to the security created in favour of the Trustee pursuant to the Security Deed as it applies in respect of such class;

"**Securities Act**" means the Securities Act of 1933 of the United States;

"**Security Adjustment**" means in respect of any class of Equity Securities on any day, where the Issuer consolidates or divides Equity Securities of such class on such day pursuant to its right under Condition 18.4, the number of Equity Securities immediately before such consolidation or division divided by the number of Equity Securities immediately after;

"**Security Adjustment Factor**" means in respect of any class of Equity Securities:

(a) on the day on which the first Equity Securities of such class are issued, 1;

(b) on any subsequent day, a number equal to the Security Adjustment Factor on the preceding day, provided that where the Issuer consolidates or divides Equity Securities of such class on such subsequent day pursuant to its rights under Condition 18.4, on any day the Security Adjustment Factor for such day is the product of the Security Adjustment on such day and the Security Adjustment Factor on the preceding day;

"**Security Assignment**" means, in respect of each Authorised Participant Agreement and each Equity Contract Counterparty, the Security Assignment (if any) pertaining to that Authorised Participant Agreement as it applies in relation to that Equity Contract Counterparty entered into between the Issuer and the relevant Equity Contract Counterparty and securing the Secured Obligations of the Issuer to that Equity Contract Counterparty;

"**Security Conditions**" means, with respect to a proposed Authorised Participant and an Equity Contract Counterparty, to the extent required pursuant to the Facility Agreement to which that Equity Contract Counterparty is a party, that (a) each Required Security Document with respect to the relevant Authorised Participant Agreement and Equity 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 Equity Contract Counterparty;

"**Security Deed**" means the Security Deed dated on or about the date of the Trust Instrument between the Issuer and the Trustee and, in respect of each Pool to which a class of Equity Securities is attributable and the corresponding class of Equity Contracts, the same as it applies to that Pool;

"**Security Holder**" means a registered holder of Equity Securities;

"**Settlement Failure**" means, in respect of a Redemption where the Security Holder has delivered the Equity 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 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 Equity Securities using Settlement Pricing;

"**Société Générale Facility Agreement**" means the agreement entitled "Facility Agreement relating to the Creation and Cancellation of Derivatives Contracts known as Equity Contracts", between the Issuer and Société Générale as Equity Contract Counterparty dated on or about the date of the Trust Instrument;

"**Sterling**" or "**Pound Sterling**" or "**GBP**" or "**£**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

"**Sterling Equity Contract**" an Equity Contract denominated in Sterling;

"**Sterling Equity Security**" an Equity Security denominated in Sterling;

"TARGET2" means Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform which was launched on 19 November 2007;

"**TARGET2 Settlement Day**" means any day on which TARGET2 is open for settlement in Euros;

"**Tax Adjustment Factor**" means in respect of any class of Equity Securities on any day, a factor equal to the factor defined as the "Tax Adjustment Factor" in respect of the corresponding class of Equity Contracts under the Facility Agreement on such day (as determined, calculated and notified by the Calculation Agent under, in accordance with and for the purposes of the Facility Agreement);

"**Trading Disruption**" means, in respect of an Equity Index or Underlying Equity Benchmark relating to any class of Equity Securities, any suspension of or limitation imposed by the relevant Exchange or Related Exchange or a Competent Authority and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or a Competent Authority on trading in (a) (for such relevant Exchange) any securities that constitute the Equity Index or Underlying Equity Benchmark or (b) futures or options contracts on the relevant Equity Index or Underlying Equity Benchmark on any relevant Exchange or Related Exchange;

"**Trustee**" means The Law Debenture Trust Corporation p.l.c. of Fifth Floor, 100 Wood Street, London EC2V 7EX, England and any additional or replacement trustee under the Trust Instrument;

"**Trustee Consent Documents**" means each Facility Agreement (but excluding: (a) the schedules to that Facility Agreement save schedules 1, 8 and 9, (b) the Annualised Rate Agreement and (c) the Supplementary Agreement), Equity Contracts created thereunder, any Guarantee, any Pledge Agreement and any Collateral Monitoring Agency Agreement (but excluding schedules 2 and 3 of the Collateral Monitoring Agency Agreement and the definition of "Collateralisation Percentage" in that agreement);

"**Trust Instrument**" means the trust instrument dated 24 March 2014, between the Issuer and the Trustee constituting Equity Securities, and includes the schedules thereto and these Conditions;

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

"**UK Listing Authority**" means the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA or any successor enactment;

"**Unacceptable Authorised Participant**" means, in respect of an Equity Contract Counterparty, an Authorised Participant in respect of which the relevant Equity Contract Counterparty has given and not withdrawn notice under that Equity Contract Counterparty's Facility Agreement that the Authorised Participant is to be treated as an Unacceptable Authorised Participant in respect of that Equity Contract Counterparty;

"**Uncertificated Form**" means recorded on a Register as being held in uncertificated form, title to which, by virtue of the Regulations, may be transferred by means of CREST;

"**Uncertificated Notice of Meeting**" means a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of CREST;

"**Underlying Equity Benchmark**" means, in respect of any Equity Index in relation to any class of Equity Securities, any index in respect of equity securities by reference to which such Equity Index is calculated;

"**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;

"**US Dollars**" or "**US$**" means the lawful currency of the United States;

"**US Dollar Equity Contract**" an Equity Contract denominated in US Dollars;

"**US Dollar Equity Security**" an Equity Security denominated in US Dollars;

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

"**Valuation Time**" means (for the purposes only of determining whether a Market Disruption Event or Early Closure has occurred) the Scheduled Closing Time on a Scheduled Trading Day, provided however that if the Exchange closes prior to its Scheduled Closing Time, the Valuation Time shall be the actual closing time of the Exchange; 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) Words in the masculine gender shall also include the feminine gender and vice versa.

(e) 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.

(f) Any reference to a Schedule (unless otherwise specified) is to a Schedule to the Trust Instrument, as amended, varied, novated, supplement or replaced from time to time.

(g) Unless otherwise indicated, any reference in these Conditions to a time is a reference to local time in London, England.

(h) Where any Pricing Notice is referred to as being made, sent, given or confirmed "in respect of" any day, the Pricing Date for such Pricing Notice shall be determined in accordance with Condition 7.12 (in respect of Settlement Redemption Notices).

2. STATUS OF EQUITY SECURITIES

Equity Securities constitute undated limited recourse secured debt obligations of the Issuer secured as set out in Condition 3 (*Security and Limited Recourse*). The Equity 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 Equity Securities are secured pursuant to the Security Deed 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 Equity 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 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.

4. FORM AND TRANSFER

4.1 Equity Securities are in registered form and are individually transferable.

4.2 Equity Securities may be held and transferred in Uncertificated Form by means of CREST in accordance with the Regulations. The Trustee may, without the consent of Security Holders, concur with the Issuer in making modifications to the provisions of the Trust Instrument in order to reflect changes in the Regulations or in the applicable law and practice relating to the holding or transfer of Equity Securities in Uncertificated Form. A Security Holder may request that his Equity Securities be held in Certificated Form, in which case such Equity Securities shall be removed from CREST.

4.3 The Issuer shall at all times keep at its registered office, or at such other place in Jersey as the Trustee may agree, Registers showing the date of issue and all subsequent transfers and changes of ownership of all outstanding Equity 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.

5. PRICE OF EQUITY SECURITIES

Pricing

5.1 The Price of an Equity Security of a particular class for any calendar day will be an amount (which may not be negative) expressed in the Relevant Currency determined by the following formula:

$$\mathbf{P_{i,t} = I_{i,t} \times M_{i,t} \times AF_{i,t}}$$

where:

$P_{i,t}$ is the Price of an Equity Security of class i for day t;

i refers to the relevant class of an Equity Security;

t refers to the applicable calendar day;

$I_{i,t}$ is the Index Level of the Equity Index to which Equity Securities of class i relate for day t, provided that if day t is not a Pricing Day for Equity Securities of class i, then $I_{i,t}$ will be the same as $I_{i,t-1}$;

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

$M_{i,t}$ is the Multiplier applicable to Equity Securities of class i for day t;

$AF_{i,t}$ is the adjustment factor equal to $DAF_{i,t} \times IAF_{i,t} \times TAF_{i,t} \times SAF_{i,t}$;

$DAF_{i,t}$ is the Disruption Adjustment Factor for Equity Securities of class i on day t;

$IAF_{i,t}$ is the Index Adjustment Factor for Equity Securities of class i on day t;

$TAF_{i,t}$ is the Tax Adjustment Factor for Equity Securities of class i on day t; and

$SAF_{i,t}$ is the Security Adjustment Factor for Equity Securities of class i on day t.

Multiplier

5.2 The Multiplier for an Equity Security of any class i on the day on which the first Equity Securities of the corresponding class were issued is the number specified as such for such class by the Issuer in advance by an RIS announcement. On every subsequent day, the Multiplier for an Equity Security of class i shall be adjusted in accordance with the following formula:

$$\mathbf{M_{i,t} = M_{i,t} \times (1 - AR_{i,t})^{1/D}}$$

where:

$M_{i,t}$ is the Multiplier for class i on day t, expressed as a decimal;

$M_{i,t-1}$ is the Multiplier applicable for class i on day t-1, expressed as a decimal;

$AR_{i,t}$ is the Annualised Rate applicable to class i on day t, expressed as a decimal;

i refers to the relevant class of Equity Security;

t refers to the applicable calendar day;

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

D is equal to 365 except where day t falls during a leap year in which case D is equal to 366.

Publication of Prices

5.3 The Issuer has undertaken in the Trust Instrument to use its reasonable endeavours to procure that the Prices for all classes of Equity Securities are calculated as at the end of each Pricing Day for each class of Equity Securities, and to post its calculations of such Prices on the Issuer's website at http://www.etfsecurities.com.

6. ANNUALISED RATE

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

7. REDEMPTION OF EQUITY SECURITIES BY SECURITY HOLDERS

Redemption Entitlement

7.1 Each Equity 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 Equity Security determined in accordance with Condition 5 (*Price of Equity Securities*) in respect of the applicable Pricing Day determined in accordance with Condition 7.12 ("**Settlement Pricing**"); or

(b) where applicable, an amount determined by agreement between an Equity Contract Counterparty and a Security Holder which is an Authorised Participant in accordance with Condition 7.15 ("**Agreed Pricing**")

in each case, less the applicable Redemption Cost (unless the Issuer unilaterally waives such costs) and less an amount equal to the Issuer Italian FTT relating to that Redemption (if any).

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 Equity Securities by lodging with the Issuer a Redemption Form specifying either Settlement Pricing or Agreed Pricing *provided that* if at any time a Redemption Amount is due to be paid by the Issuer in respect of a Redemption to a particular Authorised Participant, the amount payable by the Issuer may be discharged in whole or in part pursuant to the set-off provisions set out in the Authorised Participant Agreement. A Settlement Redemption Form may in addition be deemed to have been lodged by an Authorised Participant with the Issuer on a Listing Failure Date in the circumstances further described in the applicable Authorised Participant Agreement.

Redemption by Other Security Holders

7.3 A Security Holder which is not also an Authorised Participant may only require the Issuer to Redeem all or any part of its holding of Equity Securities if either:

(a) on any Issuer Business Day, there are no Authorised Participants, and the Security Holder submits on such day a valid Settlement Redemption Form; or

(b) the Issuer has announced by an RIS in respect of any Issuer Business Day, or until further announcement or generally, that Redemptions by Security Holders who are not Authorised Participants will be permitted and the Security Holder submits on an Issuer Business Day a valid notice in the form prescribed for the purpose by the Issuer requesting Redemption of such Equity Securities using Settlement Pricing. Any such announcement may be general or subject to conditions, and any notice requesting any Redemption which is not in accordance with any such conditions shall not be valid.

Redemption Amount

7.4 The Redemption Amount with respect to a Redemption shall be the amount 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 in respect of all of the Equity Securities thereby Redeemed; or

(b) if the Redemption is pursuant to an Agreed Redemption Form, the amount specified as the "Agreed Price", in that Redemption Notice less an amount equal to the Issuer Italian FTT relating to that Redemption (if any) and less the applicable Redemption Cost (unless the Issuer unilaterally waives such costs).

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 Equity Securities of a particular class or classes may not be Redeemed on a day pursuant to a Settlement Redemption Form:

(a) submitted by any Security Holder (including any Authorised Participant), to the extent that the cancellation of Equity Contracts corresponding to the Redemption of all Equity Securities of that class or those classes which are Redeemed on that day would exceed the sum of the Equity Contract Counterparty Cancellation Limits applicable to such cancellation on that day (such limit being the "**Redemption Limit**" for that class or those classes of Equity Securities); or

(a) submitted by any Authorised Participant, to the extent that the cancellation of Equity Contracts corresponding to the Redemption of all Equity Securities which are Redeemed on that day pursuant to Settlement Redemption Forms submitted by that Authorised Participant would exceed the sum of the Equity Contract Counterparty Cancellation Limits applicable to such cancellation on that day in respect only of those Equity Contract Counterparties for which that Authorised Participant is an Authorised Participant (such limit being the "**Authorised Participant Redemption Limit**" for that class of Equity Securities and that Authorised Participant).

For the purposes of this Condition, the "**Equity Contract Counterparty Cancellation Limit**" with respect to a class or classes of Equity Securities is a Limit on Equity Contract Cancellations as agreed between the Issuer and an Equity Contract Counterparty under and for the purposes of the Facility Agreement between them.

7.7 For the purposes of the Redemption Limits, Redemption Forms will be dealt with in order of their actual receipt by the Issuer.

Settlement Pricing

7.8 A Settlement Redemption Form shall be invalid:

(a) if it does not specify a number and class of Equity Securities to be Redeemed;

(b) if it does not specify the Redemption Account into which the Redemption Amount shall be payable;

(c) to the extent that the number of Equity Securities of that class or in aggregate to be Redeemed would result in any Limit being exceeded, and the relevant Equity Contract Counterparty does (or Equity Contract Counterparties do) not agree or has (or have) not agreed (generally or in the particular case) to that Limit being exceeded (in which event such Settlement Redemption Form will not be capable of being invalidated under this Condition 7.8(c) in respect of the greatest number of Equity Securities of the relevant class or classes that would not result in the Limit being exceeded);

(d) if the Redemption which would result from that Settlement Redemption Notice would not equal or exceed the Minimum Redemption Amount for the class of Equity Security to which that Settlement Redemption Notice relates, and the Equity Contract Counterparty does not agree to a Cancellation of Equity Contracts commensurate with such Redemption notwithstanding such shortfall;

(e) where notice of a Compulsory Redemption Date has been given, if the Settlement Redemption Form is received or deemed received on or after:

   (i) where notice has been given under Condition 8.2 or (following the giving of notice by the Issuer to nominate a compulsory pricing date under a Facility Agreement following a Counterparty Event of Default) under Condition 8.1(a), the date on which notice of the Compulsory Redemption Date was given; or

   (ii) in any other case, the Compulsory Redemption Date;

(f) if it relates to the Redemption of Equity Securities that are the subject of a Listing Failure;

(g) if it is invalid pursuant to Condition 7.19(c) or Condition 7.20(c); or

(h) if the day "in respect of" which such Settlement Redemption Form is received (or is deemed received pursuant to Condition 7.12) is a Disrupted Day in respect of the relevant class or classes of Equity Securities, and the Equity Contract Counterparty has given due notice to the Issuer (as early as is reasonably practicable and in any event, no later than the Market Disruption Notification Deadline) that such day is a Disrupted Day in relation to the corresponding class (or classes) of Equity Contracts;

and, save as provided in Condition 7.8(d), no Equity 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 Equity Securities of any class where the relevant Equity Contract Counterparty (a) has not confirmed a corresponding Equity Contract Cancellation in accordance with the provisions of the relevant Facility Agreement or (b) has notified the Issuer that the Issuer Business Day (or in the case of Asia and Global Equity Securities, Scheduled Trading Day) "in respect of" which the Settlement Redemption Form is deemed to have been delivered is a Disrupted Day for the corresponding class of Equity Contracts by the Market Disruption Notification Deadline for such class of Equity Contracts (and in the case of (a) and (b) such Settlement Redemption Form shall be invalid).

7.10 If the Issuer in its absolute discretion considers it necessary or desirable to do so in relation to any Settlement Redemption Form for the purpose of arranging (in aggregate) corresponding Equity Contract Cancellations in accordance with two or more Facility Agreements or to enable such Settlement Redemption Form to be settled in part in accordance with Condition 12 (*Satisfaction of Redemption Forms by Transfer*), or both, the Issuer may determine that the Settlement Redemption Form be deemed to comprise two or more deemed Settlement Redemption Forms, such deemed Settlement Redemption Forms relating to, in aggregate, the same numbers and class of Equity Securities as those to which the original Settlement Redemption Form related; and these Conditions shall apply to such deemed Settlement Redemption Forms accordingly. If the Issuer determines to exercise its right to deem a Settlement Redemption Form to comprise two or more deemed Settlement Redemption Forms it shall notify the Security Holder giving that Settlement Redemption Form of that fact as soon as reasonably possible.

7.11 A Settlement Redemption Form which is received (or deemed received) by the Issuer in relation to any class of Equity Security shall be deemed to have been delivered:

(a) before the next following Notice Deadline on an Issuer Business Day (the "**Relevant Issuer Business Day**") for such class (whether or not such Relevant Issuer Business Day occurs on a day which is the same as or later than the day on which it is received); and

(b) "in respect of" such Relevant Issuer Business Day (other than in the case of a Settlement Redemption Form for any Asia and Global Equity Security, which will be deemed to have been delivered "in respect of" the Scheduled Trading Day next following such Relevant Issuer Business Day).

7.12 If a valid Settlement Redemption Form in relation to a class of Equity Securities is deemed to have been delivered "in respect of" an Issuer Business Day (or in the case of Asia and Global Equity Contracts, Scheduled Trading Day) in accordance with Condition 7.11, that Issuer Business Day (or Scheduled Trading Day as the case may be) shall be the Pricing Date for the Equity Securities of that class to which that Settlement Redemption Form relates.

7.13 Within one Issuer 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.

7.14 The Issuer may change or vary the procedures for the lodgement of Settlement Pricing Forms and these Conditions shall be modified in respect of Redemptions using Settlement Pricing to the extent of any such change or variation.

Agreed Pricing

7.15 An Equity 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 Equity Contract Counterparty and the Authorised Participant have agreed upon the Redemption by the Issuer of a number and class of Equity Securities specified in the notice(s) and the amount in the Relevant Currency which is the Redemption Amount for those Equity Securities.

7.16 If an Equity 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 7.18(a), 7.18(b) or 7.18(c); or

(b) one of which is invalid under Condition 7.18,

those notices shall not constitute a valid Agreed Redemption Form and the Issuer shall reject the notices in no case later than:

(i) 30 minutes (or such time as the Issuer and the Equity Contract Counterparty may agree for the purposes of the relevant Facility Agreement) following the Issuer receiving the second notice (if the second notice is received by the Issuer between 08.00 and 17.00 London time on an Issuer Business Day); or

(ii) 08.30 London time (or such other time as the Issuer and the Equity Contract Counterparty may agree for the purposes of the relevant Facility Agreement) on the next following day which is a London Business Day and a Paris Business Day (if the second notice is not received by the Issuer between 08.00 and 17.00 London time on an Issuer Business Day),

and the Issuer shall advise the Equity Contract Counterparty and the Authorised Participant accordingly.

7.17 Where an Agreed Redemption Form is given by a single notice, the Issuer shall be deemed to have received the Agreed Redemption Form at the time such notice is actually received. Where an Agreed Redemption Form is submitted by separate notices from the Authorised Participant and an Equity Contract Counterparty, the Issuer shall be deemed to have received the Agreed Redemption Form at the time that it receives the second of the two notices and shall thereupon confirm such notice to each of the Authorised Participant and the Equity Contract Counterparty in no case later than:

(a) 30 minutes (or such time as the Issuer and the Equity Contract Counterparty may agree for the purposes of the relevant Facility Agreement) following the Issuer receiving the second notice (if the second notice is received by the Issuer between 08.00 and 17.00 London time on an Issuer Business Day); and

(b) 08.30 London time (or such other time as the Issuer and the Equity Contract Counterparty may agree for the purposes of the relevant Facility Agreement) on the next following day which is a London Business Day and a Paris Business Day (if the second notice is not received by the Issuer between 08.00 and 17.00 London time on an Issuer Business Day).

7.18 An Agreed Redemption Form shall be invalid in the circumstances specified in Condition 7.20(c) or if it does not set out:

(a) the number and class of Equity Securities to be Redeemed;

(b) an amount as specified in Condition 7.15; 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

7.19 If the Price of a class of Equity 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 Equity Securities of that class pursuant to Condition 7.1(a) and, subject as provided in this Condition 7.19, may terminate any such suspension. The following provisions shall apply where the Issuer determines to exercise its powers under this Condition:

(a) the Issuer shall give notice of such suspension and of the termination of any such suspension via an RIS as soon as practicable, but failure to give such notices shall not prevent the exercise of such powers;

(b) any such suspension may continue in the discretion of the Issuer for a period of up to 30 calendar days, and may continue thereafter provided that notice of a meeting has been issued convening a meeting for a date not more than 30 calendar days after the date of the notice for the purpose of considering an Extraordinary Resolution which will have the effect of reducing the Principal Amount to a level less than the Price, in which event the suspension will cease when the meeting (or any adjournment thereof) concludes or, if the Extraordinary Resolution is passed and makes alternative provision, in accordance with the Extraordinary Resolution;

(c) any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Settlement Redemption Form lodged or deemed received on an Issuer Business Day when the right to Redeem Equity Securities of that class pursuant to Condition 7.1(a) is suspended pursuant to this Condition shall be invalid; and

(d) if the right to Redeem Equity 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 8.5, then notwithstanding that a number of Equity Securities of that class may have been specified pursuant to that Condition which is not all of those Equity Securities, such Compulsory Redemption Date shall be a Compulsory Redemption Date for all of the Equity Securities of that class.

7.20 If the Issuer is considering exercising its power under Condition 18.3 to divide any Pool, or has determined to exercise such power, it may determine to suspend the right to Redeem the Equity Securities of the class attributable to such Pool under Condition 7.1(a) and Condition 7.1(b) and, subject as provided in this Condition 7.20, may terminate any such suspension. The following provisions shall apply where the Issuer determines to exercise its powers under this Condition:

(a) the Issuer shall give notice of such suspension and of the termination of any such suspension via an RIS as soon as practicable, but failure to give such notices shall not prevent the exercise of such powers;

(b) any such suspension may continue in the discretion of the Issuer for a period of up to 30 days but (without prejudice to Condition 8.4) shall terminate when either the Issuer has determined to divide such Pool and such division has become effective or the Issuer has announced via an RIS that it has determined not to divide such Pool; and

(c) any suspension shall not affect any Redemption the Pricing Date for which had passed before the suspension commenced, but any Settlement Redemption Form or Agreed Redemption Form lodged or deemed received on an Issuer Business Day when the right to Redeem Equity Securities of that class is suspended pursuant to this Condition shall be invalid.

8. COMPULSORY REDEMPTION BY THE ISSUER OR TRUSTEE

Compulsory Redemption on Termination

8.1 The Issuer may at any time by RIS announcement nominate an Issuer Business Day to be a Compulsory Redemption Date for all Equity Securities, or all Equity Securities of any one or more class, upon:

(a) not less than seven calendar days notice in the event that either party to a Facility Agreement gives notice to terminate such Facility Agreement;

(b) not less than two days which are London Business Days and Paris Business Days notice in the event that either party to a Facility Agreement nominates a compulsory pricing date under such Facility Agreement in respect of all Equity Contracts of one or more classes created thereunder; or

(c) not less than thirty calendar days notice in the event that the Issuer elects to Redeem all Equity Securities, or all Equity Securities of any one or more class,

provided that a notice given under paragraph (c) may be withdrawn until the date not later than seven days prior to the date nominated to be the Compulsory Redemption Date so long as there remains in effect at least one Facility Agreement pursuant to which subsequent to that date Equity Contracts of the same class as such Equity Securities may be created.

8.2 If a Counterparty Event of Default or an Issuer Insolvency Event has occurred and is continuing, the Trustee may at any time, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount (as at the date of the last signature) then outstanding or by an Extraordinary Resolution of the Security Holders holding affected Equity Securities (as a single class), the Trustee having first been indemnified and/or secured and/or funded to its satisfaction, give notice to the Issuer that all the affected Equity Securities outstanding are required to be Redeemed and nominating an Issuer Business Day falling not less than 20 London Business Days (or two London 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 Equity Securities” means, in the context of an Issuer Insolvency Event, all of them, and, in the context of a Counterparty Event of Default, those Equity Securities that are attributable to the Pool or Pools which include rights against that particular Equity Contract Counterparty.

8.3 If a Compulsory Redemption Date is nominated by the Issuer pursuant to Condition 8.1 in relation to any Equity Securities following notice having been given by the Issuer to terminate a Facility Agreement or to nominate a compulsory pricing date thereunder by reason of a Counterparty Event of Default and, prior to the Compulsory Redemption Date, the Issuer has either:

(a) determined to divide a Pool to which outstanding Equity Contracts created under that Facility Agreement are attributable by allocating all such Equity Contracts to the New Pool in accordance with Condition 18.3; or

(a) announced by an RIS its intention to do so or that it is considering doing so,

the Issuer may determine that the Redemption pursuant to Condition 8.1 shall not apply to the Equity Securities attributable to that Pool but shall apply (*mutatis mutandis*) to the New Equity Securities attributable to such new Pool and otherwise on the basis of this Condition 8. If in the case of paragraph (b) such division shall not have become effective within 30 days of such announcement, this Condition shall cease to have effect. The Issuer shall give notice of any determination made pursuant to this Condition 8.3 via an RIS as soon as practicable, but failure to give any such notice shall not prevent the exercise of its powers hereunder.

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 has been given, then no further Redemption Forms in respect of Equity Securities attributable to a Pool to which outstanding Equity Contracts created under that Facility Agreement are attributable, given on or after the date of such termination or given or deemed given after the date of such notice shall be effective unless and until whichever occurs earlier of:

(a) the Issuer has determined to divide such Pool as referred to in Condition 8.3 and such division has become effective; and

(b) if the Issuer has announced by an RIS that Redemption Forms given after, or on or after, the date specified in such announcement will be effective, the date determined in accordance with such announcement. Any such announcement may be general or subject to conditions and any Redemption Form which would not be effective in the absence of such announcement shall not be effective if it is not in accordance with such conditions.

Compulsory Redemption due to Index Disruption

8.5 The Issuer may at any time (upon not less than five Issuer Business Days notice) by RIS announcement nominate an Issuer Business Day (or Scheduled Trading Day in the case of Asia and Global Equity Securities) to be a Compulsory Redemption Date for a particular class of Equity Securities, if the level of the Equity Index for such class is not calculated or announced, there is no substitute level as provided for in Condition 14.2 and the Issuer and the Equity Contract Counterparty have not agreed (for the purposes of the Facility Agreement) to a permanent replacement or mechanism for calculation of that Equity Index within 30 days from the first Pricing Day which is a Disrupted Day in respect of that Equity Index.

Compulsory Redemption due to Hedging Disruption

8.6 The Issuer may at any time (upon not less than five days which are London Business Days and Paris Business Days notice) by RIS announcement nominate an Issuer Business Day (or Scheduled Trading Day in the case of Asia and Global Equity Securities) to be a Compulsory Redemption Date for a particular class of Equity Securities, if:

(a) as a consequence of a Hedging Disruption Event the Calculation Agent determines under and for the purposes of the Facility Agreement that the Equity Contract Counterparty or any of its Affiliates may:

(i) be required by law, or by the order of a regulatory authority having jurisdiction over the Equity Contract Counterparty or such Affiliate; or

(ii) find it reasonably necessary in order for it to comply with any such law or order,

to close or reduce hedging positions (if any) which the Equity Contract Counterparty determines are attributable to Equity Contracts of one or more classes; or

(b) 5 Pricing Days following notification of an Increased Cost of Hedging in accordance with the terms of the relevant Facility Agreement, the Equity Contract Counterparty determines that the Increased Cost of Hedging has not been materially addressed through adjustments to the Price or Annualised Rate or by any other agreement between the Issuer and the Equity Contract Counterparty,

and any such notice may specify a number of Equity Securities (which may not be all of those Equity Securities) to be redeemed in consequence of such notice and if in relation to any particular class of Equity Securities the Issuer does not redeem all the outstanding Equity Securities they will be redeemed in accordance with Condition 8.12 *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 Equity Securities of a particular class is subject to Condition 7.19.

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 Equity Security falls to 2.5 times the Principal Amount of such Equity Security or below, the Issuer may at any time, for so long as the Price continues to be equal to or less than 2.5 times the Principal Amount of such Equity Security and during the period 60 calendar days thereafter, upon not less than 2 days that are Paris Business Days and

London Business Days notice by RIS announcement nominate an Issuer Business Day or Scheduled Trading Day in the case of Asia and Global Equity Securities to be a Compulsory Redemption Date in respect of that class of Equity Security and subject to Condition 3.2 investors will receive a sum on such Compulsory Redemption calculated in accordance with Condition 8.12. The right to nominate an Issuer Business Day or Scheduled Trading Day in the case of Asia and Global Equity Securities 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 Equity Security falls to 2.5 times the Principal Amount (as so reduced) of such Equity Security or below.

Compulsory Redemption for cause

8.8 The Issuer may, in its absolute discretion, at any time by written notice to a Security Holder nominate an Issuer Business Day (or Scheduled Trading Day in the case of Asia and Global Equity Securities that is not less than seven London Business Days and not more than fourteen London Business Days following the date of the notice), to be a Compulsory Redemption Date in respect of Equity 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 considers (in its sole discretion) (i) that such Equity 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 Equity Securities, or (ii) that the ownership or holding or continued ownership or holding of those Equity 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) so failed to provide such a certification or in the case of sub-paragraph (a)(ii) certified that it is a Prohibited Benefit Plan Investor, in each case in respect of some only of the Equity Securities held by it, a notice given by the Issuer under this Condition shall relate only to those Equity Securities (and not any other Equity Securities held by that Security Holder).

8.9 If a Security Holder which is the subject of a notice under Condition 8.8 provides to the Issuer prior to the Notice Deadline proof required by the Issuer that its Equity Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor, then the Equity Securities referred to in that notice shall not be redeemed under these Conditions.

8.10 If a Security Holder which is the subject of a notice under Condition 8.8 does not provide to the Issuer prior to the Notice Deadline proof required by the Issuer that its Equity Securities have been transferred to a person that is not a Prohibited Benefit Plan Investor, then the Equity 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 Equity Securities.

8.11 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 Equity Securities, or any other grounds save that such powers shall have been exercised in good faith.

Compulsory Redemptions

8.12 Where a Compulsory Redemption Date is notified in accordance with these Conditions other than pursuant to Condition 8.8, in respect thereof:

(a) the Issuer shall, no later than 8.00 a.m. on a Compulsory Redemption Date and any successive Pricing Day, by RIS announcement publish the Compulsory Daily Pricing Number of Equity Securities of each relevant class to be priced on such day for each class;

(b) on the Compulsory Redemption Date and on any required successive Pricing Day the applicable Compulsory Number Priced for each class of Equity Securities to which the Compulsory Redemption Date relates shall be Priced until Equity Securities of that class (including, in the case of a Compulsory Redemption Date notified in accordance with Condition 8.5, all those Equity 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 (or within 5 days thereafter which are London Business Days and Paris Business Days) the Issuer shall (subject to the Security Holder depositing the Equity Securities in question into an appropriate CREST account or otherwise delivering such Equity Securities to the Issuer by agreement with the Issuer) pay into the appropriate Redemption Account(s) (or an account specified by the Trustee for such purpose) (i) the aggregate amount being the sum, for each of the compulsory pricing date and any such required successive Pricing Day for each relevant class, of the Prices or, if higher in each case but not in aggregate (but subject to Condition 3.2), the Principal Amounts of all Equity Securities of that class thereby Priced on such day together with (ii) any interest earned thereon from the third London Business Day following the Pricing Day on which that Price was determined (provided that if that day is not a London Business Day then on the next following day that is a London 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 aggregate amount in (i) of Condition 8.12(c) (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 Equity Securities which were so priced shall be cancelled.

8.13 Where a Compulsory Redemption Date is notified to a Security Holder in accordance with Condition 8.8:

(a) the Redemption Amount with respect to such Redemption shall be the amount equal to the sum, for each of the Compulsory Redemption Date and any required successive Pricing Day as provided in paragraph (b), of the Prices for the relevant Equity Securities, determined in accordance with paragraph (b) less the relevant Redemption Cost and less any tax applicable to the Issuer directly relating to the Compulsory Redemption;

(b) on the Compulsory Redemption Date and on any required succeeding Pricing Day the applicable Compulsory Number Priced of each class of Equity Securities shall be priced until Equity Securities of that class in a number equal to the Compulsory Redemption Number for that class have been priced; and

(c) within three London Business Days of the Redemption Payment Date for such Compulsory Redemption the Issuer shall (subject to the Security Holder depositing the Equity Securities in question into an appropriate CREST account or otherwise delivering such Equity Securities to the Issuer in such manner as may be agreed by the Issuer or otherwise all such Equity 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 Equity Securities, the Security Holder which holds those Equity Securities which are the subject of that Redemption must deposit the Equity Securities in question into an appropriate CREST account and give correct delivery versus payment instructions in accordance with the Redemption Notice if they are in Uncertificated Form, or otherwise deliver the Equity 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 Equity Securities, the Equity 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 purported transfer of any of those Equity Securities.

9.2 Failure by a Security Holder to deposit those Equity Securities into an appropriate CREST account and give correct delivery versus payment instructions shall not invalidate the Redemption of those Equity Securities. Where settlement of a Redemption of Equity Securities is delayed due to the failure of the Security Holder to deposit the Equity Securities in question into an appropriate CREST account or give correct delivery versus payment instructions or otherwise deliver such Equity 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 Equity 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 Equity Securities.

9.3 Where Equity Securities are Redeemed in accordance with Condition 8, the Issuer shall be entitled, upon payment of the Redemption Amount less the Redemption Cost (and less the Redemption Fee, if applicable) into the applicable Redemption Account to cancel the entry in the Register in respect of those Equity Securities being Redeemed.

9.4 Save to the extent that the proviso to Condition 7.2 applies, payment of the Redemption Amount less the Redemption Cost (and 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 Equity Securities which have been Redeemed.

9.5 The Issuer may, at any time, notify a Security Holder that an Equity Contract Counterparty may have to withhold or deduct from a payment for an Equity Contract Cancellation 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 may but shall not be obliged to specify any form or document to be delivered by beneficial owners of Equity Securities that may allow the Equity 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 Equity Contract Counterparty by the relevant Security Holder or, if it is not the beneficial owner of Equity Securities held by such Security Holder and which are to be redeemed, by such beneficial owner, then any such payment will be reduced (and the matching obligation of the Issuer to pay any Redemption Amount to that Security Holder will also be reduced) by the amount of the withholding or deduction. If there is more than one Equity Contract Counterparty, the Issuer shall not be under any obligation to select the Equity Contract Counterparty to whom the Equity Contract Cancellation relates with a view to minimising or avoiding any such withholding or deduction or otherwise and shall have no liability to Security Holders in respect of any such selection or otherwise in relation to any such withholding or deduction.

9.6 The Redemption of Equity Securities by the Issuer pursuant to the occurrence of a Listing Failure, and delivery of Equity 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.

9.8 Neither the Trustee nor the Issuer shall open a Redemption Account in a place which, at the time such account is opened, it has been advised is located in a non-cooperative State or territory (*Etat ou territoire non coopérative*) within the meaning of Article 238-0 A of the French Tax Code.

10. REDEMPTION FEE

10.1 Subject as provided below, it is a condition to the performance by the Issuer of the obligation to Redeem Equity Securities that the Issuer may deduct the Redemption Fee from the Redemption Amount and that if it does not the Security Holder of such Equity 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 Equity 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 Equity Securities being redeemed.

10.3 On a Redemption of Equity 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 the sum of £500 or such other amount as may be notified through a RIS and (ii) an amount equal to the sum of any Financial Transaction Tax required to be paid by the Issuer in connection with the Redemption of Equity Securities and the corresponding cancellation of Equity Contracts.

10.4 On a Compulsory Redemption of Equity 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 Equity Securities are subject to Compulsory Redemption of the amount of those costs, and their allocation to particular Security Holders, at the time of the Redemption.

11. 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 Default Rate from and including the Settlement Failure Date; 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 Equity 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 Equity Securities, provided that the amount payable to the Security Holder shall still be an amount equal to the relevant Redemption Amount (less the Redemption Cost and any 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 London Business Days following the date on which the Issuer sends or transmits such requirement to that Security Holder whether that Security Holder is a Prohibited Benefit Plan Investor (and if that Security Holder is a Prohibited Benefit Plan Investor, to notify the Issuer of the number and class of Equity Securities in respect of which it is a Prohibited Benefit Plan Investor); and

(b) if that Security Holder asserts that it is not a Prohibited Benefit Plan Investor (or not a Prohibited Benefit Plan Investor in respect of all Equity 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 Benefit Plan Investor (or not a Prohibited Benefit Plan Investor in respect of certain Equity Securities held by it, specifying the number and class of Equity Securities in respect of which it is, and is not, a Prohibited Benefit Plan Investor).

13.2 The Issuer may provide to any Equity 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 Equity Securities are held by Prohibited Benefit Plan Investors.

14. CALCULATION AGENT UNDER FACILITY AGREEMENT

14.1 The Calculation Agent is appointed by the Issuer and each Equity Contract Counterparty for the purposes of the relevant Facility Agreement (but not for the purposes of these Conditions, the Equity Securities or the Trust Instrument) and nothing in this Condition 14 or any other Condition shall be construed so as to create or imply any obligation or duty whatsoever on the part of the Calculation Agent to Security Holders, potential Security Holders, the Trustee or any other person.

14.2 Where in respect of Equity Contracts of any class the Calculation Agent makes (or is deemed to make) a determination or calculation under and in accordance with the relevant Facility Agreement:

(a) of a ratio as the Disrupted Day Adjustment (as defined in the Facility Agreement) for such class of Equity Contracts on any day, then the Disruption Adjustment for the corresponding class of Equity Securities for such day shall be the same ratio;

(b) of a Tax Adjustment Factor, that factor shall also be the Tax Adjustment Factor for the corresponding class of Equity Securities for the purposes of these Conditions;

(c) that a day is a Disrupted Day, that day shall also be a Disrupted Day for the corresponding class of Equity Securities for the purposes of these Conditions;

(d) that any exchange or quotation system, successor exchange or quotation system, or substitute exchange or quotation system is an Exchange or Related Exchange, such exchange, quotation system, successor or substitute exchange or quotation system shall also be an Exchange or (as the case may be) Related Exchange for the corresponding class of Equity Securities for the purposes of these Conditions;

(e) that an Exchange Disruption or Trading Disruption has occurred with respect to the relevant Equity Index or “Underlying Equity Index” (as defined in the relevant Facility Agreement) on any day, an Exchange Disruption or (as the case may be) Trading Disruption shall also be deemed to have occurred on that day with respect to the Equity Index or Underlying Equity Benchmark for the corresponding class of Equity Securities for the purposes of these Conditions;

(f) that an Index Mispricing or Index Disruption Event has occurred on any Pricing Day, an Index Mispricing or (as the case may be) Index Disruption Event shall also be deemed to have occurred on that day for the corresponding class of Equity Securities for the purposes of these Conditions;

(g) that a Market Disruption Event has occurred on any day, a Market Disruption Event shall also be deemed to have occurred on that day for the corresponding class of Equity Securities for the purposes of these Conditions;

(h) that a successor sponsor or a successor index is a “Successor Sponsor” or “Successor Index” (each as defined in the relevant Facility Agreement), the Equity Index for the corresponding class of Equity Securities shall also be the same as the Equity Index for such class under the relevant Facility Agreement (being an index calculated and announced by such successor sponsor or that successor index, as the case may be);

(i) that a substitute level is the Index Level of an Equity Index or the level of an “Underlying Equity Index” (as defined in the relevant Facility Agreement) on any Pricing Day and duly notifies the Issuer of the same, such Index Level or level shall also be deemed to be the Index Level of that Equity Index or, as the case may be, the level of that Underlying Equity Benchmark on that Pricing Day for the corresponding class of Equity Securities for the purposes of these Conditions;

(j) where an Equity Index merges with another index, to continue using that other index (the “**Merged Index**”) or to replace the Equity Index with another index (the “**Replacement Index**”), the Merged Index or, as the case may be, Replacement Index shall also be deemed to be the Equity Index for the corresponding class of Equity Securities for the purposes of these Conditions; and

(k) where an Equity Index is split into two or more new indices, to use the indices resulting from the split to determine an index equivalent to that Equity Index (so that the indices resulting from the split are deemed to form together a new consolidated index (together, the "**Combined Indices**") or to replace the Equity Index with another index (the "**Replacement Index**"), the Combined Indices (together) or, as the case may be, Replacement Index shall also be deemed to be the Equity Index for the corresponding class of Equity Securities for the purposes of these Conditions.

14.3 The Calculation Agent is or will be required under each relevant Facility Agreement to act in good faith and in a commercially reasonable manner and in accordance with its obligations set out in that Facility Agreement. Subject thereto, in the absence of manifest error and subject to the terms of the Facility Agreement the determinations of the Calculation Agent thereunder shall be final and conclusive for the purposes of Condition 14.2.

14.4 Whenever 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, it shall do so subject to terms expressed to provide 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 Equity Securities shall be entitled to rely as against the Calculation Agent upon any determination of the Calculation Agent; and

(c) to the fullest extent permitted by law, no duty shall be owed by the Calculation Agent to the Trustee or any holder or potential holder of Equity Securities in connection with any such determination and the Calculation Agent shall have no liability whatsoever toward any of them in respect of any determinations made by it in such capacity under the relevant Facility Agreement.

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 and/or funded 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 Equity Securities to which such Defaulted Obligation relates; and

(b) if a Counterparty Event of Default and/or an Issuer Insolvency Event has occurred and is continuing, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Principal Amount of the affected Equity Securities (as a whole) then outstanding or by an Extraordinary Resolution of the Security Holders holding affected Equity Securities (as a single class), the Trustee having first been indemnified and/or secured and/or funded 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 Equity Securities and for this purpose (and Condition 15.4) "**affected Equity Securities**" means, in the context of an Issuer Insolvency Event, all of them, and, in the context of a Counterparty Event of Default, those Equity Securities that are attributable to the Pool or Pools which include rights against that particular Equity 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 Issuer Business Day until the date one month from such Issuer Business Day (inclusive) during which each Security Holder will be entitled to redeem all (but not some only) of the Equity 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 Equity Securities of any class pursuant to Condition 7.1(a) is suspended pursuant to Condition 7.19 or the right to Redeem Equity Securities of any class is suspended pursuant to Condition 7.20, then the right to Redeem Equity Securities of that class pursuant to Condition 15.2 shall be suspended in like manner and the provisions of Condition 7.19(c) or Condition 7.20(c) (as the case may be) shall apply *mutatis mutandis*. Upon the suspension ceasing under Condition 7.19 or Condition 7.20 (as the case may be), the right to Redeem Equity 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 an Issuer Insolvency Event is occurring at the same time as a Defaulted Obligation, a Security Holder holding affected Equity 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(a) 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(b).

15.5 Subject to Condition 15.7, only the Trustee may enforce the provisions of the Trust Instrument or the Security Deed. Where the Trustee has elected or been directed to enforce the Issuer's obligations under the Trust Instrument and the security constituted by the Security Deed, the right of Security Holders to lodge a Redemption Form with the Issuer shall cease. Valid Redemption Forms lodged before the date the Trustee announces its intention to enforce the security (the "Election Date") will be Redeemed in the normal manner. The Price for all Equity Securities of a particular class outstanding at the Election Date will be the average Redemption Amount of the remaining Equity Securities of that class.

15.6 If the Trustee takes any action pursuant to Condition 15.1 with respect to any Equity Securities to which a Defaulted Obligation relates, it shall give notice to the Issuer that such Equity 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.

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 Equity 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 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 Equity 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 Equity 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 Equity 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 Security Deed or with the prior written consent of the Trustee, 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 Equity Securities and the acquisition and disposal of Equity Contracts and 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 Equity Securities of any class unless it has purchased Equity Contracts with corresponding terms and in an aggregate matching Redemption Amount;

(f) not to maintain an office or other fixed place of business, nor to establish any permanent establishment, nor be or become tax resident, in any jurisdiction other than Jersey;

(g) not to make any election under U.S. federal income tax laws to be treated otherwise than as an association taxable as a corporation for U.S. federal income tax purposes;

(h) to undertake any business so as to seek to minimise the impact of taxation;

(i) to procure that the Pools are at all times maintained in a manner so that they are readily distinguishable from each other and from any other pool to which any other class of securities of the Issuer is attributable; and

(j) to exercise its rights in respect of any Collateral in any circumstance where such rights become exercisable and there are amounts due from the relevant Equity Contract Counterparty and unpaid.

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

18.1 Subject to its ability to create corresponding Equity 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 Equity Securities for such purposes. Any such additional classes of Equity 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 equity indices than those in respect of which Equity Securities are initially issued, be denominated in a different currency or provide for different levels of leveraged exposure. 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, Equity Securities of a new class under Condition 18.1 unless it has first (a) created corresponding Equity Contracts under the terms of a Facility Agreement and (b) executed and delivered to the Trustee an instrument amending the 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 equity 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), equity contracts of that class created under it 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 and without giving prior notice) determine to divide any Pool (the "**Existing Pool**") by allocating some of the Secured Property attributable to that existing Pool to a new Pool (the **"New Pool**"). If it determines to do so, the following shall apply:

(a) the Issuer may only re-allocate all (and not merely some) of the Equity Contracts with any one Equity 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 Equity Securities**") of a new class referable to the same Equity Index and otherwise on the same terms as the Equity Securities attributable to the Existing Pool (the "**Existing Equity 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 Equity Securities) and on terms that such New Equity Securities shall have recourse only to the assets attributable to the New Pool, and (subject as provided in paragraph (e)) shall issue such New Equity Securities to the Security Holders of the Existing Equity Securities outstanding immediately prior to the transfer becoming effective on the basis of one New Equity Security for each Existing Equity Security then held. For this purpose (but subject as provided in paragraph (e)) any Equity 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 Equity Security shall (subject as provided in paragraph (e)) be the proportion of the principal amount and Price respectively, of each Existing Equity Security outstanding immediately prior to the transfer becoming effective (including any calculation of the Price for that day in accordance with Condition 5) that the aggregate Price of the Equity Contracts to be transferred bears to the aggregate Price of the Equity Contracts attributable to the Existing Pool, and on the creation and issue of the New Equity Securities becoming effective the principal amount and Price of each Existing Equity Security shall be reduced accordingly;

(d) the Issuer shall enter into a deed with the Trustee amending the Security Deed with the Trustee in relation to the assets attributable to the New Pool to secure the New Equity Securities in the same manner (*mutatis mutandis*) as under the Security Deed in relation to the Existing Pool, and the Trustee shall release the property to be transferred from the Existing Pool to the New Pool; and

(e) any valid Redemption Form received or deemed received prior to (and being in respect of Equity Securities which have not by then been Redeemed and in respect of which Redemption Amount has not been paid in accordance with Condition 9):

    (i) in a case where in respect of the Existing Equity Securities notice of a Compulsory Redemption Date has been given under Condition 8.2 prior to such division becoming effective, the date on which such notice of a Compulsory Redemption Date was given;

    (ii) in a case where in respect of the relevant Existing Equity Securities notice of a Compulsory Redemption Date has been given (either following the giving of notice by the Issuer to nominate a compulsory pricing date under a Facility Agreement following a Counterparty Event of Default) under Condition 8.1(a) prior to such division becoming effective, the date on which notice of the Compulsory Redemption Date was given;

    (iii) in any other case where in respect of the relevant Existing Equity Securities, notice of a Compulsory Redemption Date has been given prior to such division becoming effective, the Compulsory Redemption Date; and

    (iv) in any other case, the date on which such division becomes effective,

(f) and in each case being valid notwithstanding Condition 7.8(e) and Condition 8.4, shall have effect as if given in respect either of the Existing Equity Securities or of the New Equity

Securities dependent upon the Equity Contract Counterparty (the "**Relevant Counterpart**y") to whom a Cancellation Notice (as defined in the Facility Agreement) (the "**Relevant Cancellation Notice**") had been delivered under a Facility Agreement for the purposes of the Redemption intended to be effected pursuant to such Redemption Form as determined in its absolute discretion by the Issuer; and

(g) accordingly:

(i) for the purposes of the calculations to be made in accordance with paragraph (c), Equity Contracts the subject of all Relevant Cancellation Notices shall be excluded, and the principal amounts and Prices referred to therein shall be calculated as though all such Equity Contracts had been terminated;

(ii) for the purposes of the calculations to be made in accordance with paragraph (c), Equity Contracts that have been created for the purposes of an Application that has not been completed by the issue of Equity Securities shall be excluded, and the principal amounts and Prices referred to therein shall be calculated as though all such Equity Contracts had not been created; and

(iii) each Security Holder from whom such a Redemption Form in respect of Existing Equity Securities was received or deemed received shall not be issued New Equity Securities as provided in paragraph (b) and instead each of the Existing Equity Securities to which such Redemption Form relates shall be divided into Existing Equity Securities or New Equity Securities as are attributable to the Pool to which Equity Contracts with the Relevant Counterparty are attributable immediately following the transfer becoming effective, each such Existing Equity Security ranking pari passu with and having the same principal amount and Price as the other Existing Equity Securities of that class as reduced in accordance with paragraph (c) and each such New Equity Security ranking pari passu with and having the same principal amount and Price as the other New Equity Securities of that class, and each such Security Holder shall hold upon such division becoming effective such number as nearly as practicable (rounded down to the nearest whole number) of Existing Equity Securities or New Equity Securities (as the case may be) as has the same aggregate principal amount as had the Existing Equity Securities in respect of which the Redemption Form related immediately prior to the division becoming effective.

18.4 Without prejudice to the foregoing, the Issuer may consolidate or divide all of the Equity Securities of any class into Equity Securities of the same class on any day, such consolidation or division shall be effected by deed or instrument supplemental to the Trust Instrument (which shall specify the Security Adjustment to be applied on such day in respect of such consolidation or division) and with a proportionately larger or smaller Principal Amount.

18.5 Whenever as a result of consolidation or division of Equity Securities a Security Holder would become entitled to a fraction of an Equity Security the Issuer will Redeem such fraction of an Equity Security.

19. ISSUER'S ABILITY TO PURCHASE EQUITY SECURITIES

There is no restriction on the ability of the Issuer or any of its Affiliates to purchase or repurchase Equity Securities

20. LISTING

The Issuer covenants in the Trust Instrument to use its best endeavours to obtain and, so long as any of the Equity Securities remain outstanding, maintain a Listing for the Equity 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 Equity 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 Deed, 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 Equity 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 Equity 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 Equity 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 to its retirement or being removed by Extraordinary Resolution. The retirement or removal of any Trustee shall not become effective until a successor trustee is appointed.

25. GOVERNING LAW AND JURISDICTION

The Conditions, the Equity Securities and the Trust Instrument are governed by the laws of Jersey. The Security Deed is governed by the laws of England. Notwithstanding the submission to the jurisdiction of the English courts contained in the Security Deed, 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 or 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 Equity 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 Equity 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 paragraphs (a), (d), (e), (i) and (j) 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) the amendment is to substitute any counterparty under a Facility Agreement or any person providing credit support (howsoever described) for the obligation of a counterparty under a Facility Agreement with another person;

(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 Equity Index for one or more of the Equity Indices and consequential changes provided that:

(i) corresponding adjustments have been agreed with each of the Equity Contract Counterparties that have Equity Contracts outstanding that refer to the relevant Equity Index or Equity 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 Equity Securities of that class or classes which are the subject of the substitution, or, if any such consequential changes include a change to the currency of denomination of the Equity Securities of that class or classes, that at the time of the substitution of the index the aggregate Price of the Equity Securities of that class or classes is equal to the equivalent in such other currency of the aggregate Price of the Equity Securities of that class or classes (rounded down for each of the Equity Securities of that class or classes to seven decimal places); and

(iii) the adjustments do not take effect until at least 30 calendar days have elapsed after they are announced to Security Holders in an RIS announcement;

(e) the amendment is to modify the terms of Schedule 6 as to whether or not any class or classes of Equity Securities is a class (or are classes) of Asia and Global Equity Securities;

(f) the Issuer or the Trustee determines in its discretion that the amendment would affect the holders of different classes of Equity Securities differently and the terms of the amendment are authorised by separate Extraordinary Resolutions of the holders of each class of Equity Security affected passed in accordance with the Trust Instrument;

(g) paragraph (f) 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;

(h) 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 Equity 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;

(i) the amendment is to the value of the Multiplier for a given class of Equity Securities, provided that such amendment is to occur before the date on which the Equity Securities of that class are issued; or

(j) the amendment is to make provision for the payment, collection, or allocation of the burden of, any Financial Transaction Tax affecting the Programme or Equity Contracts or the hedging thereof.

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 London 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 Condition 28.2 and Condition 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 Equity 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 Condition 28.2(f) and Condition 28.2(g) 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 Condition 28.2(b), Condition 28.2(c), Condition 28.2(h), Condition 28.2(i), Condition 28.2(j) or Condition 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 Equity 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: +44 1534 825 335

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

Email: info@etfsecurities.com

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 Equity Securities Limited
Address:	Ordnance House, 31 Pier Road St. Helier, Jersey JE4 8PW Channel Islands
Attention:	Graeme Ross
Fax number	+44 1534 825 335

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

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 Equity Securities shall be paid in full cleared and immediately available funds and in the Relevant Currency.

30.2 All monies payable by the Issuer on the Redemption of any Equity Securities (including, without limitation, any interest payable under Condition 8.12 or Condition 11) 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 Relevant Business Day, such payment shall be due and payable by the payer on the next following Relevant Business Day."

PART 8

PARTICULARS OF THE SECURITY DEED

The Issuer and the Trustee have entered into the Security Deed, creating first-ranking floating charges over the Secured Property attributable to each class of Short and Leveraged Equity Securities for the benefit of the Trustee and the Security Holders of the Short and Leveraged Equity Securities of that class.

The particulars of the Security Deed as set out below are taken from the agreement and are, therefore, drafted in legal language. Detail on how this impacts upon Security Holders is contained throughout this Prospectus including Part 1 (*General*) under the heading 'Contract Structure for Short and Leveraged Equity Securities'.

The Security Deed contains, *inter alia*, provisions to the following effect:

1. CHARGE

(a) **Charge**

The Issuer, as continuing security for the payment or discharge of all sums owing by the Issuer to the Trustee or the Security Holders from time to time under the applicable class of Short and Leveraged Equity Securities, the Trust Instrument or the Security Deed (the "**Secured Liabilities**"), grants a first ranking floating charge to the Trustee for the benefit of itself and the Security Holders of that class of Short and Leveraged Equity Securities over all the Issuer's rights, title and interest, present and future, in and to the relevant Secured Property.

(b) **Assignment by way of Security**

The Issuer, as further security for the Secured Liabilities, assigns absolutely to the Trustee all of its present and future rights, title and interest in each Facility Agreement, Pledge Agreement, CMAA and Collateral Custodian Agreement in so far as it relates to the relevant Pool (and any Liquidation Agent Agreement entered into by the Issuer from time to time).

2. ENFORCEMENT

(a) The Security created by the Security Deed shall become enforceable if (and only if) (a) a Defaulted Obligation has occurred and is continuing, or (b) an Issuer Insolvency Event has occurred and is continuing, or (c) a Counterparty Event of Default has occurred and is continuing, or (d) any event by which the security under the Security Deed becomes enforceable has occurred and is continuing.

(b) In addition to any of the powers conferred on the Trustee pursuant to the Trust Instrument with respect to the Secured Property the Trustee may at any time:

(i) after the occurrence of a Defaulted Obligation, at its discretion, and shall, if so directed in writing by the Relevant Security Holder to whom such Defaulted Obligation is owed, the Trustee having first been indemnified and/or secured and/or funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any such obligation of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of the Relevant Securities to which such Defaulted Obligation relates; and

(ii) if a Counterparty Event of Default and/or an Issuer Insolvency Event has occurred and is continuing, at its discretion, and shall if so directed in writing by Security Holders holding not less than 25 per cent. by Price (as at the date of the last signature or, if no Price was determined on such date the most recently determined Price) of the affected Short and Leveraged Equity Securities (as a whole) then outstanding or an Extraordinary Resolution of the Security Holders holding affected Short and Leveraged Equity Securities (as a single class), the Trustee having first been indemnified and/or secured and/or funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all outstanding affected Relevant Securities and for this purpose and paragraph (iii) "affected" Short and Leveraged Equity

Securities or “affected” Relevant Securities means, in the context of an Issuer Insolvency Event, all of them, and in the context of a Counterparty Event of Default or (in paragraph (c)) an Issuer Insolvency Event, those Short and Leveraged Equity Securities (or Relevant Securities, if any) that are attributable to the Pool or Pools which include rights against that particular Equity Contract Counterparty.

(c) Where a Counterparty Event of Default and/or an Issuer Insolvency Event is occurring at the same time as a Defaulted Obligation, a holder of Relevant Securities to whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action as described in paragraph (b)(i) until the expiry of 30 days from the occurrence of the Counterparty Event of Default and/or Issuer Insolvency Event, nor shall he be so entitled if, during such period of 30 days, the Trustee has elected, or been required, to take action as described in paragraph (b)(ii).

The Security Deed relates separately to each Pool and accordingly the Trustee may exercise its powers referred to above in respect of one or more Pools and need not do so, or do so simultaneously, in respect of all Pools.

3. LIABILITY

In accordance with the terms of the Security Deed, in respect of the Secured Property or any other property, the Trustee is not liable for any loss or damage arising from (i) realisation of or enforcement of rights in respect of such Secured Property (ii) any act or omission in relation to such Secured Property or (iii) any exercise or non-exercise by it of any power, authority or discretion conferred upon it in relation to all or any of such Secured Property.

In addition, the Trustee is not liable for any defect or failure in the right or title of the Issuer to all or any of the Secured Property or for any failure, omission or defect in perfecting, protecting or further assuring the security created pursuant to the Security Deed.

4. GOVERNING LAW

The Security Deed is governed by the laws of England. Notwithstanding the submission to the jurisdiction of the English courts contained in the Security Deed, nothing prevents the Trustee from commencing proceedings in any other court of competent jurisdiction.

PART 9

GLOBAL BEARER CERTIFICATES

The following is a non-binding English language translation of the form of Global Bearer Certificates. The definitive German language text, of which the following is a direct and accurate translation, of the form of the Global Bearer Certificates and the Conditions of the Global Bearer Certificates is set out in Annexes 1 and 2 of this document. In the event of any inconsistency between the definitive German language text of the form of the Global Bearer Certificates and the English translation below, the former shall always prevail.

Model Form of Global Bearer Certificate
(non-binding translation)

Global Bearer Certificate

for

• registered [see Annex 1] [class of Equity Securities]

of

ETFS Equity Securities Limited

Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, JE4 8PW

divided into securities with a principal amount of • [see Annex 1] each

As underlying stock for this Global Bearer Certificate the Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (hereinafter referred to as "**Clearstream**"), is holding * [see Annex 1] [class of Equity Securities] (hereinafter referred to as "**Notes**") of ETFS Equity Securities Limited, Jersey, Channel Islands (hereinafter referred to as the "**Company**") constituted by a Trust Instrument dated 24 March 2014 between the Company and The Law Debenture Trust Corporation p.l.c. as amended/supplemented from time to time (hereinafter referred to as the "**Trust Instrument**") and secured as described therein and divided into securities with a principal amount of • [see Annex 1] each, registered in the name of Vidacos Nominees Limited, London, England, and held in a special Safe Custody Account with Citibank N.A., London, England. Each co-owner of this Global Bearer Certificate is entitled to demand at any time from Clearstream to arrange for the delivery and registration in the relevant Register of Security Holders of the Company, in his name or in the name of a third party designated by him of such number of [class of Equity Securities] as corresponds to his share in this Global Bearer Certificate.

In respect of all further matters, the Conditions attached to this Global Bearer Certificate and forming an essential part thereof shall apply.

Frankfurt am Main.

CLEARSTREAM BANKING AKTIENGESELLSCHAFT

TEXT OF THE CONDITIONS OF THE GLOBAL BEARER CERTIFICATES (NON-BINDING TRANSLATION)

Conditions of the Certificate (non-binding translation)

1. This Global Bearer Certificate bears the signature of two managing directors, or one managing director and one holder of procuration, of the Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (hereinafter referred to as "**Clearstream**").

2. Each co-owner of this Global Bearer Certificate is entitled to demand at any time from Clearstream the delivery and the registration in the relevant Register of Security Holders, in his name or in the name of a third party designated by him of such number of registered • [see Annex 1] [class of Equity Securities] (hereinafter referred to as "**Notes**") of ETFS Equity Securities Limited, Jersey, Channel Islands (hereinafter referred to as the "**Company**") constituted by a Trust Instrument dated 24 March 2014 between the Company and The Law Debenture Trust Corporation p.l.c. as amended/supplemented from time to time (hereinafter referred to as the "**Trust Instrument**") and secured as described therein and divided into securities with a principal amount of • [see Annex 1] each, as corresponds to his co-ownership share in this Global Bearer Certificate. Such demand shall be made by the co-owner through his depositary bank to Clearstream, stating to whom the Notes shall be delivered, respectively, the address to which the certificate evidencing the registration shall be mailed by the Registrar. In addition to the delivery, respectively, transfer fee determined by Clearstream pursuant to §315 of German Civil Code, the co-owner shall bear any expenses, taxes, fees or duties arising from such delivery resp. transfer and registration.

   The co-owners of this Global Bearer Certificate are not entitled to demand delivery of individual bearer certificates out of this Global Bearer Certificate.

3. As a rule, Clearstream shall convey to the co-owner, through his depositary bank and in proportion to his share in the Global Bearer Certificate, all rights arising from the Notes under the laws of England and Jersey, Channel Islands.

   Payments of capital, interests and/or other amounts due will be passed on by Clearstream to the co-owner. Furthermore, any terms and conditions announced by Clearstream shall apply.

   All payments to the co-owner shall be made in EURO, in accordance with the foreign exchange control regulations prevailing at the time, unless the co-owner has in time before the due date demanded payment in USD (United States Dollars).

4. As a rule, Clearstream shall not exercise voting rights arising in a noteholder meeting. On demand it shall cause a voting proxy to be issued to the co-owner or a third party indicated by him.

   The Company has undertaken to publish the agenda of any noteholder meeting as well as the conditions for participating in the meeting and exercising the voting rights before each meeting.

5. Should the issuance of the Global Bearer Certificate be subject at any time to any taxes, fees or duties in the Federal Republic of Germany or in Jersey, Channel Islands, the co-owners shall bear such taxes, fees or duties in proportion to their shares in the Global Bearer Certificate.

   Clearstream is entitled to divide among all co-owners in proportion to their co-ownership shares in the Global Bearer Certificate all taxes, fees and duties to which it may at any time be subject in the Federal Republic of Germany or in Jersey, Channel Islands, by the mere fact that it is holding the Notes.

6. If for any reason the Notes should be replaced by other notes or some other valuable, the co-owner's right to the Notes shall convert into a right to the relevant substitutes. In such event these Conditions shall apply *mutatis mutandis*.

7. Clearstream is entitled to substitute another entity for Citibank N.A., London, England, (hereinafter referred to as "**Custodian**") in its function as Custodian or Vidacos Nominees Limited, London, England, (hereinafter referred to as "**Nominee**") in its function as Nominee. In such event, Clearstream shall not be responsible for more than careful selection. This does not affect Clearstream's right to assume itself the functions of the Custodian or the Nominee. In the case where the Custodian or the Nominee are replaced, any reference to the Custodian or the Nominee in these Conditions shall be deemed to refer to the new Custodian or Nominee.

8. Should the Notes become good delivery on German stock exchanges in a way which would not require Clearstream's assistance in the present form or should the admission of the Notes in the form of co-ownership shares in the Global Bearer Certificate to trading and official quotation on German stock exchanges be withdrawn, Clearstream shall request from the co-owners instructions as provided for in Clause 2. paragraph 1 above. Should such instructions not be given within 3 months from the publication of the relevant request, Clearstream shall be entitled at its discretion to arrange for registration of the Notes in the name of the co-owner or a third party designated in its request and to deposit the relevant Notes at the co-owner's risk and expense with a depositary designated in its request. All obligations of Clearstream arising from the Global Bearer Certificate shall cease therewith.

9. All notices concerning the Global Bearer Certificate shall be published in the German federal gazette (Bundesanzeiger).

10. The co-owners shall bear proportionately any prejudice or damage, whether economic or legal, which may affect the Notes held as underlying stock for the Global Bearer Certificate in consequence of *force majeure*, governmental decrees, war, riots, official action at home or abroad or any other circumstances beyond Clearstream's or the Custodian's control.

    Clearstream shall perform all its obligations arising from the Global Bearer Certificate with the due care of a proper merchant. If by reason of *force majeure*, governmental decrees, war, riots, official action at home or abroad or by any other circumstances beyond its control it is prevented from performing its obligations, it shall not be responsible.

    The Custodian and the Nominee are responsible towards Clearstream for the due performance of their functions. Any claims against the Custodian or the Nominee shall be pursued by Clearstream on the co-owners' behalf. Beyond that Clearstream shall only be responsible for careful selection of the Custodian and the Nominee.

11. Should any of these conditions be or become fully or partly invalid or impracticable, the other conditions shall remain unaffected. Any such invalid or impracticable condition shall be replaced in accordance with the intent and purpose of this contractual agreement.

12. All legal relations between the co-owner and Clearstream shall be governed by the laws of the Federal Republic of Germany. The exclusive court of venue shall be Frankfurt am Main.

13. Except where required by law, an alteration of these Conditions shall be permitted only insofar as it does not impair the rights of the co-owners.

PART 10

PARTICULARS OF THE EQUITY CONTRACT COUNTERPARTY

Since the Short and Leveraged Equity Securities are secured on assets which constitute obligations of five or fewer obligors, the Issuer is required under the Prospectus Rules to include in this Prospectus so far as it is aware or is able to ascertain from information published by SG, such information relating to SG, respectively as is required by Annex VIII of the Prospectus Regulation (Regulation Number 809/2004/EC). The Issuer has included the information in this Part based upon information made available to it by SG. The Issuer confirms that such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by (as the case may be), no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not made any independent verification of information contained in this Prospectus relating to the business and financial standing of SG or any other member of the SG Group. SG does not accept any responsibility or liability to investors (a) for the information contained in this Prospectus or (b) for updating such information nor does it make any representation, warranty or undertaking, express or implied, with respect to such information.

Société Générale's registered office is at 29, boulevard Haussmann, 75009 Paris, France.

Société Générale is a public limited company (*société anonyme*) established under French law and having the status of a bank.

Société Générale was incorporated by deed approved by the Decree of 4 May 1864. The duration of Société Générale will expire on 31 December 2047, unless the company is wound up before that date or its duration is extended.

Subject to the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code (*Code monétaire et financier*) that apply to them, Société Générale is governed by the commercial laws of France, in particular, articles L. 210-1 et seq. of the French commercial code, as well as its current by-laws.

Société Générale is a credit institution authorised to act as a bank. As such, it can carry out all banking transactions. It can also carry out all investment-related services or allied services, as listed by articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code, except for operating a multilateral trading facility. In its capacity as an investment services provider, Société Générale is subject to the regulations applicable to the same. It must notably comply with a number of prudential rules and is subject to the controls carried out by the French Prudential Supervision and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution*). Its management and all employees are bound by rules governing professional secrecy, violation of which is punishable by law. Société Générale also acts as an insurance broker.

The purpose of Société Générale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals and corporate entities, in France and abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular, investment services or allied services as listed by articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other companies.

Société Générale may also, on a regular basis, as defined in the conditions set by the French Banking and Financial Regulation Committee, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Société Générale may carry out, on its own behalf, on behalf of a third-party or jointly, all financial, commercial, industrial, agricultural, personal property or real property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate the accomplishment of such activities.

Société Générale is registered in the *Registre du Commerce et des Sociétés* of Paris under number 552 120 222 RCS Paris.

Société Générale's shares are listed on the Paris Stock Exchange (deferred settlement market, continuous trading group A, ISIN code FR0000130809) and are also traded in the United States under an American Depository Receipt (ADR) programme.

PART 11

ADDITIONAL INFORMATION

1. INCORPORATION AND SHARE CAPITAL OF ISSUER

(a) The Issuer was incorporated as a public limited company in Jersey on 6 December 2012 under the Companies (Jersey) Law 1991 (as amended) (the "Law"). The Issuer operates under the Law and secondary legislation made thereunder. The Issuer is registered in Jersey under number 112019.

(b) The Issuer is authorised to issue an unlimited number of no par value shares of one class designated as Ordinary Shares of which two Ordinary Shares of no par value have been issued.

(c) The Issuer does not have any subsidiary undertakings.

(d) All of the Issuer's issued ordinary shares are owned by HoldCo.

(e) The Issuer has not commenced operations since incorporation. There has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its last published audited financial statements for the year ended 31 December 2013.

2. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer and are or may be material or have been entered into at any time by the Issuer and (not being contracts entered into in the ordinary course of business) contain provisions under which the Issuer has an obligation or entitlement which is or may be material to the Issuer as at the date of this document:

(a) the Trust Instrument dated 24 March 2014, a summary of the principal terms of which is set out in Part 7 (*Trust Instrument and Short and Leveraged Equity Securities*);

(b) the Pledge Agreements each dated 24 March 2014, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreement and Equity Contracts*);

(c) the Facility Agreement dated 24 March 2014 between the Issuer and SG, a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreement and Equity Contracts*);

(d) an Annualised Rate Agreement dated 24 March 2014 between the Issuer and SG pursuant to which among other things, SG agrees to make payments to the Issuer in an amount sufficient to allow the Issuer to pay the Administration Allowance and the Licence Allowance in respect of the Equity Contracts to which it is party;

(e) the Supplemental Agreement dated 24 March 2014 between the Issuer and SG pursuant to which among other things the parties agree the level of various limits and rates for the purposes of the Facility Agreement;

(f) the Collateral Monitoring Agency Agreement dated 24 March 2014 between the Issuer, SG, the Collateral Custodian and the Collateral Monitoring Agent a summary of the principal terms of which is set out in Part 5 (*Description of Facility Agreement and Equity Contracts*);

(g) the following Authorised Participant Agreements, a summary of the principal terms of which is set out in paragraph 3 below:

    (i) an Authorised Participant Agreement between the Issuer, ETFSL and Société Générale dated 24 March 2014;

(h) the Services Agreement dated 24 March 2014 whereby ManJer is responsible for supplying or procuring the supply of all management and administration services for the Issuer and for paying all the management and administration costs of the Issuer (including the fees and expenses of the Registrar and any administrator and the fees and expenses of the Trustee in relation to its role under the Trust Instrument) and the Issuer agrees to pay to ManJer the Administration Allowance, the Licence Allowance and a processing fee representing the Application Fees and Redemption Fees which the Issuer has received (including by way of set-off). ManJer may delegate to other entities certain of its duties and functions under the Services Agreement;

(i) the Administration Agreement dated 24 March 2014 whereby R&H Fund Services (Jersey) Limited is responsible for supplying or procuring the supply of certain administrative, company secretarial and registrar services to the Issuer as set out in schedule 1 of the Administration Agreement and for which the Issuer agrees to pay R&H Fund Services (Jersey) Limited a fee. R&H Fund Services (Jersey) Limited may delegate in whole or in part the discharge of any of its duties or functions and the exercise of any powers and discretion under the Administration Agreement; and

(j) the Supplemental Agreement dated 24 March 2014 between the Issuer and SG relating to the Facility Agreement.

3. AUTHORISED PARTICIPANT AGREEMENTS

The Authorised Participants as at the date of this document are the persons who have entered into an Authorised Participant Agreement with the Issuer as described in paragraph 2(f) above.

Pursuant to the terms of the Authorised Participant Agreements, each Authorised Participant represents, warrants and undertakes to the Issuer that:

(a) in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Short and Leveraged Equity Securities to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Short and Leveraged Equity Securities to the public in that Relevant Member State:

    (i) if the final terms in relation to the Short and Leveraged Equity Securities specify that an offer of those Short and Leveraged Equity Securities may be made other than under Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-Exempt Offer**") following on the date of publication of a prospectus in relation to those Short and Leveraged Equity Securities which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant Member State provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purposes of that Non-exempt offer;

    (ii) at any time to any legal entity which is a 'qualified investor' under the Prospectus Directive;

    (iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than 'qualified investors' as defined in the Prospectus Directive); or

    (iv) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive

    provided that no such offer of Short and Leveraged Equity Securities referred to in (ii) to (iv) above shall require the Issuer or the Authorised Participant to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

    For the purposes of this provision, the expression an "**offer of Short and Leveraged Equity Securities to the public**" in relation to any Short and Leveraged Equity Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Short and Leveraged Equity Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Short and Leveraged Equity Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU;

(b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Short and Leveraged Equity Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Affiliate of the Issuer;

(c) it has complied and will comply with all applicable provisions of the FSMA and the United Kingdom financial services regime (including, without limitation, the obligation to treat customers fairly) with respect to anything done by it in relation to any Short and Leveraged Equity Securities in, from or otherwise involving the United Kingdom;

(d) that neither it nor any of its Affiliates (including any person acting on behalf of it or any of its Affiliates):

   (i) has knowingly offered or sold or will knowingly offer or sell Short and Leveraged Equity Securities to any person unless the offer is made in an "offshore transaction", whether before, on or after the relevant Application Date; or

   (ii) has engaged or will engage in any "directed selling efforts" with respect to Short and Leveraged Equity Securities.

   Terms used in this paragraph 3(d) have the meanings given to them by Regulation S under the Securities Act of 1933 of the United States.

Further restrictions on offers and sales of Short and Leveraged Equity Securities and on the distribution of this Prospectus are set out in paragraph 22 of Part 11 (*Additional Information*).

The Authorised Participant Agreements may be terminated by either party thereto at any time upon thirty days' prior written notice to the other parties.

The Issuer may enter into agreements with institutions to act as Authorised Participants and/or market-makers which may include commitments to make markets on varying terms, but which may include commitments to maintain particular maximum spreads and minimum lot sizes.

4. ISINS AND PRINCIPAL AMOUNTS OF THE SHORT AND LEVERAGED EQUITY SECURITIES

53 classes of Short Equity Securities and 53 classes of Leveraged Equity Securities are specifically described in this Prospectus. The ISINs and Principal Amounts (which are also the minimum denominations) of such Short and Leveraged Equity Securities are or will be as follows:

Class of Leveraged Equity Security	ISIN Code	Principal Amount	Class of Short Equity Security	ISIN Code	Principal Amount
ETFS 3x Daily Long AEX	JE00B7Z15H87	EUR 0.20	ETFS 3x Daily Short AEX	JE00B96F3P77	EUR 0.20
ETFS 3x Daily Long BEL 20	JE00B97BFH05	EUR 0.20	ETFS 3x Daily Short BEL 20	JE00B99H9418	EUR 0.20
ETFS 3x Daily Long CAC 40	JE00B89ZNT11	EUR 0.20	ETFS 3x Daily Short CAC 40	JE00B83F5M43	EUR 0.20
ETFS 3x Daily Long PSI 20	JE00B992R191	EUR 0.20	ETFS 3x Daily Short PSI 20	JE00B9C7JJ31	EUR 0.20
ETFS 3x Daily Long DAX 30	JE00B992Q458	EUR 0.20	ETFS 3x Daily Short DAX 30	JE00B984KF15	EUR 0.20
ETFS 3x Daily Long FTSE 100	JE00B9BQ4529	£0.20	ETFS 3x Daily Short FTSE 100	JE00B7QK5303	£0.20
ETFS 3x Daily Long FTSE 250	JE00BFD3RN24	£0.20	ETFS 3x Daily Short FTSE 250	JE00BFD3RT85	£0.20
ETFS 3x Daily Long FTSE MIB	JE00B8DVWK97	EUR 0.20	ETFS 3x Daily Short FTSE MIB	JE00B894R074	EUR 0.20
ETFS 3x Daily Long FTSE USA Large Cap	JE00B9C46371	US$0.20	ETFS 3x Daily Short FTSE USA Large Cap	JE00B9D8CY10	US$0.20
ETFS 3x Daily Long FTSE USA Small Cap	JE00BFD3RP48	US$0.20	ETFS 3x Daily Short FTSE USA Small Cap	JE00BFD3RV08	US$0.20

Class of Leveraged Equity Security	ISIN Code	Principal Amount	Class of Short Equity Security	ISIN Code	Principal Amount
ETFS 3x Daily Long FTSE Australia Large Cap	JE00B89F2F00	US$0.20	ETFS 3x Daily Short FTSE Australia Large Cap	JE00B7JJ8B38	US$ 0.20
ETFS 3x Daily Long FTSE Brazil Large Cap	JE00BFD3RQ54	US$0.20	ETFS 3x Daily Short FTSE Brazil Large Cap	JE00BFD3RW15	US$0.20
ETFS 3x Daily Long FTSE China 50	JE00B8NCRX09	US$0.20	ETFS 3x Daily Short FTSE China 50	JE00B97D3F07	US$0.20
ETFS 3x Daily Long FTSE Japan Large Cap	JE00BFD3RR61	US$0.20	ETFS 3x Daily Short FTSE Japan Large Cap	JE00BFD3RX22	US$0.20
ETFS 3x Daily Long FTSE Spain Large Cap	JE00B9JCGC36	US$0.20	ETFS 3x Daily Short FTSE Spain Large Cap	JE00B7FB8K24	US$0.20
ETFS 3x Daily Long FTSE Emerging Market Large Cap	JE00B8B71B32	US$0.20	ETFS 3x Daily Short FTSE Emerging Market Large Cap	JE00B9JCRL99	US$0.20
ETFS 3x Daily Long FTSE Latin America Large Cap	JE00B83B5L19	US$0.20	ETFS 3x Daily Short FTSE Latin America Large Cap	JE00B970CG51	US$0.20
ETFS 3x Daily Long FTSE BRIC 50	JE00BFD3RS78	US$0.20	ETFS 3x Daily Short BRIC 50	JE00BFD3RY39	US$0.20
ETFS 3x Daily Long EURO STOXX 50®	JE00B9689G92	EUR 0.20	ETFS 3x Daily Short EURO STOXX 50®	JE00B97CQD62	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Automobiles & Parts	JE00B7MK0K60	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Automobiles & Parts	JE00B97M9264	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Banks	JE00B8S0LM60	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Banks	JE00B7J7D560	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Basic Resources	JE00B9C2Y489	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Basic Resources	JE00B9D9ZG71	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Chemicals	JE00B8FX5Y80	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Chemicals	JE00B9JK5X13	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Construction & Materials	JE00B828K184	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Construction & Materials	JE00B98XCH43	EUR 0.20

Class of Leveraged Equity Security	ISIN Code	Principal Amount	Class of Short Equity Security	ISIN Code	Principal Amount
ETFS 3x Daily Long EURO STOXX® Financial Services	JE00B9H38X31	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Financial Services	JE00B9DBW392	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Food & Beverage	JE00B996N357	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Food & Beverage	JE00B83XBW00	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Health Care	JE00B9B75F25	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Health Care	JE00B985VX92	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Industrial Goods & Services	JE00B8GR4649	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Industrial Goods & Services	JE00B8YT8158	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Insurance	JE00B9DR6133	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Insurance	JE00B8HQ1X69	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Media	JE00B92NGD41	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Media	JE00B99HQD99	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Oil & Gas	JE00B8RFP530	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Oil & Gas	JE00B9965391	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Personal & Household Goods	JE00B6WGP359	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Personal & Household Goods	JE00B98C4T75	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Real Estate	JE00B9DDSB53	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Real Estate	JE00B8XXCX82	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Retail	JE00B9J9XF63	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Retail	JE00B7X9VN29	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Technology	JE00B8XY2F38	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Technology	JE00B98XMK79	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Telecommunications	JE00B8DT4D06	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Telecommunications	JE00B8YTBC75	EUR 0.20
ETFS 3x Daily Long EURO STOXX® Travel & Leisure	JE00B9D90J53	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Travel & Leisure	JE00B8H8T276	EUR 0.20

Class of Leveraged Equity Security	ISIN Code	Principal Amount	Class of Short Equity Security	ISIN Code	Principal Amount
ETFS 3x Daily Long EURO STOXX® Utilities	JE00B8MJ3908	EUR 0.20	ETFS 3x Daily Short EURO STOXX® Utilities	JE00B994PF59	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Automobiles & Parts	JE00B7MVQ231	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Automobiles & Parts	JE00B8JFCL60	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Banks	JE00B9H3DH24	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Banks	JE00B7TY9041	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Basic Resources	JE00B8KH5K14	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Basic Resources	JE00B98W3Y51	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Chemicals	JE00B9H37254	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Chemicals	JE00B92NZK49	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Construction & Materials	JE00B9J9GB35	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Construction & Materials	JE00B8G41M07	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Financial Services	JE00B8QB7Z64	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Financial Services	JE00B99L2P54	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Food & Beverage	JE00B98DMW95	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Food & Beverage	JE00B9D6GB07	EUR 0.02
ETFS 3x Daily Long STOXX® Europe 600 Health Care	JE00B8YWR289	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Health Care	JE00B8YYLY47	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Industrial Goods & Services	JE00B9694G79	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Industrial Goods & Services	JE00B97GL998	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Insurance	JE00B90K1435	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Insurance	JE00B7WMW955	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Media	JE00B8280R45	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Media	JE00B9JTG352	EUR 0.20

Class of Leveraged Equity Security	ISIN Code	Principal Amount	Class of Short Equity Security	ISIN Code	Principal Amount
ETFS 3x Daily Long STOXX® Europe 600 Oil & Gas	JE00B9JBNL86	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Oil & Gas	JE00B43QXJ25	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Personal & Household Goods	JE00B8CKHW47	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Personal & Household Goods	JE00B97LVC73	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Real Estate	JE00B8KQZS60	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Real Estate	JE00B965X138	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Retail	JE00B9B8JH59	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Retail	JE00B9C5DQ22	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Technology	JE00B8XVFZ55	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Technology	JE00B817CT87	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Telecommunications	JE00B7W9LQ61	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Telecommuni-cations	JE00B74F1L70	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Travel & Leisure	JE00B9C5C983	EUR 0.02	ETFS 3x Daily Short STOXX® Europe 600 Travel & Leisure	JE00B985H196	EUR 0.20
ETFS 3x Daily Long STOXX® Europe 600 Utilities	JE00B9JC6R82	EUR 0.20	ETFS 3x Daily Short STOXX® Europe 600 Utilities	JE00B9907G80	EUR 0.20

5. INITIAL MULTIPLIERS

The initial Multipliers of each class of Short and Leveraged Equity Securities are or will be as follows:

Class of Leveraged Equity Security	Initial Multiplier	Class of Short Equity Security	Initial Multiplier
ETFS 3x Daily Long CAC 40	0.000647501	ETFS 3x Daily Short CAC 40	0.025604916
ETFS 3x Daily Long DAX 30	0.00317107	ETFS 3x Daily Short DAX 30	0.005637773
ETFS 3x Daily Long FTSE 100	0.000539854	ETFS 3x Daily Short FTSE 100	0.002651732
ETFS 3x Daily Long FTSE MIB	0.000497013	ETFS 3x Daily Short FTSE MIB	0.007118806
ETFS 3x Daily Long EURO STOXX 50®	0.004354415	ETFS 3x Daily Short EURO STOXX 50®	0.004935664

6. UK TAXATION

(a) General

The following paragraphs summarise certain limited aspects of the UK taxation treatment of holding Short and Leveraged Equity Securities. They are based on current UK law and HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect. The following paragraphs relate to Security Holders who are within the charge to UK corporation tax or are UK resident individuals or which are UK open-ended investment companies or authorised unit trust schemes, unless otherwise stated. These paragraphs do not apply to certain categories of Security Holders, such as dealers. The statements in this summary are intended only as a general guide, and should be treated with appropriate caution. Any person who is contemplating acquiring Short and Leveraged Equity Securities (whether or not pursuant to the Programme), particularly if that person is subject to taxation in any jurisdiction other than the UK, is strongly recommended to consult their independent professional advisers immediately.

(b) **The Issuer**

The Directors intend that the affairs of the Issuer should be managed and conducted so that it should not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Issuer does not carry on a trade in the UK through a permanent establishment situated therein for UK corporation tax purposes or through a branch or agency situated in the UK which would bring the Issuer within the charge to UK income tax, the Issuer will not be subject to UK corporation tax or income tax on income and capital gains arising to it. The Directors intend that the affairs of the Issuer are conducted so that no such permanent establishment, branch or agency will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.

(c) **Withholding Tax**

No payments made by the Issuer to Security Holders are required to be made under deduction or withholding for or on account of UK tax.

(d) **Corporation Tax on income and gains**

In general, a Security Holder which is subject to UK corporation tax will be treated for tax purposes as realising profits, gains or losses in respect of Short and Leveraged Equity Securities on a basis reflecting the treatment in its statutory accounts, calculated in accordance with the Security Holder's authorised accounting method. These profits, gains or losses (which will include any profits, gains or losses on a disposal or redemption of Short and Leveraged Equity Securities and which may include fluctuations in value relating to foreign exchange gains and losses) will be treated as income profits or losses for the purposes of a Security Holder's corporation tax computation.

(e) **Capital Gains Tax (Individuals)**

Provided the Short and Leveraged Equity Securities are not treated as "deeply discounted securities" for UK tax purposes, any transfer or redemption of a Short and Leveraged Equity Security by a Security Holder who is a UK individual will, subject to the offshore fund rules mentioned below, be a disposal of that Short and Leveraged Equity Security for UK capital gains tax purposes which may, subject to any available exemption or relief, give rise to a chargeable gain or allowance loss for those purposes.

Subject to this, it is expected that the Short and Leveraged Equity Securities will not be treated as "deeply discounted securities" for UK tax purposes, however, investors are advised to consult their own tax advisers in this connection.

The Issuer may be treated as an "offshore fund" for UK tax purposes, and accordingly, Short and Leveraged Equity Securities may be treated as investments in an "offshore fund" for UK tax purposes. If this is the case, and the Short and Leveraged Equity Securities are not treated as "deeply discounted securities" and no other exemption applies, any gain accruing to an investor upon the sale, redemption or other disposal of Short and Leveraged Equity Securities will be taxed as income and not as a capital gain, unless the Issuer achieves certification as a "reporting fund". The Issuer intends to apply for a notification from HM Revenue & Customs that all classes of Short and Leveraged Equity Securities have been accepted for entry into the "reporting fund" regime with effect from first issue. Whilst it is expected that certification as a "reporting fund" will be received and will be maintained for all periods, this cannot be guaranteed.

Note that under the reporting fund rules the Issuer is required to report to investors 100 per cent. of the net income attributable to the relevant class of Short and Leveraged Equity Securities. It is not expected that any such reportable income will arise in respect of any of the Short and Leveraged Equity Securities.

A copy of the annual report required to be made to investors under the reporting fund rules will be provided on the following websites:

http://www.etfsecurities.com/retail/uk/en-gb/documents.aspx; or
http://www.etfsecurities/com/institutional/uk/en-gb/documents.aspx.

(f) **Income Tax (Individuals)**

If the Short and Leveraged Equity Securities are treated as "deeply discounted securities" for UK tax purposes, and do not qualify as "excluded indexed securities" for those purposes, any profit arising to a Security Holder who is a UK individual on transfer or redemption of Short and Leveraged Equity Securities will be subject to UK income tax and not to UK capital gains tax.

(g) **UK Open-Ended Investment Companies and Authorised Unit Trust Schemes**

Whilst UK open-ended investment companies and authorised unit trust schemes are generally subject to UK corporation tax (currently at the rate of 20 per cent.); they are exempt from tax on capital gains. Part 2 of The Authorised Investment Funds (Tax) Regulations 2006 (S.I. No. 2006/964) provides an exemption for capital profits, gains or losses accruing to UK open-ended investment companies and authorised unit trust schemes on creditor loan relationships and derivative contracts. In this respect capital profits, gains or losses are those which, in accordance with UK generally accepted accounting practice, fall to be dealt with in the statement of total return (under the heading of "net capital gains/losses" or "other gains/losses") in accordance with the relevant Statement of Recommended Practice. These provisions do not however apply to a qualified investor scheme which does not meet the genuine diversity of ownership condition. In addition, Part 2B of the Regulations treats all capital profits, gains and losses (determined in accordance with UK generally accepted accounting practice, as described above) arising to a UK open-ended investment company or authorised unit trust, which meets the genuine diversity of ownership condition, from an "investment transaction" (which includes loan relationships and derivative contracts) as a non-trading transaction and thus not taxable as income. These Parts of the Regulations will determine whether any profits, gains or losses arising to a Security Holder which is a UK open-ended investment company or authorised unit trust scheme in respect of Short and Leveraged Equity Securities will be exempt from tax.

(h) **Stamp Duty and Stamp Duty Reserve Tax ('SDRT')**

Provided the Register is not kept by or on behalf of the Issuer in the UK, neither stamp duty nor SDRT will be payable on the issue or the subsequent transfer of, or agreement to transfer, Short and Leveraged Equity Securities in Uncertificated Form.

In the case of Short and Leveraged Equity Securities held in Certificated Form, provided (i) the Register is not kept by or on behalf of the Issuer in the UK; (ii) any instrument of transfer is not executed in the UK; and (iii) any instrument of transfer does not relate to anything to be done in the UK, neither stamp duty nor SDRT will be payable on the issue or subsequent transfer of Short and Leveraged Equity Securities.

The redemption of Short and Leveraged Equity Securities will not give rise to stamp duty or SDRT.

(i) **Inheritance Tax (Individuals)**

For the purposes of inheritance tax, a Short and Leveraged Equity Security may form part of the value of the estate of a Security Holder who is an individual and inheritance tax may (subject to certain exemptions and reliefs) become payable in respect of the value of a Short and Leveraged Equity Security on a gift of that Short and Leveraged Equity Security by, or the death of, a Security Holder who is an individual. Such a tax charge may be subject to appropriate provisions in any applicable double taxation treaty.

(j) **VAT**

The acquisition and transfer of Short and Leveraged Equity Securities by a Security Holder will be exempt from VAT. Nor should any VAT arise where a Security Holder is entitled to redeem Short and Leveraged Equity Securities (which will be in very limited circumstances).

(k) **The European Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income (the "Directive") came into force on 1 July 2005. The Directive applies, amongst other matters, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another EU Member State. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest to, or secures interest for, the beneficial owner, and could include a UK broker effecting the sale of Short and Leveraged Equity Securities.

7. JERSEY TAXATION

The following paragraphs summarise certain aspects of Jersey taxation treatment of holding Short and Leveraged Equity Securities. The statements are intended only as a general guide.

(a) **General**

Under the Income Tax (Jersey) Law 1961 (the "Jersey Income Tax Law"), the Issuer will be regarded as resident in Jersey but (being neither a financial services company nor a specified utility company under the Jersey Income Tax Law at the date hereof) will (except as noted below) be subject to Jersey income tax at a rate of 0 per cent.

The Issuer will not be required to make any deduction or withholding for, or on account of, Jersey income tax from any payments in respect of the Short and Leveraged Equity Securities. Holders of the Short and Leveraged Equity Securities (other than residents of Jersey) should not be subject to any tax in Jersey in respect of the holding, sale, redemption or other disposition of its Short and Leveraged Equity Securities. Redemption payments (other than to residents of Jersey) will not be subject to withholding for or on account of Jersey tax.

(b) **Stamp duty**

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of Short and Leveraged Equity Securities. In the event of the death of an individual sole holder of Short and Leveraged Equity Securities, duty at rates of up to 0.75 per cent. of the value of the Short and Leveraged Equity Securities held may be payable on registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Short and Leveraged Equity Securities held by the deceased individual sole holder thereof. A liability arising in these circumstances is capped at £100,000.

(c) **Goods and services tax**

The Issuer is an "international services entity" for the purposes of the Goods and Services Tax (Jersey) Law 2007 (the "GST Law"). Consequently, the Issuer is not required to:

(i) register as a taxable person pursuant to the GST Law;

(ii) charge goods and services tax in Jersey in respect of any supply made by it; or

(iii) (subject to limited exceptions that are not expected to apply to the Issuer) pay goods and services tax in Jersey in respect of any supply made to it.

(d) **The European Savings Directive**

As part of an agreement reached in connection with the European Union directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and the Issuer's understanding of the current practice of the Jersey tax authorities (and subject to the transitional arrangements described above), the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of redemption payments made by it to a paying agent established outside Jersey.

(e) **Intergovernmental Agreement between Jersey and the United States**

The US Hiring Incentives to Restore Employment Act resulted in the introduction of legislation in the US known as the Foreign Account Tax Compliance Act ("**FATCA**"). Under FATCA a 30 per cent withholding tax may be imposed on payments of US source income and certain payments of proceeds from the sale of property that could give rise to US source income, unless the Issuer complies with requirements to report on an annual basis the identity of, and certain other information about, direct and indirect US holders of Short and Leveraged Equity Securities issued by the Issuer to the US Internal Revenue Service ("**IRS**") or to the relevant Jersey authority for onward transmission to the IRS. A holder of Short and Leveraged Equity Securities issued by the Issuer that fails to provide the required information to the Issuer may be subject to the 30 per cent withholding tax with respect to any payments directly or indirectly attributable to US sources and the Issuer might be required to redeem any Short and Leveraged Equity Securities held by such holder.

Although regulations implementing FATCA have been issued in the US and on 13 December 2013 an intergovernmental agreement was entered into between Jersey and the US in respect of FATCA, the detailed requirements for complying with FATCA are not yet fully known not least because it has not yet been enacted into domestic legislation in Jersey. In addition, official guidance with respect to aspects of FATCA compliance and with respect to compliance with the agreement is expected to be published and may affect such requirements. The requirements, when finalised, may impose additional burdens and costs on the Issuer or the holders of Short and Leveraged Equity Securities issued by the Issuer.

Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that the Issuer will be able to satisfy such obligations. If the Issuer becomes subject to a withholding tax as a result of FATCA, the return on some or all Short and Leveraged Equity Securities issued by the Issuer may be materially and adversely affected. In certain circumstances, the Issuer may compulsorily redeem some or all of the Short and Leveraged Equity Securities held by one or more holders and/or may reduce the redemption proceeds payable to any holder of Short and Leveraged Equity Securities.

(f) **Intergovernmental Agreement between Jersey and the United Kingdom**

On 22 October 2013, Jersey and the UK signed an intergovernmental agreement concerning the automatic exchange of tax information. The intergovernmental agreement is part of a package of measures intended to enhance existing arrangements in relation to the exchange of tax information in respect of UK residents, similar to the intergovernmental agreement with the US for the purposes of FATCA. Pursuant to the terms of the intergovernmental agreement, the Issuer will, on an annual basis, be required to provide certain information in relation to UK resident holders of Short and Leveraged Equity Securities issued by the Issuer and their holding of the Short and Leveraged Equity Securities to the relevant Jersey authority for onward transmission to HMRC in the UK. The intergovernmental agreement includes an alternative reporting mechanism in respect of UK resident non-domiciled holders of Short and Leveraged Equity Securities issued by the Issuer. Although the intergovernmental agreement has effect with respect to holders of Short and Leveraged Equity Securities issued by the Issuer and their holdings of the Short and Leveraged Equity Securities from this calendar year 2014, the Issuer will not be required to provide the relevant information to the relevant Jersey authority in respect of 2014 before 30 September 2016.

The detailed requirements for complying with the intergovernmental agreement are not yet fully known not least because it has not yet been enacted into domestic legislation in Jersey. In addition, official guidance with respect to compliance with the agreement is expected to be published and may affect such requirements. The requirements, when finalised, may impose additional burdens and costs on the Issuer or holders of Short and Leveraged Equity Securities issued by the Issuer.

8. TAXATION IN AUSTRIA

(a) General

The following is a brief summary of some principles of Austrian tax law that may be of relevance for Austrian resident holders of the Short and Leveraged Equity Securities. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Short and Leveraged Equity Securities. This summary does not take into account or discuss the tax laws of any country other than Austria nor does it take into account the investors' individual circumstances.

Prospective investors are advised to consult their own professional advisors to obtain further information about the tax consequences of the acquisition, ownership, disposition, redemption, exercise or settlement of the Instruments. Only personal advisors are in a position to adequately take into account special tax aspects of the particular instruments in question as well as the investor's personal circumstances and any special tax treatment applicable to the investor.

This summary is based on Austrian law as in force at the date of this Prospectus. The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect.

(b) Taxation of capital gains or redemption gains upon disposal or redemption of the Short and Leveraged Equity Securities

(i) *Individual Investors*

Under the tax regime that applies to most types of investment income (*Einkünfte aus Kapitalvermögen*) including income derived from the Short and Leveraged Equity Securities, capital gains upon the disposal or redemption of Short and Leveraged Equity Securities are subject to a 25 per cent. flat tax rate. If Short and Leveraged Equity Securities are deposited with an Austrian custodian bank, the bank will, in most circumstances, withhold the 25 per cent. capital gains tax and forward it to the tax authorities. If for an individual investor the 25 per cent. flat rate is higher than the rate which would be applicable under the regular progressive tax rate (0 per cent. – 50 per cent. depending on the individual's total annual income) applicable for this individual, the individual can apply for a tax refund in his or her annual tax return.

(ii) *Corporate Investors*

Corporate entities are in general subject to a 25 per cent. flat corporate income tax rate. Capital gains incurred upon disposal or redemption of the Short and Leveraged Equity Securities are subject to this general 25 per cent. taxation.

(c) Other taxes

(i) *Transfer Taxes*

There are no transfer taxes, registration taxes or similar taxes payable in Austria as a consequence of the acquisition, ownership, disposition or redemption of the Short and Leveraged Equity Securities.

(ii) *Inheritance or Gift Taxes*

The Austrian inheritance and gift tax (*Erbschafts-und Schenkungssteuer*) was abolished with effect as of 1 August 2008.

(iii) *VAT*

The acquisition or disposal of the Short and Leveraged Equity Securities is not subject to Austrian VAT.

(iv) *Application of the Austrian Investment Fund Act*

There is a risk that Short and Leveraged Equity Securities whose underlying assets are composed of Indices (in order to achieve an effect of risk diversification) could be treated as investments in a foreign investment fund according to section 188 of the Austrian Investment Fund Act. The consequence of such treatment could be a taxation of the investment regardless of actual disposals, redemptions or distributions. Please discuss this issue with your personal tax advisor if you are considering investing in Short and Leveraged Equity Securities.

(d) **The European Savings Directive**

The rules implementing Directive 2003/48/EC in Austrian national law, provide that interest payments (including payments of certain types of capital gains incurred from the disposal or redemption of a security) made by an Austrian paying agent to EU resident beneficial owners of securities are subject to a EU-withholding tax. The applicable tax rate is 35 per cent.

No EU-withholding tax is levied if the beneficial owner presents to his paying institution a certificate as provided for under Article 10 of the EU-Withholding Tax Act issued by the competent authority of his EU member state of residence for tax purposes.

9. TAXATION IN DENMARK

(a) **General**

The following is a brief summary of some important principles of Danish tax law that may be of relevance for Danish holders of Short and Leveraged Equity Securities. The summary does not fully cover all aspects of Danish tax law that may be of relevance to holders. The summary is based on Danish tax law as of May 2013. The summary deals only with taxation in Denmark and not with foreign tax rules.

It should also be noted that the taxation of Short and Leveraged Equity Securities may change at any time as a result of new legislation, court practice or decrees issued by the relevant taxation authorities, potentially with retroactive effect. Investors interested in acquiring Short and Leveraged Equity Securities should consult their tax advisors with regard to any tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Short and Leveraged Equity Securities.

Only a tax advisor is able to adequately assess the individual tax situation of a specific investor. Under Danish Law, financial instruments including Short and Leveraged Equity Securities are governed by special provisions in the Shares, Transfers and Capital Gains Taxation Act. Basically, this means that gains and losses on Short and Leveraged Equity Securities are taxed separately from the underlying assets applying a mark-to-market principle.

(b) **Security Holders liable to corporate tax**

Under Danish Law, share certificates including Short and Leveraged Equity Securities are governed by special provisions in the Danish Gains on Securities and Foreign Currency Act. Basically, this means that gains and losses on the financial instruments are taxed separately from the underlying assets, applying a mark-to-market principle. Both losses and gains are included in the taxable income.

Net gains are taxed at a flat rate of 25 per cent. and net losses are deductible.

(c) **Individual holding Short and Leveraged Equity Securities**

Under Danish law, Instruments including Short and Leveraged Equity Securities are governed by the Danish Gains on Securities and Foreign Currency Act. Basically, this means that gains and losses on the instruments are taxed separately from the underlying assets, applying a mark-to-market principle. Both losses and gains are included in the taxable income. Net gains are taxed as capital income at a marginal tax rate of 43.5 per cent. for an individual (42 per cent. in 2014). The ability to utilise net losses is limited. Basically, the utilisation requires that a previous gain on similar financial instruments has been taxed.

(d) **Investors holding Short and Leveraged Equity Securities via a pension scheme**

The investor will be taxed according to mark-to-market principle. The Danish individual investor will be taxed at a rate of 15.3 per cent. on the return pursuant to section 2 of the Danish Pension Investment Return Tax Act.

(e) **Investors holding Short and Leveraged Equity Securities via a Danish Business Tax**

Scheme

It is possible for an individual to hold Short and Leveraged Equity Securities through the Danish Business Tax Scheme (*Virksomhedsskatteordningen*).

(f) **VAT**

No Danish valued added tax applies to transfer of Short and Leveraged Equity Securities.

(g) **Inheritance/Gift tax**

Upon inheritance a tax must be paid if the deceased person's residence is within Danish jurisdiction or if real estate is situated in Denmark. The tax rate for close relatives is 15 per cent. and for other beneficiaries 36.25 per cent., calculated on the basis of inheritance exceeding, in 2013, DKK 264,100 (corresponding to approximately €35,525). A non-separated spouse is not taxed on the inheritance.

Gifts are as a starting point taxed the same way as proceeds from inheritance. Gifts to a spouse are tax free. Gifts exceeding, in the year 2013, DKK 58,700 per year (corresponding to approximately €7,896) to certain relatives are taxed at rate of 15 per cent. whilst gifts to others are taxed at 36.25 per cent. The receiver or the donor must be a Danish tax subject in order for these thresholds/amounts to apply.

(h) **The European Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income applies amongst other matters, to payments of income on debt claims of every kind made by a paying agent in an EU member state for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside or operate a withholding system in relation to such payments. A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for the beneficial owner, and could in relation to Short and Leveraged Equity Securities include a Danish broker effecting the sale of Short and Leveraged Equity Securities.

10. TAXATION IN FINLAND

(a) **General**

The following is a brief summary of some important principles of Finnish tax law that may be of relevance for Finnish resident investors acquiring, holding, redeeming or selling Short and Leveraged Equity Securities. The summary does not fully cover all aspects of Finnish tax law that may be of relevance to the Short and Leveraged Equity Securities. The summary is based on Finnish tax law as of the date of this Prospectus.

It should also be noted that the taxation of investors may change at any time as a result of new legislation, court practice or decrees issued by the relevant taxation authorities, potentially with retroactive effect. Investors interested in acquiring the Short and Leveraged Equity Securities should consult their tax advisors with regard to any tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Short and Leveraged Equity Securities. Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

(b) **Tax on income and capital gains**

(i) *Resident individuals*

Individuals and death estates who sell their Short and Leveraged Equity Securities, are subject to capital gains taxation at the rate of 30 per cent. and 32 per cent. for taxable capital income exceeding €50,000. The taxable capital gain on disposal of Short and Leveraged Equity Securities is calculated by deducting the acquisition costs and sales costs from the sales price. Alternatively, the taxable capital gain can be calculated by deducting from the sales price as a deemed acquisition cost 20 per cent. of the sales price (40 per cent. for Short and Leveraged Equity Securities held for at least 10 years). According to the Finnish Income Tax Act, capital losses can be deducted from capital gains (but not from other capital income) arising during the year of disposal and the five following years. A capital gain is tax exempt if the aggregate income derived from disposals of assets during the tax year is less than €1,000.

(ii) *Resident companies*

Resident companies are taxable on their worldwide income at the general corporate income tax rate of 24.5 per cent. This applies to both business income and other income.

Any capital gain or income from the Short and Leveraged Equity Securities relating to the business operations is regarded as taxable business income and the tax assessment is made according to the Business Income Tax Act. Generally, expenses incurred in acquiring or maintaining taxable business income are deductible. Tax losses can generally be carried forward for ten years.

Where the investment in the Short and Leveraged Equity Securities does not form part of business assets, tax assessment is made according to the Income Tax Act. Capital gains and income on the Short and Leveraged Equity Securities are then taxed as other income of the company. Capital losses from the disposal and/or redemption of the Short and Leveraged Equity Securities can be deducted from capital gains arising during the year of disposal and the following five years. Losses in the company's business income source cannot be deducted from the company's other income source or *vice versa*.

(c) **Withholding tax**

No deduction or withholding for or on account of Finnish tax is required to be made on payments directly from the Issuer to Security Holders on Redemption of Short and Leveraged Equity Securities.

(d) **Inheritance and gift taxes**

A transfer of the Short and Leveraged Equity Securities by way of gift or on death will be subject to Finnish inheritance or gift tax if the Security Holder, or heir, donee or other beneficiary, is a Finnish tax resident.

(e) **Value added tax**

No Finnish value added tax will be payable by a Security Holder in consideration for the issue of Short and Leveraged Equity Securities.

(f) **Other taxes or duties**

No Finnish registration tax, customs duty, transfer tax, stamp duty or any other similar tax or duty will be payable in Finland by a holder of Short and Leveraged Equity Securities.

(g) **The European Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income applies amongst other matters, to payments of income on debt claims of every kind made by a paying agent in an EU member state for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for the beneficial owner, and could in relation to Short and Leveraged Equity Securities include a Finnish broker effecting the sale of Short and Leveraged Equity Securities.

11. TAXATION IN FRANCE

(a) **General**

The following summary describes the principal French tax treatment applicable to the holding of the Short and Leveraged Equity Securities by a French investor residing in France or outside of France following an offer of the Short and Leveraged Equity Securities in France.

This information is of a general nature and does not purport to be a comprehensive description of all French tax considerations that may be relevant to a decision to acquire, hold or dispose of the Short and Leveraged Equity Securities. In some cases, different rules may be applicable.

Furthermore, the tax rules may be amended in future (possibly implemented with retroactive effect), and the interpretation of the tax rules may change.

This summary is based on French tax legislation, treaties, rules, administrative interpretations and similar documentation in force as of the date of this Prospectus, and on the legal qualification of the Short and Leveraged Equity Securities as bond instruments, without prejudice to any amendments introduced at a later date, even if implemented with retroactive effect.

Any persons interested in acquiring the Short and Leveraged Equity Securities should consult their tax advisers with regard to any tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Short and Leveraged Equity Securities. Only a tax adviser is able to adequately assess the individual tax situation of a specific investor.

(b) **Investors residing in France**

(i) *Taxation of individuals*

(A) Taxation of capital gains

Capital gains derived from the disposal of the Short and Leveraged Equity Securities are subject to capital gains tax gains at progressive income tax rates, which range from 5.5 per cent. for income over €5,964 to 45 per cent. for income over €150,000. A temporary surcharge currently adds 3 per cent. tax for income over €250,000 and 4 per cent. for income over €500,000. A tax deduction applies and is calculated with reference to the holding period of the shares:

– 20 per cent. allowance for a holding period between two and less than four year.

– 30 per cent. allowance for a holding period between four and less than six years.

– 40 per cent. allowance for a holding period of at least six years.

The calculation of the holding period starts on the date of purchase of the shares (or the actual holding period).

In addition, social taxes at a rate of 15.5 per cent. are always due on the gross capital gains before the application of the tax deduction.

If a French investor disposes of the Short and Leveraged Equity Securities at a loss, such loss may be offset against capital gains of the same nature made during the year of the loss or the following ten years, subject to filing obligations.

(B) Taxation of bond redemption premium (*Prime de remboursement*)

Bond redemption payments made to an individual residing in France are taxed according to the standard progressive income tax schedule which range from 5.5 per cent. for income over €5,964 to 45 per cent. for income over €150,000. A temporary surcharge currently adds 3 per cent. tax for income over €250,000 and 4 per cent. for income over €500,000. The above-mentioned social contributions of 15.5 per cent. are also applicable.

(ii) *Taxation of companies subject to French corporate income tax*

(A) Taxation of capital gains

Capital gains from the disposal of the Short and Leveraged Equity Securities are subject to corporate income tax at the standard rate of 33⅓ per cent., (or to a reduced rate applicable to small companies where the relevant conditions are met) to which a 3.3 per cent. surtax is added in certain circumstances. Capital losses are, in principle, treated as ordinary losses which may be set off against operational profits and any remaining balance carried forward in accordance with standard rules (i.e. unlimited carry forward save in specific circumstances).

(B) Taxation of bond redemption premium (*Prime de remboursement*)

Bond redemption premiums are taxed at the above-mentioned standard corporate income tax rate (or at a reduced rate applicable to small companies where the relevant conditions are met). Furthermore, Article 238 septies E of the French general tax code (FGTC) may possibly apply. According to the provisions of Article 238 septies E, if the estimated value of the redemption premium exceeds the purchase value by

10 per cent. and the issue price is less than 90 per cent. of the estimated redemption value, such premium due to indexation of the principal is partially taxed before maturity on an annual basis, even though this premium is only collected on disposal or redemption on maturity.

(c) **Investors residing outside of France Taxation of capital gains**

In principle, capital gains realised by investors residing outside of France upon the sale or disposal of Short and Leveraged Equity Securities are not subject to capital gains tax in France. The same applies to companies, provided that the Short and Leveraged Equity Securities are not based in a permanent establishment or fixed base in France.

(d) **The European Savings Directive**

The EU Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**") applies, amongst other matters, to payments of interest on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside (although for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). A paying agent for these purposes is an economic operator who pays interest or other similar income to, or secures interest for the beneficial owner, and could in relation to the Short and Leveraged Equity Securities include a French broker effecting the sale of Short and Leveraged Equity Securities on a stock market. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

(e) **Value Added Tax**

No French Value Added Tax will be payable by a holder of Short and Leveraged Equity Securities in consideration for the issue or transfer of Short and Leveraged Equity Securities.

(f) **Securities Transfer Tax and French Financial Transaction Tax**

The sale of the Short and Leveraged Equity Securities, as relating to listed companies, is not subject to registration duties unless a deed is executed (in France or abroad). For transactions made directly on a regulated market or on a multilateral trading facility which do not imply the conclusion of any agreement between the seller and the buyer (mere execution of orders by the financial intermediary), registration duties never apply to the transfer. For over-the-counter (OTC) transfer of listed shares, they are not subject to registration duties where no deed has been drawn up for the transfer.

Subject to certain exceptions, transfers of listed shares of companies whose market value exceeds €1 billion are subject to a tax on financial transactions at a rate of 0.2 per cent. of the sale price instead of registration duties. The tax on financial transactions applies to equity securities and similar instruments, within the meaning of Article L. 211-41 of the Monetary and Financial Code, and includes shares and other securities that provide or could provide access to capital or voting rights, including securities issued on the basis of foreign laws. The tax also applies to securities that provide or could provide access to capital or voting rights.

Equity securities and similar instruments are taxable when they are admitted to trading on a French, European or foreign regulated market. The tax is owed on acquisitions of equity securities or similar instruments for valuable consideration resulting in a transfer of ownership (a transfer of ownership in the context of furnishing or depositing securities as collateral within the meaning of Article L. 211-38 of the Monetary and Financial Code does not constitute an acquisition of equity securities or similar instruments, even when the guarantee constituted by the collateral is enforced because the debtor defaults and the securities become the property of the creditor).

The equity securities and similar instruments covered by the tax are those issued by a company with its registered office in France. When the issuer does not have its registered office in France, its securities are not covered by the tax, even if they are admitted to trading on a French trading platform or their issue account is held by a central depository in France. But the tax applies to securities that are issued by an issuer whose registered office is not in France and that represent securities whose issuer has its registered office in France.

The tax does not apply to debt securities, units in collective investment schemes (common funds (FCP) and open-ended investment companies (SICAV)) (including ETFs -exchange traded funds) and financial contracts (including options, futures and warrants) when they are not equity securities as defined in the Monetary and Financial Code.

(g) **Gift or inheritance tax**

The transfer of the Short and Leveraged Equity Securities as a result of an inheritance or gift situation will be subject to French inheritance or gift tax, subject to the application of any relevant double tax treaties if:

(i) the investor is a French resident for French gift or inheritance tax purposes; or

(ii) the investor is not a French tax resident for French gift or inheritance tax purposes, but the heir, donee or other beneficiary is a French resident for French gift or inheritance tax purposes at the time of the death or gift and was a French resident for at least six years during the last ten years; or

(iii) none of the investor or the heir, donee or other beneficiary is a French resident for French gift or inheritance tax purposes, but only on the French Short and Leveraged Equity Securities.

(h) **French Wealth Tax**

Individuals who are tax residents of France are subject to wealth tax (impôt de solidarité sur la fortune) if their worldwide net taxable assets as of 1 January of any given taxable year are valued in excess of 1,300,000 euros. The rate varies between 0.5 per cent. and 1.5 per cent. from 800,000 euros. However, there is a new wealth tax cap (plafonnement) so that total French and foreign taxes should not exceed 75 per cent. of income.

Consequently, the ownership of the Short and Leveraged Equity Securities by individuals who are resident for tax purposes in France will be subject to taxation.

For individuals who are not tax residents of France, their portfolio investments (placements financiers) made in France, that include bank deposits, debentures and shares of stock (under ten percent of the registered capital of the issuer) are not subject to taxation. Consequently, the ownership of the Short and Leveraged Equity Securities by individuals who are nonresident for tax purposes in France should not be subject to taxation.

12. TAXATION IN GERMANY

(a) **General**

The following is a brief summary of some important principles of German tax law that may be of relevance for German investors acquiring, holding, redeeming or selling Short and Leveraged Equity Securities. The summary does not fully cover all aspects of German tax law that may be of relevance to the Short and Leveraged Equity Securities. The summary is based on German tax law as of the date of this Prospectus. It should also be noted that the taxation of investors may change at any time as a result of new legislation, court practice or decrees issued by the relevant taxation authorities, potentially with retroactive effect.

Investors interested in acquiring the Short and Leveraged Equity Securities should consult their tax advisors with regard to any tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Short and Leveraged Equity Securities. Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

(b) **Taxation of capital gains**

The German Ministry of Finance on 22 December 2009 has issued a tax circular regarding the taxation of capital income in Germany and the new German flat income tax on capital income (*Abgeltungssteuer*) (circular no. IV C 1 – S 2252/08/10004), as amended on 9 October 2012 (the "Tax Circular"). Pursuant to this Tax Circular gains or losses from a note instrument, eligible for listings on stock exchanges, which neither provide for the payment of interest payments, nor for a guaranteed repayment of principal as of maturity, would be treated by the German tax authorities as gains or losses from a debt instrument in the form of a speculative certificate (*Risikozertifikat*) and thus income derived therefrom, would be subject to German income taxation.

As a consequence of the court case of the German Federal Tax Court (BFH) dated 24 April 2012, structured financial instruments which mirror the performance of an underlying investment without any additional embedded leverage ("Delta 1-instrument") should not qualify as a so-called "derivative instrument" (*Termingeschäft*) but rather as a so-called "other financial instrument" (*Sonstige Kapitalforderung*). Securities which provide for a short exposure or an embedded leverage may therefore qualify as a Derivative Instrument (*Termingeschäft*).

As a consequence, German individual investors and German corporate investors are subject to German personal or corporate income tax and solidarity surcharge on any capital gains from the sale or the redemption of the Short and Leveraged Equity Securities.

The tax rate in respect of capital income, including capital gains for German individual investors who hold the Short and Leveraged Equity Securities as private assets (*Privatvermögen*) is 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) which will be levied on the gross income. However, taxpayers are entitled to apply for a tax assessment on the basis the personal income tax rate applicable on their (other) net taxable income. No expenses related to the capital gains except for a lump-sum tax allowance of \801 for individuals and \1602 for married couples subject to German joint taxation will be deductible. If the Short and Leveraged Equity Securities are held in custody with a German credit institution or financial service institution (including a German permanent establishment of a foreign institution) as disbursing agent (*inländische auszahlende Stelle*), a flat withholding tax (*Abgeltungssteuer*) at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) is deducted. Payment of the flat withholding tax satisfies any income tax liability of the investor in respect of such income (unless the investor elects to have the tax assessment of such income). Losses from the sale or redemption of the Short and Leveraged Equity Securities can be set off only against other capital income (*Einkünfte aus Kapitalvermögen*) of the investor.

If the Short and Leveraged Equity Securities are held as business assets, all capital gains from the sale or redemption of the Short and Leveraged Equity Securities by German investors will be subject to German personal or corporate income tax and solidarity surcharge thereon based on the applicable tax rate for the investor. In such cases, gains will also be subject to German trade tax. Withholding tax on such gains is deducted at the rates mentioned above but does not satisfy any income tax liability of the investor in respect of such gains.

(c) **Application of German Investment Tax Act (Investmentsteuergesetz)**

The Issuer believes that there exist good arguments as to why investors in Short and Leveraged Equity Securities will not be subject to the German Investment Tax Act ("*Investmentsteuergesetz*"). Since Short and Leveraged Equity Securities do not, among others, provide for regular redemption for investors in Short and Leveraged Equity Securities, they should not constitute a participation of an investor in a foreign investment fund or a foreign unit of foreign investment funds.

However, it is expected that the German Investment Tax Act will be subject to change in the context of the transposition of the AIFMD into German law. A first draft of the so-called AIFM-Tax-Amendment Act (*AIFM-St-AnpG*) has been published on 30 January and 17 May 2013. However, the parliamentary process on this new law was stopped on 26 June 2013. The German Ministry of Finance has published on 18 July 2013 a tax circular which determines the further application of the German Investment Tax Act until a new law becomes effective. In this context it is discussed by the German regulator BaFin that also "performance tracking debt instruments" may qualify as units in an Alternative Investment Fund ("AIF"). This may also be relevant in the context of an amendment of the German Investment Tax Act. Investors should therefore carefully analyze any changes to the German Investment Tax Act.

(d) **Gift or inheritance tax**

A transfer of the Short and Leveraged Equity Securities by way of gift or on death will be subject to German inheritance or gift tax if the investor, or their heir, real or other beneficiary, is a German resident for German gift or inheritance tax purposes according to the specific rules of the German

Gift and Inheritance Tax Act. This may in particular be the case if the investor, heir, real or other beneficiary is:

(i) an individual having at the time of the donation or death his or her residence or habitual abode in Germany or if the individual is a German citizen who has not been living abroad for more than 5 years without having a residence in Germany; or

(ii) a corporation having its seat or central place of management in Germany, or the Short and Leveraged Equity Securities constitute business assets attributable to a permanent establishment or a permanent representative in Germany.

(e) **Other taxes**

No stamp, issue, registration or similar direct or indirect taxes or duties will be payable in Germany in connection with the issue, delivery or execution of the Short and Leveraged Equity Securities, the Global Bearer Certificates or any interest therein. No net asset tax is currently levied in Germany.

(f) **The European Savings Directive**

On 3 June 2003, the Council of the European Union adopted directive 2003/48/EC on the taxation of savings income in the form of interest payments. Under this Directive, Germany is, as of 1 July 2005, required to provide the tax authorities of other member states with information on certain payments of interest paid or secured by a paying agent established in Germany to or for the benefit of an individual resident in that other member state. These details include but are not limited to details of the respective person considered the beneficial owner.

Investors should note that the scope of application of the European Savings Directive may be subject to change (as suggested by a draft proposal of the EC Commission dated 13 November 2008).

13. TAXATION IN IRELAND

(a) **General**

The following summary outlines certain aspects of Irish tax law and practice regarding the ownership and disposition of Short and Leveraged Equity Securities by persons who are resident or ordinarily resident in Ireland or holding the Securities through an Irish branch or agency. This summary deals only with Short and Leveraged Equity Securities held beneficially as capital assets and does not address special classes of Security Holders such as dealers in securities. This summary is not exhaustive and Security Holders are advised to consult their own tax advisors with respect to the taxation consequences of their ownership or disposition. The comments are made on the assumption that the Issuer is not resident in Ireland for Irish tax purposes. The summary is based on current Irish taxation legislation and practice of the Irish Revenue Commissioners.

(b) **Irish Withholding Tax**

Under Irish tax law there is no obligation on the Issuer to operate any withholding tax on a payment in respect of the Short and Leveraged Equity Securities except where such payment has an Irish source. The payment is only likely to be considered to have an Irish source, if, for example, the payment constitutes yearly interest and such interest was paid out of funds maintained in Ireland or where the Short and Leveraged Equity Securities were secured on Irish situated assets which it is understood will not be the case. The mere offering of the Short and Leveraged Equity Securities to Irish investors will not cause such a payment to have an Irish source.

In certain circumstances collection agents and other persons receiving interest on the Short and Leveraged Equity Securities in Ireland on behalf of a Security Holder, will be obliged to operate a withholding tax.

(c) **Taxation of Income**

Unless exempted, an Irish resident or ordinarily resident Security Holder and a non-resident Security Holder holding Short and Leveraged Equity Securities through an Irish branch or agency will be liable to Irish tax on the amount of any interest or other income, including potentially any premium on redemption, received from the Issuer. Individual Security Holders would also potentially be liable to Pay Related Social Insurance (**PRSI**) and the universal social charge (**USC**). Credit against Irish tax on the interest received may be available in respect of any foreign withholding tax deducted by the Issuer.

(d) **Taxation of Capital Gains**

Irish resident or ordinarily resident Security Holders and non-resident Security Holders holding Short and Leveraged Equity Securities through an Irish branch or agency would potentially be liable to Irish tax on capital gains on any gains arising on a disposal of Short and Leveraged Equity Securities (subject to the comments at 13.7 *Offshore Fund Taxation* below). Reliefs and allowances may be available in computing the Security Holder's liability.

(e) **Stamp Duty**

Transfers of Short and Leveraged Equity Securities should not be subject to Irish stamp duty, provided the transfers do not relate to Irish land or buildings or securities of an Irish registered company.

(f) **Capital Acquisitions Tax**

A gift or inheritance comprising of Short and Leveraged Equity Securities will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Short and Leveraged Equity Securities are regarded as property situated in Ireland. The Short and Leveraged Equity Securities could only be considered property situated in Ireland if the register of Short and Leveraged Equity Security Holders was maintained in Ireland or, to the extent that certificates are issued in bearer form, the bearer certificates were located in Ireland.

(g) **Offshore Fund Taxation**

A holding of a Short and Leveraged Equity Security could potentially be treated as a material interest in an offshore fund for the purposes of Chapter 2 of Part 27 of the Taxes Consolidation Act 1997. If this is the case then the Issuer will be considered a non-distributing offshore fund in the absence of being granted distributing fund status by the Irish Revenue Commissioners.

A Security Holder in a non-distributing offshore fund who is an individual resident or ordinarily resident in Ireland for tax purposes and who holds a material interest in that offshore fund will be taxed at their marginal rate of income tax, PRSI and USC on any gain arising on the disposal of an interest in the offshore fund. A corporate Security Holder will be subject to corporation tax at the rate of 25 per cent. on a gain arising on disposal of an interest in an offshore fund.

As recommended above, Security Holders should obtain independent tax advice in relation to the tax implications of holding and disposing of Short and Leveraged Equity Securities.

(h) **Provision of Information**

(i) *General*

Security Holders should be aware that where any interest or other payment on Short and Leveraged Equity Securities is paid to them by or through an Irish paying agent or collection agent then the relevant person may be required to supply the Irish Revenue Commissioners with details of the payment and certain details relating to the Security Holder. Where the Security Holder is not Irish resident, the details provided to the Irish Revenue Commissioners may, in certain cases, be passed by them to the tax authorities of the jurisdiction in which the Security Holder is resident for taxation purposes.

(ii) *EU Savings Directive*

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)".

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the Taxes Consolidation Act, 1997 resident in another EU Member State and certain associated and dependent territories of a Member State will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

14. TAXATION IN ITALY

(a) General

The information set out below is a summary of certain limited aspects of the Italian tax consequences of the acquisition, ownership and disposition of Short and Leveraged Equity Securities by a Security Holder and it does not purport to be a comprehensive description of all the tax issues that may be relevant to a decision to purchase Short and Leveraged Equity Securities.

This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Italy.

This summary is based on the tax laws of Italy as in effect on the date of this Prospectus, as well as regulations, rulings and decisions of its taxing and other authorities available on or before such date and now in effect. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.

Because it is a general summary, holders of Short and Leveraged Equity Securities should consult their own tax advisors as to the Italian or other tax consequences of the purchase, holding and disposition of Short and Leveraged Equity Securities including, in particular, the application to their specific situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

This summary assumes that the Issuer is not a tax resident nor deemed to be a tax resident of Italy according to Article 73(3) of Presidential Decree no. 917 of 1986 and does not have (and will not have at any time) a permanent establishment in Italy as defined under Article 162 of Presidential Decree no. 917 of 1986.

(b) Tax on income and capital gains

Provided the Short and Leveraged Equity Securities qualify broadly as derivative instruments for the purposes of Italian tax law, which they are expected to do, then the following consequences apply to a Security Holder in relation to the net proceeds received from a redemption or sale of the Short and Leveraged Equity Securities over the sum paid by such a holder on their subscription or purchase:

(i) proceeds from the sale or redemption of the Short and Leveraged Equity Securities received by a Security Holder which is (a) an Italian resident corporation or similar commercial entity, (b) an Italian individual engaged in entrepreneurial activities to which the Short and Leveraged Equity Securities are effectively connected, or (c) a permanent establishment in Italy of a non-Italian resident to which the Short and Leveraged Equity Securities are effectively connected, as well as unrealized gains reported in the statutory financial statements, may have to be included in the relevant holder’s taxable income and are therefore subject to the general Italian corporate tax regime (corporate income tax, IRES, is currently applicable at a rate of 27.5 per cent.), or to personal income taxation (as business income), as the case may be, according to the ordinary rules. In certain cases, depending on the status of the Security Holder, such proceeds may also have to be included in its taxable base for regional income tax on productive activities (IRAP, currently applicable at a rate of 3.9 per cent.; the IRAP rate may be increased in certain Italian regions also in accordance with the provisions of Law Decree No. 93 of 27 May 2008, which has been converted into Law No. 126 of 24 July 2008; the IRAP rate has also been increased to 4.65 per cent. and 5.9 per cent. by article 23(5) of Law Decree no. 98 of 6 July 2011 for the categories of companies indicated, respectively, under article 6 and article 7 of Legislative Decree no. 446 of 15 December 1997);

(ii) according to article 5 of Legislative Decree No. 461 of 21 November 1997, capital gains realized by Italian resident individuals, not engaged in entrepreneurial activities to which the Short and Leveraged Equity Securities are effectively connected, and by certain other non-commercial entities upon the sale for consideration or redemption of the Short and Leveraged Equity Securities are subject to a substitute tax (*imposta sostitutiva*) currently at the rate of 20 per cent. Under the tax return regime (*regime della dichiarazione*), which is the standard regime for taxation of capital gains realized by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains is applicable, on a cumulative basis on all capital gains net of any incurred capital loss, realized in a fiscal year pursuant to all disposals of Short and Leveraged Equity Securities and other financial instruments triggering a capital gain that is subject to the same tax regime, carried out during any given fiscal year. These individuals and non-commercial entities must report the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in the annual income tax return to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years;

(iii) as an alternative to the tax return regime, according to article 6 of Legislative Decree No. 461 of 21 November 1997, Italian resident individuals not engaged in entrepreneurial activities to which the Short and Leveraged Equity Securities are effectively connected and certain other non-commercial entities may elect to pay the *imposta sostitutiva* separately on the capital gains realized upon each sale or redemption of the Short and Leveraged Equity Securities (under a so called *Risparmio Amministrato* regime, which is managed through the provision of non discretionary asset management services to a taxpayer). Such separate taxation of each capital gain is allowed subject to: (a) the Short and Leveraged Equity Securities being deposited with an Italian bank, a Società di Intermediazione Mobiliare (SIM) or with certain authorised financial intermediaries; (b) each relevant capital gain being realized through such intermediary; and (c) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Short and Leveraged Equity Securities holder. The financial intermediary, also on the basis of the information provided by the taxpayer, accounts for *imposta sostitutiva* in respect of capital gains realized on each sale or redemption of Short and Leveraged Equity Securities (as well as in respect of capital gains realized at revocation of its mandate and upon other specific circumstances which are deemed to trigger an assignment under this regime), net of any incurred capital loss, and is required to pay the relevant amount of tax to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Short and Leveraged Equity Securities holder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Short and Leveraged Equity Securities results in a capital loss, such loss may be used to reduce the subsequent capital gains realized in the same tax year and up to the following fourth. All gains that have been subject to the *Risparmio Amministrato* regime do not have to be included in the yearly income tax return of the holder of Short and Leveraged Equity Securities;

(iv) also as an alternative to the tax return regime, according to article 7 of Legislative Decree No. 461 of 21 November 1997, the increase or decrease in the fair market value of the Short and Leveraged Equity Securities, as well as the gains or losses realized upon the sale for consideration or redemption of the same securities by Italian resident individuals not engaged in entrepreneurial activities to which the Short and Leveraged Equity Securities are effectively connected, and by certain other noncommercial entities, who have elected for the so called *Risparmio Gestito* regime (namely, a regime managed by an intermediary providing discretionary management services), will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at year end which is subject to a 20 per cent. *Imposta sostitutiva*, applied directly by the authorised asset manager. Under the *Risparmio Gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward and deducted against a future increase in value of the managed assets in the four succeeding years. All gains that have been subject to the *Risparmio Gestito* regime do not have to be included in the yearly income tax return of the holder of Short and Leveraged Equity Securities;

(v) the increase or decrease in the fair market value of the Short and Leveraged Equity Securities, as well as the gains or losses realized upon the sale for consideration or redemption of the same securities by Italian resident collective investment funds and hedge funds, with the exception of Italian real estate investment funds, are not subject to taxation at the fund’s level;

(vi) the increase or decrease in the fair market value of the Short and Leveraged Equity Securities, as well as the gains or losses realized upon the sale for consideration or redemption of the same securities by Italian resident pension funds (subject to the regime provided for by articles 14, 14-ter and 14-quater, paragraph 1, or Legislative Decree 21 April 1993, no.124 as further substituted by Legislative Decree no. 252 of 5 December 2005) are included in the determination of the yearly NAV accrued appreciation or depreciation of the assets under management that is subject to a substitute tax (*imposta sostitutiva*) currently at a rate of 11 per cent.; and

(vii) non-Italian resident Security Holders without a permanent establishment in Italy to which the Short and Leveraged Equity Securities are effectively connected are not subject to income tax in Italy on the proceeds realized on the sale of the Short and Leveraged Equity Securities, provided that:

(A) the Short and Leveraged Equity Securities have been deposited in Italy and are traded on a regulated market; or

(B) the Short and Leveraged Equity Securities have been deposited in Italy but are not traded on a regulated market and the beneficial owner of proceeds from the relevant Short and Leveraged Equity Securities (i) complies with certain filing requirements; and (ii) is a resident of a country which is included in the list of jurisdictions allowing exchange of information with the Italian tax authorities as provided under a Ministerial Decree of 4 September 1996 or, starting from the tax period following the period during which a specific Ministerial Decree is enacted pursuant to article 168-bis(1) of Presidential Decree no. 917 of 1986, will be included in the new list of qualifying jurisdictions as specified by the Decree to be enacted; or

(C) the Short and Leveraged Equity Securities have not been deposited in Italy.

The tax treatment of the Short and Leveraged Equity Securities described above has been confirmed by the Italian tax authority decision No. 72/E of 12 July 2010 dealing with the Italian tax treatment of the investment in secured exchange commodities ("ETC"). Nevertheless, should the Italian tax authority and/or tax courts take the view that, regardless of the previous position taken by the Italian tax authority in its decision No. 72/E quoted, the Short and Leveraged Equity Securities are to be characterised as debt instruments representing so-called "atypical securities" pursuant to Article 8 of Law Decree no. 512 of 30 September 1983, interest and other proceeds deriving from "atypical securities" issued by non-Italian resident issuers will be subject to a 20 per cent. withholding tax applied by the Italian resident intermediary intervening in the payment save where held by a commercial partnership, a commercial private and public institution resident in Italy for tax purposes or by an Italian permanent establishment of a non-Italian resident entity. Instead these entities must include the proceeds in their taxable business income, under the same terms as described under paragraph (b)(i) above.

(c) **Inheritance and Gift Taxes**

Law no. 286 of 24 November 2006, which has converted into law, with amendments, Law Decree no. 262 of 3 October 2006, has introduced inheritance and gift tax to be paid on the transfer of assets (such as the Short and Leveraged Equity Securities) and rights by reason of death or gift.

As regards the inheritance and gift tax to be paid on the transfer of the Short and Leveraged Equity Securities by reason of death or gift, the following rates apply:

(i) transfers in favour of spouses and direct descendants or direct relatives are subject to an inheritance and gift tax of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000.00 for each beneficiary;

(ii) transfers in favour of brothers and sisters are subject to an inheritance and gift tax of 6 per cent. on the value of the inheritance or the gift exceeding €100,000.00 for each beneficiary;

(iii) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax of 6 per cent. on the entire value of the inheritance or the gift;

(iv) any other transfer is subject to an inheritance and gift tax of 8 per cent. on the entire value of the inheritance or the gift;

(v) transfers in favour of seriously disabled persons are subject to an inheritance and gift tax at the relevant rate as described above on the value of the inheritance or the gift exceeding €1,500,000.00 for each beneficiary.

Moreover, an anti-avoidance rule is provided by Law No. 383 of 18 October 2001 for any gift of assets (such as the Short and Leveraged Equity Securities) which, if sold for consideration, would give rise to capital gains subject to the imposta sostitutiva provided for by Legislative Decree No. 461 of 21 November 1997. In particular, if the donee sells the Short and Leveraged Equity Securities for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant imposta sostitutiva on capital gains as if the gift had never taken place.

(d) **Value Added Tax**

No Italian Value Added Tax will be payable by a holder of Short and Leveraged Equity Securities in consideration for the issue or transfer of Short and Leveraged Equity Securities.

(e) **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("Decree 201"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries, carrying out their business activity within the Italian territory, to their clients for the Short and Leveraged Equity Securities deposited therewith. The stamp duty applies at the current rate of 0.2 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Short and Leveraged Equity Securities held. The stamp duty can be no lower than €34.20. If the client is not an individual, the stamp duty cannot be higher than €14,000.00.

(f) **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Short and Leveraged Equity Securities outside the Italian territory are required to pay an additional tax the current rate of 0.2 per cent.

This tax is calculated on the market value of the Short and Leveraged Equity Securities at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

(g) **Financial Transaction Tax**

Financial Transaction Tax

Law No. 228 of 24 December 2012 (the "Stability Law") introduced a fixed levy Italian Financial Transaction Tax ("FTT") that applies to all transactions involving equity derivatives which have Italian shares, Italian equity-like instruments or Italian equity-related instruments as their underlying assets. An equity derivative is subject to the FTT if the underlying or reference value consists as to more than 50 per cent., of the market value of Italian shares, Italian equity-like instruments or Italian equity-related instruments. The FTT applies even if the transfer takes place outside Italy and/or any of the parties to the transaction are not resident in Italy. According to one interpretation of the applicable law, the Short and Leveraged Equity Securities may qualify as derivative instruments thus subject to the FTT.

The amount of tax due depends on the type of derivative instrument and on the contract's value, but is subject to a maximum of Euro 200. This FTT is reduced to 1/5 of the relevant amount if the transfer takes place on a regulated market or multilateral trading system.

The FTT under Article 1(492) applies to transactions carried out on or after 1 September 2013 and is due from each party involved in the relevant transaction. The FTT must be paid and accounted for to the Italian tax authorities by any intermediary intervening in any way in the execution of such transactions, e.g. banks, fiduciary companies or investment firms licensed to provide investment services on a professional basis to the public in accordance with Article 18 of Italian Legislative Decree No. 58 of 24 February 1998, including non-Italian resident intermediaries.

However, the Stability Law provides that such an intermediary is permitted to refrain from executing the relevant transaction until they have received from the relevant person referred to above the amount of FTT due on the transaction. In terms of compliance with the FTT, non-Italian resident intermediaries may (i) fulfil all the relevant obligations through their Italian permanent establishment, if any; (ii) appoint an Italian withholding agent as a tax representative; or (iii) identify themselves by filing a request with the Italian Tax Administration for an Italian tax code. In the event that several financial intermediaries are involved, the obligation to make payment of the FTT to the Italian tax authorities falls on the party that directly receives the transaction order from the parties. If no intermediary is involved in a transaction, the relevant parties referred to above must pay the FTT due directly to the Italian tax authorities.

(h) **The European Savings Directive**

The EU Savings Directive (the "Directive") came into force on 1 July 2005. The Directive applies, amongst other matters, to payments of interest on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest to, or secures interest for the beneficial owner, and could in relation to Short and Leveraged Equity Securities include an Italian broker effecting the sale of Short and Leveraged Equity Securities.

15. NETHERLANDS TAXATION

(a) **General**

The information set out below is a summary of certain material Netherlands tax consequences of the acquisition, ownership and transfer of Short and Leveraged Equity Securities, and it does not purport to be a comprehensive description of all the Netherlands tax considerations that may be relevant to a decision to purchase Short and Leveraged Equity Securities. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than The Netherlands.

This summary is based upon the tax laws of The Netherlands as in effect on the date of this Prospectus, as well as regulations, rulings and decisions of The Netherlands or of its taxing and other authorities available in printed form on or before such date and now in effect, and as applied and interpreted by Netherlands courts, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.

All references in this summary to The Netherlands and Netherlands law are to the European part of the Kingdom of the Netherlands and its law, respectively, only.

Because it is a general summary, prospective holders of Short and Leveraged Equity Securities should consult their own tax advisors as to the Netherlands or other tax consequences of the acquisition, ownership and transfer of Short and Leveraged Equity Securities including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

For Netherlands tax purposes, a holder of Short and Leveraged Equity Securities may include an individual who or an entity that does not have the legal title of the Short and Leveraged Equity Securities, but to whom nevertheless the Short and Leveraged Equity Securities are attributed based either on such individual or entity holding a beneficial interest in the Short and Leveraged Equity Securities or based on specific statutory provisions, including statutory provisions pursuant to which the Short and Leveraged Equity Securities are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Short and Leveraged Equity Securities.

The Issuer believes that it is not a resident nor that it is deemed to be a resident of The Netherlands nor that it has a presence in The Netherlands for Netherlands tax purposes, and the following summary assumes that the Issuer is not, nor will be, be treated as a resident or deemed resident of The Netherlands nor that it is, nor will be, treated as having a presence in the Netherlands for Netherlands tax purposes.

(b) **Withholding tax**

Payments of the Issuer with regard to the Short and Leveraged Equity Securities will be free from withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

(c) **Tax on income and capital gains**

General

The description of taxation set out in this section of this Prospectus is not intended for any holder of Short and Leveraged Equity Securities, who:

(i) is an individual and for whom the income or capital gains derived from Short and Leveraged Equity Securities are attributable to employment activities the income from which is taxable in The Netherlands;

(ii) is an entity that is a resident or deemed to be a resident of The Netherlands and that is, in whole or in part, not subject to or exempt from Netherlands corporate income tax;

(iii) is a fiscal investment institution (*fiscale beleggingsinstelling*) or an exempt investment institution (*vrijgestelde beleggingsinstelling*) as meant in Articles 6a and 28 respectively of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*); or

(iv) has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest as defined in the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001)* in the Issuer.

(d) **Residents of The Netherlands**

(i) *Individuals*

An individual who is resident or deemed to be resident in The Netherlands, or who opts to be taxed as a resident of The Netherlands for purposes of Dutch taxation (a "**Dutch Resident Individual**") and who holds Short and Leveraged Equity Securities is subject to Netherlands income tax on income and/or capital gains derived from Short and Leveraged Equity Securities at progressive rates (up to 52 per cent; rate for 2013) if:

(A) the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise the Short and Leveraged Equity Securities are attributable; or

(B) the holder derives income or capital gains from Short and Leveraged Equity Securities that are taxable as benefits from "miscellaneous activities" (*resultaat uit overige werkzaamheden*, as defined in the Netherlands Income Tax Act 2001), which include the performance of activities with respect to the Short and Leveraged Equity Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If conditions (A) and (B) mentioned above do not apply, any holder of Short and Leveraged Equity Securities who is a Dutch Resident Individual will be subject to Netherlands income tax on a deemed return regardless of the actual income and/or capital gains derived from Short and Leveraged Equity Securities. This deemed return has been fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) insofar as this exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets (including, as the case may be, the Short and Leveraged Equity Securities) held by the Dutch Resident Individual less the fair market value of certain qualifying liabilities, both determined on 1 January of the relevant year. The deemed return of 4 per cent. will be taxed at a rate of 30 per cent. (rate for 2013).

(ii) *Entities*

An entity that is resident or deemed to be resident in The Netherlands (a "**Dutch Resident Entity**") will generally be subject to Netherlands corporate income tax with respect to income and capital gains derived from Short and Leveraged Equity Securities. The Netherlands corporate income tax rate is 20 per cent. for the first € 200,000 of the taxable amount, and 25 per cent. for the excess of the taxable amount over € 200,000 (rates applicable for 2013).

(e) **Non-residents of The Netherlands**

A person who is neither a Dutch Resident Individual nor Dutch Resident Entity (a "**Non-Dutch Resident**") and who holds Short and Leveraged Equity Securities is generally not subject to Netherlands income tax or corporate income tax on income and capital gains derived from Short and Leveraged Equity Securities, provided that:

(i) such Non-Dutch Resident does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) which enterprise is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, Short and Leveraged Equity Securities are attributable or deemed attributable;

(ii) in the case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from Short and Leveraged Equity Securities that are taxable as benefits from "miscellaneous activities" performed or deemed to be performed in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*, as defined in the Netherlands Income Tax Act 2001), which include the performance of activities with respect to the Short and Leveraged Equity Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*); and

(iii) in the case of a Non-Dutch Resident who is not an individual, such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise effectively managed in The Netherlands nor co-entitled to the net worth of such enterprise effectively managed in The Netherlands, other than by way of the holding of securities, to which enterprise the Short and Leveraged Equity Securities or payments in respect of Short and Leveraged Equity Securities are attributable.

A Non-Dutch Resident that falls under any of the exclusions (i) through (iii) mentioned above, may be subject to Netherlands income tax or Netherlands corporate income tax on income and capital gains derived from Short and Leveraged Equity Securities. In case such holder of a Short and Leveraged Equity Security is considered to be a resident of Aruba, Curaçao or St. Maarten under the provisions of the Tax Arrangement for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*); is considered to be a resident of Bonaire, St. Eustatius and Saba under the provisions of the Tax Arrangement for the country of the Netherlands (*Belastingregeling voor het land Nederland*) or; is considered to be a resident of a country other than the Netherlands under the provisions of a double taxation convention the Netherlands has concluded with such country, the following may apply. Such holder of a Short and Leveraged Equity Security may, depending on the terms of and subject to compliance with the procedures for claiming benefits under the Tax Arrangement for the Kingdom of the Netherlands, under the Tax Arrangement for the country of the Netherlands or under or such double taxation convention, be eligible for a full or partial exemption from or reduction of Netherlands taxes (if any) on (deemed) income or capital gains in respect of an Equity Security, provided such holder is entitled to the benefits of the Tax Arrangement for the Kingdom of the Netherlands, the Tax Arrangement for the country of the Netherlands or such double taxation convention.

(f) **Gift or inheritance tax**

No Netherlands gift or inheritance taxes will be levied on the transfer of Short and Leveraged Equity Securities by way of gift by or on the death of a holder, who is neither a resident nor deemed to be a resident of The Netherlands for the purpose of the relevant provisions, unless:

(i) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of The Netherlands for the purpose of the relevant provisions;

(ii) such holder dies while being a resident or deemed resident of the Netherlands within 180 days after the date of a gift of Short and Leveraged Equity Securities; or

(iii) the gift is made under a condition precedent and such holder is or is deemed to be a resident of The Netherlands at the time the condition is fulfilled.

For purposes of Netherlands gift and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of The Netherlands if he has been a resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual will, irrespective of his nationality, be deemed to be resident of The Netherlands if he has been a resident in The Netherlands at any time during the 12 months preceding the date of the gift.

(g) **Value added tax**

No Netherlands value added tax will be payable by a holder of Short and Leveraged Equity Securities in consideration for the issue of Short and Leveraged Equity Securities (other than value added taxes on fees payable in respect of services not exempt from Netherlands value added tax).

(h) **Other taxes or duties**

No Netherlands registration tax, custom duty, transfer tax, stamp duty or any other similar tax or duty, other than court fees, will be payable in The Netherlands by a holder of Short and Leveraged Equity Securities in respect of or in connection with the acquisition, ownership and disposition of the Short and Leveraged Equity Securities.

(i) **The European Savings Directive**

The EU Council Directive 2003/48/EC on the taxation of savings income (the "Directive") applies, amongst other matters, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another EU Member State. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). The Belgian Government has elected to end the transitional period applicable to Belgium and therefore operates the information exchange regime with effect from 1 January 2010. Furthermore, the Luxembourg Government has recently announced the introduction of an automatic exchange of information on interest income as from 1st January 2015.

A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for, the beneficial owner, and could in relation to Short and Leveraged Equity Securities include a Dutch broker effecting the sale of Short and Leveraged Equity Securities. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

16. TAXATION IN NORWAY

(a) **General**

Below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of Short and Leveraged Equity Securities. The summary is based on Norwegian laws, rules and regulations applicable as of the date of this Prospectus, and is subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Short and Leveraged Equity Securities. Specific tax consequences may occur for different categories of Security Holders, e.g. for holders to which specific tax regimes apply, in cases where benefits from Securities are connected to employment situations, if the Security Holder ceases to be tax resident in Norway etc.

The summary is solely related to holders of Short and Leveraged Equity Securities who are resident in Norway for tax purposes ("Norwegian Security Holders"). However, companies incorporated and resident abroad are liable to tax in Norway on distributions and gains from Securities in the same manner as Norwegian resident companies, if the Short and Leveraged Equity Securities are effectively connected with a business carried out through a permanent establishment in Norway.

Due to the general nature of this summary, potential investors are advised to consult with and rely on their own tax advisers.

(b) **Norwegian Individual Security Holders**

Norwegian Security holders that are individuals ("Norwegian Individual Security holders") are taxable in Norway in respect of capital gains upon the sale or redemption of such Securities and have a corresponding right to deduct losses that arise upon such sale or redemption. The tax liability applies irrespective of how long the Securities have been owned and the number of Securities that have been redeemed or realised.

Gains or losses are calculated per Short and Leveraged Equity Security, as the consideration received in respect of the Short and Leveraged Equity Security less the tax basis of the Short and Leveraged Equity Security. The tax basis of each Short and Leveraged Equity Security is generally the Norwegian Individual Security Holder's purchase price for the Short and Leveraged Equity Security. Costs incurred in connection with the acquisition, redemption or realisation of the Short and Leveraged Equity Security may be deducted from the Norwegian Individual Security Holder's taxable ordinary income in the year of redemption or realisation.

Gains are taxable as ordinary income in the year of redemption or realisation, and losses can be deducted from ordinary income in the year of redemption or realisation. The tax rate for ordinary income is 28 per cent.

If the Norwegian Individual Security Holder owns Short and Leveraged Equity Security acquired at different points in time, the Security that was acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis (the FIFO principle).

Distributions on Short and Leveraged Equity Securities, if any, should be deemed as a partial sale or redemption of such Short and Leveraged Equity Security.

(c) **Norwegian Corporate Security Holders**

Norwegian Security Holders that are limited liability companies and similar entities ("Norwegian Corporate Security Holders") are exempt from taxation on capital gains arising upon the redemption or realisation of Short and Leveraged Equity Securities which derives their value from indices of shares, where at least 90 per cent of the shares are in companies that are tax resident within the European Economic Area ("the Participation Exemption"). Correspondingly, losses arising upon the redemption or realisation of such Short and Leveraged Equity Securities are not tax deductible in Norway. Distributions on Short and Leveraged Equity Securities, if any, should be deemed as a partial sale or redemption of such Short and Leveraged Equity Securities.

However, if the Securities fall outside the scope of the Participation Exemption, Norwegian Corporate Security Holders will be liable to tax on sale, redemption and distributions in the same manner as Norwegian Individual Security Holders (see (b) above).

(d) **Norwegian withholding tax**

Where Securities are issued by an Issuer which is not a Norwegian tax resident entity and does not have a permanent establishment in Norway with which the issue of the Short and Leveraged Equity Securities is connected, the Issuer will not be obliged to deduct Norwegian withholding tax.

Under any circumstance, Norwegian withholding tax is not applicable to capital gains on the sale or redemption of Securities.

(e) **Net wealth tax**

Norwegian Corporate Security Holders are not subject to net wealth taxation in Norway.

Norwegian Individual Security Holders are subject to net wealth taxation in Norway. Short and Leveraged Equity Securities are included as part of the taxable base for this purpose. Listed and non-listed Short and Leveraged Equity Securities will be valued at their market value on 1 January in the year after the income year. The maximum aggregate rate of net wealth tax is currently 1.1 per cent.

(f) **Stamp duty/VAT**

There are no stamp duty, VAT or other charges in Norway on the purchase, redemption or realisation of Short and Leveraged Equity Securities.

(g) **Foreign taxes**

Income taxes and capital gains taxes payable by Norwegian Security Holders in other jurisdictions, and withholding tax payable on redemption amounts in respect of the Short and Leveraged Equity Securities, may be deducted when calculating the Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax Norwegian Security Holders directly or through the application of withholding taxes may be limited by an applicable tax treaty.

(h) **Inheritance tax**

When Short and Leveraged Equity Securities are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the deceased, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the Short and Leveraged Equity Securities are effectively connected with a business carried out through a permanent establishment in Norway.

The basis for the computation of inheritance tax is the market value at the time that the transfer takes place. The rate is progressive from 0 to 15 per cent. For inheritance and gifts from parents to children, the maximum rate is 10 per cent.

17. TAXATION IN PORTUGAL

(a) **General**

The following is a summary of the material Portuguese tax issues applicable to the acquisition, holding and disposition of Short and Leveraged Equity Securities by investors residing for tax purposes in or outside of Portugal pursuant to an offer of the Short and Leveraged Equity Securities in Portugal.

The Short and Leveraged Equity Securities are not expressly dealt with in the Portuguese legislation and no express opinion has been issued by the Portuguese tax authorities or courts as to their status for tax purposes.

The Short and Leveraged Equity Securities should be considered zero-coupon secured debt securities for the purposes of Personal Income Tax ("PIT") and Corporate Income Tax ("CIT").

However, the Portuguese tax authorities and courts may adopt a different approach and there is no guarantee that the courts or tax authorities will adopt the position described above (for instance, the legal qualification as derivative financial instruments) and this could lead to the application of a tax treatment significantly diverse from that described herein.

This information is of a general nature and does not purport to be a comprehensive description of all Portuguese tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Short and Leveraged Equity Securities. Holders of and prospective investors in Short and Leveraged Equity Securities should consult their own tax advisors as to the Portuguese and any other tax consequences that may be involved in acquiring, holding, redeeming, selling or gratuitously transferring the Short and Leveraged Equity Securities. Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

Finally, the tax rules may be amended in the future and the interpretation of the tax rules may change.

(b) **Taxation of capital gains arising from the disposal of Short and Leveraged Equity Securities**

(i) *Capital gains obtained by Portuguese resident individuals*

Capital gains obtained on the disposal of the Short and Leveraged Equity Securities, by individuals resident for tax purposes in Portugal, are currently subject to tax at a special 28 per cent. rate levied on the positive difference between the capital gains and capital losses of each year, unless an individual chooses to aggregate such capital gains to their taxable income and then be subject to the general progressive PIT rates of up to 48 per cent.

(ii) *Capital gains obtained by Portuguese corporate entities*

Capital gains obtained on the disposal of the Short and Leveraged Equity Securities, by corporate entities resident for tax purposes in Portugal and by non-Portuguese resident corporate entities with a permanent establishment therein to which the gains are attributable, are included in their taxable income and subject to a 25 per cent. corporate income tax rate, to which may be added a municipal surcharge (derrama municipal) of up to 1.5 per cent. of its taxable income as well as a state surcharge, if taxable income exceeds €1,500,000, which is levied over the part of the taxable income exceeding such amount up to €7,500,000, at a 3 per cent. rate or 5 per cent. rate if the taxable income is higher than €7,500,000 (derrama estadual).

(iii) *Capital gains obtained by Non-Portuguese residents*

Capital gains obtained on the disposal of Short and Leveraged Equity Securities by individuals and corporate entities not resident for tax purposes in Portugal and without a permanent establishment therein to which the gains are attributable are not subject to taxation in Portugal.

(c) **Gratuitous Transfers of Short and Leveraged Equity Securities**

Gratuitous transfers of the Short and Leveraged Equity Securities to Portuguese resident individuals would not be liable to Portuguese Stamp Duty, as they fall outside the territorial scope of such tax (i.e., no connection with the Portuguese territory exists as the debtor of the patrimonial or credit rights has its domicile, head office, place of effective management or permanent establishment outside the Portuguese territory).

Gratuitous transfers of the Short and Leveraged Equity Securities in favour of Portuguese corporate entities (or non-Portuguese corporate entities with a permanent establishment located in Portugal to which such transfer is attributable) shall qualify as patrimonial increases, which would be included in their taxable income and subject to a 25 per cent. corporate income tax rate, to which may be added a municipal surcharge (derrama municipal) of up to 1.5 per cent. of its taxable income as well as a state surcharge, if taxable income exceeds €1,500,000, which is levied over the part of the taxable income exceeding such amount up to €7,500,000, at a 3 per cent. rate or 5 per cent. rate if the taxable income is higher than €7,500,000 (derrama estadual). These patrimonial increases deriving from the gratuitous acquisition of the Short and Leveraged Equity Securities shall be assessed at the market price of the Short and Leveraged Equity Securities.

Gratuitous transfer of the Short and Leveraged Equity Securities, obtained by non-Portuguese investors would not be subject to taxation in Portugal.

(d) **The European Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Portugal is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State (Switzerland adopts such a withholding system). In addition, certain Member States have entered into arrangements for reciprocal provision of information and/or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

For these purposes, a paying agent is any economic operator who pays interest or other similar income to the beneficial owner and could in relation to Short and Leveraged Equity Securities include a Portuguese broker or a financial entity that would intervene in the reimbursement or redemption of Short and Leveraged Equity Securities.

(e) **Taxation of income arising from the redemption of Short and Leveraged Equity Securities**

(Only applicable in cases where Security Holders (other than Authorised Participants) are permitted to redeem the Short and Leveraged Equity Securities directly with the Issuer, e.g., if there are no Authorised Participants)

As a general rule, the economic advantages arising from the Short and Leveraged Equity Securities are qualified as investment income for Portuguese tax purposes.

(i) *Investment income obtained by Portuguese resident individuals*

Investment income derived on the Short and Leveraged Equity Securities paid to a Security Holder considered to be resident in the Portuguese territory for tax purposes (or to a non-Portuguese resident having a permanent establishment in the Portuguese territory to which such income is attributable), is subject to PIT at a special rate of 35 per cent.

(ii) *Investment income obtained by Portuguese resident corporate entities*

Regarding Security Holders that are corporate entities resident in Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable) investment income is included in their taxable income and is subject to a 25 per cent. corporate income tax rate, to which may be added a municipal surcharge (derrama municipal) of up to 1.5 per cent. of its taxable income as well as a state surcharge, if taxable income exceeds €1,500,000, which is levied over the part of the taxable income exceeding such amount up to €7,500,000, at a 3 per cent. rate or a 5 per cent. rate if the taxable income is higher than €7,500,000 (derrama estadual).

(iii) *Investment income obtained by non-Portuguese residents*

Investment income derived on the Short and Leveraged Equity Securities paid to Security Holders non-resident for tax purposes in the Portuguese territory and without having a permanent establishment therein would not be subject to Portuguese taxation.

(iv) *Common rules*

Pension funds and some other exempt entities may not be subject to taxation in Portugal, as specified by current Portuguese tax law.

18. TAXATION IN SPAIN

(a) **General**

A brief summary is provided below of the Spanish tax regime applicable to the investments arising in respect of the Short and Leveraged Equity Securities, for which purpose only current legislation and general factors which may affect investors have been taken into account. No regional legislation which may be of application to a particular investor is considered.

The Short and Leveraged Equity Securities are not expressly dealt with in Spanish legislation and no express opinion has been issued by the Spanish tax authorities or courts as to their status for tax purposes.

The Issuer believes that the Short and Leveraged Equity Securities would be considered interest generating debt securities for the purposes of Personal Income Tax and Corporate Income Tax and that the special tax regime applicable to participants in tax haven Collective Investment Institutions should not apply to the Short and Leveraged Equity Securities.

Nevertheless, the Spanish tax authorities and courts could adopt a different approach, since it is an uncertain matter and there is no guarantee that such courts or tax authorities will adopt the position of the Issuer. A different position from that of the Issuer, if adopted by the tax authorities or courts (including but not limited to the application of the tax regime to participants in tax haven Collective Investment Institutions), could lead to the application of tax treatment radically different from that described herein.

Holders of and potential investors in Short and Leveraged Equity Securities should consult their own tax advisors as to the Spanish or other tax consequences of the holding and disposition of Short and Leveraged Equity Securities including, in particular, the application to their particular situation of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, taking into account the arising tax uncertainties.

This summary assumes that all Short and Leveraged Equity Securities issued as at the date of this Prospectus or to be issued will be admitted to trading on the Main Market of the London Stock Exchange which is part of its Regulated Market for listed securities (being securities admitted to the Official List).

The tax regime in Spain applicable to the Short and Leveraged Equity Securities may change from time to time.

Finally, it should be pointed out that the tax treatment described here is of a general nature and, therefore, among other aspects, does not describe the tax consequences for certain categories of taxpayers including, but not limited to entities falling under the attribution of income regime, financial institutions, Collective Investment Institutions and Cooperatives, which may be subject to specific rules.

(b) **Taxation of income from Short and Leveraged Equity Securities**

(i) *Natural or legal persons resident in Spain*

(A) Personal Income Tax: Natural persons

The income obtained by individual holders of the Short and Leveraged Equity Securities who have the status of taxpayers for the purposes of Spanish Personal Income Tax, due to the purchase, holding and disposition of such Short and Leveraged Equity Securities, will be considered income from movable capital obtained due to the supply of funds to third parties upon the terms of Article 25.2 of Law 35/2006, of 28 November 2006, on the Personal Income Tax. Such income would be included in the savings tax base and, in cases of losses, their integration on the savings tax base and their offsetting will be subject to the rules foreseen in that respect in the Personal Income tax legislation.

Any income derived from the purchase, holding and disposition of the Short and Leveraged Equity Securities will be subject to withholding tax on account of the Personal Income Tax of the holder in case there is any person or entity obliged to levy said withholding tax in accordance with the general rules of the levying of withholding taxes. From 1 January 2012, pursuant to the Royal Decree Law 20/2011 of 30 December 2011 (hereinafter RD 20/2011), the withholding tax will be of 21 per cent. for the tax periods 2012 and 2013. From 1 January 2014 and onwards, in principle, the withholding tax will be of 19 per cent.

For tax periods 2012 and 2013, income included in the savings income tax base will be taxed 21 per cent. (applicable to the first €6,000), 25 per cent. (applicable to the following €18,000), and 27 per cent. (applicable to the remainder amounts). In Principle, from 1 January 2014 and onwards, and income included in the savings income taxable base will be taxed at 19 per cent. for amounts up to €6,000 and 21 per cent. for amounts including and in excess of €6,000.01.

(B) Corporate Income Tax: Entities

The tax regime for Spanish-resident entities holders of Short and Leveraged Equity Securities is included in the Royal Legislative Decree 4/2004, of 5 March 2004, that approves the Revised Text of the Corporate Income Tax Law ("**Royal Legislative Decree 4/2004**") and the Royal Decree 1777/2004, of 30 July 2004, that approves the Corporate Income Tax Ruling ("**Royal Decree 1777/2004**").

According to article 10.3 of the Royal Legislative Decree 4/2004, the taxable income will be calculated in accordance with the accounting treatment of such income by the relevant entity. The tax adjustments to the accounting treatment which may be of application should be taken into account when calculating the taxable base.

The income obtained from the purchase, holding and disposition of the Short and Leveraged Equity Securities, by entities which are considered taxable persons for Corporate Income Tax purposes will not be subject to withholding tax on account of Corporate Income Tax, in accordance with the provisions of Article 59.s) of Royal Decree 1777/2004.

(C) Natural or legal persons not resident in Spain

The income obtained from the purchase, holding and disposition by holders of Short and Leveraged Equity Securities who are taxpayers pursuant to the Spanish Non-Residents Income Tax will be taxed pursuant to the Refunded Text of the Non-Residents Income Tax Law, passed by Royal Legislative Decree 5/2004, of 5 March 2004 ("Non-Residents Income Tax Law").

(D) Income obtained through a permanent establishment

The income from the Short and Leveraged Equity Securities obtained through a permanent establishment in Spain will be taxed in accordance with the rules of Chapter III of the Non-Residents Income Tax Law, subject to the provisions of any relevant double tax treaties.

Such income will not be subject to withholding tax on account of Non-Residents Income Tax upon the same terms set out above for taxable persons under Spanish Corporate Income Tax (entities resident in Spain).

(E) Income obtained without a permanent establishment

The Issuer believes that income realised by investors residing outside Spain and without a permanent establishment within the Spanish territory (individuals and legal entities) would not be considered as Spanish-source income and, therefore, would not be subject to taxation and withholding tax in Spain under the Non-Residents Income Tax Law.

(c) **Value Added Tax**

The general rules foreseen in the Spanish Value Added Tax legislation would apply to the purchase, holding and disposition of the Short and Leveraged Equity Securities.

(d) **Transfer Tax**

The purchase, holding and disposition of the Short and Leveraged Equity Securities would not be taxed under the Spanish Transfer Tax.

(e) **Inheritance and Gift Tax**

The transfer of the Short and Leveraged Equity Securities as a result of an inheritance or gift situation would be subject to the general rules of the Spanish Inheritance and Gift Tax, subject to the application of any relevant double tax treaties.

If the beneficiary of any inheritance or gift were a Spanish legal entity or a non resident entity with a permanent establishment in Spain, income obtained would be subject to taxation under the Spanish Corporate Income Tax or the Non-resident Income Tax, subject to the application of any relevant double tax treaties.

However, in principle, non-Spanish resident individuals and non-Spanish entities without a permanent establishment in Spanish territory would not be subject to the Spanish Inheritance and Gift tax on the acquisition of the Short and Leveraged Equity Securities.

(f) **Net Wealth Tax**

The ownership of Short and Leveraged Equity Securities would be subject to the Net Wealth Tax pursuant to the Royal Decree 13/2011, of 16 September 2011 that has restored temporarily for 2011 and 2012 the Spanish Net Wealth Tax regulated by Law 19/1991, of 6 June 1991 ("**Net**

Wealth Tax Law"), subject to the application of any relevant double tax treaties. Pursuant to Law 16/2012, December 27, this restoration has been extended to the year 2013.

Only natural persons holding Short and Leveraged Equity Securities would be subject to the Net Wealth Tax.

(i) *Ownership of Short and Leveraged Equity Securities by natural persons resident in Spain*

Under article 5 of the Net Wealth Tax Law, the relevant taxpayers will be all those natural persons who have their habitual residence in Spain regardless of the place where their assets or rights are located or could be exercised.

Consequently, the ownership of the Short and Leveraged Equity Securities by individuals resident for tax purposes in Spain will be subject to taxation under the Net Wealth Tax at a progressive rate scale from 0.2 per cent. to 2.5 per cent.

However, it is necessary to take into account that the power to implement the Net Wealth Tax (including certain tax benefits) has been transferred to the Spanish regions. Therefore, an analysis must be made in each specific case to determine to what extent any regional legislation might be applicable, since there might be differences in respect of the final taxation under Net Wealth Tax depending on the region in which an investor resides.

(ii) *Ownership of Short and Leveraged Equity Securities by natural persons not resident in Spain*

Non-Spanish residents would not be subject to the Net Wealth Tax on the holding of the Short and Leveraged Equity Securities.

(g) **The European Savings Directive**

EU Council Directive 2003/48/EC on the taxation of savings income (the "Directive") applies, amongst other matters, to payments of interest or other income on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in another Member State in the EU. In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside (although, for a transitional period, certain countries (not Spain) are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories).

A paying agent for these purposes is any economic operator who pays interest or other similar income to, or secures interest or other similar income for, the beneficial owner, and could in relation to Short and Leveraged Equity Securities include a Spanish broker or financial entity that would intervene in the sale or reimbursement or redemption of Short and Leveraged Equity Securities. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

19. TAXATION IN SWEDEN

(a) **General**

The following summary of certain tax issues that may arise as a result of holding Short and Leveraged Equity Securities is based on current Swedish tax legislation and is intended only as general information for Security Holders who are resident or domiciled in Sweden for tax purposes. This description does not deal comprehensively with all tax consequences that may occur for Security Holders, nor does it cover the specific rules where Short and Leveraged Equity Securities are held by a partnership or are held as current assets in a business operation. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, life insurance companies, mutual funds and persons who are not resident or domiciled in Sweden. It is recommended that prospective applicants for Short and Leveraged Equity Securities consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Short and Leveraged Equity Securities, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable. Moreover, this summary assumes that the Issuer is not a tax resident nor deemed to be a tax resident of Sweden.

(b) **Taxation of individuals resident in Sweden Capital gains and losses**

Individuals and the estates of deceased Swedish individuals who sell their Short and Leveraged Equity Securities are subject to capital gains taxation. The current tax rate is 30 per cent. of the gain. The capital gain or loss is equal to the difference between the sales proceeds after deduction of sales costs and the acquisition cost of the Short and Leveraged Equity Securities. The acquisition cost is calculated according to the so called average method. This means that the costs of acquiring all Short and Leveraged Equity Securities of the same type and class are added together and calculated collectively, with respect to changes to the holding.

Optionally, the so-called standard rule under which the acquisition cost is deemed to be the equivalent of 20 per cent. of the net sales price may be applied on the disposal of listed securities (except for options and forward contracts) that are taxed in the same manner as shares.

As a main rule, 70 per cent. of a capital loss is deductible against any other taxable income derived from capital. Capital losses on listed securities that are taxed in the same manner as shares, are, however, fully deductible against taxable capital gains on such assets or capital gains on listed as well as non-listed shares in Swedish limited liability companies and foreign legal entities. Any excess amount is deductible at 70 per cent., according to the main rule.

If the Short and Leveraged Equity Securities should be treated as foreign listed receivables, any capital loss will be fully deductible in the capital income category.

Should the total of "income from capital" be negative, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent. of any deficit not exceeding SEK 100,000 and 21 per cent. of any deficit in excess of SEK 100,000. Any deficits may not be carried forward to a subsequent fiscal year.

(c) **Taxation of Swedish legal entities**

(i) *Capital gains and losses*

Limited liability companies and other legal entities, except for the estates of deceased Swedish individuals, are taxed on all income (including income from the sale of Short and Leveraged Equity Securities) as income from business activities at a flat rate of 22 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see "Taxation of individuals resident in Sweden" above.

Capital losses on securities that are taxed in the same manner as shares, such as the Short and Leveraged Equity Securities, incurred by a corporate holder of a security may only be offset against taxable capital gains on shares or other securities taxed in the same manner as shares. Such capital losses may also, under certain circumstances, be deductible against capital gains on shares and securities that are taxed in the same manner as shares within the same group of companies, provided the requirements for group contributions (tax consolidation) are met.

Capital losses on shares and Securities that are taxed in the same manner as shares which are not deducted against capital gains within a certain year may be carried forward and offset against taxable capital gains on shares and notes taxed in the same manner as shares in the future.

For limited liability companies and economic associations, capital gains on shares and certain share related rights held for business purposes are tax exempt. As a result, capital losses on shares and share related rights that are held for business purposes are not deductible. Securities under this offer are not treated as share related rights held for business purposes. However, a capital loss on the Securities is not deductible should the underlying assets, directly or indirectly, consist of shares or certain share related rights held for business purposes.

(d) **Withholding tax**

No deduction or withholding for or on account of Swedish tax is required to be made on payments from the Issuer to Security Holders on Redemption of Short and Leveraged Equity Securities.

(e) **Inheritance and gift taxes**

No Swedish gift or inheritance tax will be levied on the transfer of Short and Leveraged Equity Securities by way of gift or on the death of a Security Holder.

(f) **Value added tax**

No Swedish value added tax will be payable by a Security Holder in consideration for the issue of Short and Leveraged Equity Securities.

(g) **Other taxes or duties**

No Swedish registration tax, custom duty, transfer tax, stamp duty or any other similar tax or duty will be payable in Sweden by a holder of an Equity Security.

(h) **The European Savings Directive**

The EU Savings Directive (the "Directive") came into force on 1 July 2005. The Directive applies, amongst other matters, to payments of interest on debt claims of every kind made by a paying agent in an EU Member State for the benefit of individual investors resident in the EU.

In circumstances where the Directive applies, such a paying agent would be under an obligation to provide information to the tax authorities of the EU Member States in which individual investors reside. A paying agent for these purposes is any economic operator who pays interest to, or secures interest for the beneficial owner, and could in relation to Short and Leveraged Equity Securities include a broker effecting the sale of Short and Leveraged Equity Securities.

20. GENERAL

(a) The Issuer's auditors are Deloitte LLP of Lord Coutanche House, 66-68 Esplanade, St. Helier, Jersey, JE2 3QB, Channel Islands. The annual report of the Issuer for the period from 6 December 2012 to 31 December 2012 and the period from 1 January 2013 to 31 December 2013 are reproduced at Annex 5 (*Financial Information of the Issuer*) and are available at the Issuer's website at www.etfsecurities.com and at the registered office of the Issuer as set out in paragraph 22 of Part 11 (*Additional Information*). The financial statements of the Issuer are prepared in accordance with International Financial Reporting Standards.

(b) There has been no material change in the financial position or prospects of the Issuer since 31 December 2013.

(c) There are no governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document a significant effect on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened by or against the Issuer.

(d) Applications have been made to the UK Listing Authority for all Short and Leveraged Equity Securities issued within 12 months from the date of this document to be admitted to the Official List and to the London Stock Exchange for all such Short and Leveraged Equity Securities to be admitted to trading on the Main Market.

(e) The Issuer intends to make an application for the following Equity Securities to be admitted to listing on the Regulated Market (General Standard) (Regulierter Markt [General Standard]) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse):

Class of Leveraged Equity Security	Class of Short Equity Security
ETFS 3x Daily Long DAX 30	ETFS 3x Daily Short DAX 30
ETFS 3x Daily Long EURO STOXX 50®	ETFS 3x Daily Short EURO STOXX 50®
ETFS 3x Daily Long EURO STOXX® Banks	ETFS 3x Daily Short EURO STOXX® Banks

Public trading of the Short and Leveraged Equity Securities on the Frankfurt Stock Exchange can occur only after the application for such admission has been approved, which is expected to occur on or after 7 April 2014. There can be no assurance that such admission will necessarily be approved.

The Issuer intends to make an application for the following Short and Leveraged Equity Securities to be admitted to listing on the ETFplus market of the Borsa Italiana:

Class of Leveraged Equity Security	**Class of Short Equity Security**
ETFS 3x Daily Long DAX 30	ETFS 3x Daily Short DAX 30
ETFS 3x Daily Long EURO STOXX 50®	ETFS 3x Daily Short EURO STOXX 50®
ETFS 3x Daily Long FTSE MIB	ETFS 3x Daily Short FTSE MIB
ETFS 3x Daily Long FTSE 100	ETFS 3x Daily Short FTSE 100
ETFS 3x Daily Long EURO STOXX® Banks	ETFS 3x Daily Short EURO STOXX® Banks
ETFS 3x Daily Long CAC 40	ETFS 3x Daily Short CAC 40

Public trading of the Short and Leveraged Equity Securities on the ETFplus market of the Borsa Italiana can occur only after the application for such admission has been approved. There can be no assurance that such admission will necessarily be approved.

(f) The Issuer intends to publish annual financial statements each year and Final Terms as required by Listing Rules. Each day, the Issuer will publish the Price, Multiplier, Annualised Rate, Administration Allowance, Licence Allowance, Swap Spread, Collateral Cost, Application Cost, Redemption Cost, Adjustment Factor, Disruption Adjustment Factor, Index Adjustment Factor, Tax Adjustment Factor and Security Adjustment Factor for each class of Short and Leveraged Equity Security on its website as described under the heading "Pricing and Trading of Short and Leveraged Equity Securities" in Part 1 (*General*). Save as aforesaid and provided otherwise the Issuer does not intend to provide post-issuance information regarding securities admitted to trading and the performance of the underlying collateral.

(g) The annual audited accounts of the Issuer will generally be published within 4 months of year end, currently 31 December in each year. Half-yearly unaudited accounts will generally be published within 4 months of the mid-year end, currently 30 June in each year. Each of the annual audited accounts and half-yearly accounts will be made available on the Issuer's website at http://www.etfsecurities.com/retail/uk/en-gb/documents.aspx.

(h) The Equity Contracts, Facility Agreement, each Pledge Agreement (and rights in respect of collateral provided under it), the CMAA and the Collateral Custodian Agreement have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Short and Leveraged Equity Securities.

(i) The Short and Leveraged Equity Securities are undated securities and have no specified maturity date and no expiry date.

21. SOURCES

The data used to create the table under the heading "Simulated Historic Investment Returns" in Part 3 (*Equity Indices*) has been sourced from Bloomberg LP.

The data used to create the graph under the heading "Short Equity Indices: Comparison of simulated historical annual returns versus minus 3 times (-3x) or 3 times (3x) the annual Underlying Equity Benchmark return" in Part 3 (*Equity Indices*) has been sourced from Bloomberg LP.

The data used to create the graph under the heading "Leveraged Equity Indices: Comparison of simulated historical annual returns versus minus 3 times (-3x) or 3 times (3x) the annual Underlying Equity Benchmark return" in Part 3 (*Equity Indices*) has been sourced from Bloomberg LP.

To the extent that the information referred to in this paragraph has been sourced from a third party, such information has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information published by the referenced third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the documents or websites referred to in this paragraph is incorporated into or form part of this Prospectus and no other documents, including the contents of any websites or web pages referred to in this Prospectus, form part of this Prospectus for the purposes of the Prospectus Directive or the Prospectus Rules.

22. Documents Available for Inspection

For the duration of the Programme or so long as any Short and Leveraged Equity Securities remain outstanding, copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the Services Agreement;

(c) the Administration Agreement;

(d) the Facility Agreement;

(e) the Supplemental Agreement;

(f) the Collateral Custodian Agreement;

(g) the Collateral Monitoring Agency Agreement;

(h) each Pledge Agreement;

(i) the Authorised Participant Agreements;

(j) the Security Assignments;

(k) the Trust Instrument;

(l) the Security Deed;

(m) the Registrar Agreement; and

(n) the annual audited accounts and half-yearly unaudited accounts of the Issuer.

Copies of this Prospectus and the documents listed at (a) – (n) above are available free of charge from ETFS Management Company (Jersey) Limited, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW.

23. SELLING RESTRICTIONS

(a) United States

The Issuer has imposed the restrictions described below on the Programme so that the Issuer will not be required to register the offer and sale of Short and Leveraged Equity Securities under the Securities Act, so that the Issuer will not have an obligation to register as an investment company under the Investment Company Act and related rules and to address certain ERISA, U.S. Internal Revenue Code and other considerations. These restrictions, which will remain in effect until the Issuer determines in its sole discretion to remove them, may adversely affect the ability of holders of Short and Leveraged Equity Securities to trade them.

Short and Leveraged Equity Securities have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States. Short and Leveraged Equity Securities are being offered and sold only outside the United States in reliance on the exemption from registration provided by Regulation S of the Securities Act.

The Issuer has not been and does not intend to become registered as an investment company under the Investment Company Act and related rules. Short and Leveraged Equity Securities and any beneficial interest therein may not be reoffered, resold, pledged or otherwise transferred in the United States.

The Short and Leveraged Equity Securities may not be purchased with plan assets of any "employee benefit plan" within the meaning of section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), subject to Part 4. Subtitle B of Title I of ERISA, any "plan" to which section 4975 of the United States Internal Revenue Code of 1986, (the "Code") applies (collectively, "Plans"), any entity whose underlying assets include "plan assets" of any of the foregoing Plans within the meaning of 29 C.F.R. Section 2510.3-101 or section 3(42) of ERISA, as they may be modified, by reason of a Plan's investment in such entity, any governmental or church plan that is subject to any U.S. Federal, state or local law that is similar to the prohibited transaction provisions of ERISA or section 4975 of the Code, or any person who holds Short and Leveraged Equity Securities on behalf of, for the benefit of or with any assets of any such Plan or entity (a "Prohibited Benefit Plan Investor"). If the Issuer determines that any Security Holder is a Prohibited Benefit Plan Investor, the Issuer may redeem the Short and Leveraged Equity Securities held by that Security Holder in accordance with the provisions of the Conditions under the heading "Compulsory Redemption by the Issuer or the Trustee" (Condition 8).

(b) **Jersey**

Short and Leveraged Equity Securities may not be offered to, sold to, or purchased by persons resident for income tax purposes in Jersey (other than financial institutions in the normal course of business).

Further restrictions on offers and sales of Short and Leveraged Equity Securities and on the distribution of this Prospectus are set out in paragraph 3 of Part 11 (*Additional Information*).

24. CONSENT TO USE OF PROSPECTUS BY FINANCIAL INTERMEDIARIES IN CERTAIN MEMBER STATES

The Issuer has consented to the use of this Prospectus, and has accepted responsibility for the content of this Prospectus, with respect to subsequent resale or final placement by way of public offer of the Short and Leveraged Equity Securities by any financial intermediary in any of Austria, Denmark, Finland, France, Germany, Ireland, Italy, Portugal, The Netherlands, Norway, Spain, Sweden and the United Kingdom by any financial intermediary which is an investment firm within the meaning of the Markets in Financial Instruments Directive (Directive 2004/39/EC) ("**MiFID**") and which is authorised in accordance with MiFID in any member state. Such consent applies to any such resale or final placement by way of public offer during the period of 12 months from the date of this Prospectus unless such consent is withdrawn prior to that date by notice published on the Issuer's website. In addition, the Issuer will disclose any additional information regarding any known financial intermediaries on its website. Other than the right of the Issuer to withdraw the consent, no other conditions are attached to the consent described in this paragraph.

In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made. Any financial intermediary using this Prospectus for the purpose of any offering must state on its website that it uses this Prospectus in accordance with the consent given and the conditions attached thereto.

In the event this Prospectus is used with respect to a subsequent resale or final placement by way of public offer of the Short and Leveraged Equity Securities by any financial intermediary in any of the Public Offer Jurisdictions (as defined in the applicable Final Terms) identified above, such Short and Leveraged Equity Securities may only be sold: (i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Prospectus pursuant to Article 16 of the Prospective Directive, in each case, in relation to such offer; or (ii) in those Public Offer Jurisdictions identified in the Final Terms, provided such offer is made during the Offer Period specified in the applicable Final Terms.

In the event of a public offer in one or more Public Offer Jurisdictions, the Short and Leveraged Equity Securities may be offered and sold to persons in the relevant Public Offer Jurisdiction who are legally eligible to participate in a public offering of such securities in such jurisdiction under applicable laws and regulations.

The Issuer has placed no restrictions on the various categories of potential investors to which a financial intermediary wishing to make a public offer of the Short and Leveraged Equity Securities may offer the securities. The various categories of potential investors to which a financial intermediary may make a public offer include institutions, high net worth individuals and sophisticated investors and any other category of investor to which a financial intermediary is permitted to offer the Short and Leveraged Equity Securities under applicable law and regulation.

25. LIMITATION OF LIABILITY BY SERVICE PROVIDERS

Each of the following provisions is contained in the document specified and serves to limit the liability of the Registrar, the Trustee, the Collateral Monitoring Agent or the Collateral Custodian (as applicable) in respect of the discharge of their obligations in connection with the Programme:

(a) **Registrar Agreement**

The Registrar is not responsible to the Issuer for any direct damages, loss, costs, claims or expenses suffered or incurred by the Issuer as a result of an act or omission or failure of any kind on the part of the network provider used by the Registrar.

The Registrar is not liable for any loss or damage suffered by any party as a result of the non-availability of the Issuer-Online Service (as defined in the Registar Agreement) however it arises including communications failure, breakdown or other malfunction.

The Registrar is not liable for any loss or damage suffered as a result of any lack of security in respect of the Issuer-Online Service (as defined in Registrar Agreement) howsoever this arises.

The Registrar and its officers and employees are not liable to the Issuer for any direct damages, loss, costs, claims or expenses sustained by the Issuer or in respect of any matter relating to the registers of members and other security holders of the Issuer or the assets of the Issuer as a result of loss, delay, misdelivery or error in transmission of any cable, telex, telefax or telegraphic communication, or if any document accepted by the Registrar shall later be proved to be forged or otherwise defective or erroneous.

The Registrar is not liable to the Issuer for any direct damages, loss, costs, claims or expenses suffered or incurred by the Issuer as a result of the operation, failure, interruption or suspension of or changes to all or any part of the CREST Service (as defined in the Registrar's Agreement) by Euroclear UK & Ireland Limited or as a result of any timetable changes in connection with the provision of the CREST Service by Euroclear UK & Ireland Limited. The Registrar is not liable to the Issuer for any direct damages, loss, costs, claims or expenses suffered or incurred by the Issuer as a result of any acts or omissions of the Registrar that the Registrar reasonably considers are required in order for it to comply with the CREST Requirements (as defined in the Registrar's Agreement).

(b) **Trust Instrument**

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

The Trustee is not liable for any loss, damage, cost, charge, claim, demand, expense, judgement, action, proceeding or other liability whatsoever which may result from the exercise or non-exercise of its trusts, rights, powers, authorities, duties and discretions under the documents.

(c) **Security Deed**

The Trustee is not liable for any loss or damage arising from realisation of, or enforcement of rights in respect of the Secured Property or any other property or from any act, default or omission in relation to such Secured Property or any other property 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.

The Trustee is not liable for any defect or failure in the right or title of the Issuer to all or any of the Secured Property.

The Trustee is not liable for any failure, omission or defect in perfecting, protecting or further assuring the security created pursuant to the Security Deed.

(d) **Collateral Monitoring Agency Agreement**

The Collateral Monitoring Agent is not liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever under the Collateral Monitoring Agency Agreement.

(e) **Collateral Custodian Agreement**

The Collateral Custodian is not liable to any legal entity or individual for indirect, consequential or special damages or for loss of business opportunity or loss of profit arising in connection with the Collateral Custodian Agreement.

The Collateral Custodian is not liable for any direct losses, costs, expenses, damages, liabilities, claims, actions, proceedings and judgments (**Losses**) arising out of the holding of any Securities or Cash (as such terms are defined in the Collateral Custodian Agreement) in any particular country, including but not limited to, Losses resulting from nationalisation, expropriation or other governmental actions, a change in the regulation of the banking or securities industry, a change in the exchange or currency controls or restrictions, devaluations or fluctuations; availability of Securities or Cash or market conditions which prevent the transfer of Cash or Securities or the execution of Securities (as such term is defined in the Collateral Custodian Agreement) transactions or affect the value of Cash or Securities.

The Collateral Custodian is not liable for any Losses incurred as a result of errors or omissions with respect to any pricing or other data related to Securities and other assets utilised by the Collateral Custodian, or SG under the Collateral Custodian Agreement.

The Collateral Custodian is not liable for the action or inaction of any Depository (as such term is defined in the Collateral Custodian Agreement) or for any Losses resulting from the maintenance of Securities or Cash with a Depository.

Except in the case of fraud, the Collateral Custodian has no liability with respect to any Losses arising from a delay by the Collateral Custodian, a Subcustodian (as defined in the Collateral Custodian Agreement) or Depository to act subject to and in accordance with any written communications delivered by SG (or following the delivery of a Collateral Enforcement Notice (as defined in the Collateral Custodian Agreement), the Issuer) to the Collateral Custodian by S.W.I.F.T., overnight delivery, postal services, facsimile transmission, email, on-line communication system or other method or system (each such method as specified by the Collateral Custodian as available for use in connection with the services under the Collateral Custodian Agreement), when such delay is solely due to any procedure or process to be performed by the Collateral Custodian, a Subcustodian or Depositary and required in accordance with local laws and regulations, court or regulatory order.

The Collateral Custodian is not responsible for any Losses suffered or incurred by SG or any person claiming by or through SG as a result of certain information being transmitted to SG electronically.

The Collateral Custodian has no liability with respect to any Losses arising from the use of any third party appointed or selected by SG or by the Collateral Custodian at the express request of the SG.

The Collateral Custodian has no liability for any Losses incurred by or asserted against SG arising from the default or insolvency of any legal entity or individual, including but not limited to a Subcustodian, Depository, broker, bank, and a counterparty to the settlement of a transaction or to a foreign exchange transaction, except (i) to the extent that the Collateral Custodian is negligent in its selection or continued retention of such Subcustodian, or (ii) where such Subcustodian or Depository, as the case may be, is a BNY Mellon Affiliate (as defined in the Collateral Custodian Agreement).

26. SERVICE PROVIDER RIGHTS

Under the terms of the Trust Instrument, the Trustee may delegate all or any of its rights, powers, authorities, duties and discretions in respect of the Short and Leveraged Equity Securities upon such terms and subject to such conditions and regulations as the Trustee may in the interests of Security Holders think fit.

Under the terms of the Collateral Custodian Agreement, the Collateral Custodian may utilise, in its discretion, a bank or other financial institution in connection with the purchase, sale or custody of Securities or Cash (as defined in the Collateral Custodian Agreement).

ANNEX 1

FORM OF THE GLOBAL BEARER CERTIFICATES

INHABER-SAMMELZERTIFIKAT

für

• [siehe Anhang 1] [Klasse der Equity-Securities]

Namensschuldverschreibungen

der

ETFS Equity Securities Limited

Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, JE4 8PW

eingeteilt in Teilschuldverschreibungen im Nennbetrag von je • [siehe Anhang 1]

Für dieses Inhaber-Sammelzertifikat hält die Clearstream Banking Aktiengesellschaft mit Sitz in Frankfurt am Main, Bundesrepublik Deutschland (im Folgenden "**Clearstream**" genannt), als Deckung • [siehe Anhang 1] [Klasse der Equity-Securities] Namensschuldverschreibungen (im Folgenden "**Schuldverschreibungen**" genannt) der ETFS Equity Securities Limited, Jersey, Channel Islands (im Folgenden "**Gesellschaft**" genannt). Die durch den Treuhandvertrag vom 24 März 2014 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. in seiner jeweils geänderten/ergänzten Fassung (im Folgenden "**Treuhandvertrag**") begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert, und in Namensteilschuldverschreibungen mit einem Nennbetrag von je • [siehe Anhang 1] eingeteilt. Die Schuldverschreibungen sind auf Vidacos Nominees Limited, London, England, eingetragen und in einem bei der Citibank N.A., London, England, unterhaltenen Sonderdepot, verwahrt. Jeder Miteigentümer dieses Sammelzertifikats ist berechtigt, jederzeit von Clearstream die Auslieferung und Registrierung einer seinem Miteigentumsanteil entsprechenden Stückzahl von [Klasse der Equity-Securities] Schuldverschreibungen der Gesellschaft auf seinen Namen oder den Namen eines von ihm benannten Dritten in das maßgebliche Schuldverschreibungsregister der Gesellschaft, zu verlangen.

Im Übrigen gelten die diesem Inhaber-Sammelzertifikat beigefügten Zertifikatsbedingungen, die Bestandteil dieser Urkunde sind.

Frankfurt am Main, den ...

CLEARSTREAM BANKING

Aktiengesellschaft

ANNEX 2

TEXT OF THE CONDITIONS OF THE GLOBAL BEARER CERTIFICATES

Zertifikatsbedingungen

1. Dieses Inhaber-Sammelzertifikat trägt die Unterschriften zweier Vorstandsmitglieder oder eines Vorstandsmitgliedes und eines Prokuristen der Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Bundesrepublik Deutschland, (im folgenden "**Clearstream**" genannt).

2. Jeder Miteigentümer dieses Inhaber-Sammelzertifikats ist berechtigt, jederzeit von der Clearstream die Auslieferung und Registrierung einer seinem Miteigentumsanteil entsprechenden Stückzahl von • [siehe Anhang 1] [Klasse der Equity-Securities] Namensschuldverschreibungen (im folgenden "**Schuldverschreibungen**" genannt) der ETFS Equity Securities Limited, Jersey, Channel Islands, (im Folgenden "**Gesellschaft**" genannt) auf seinen Namen oder den Namen eines von ihm benannten Dritten in das maßgebliche Schuldverschreibungsregister zu verlangen. Die durch den Treuhandvertrag vom 24 März 2014 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. in seiner jeweils geänderten/ergänzten Fassung (im folgenden "**Treuhandvertrag**") begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert und in Namensteilschuldverschreibungen mit einem Nennbetrag von je • [siehe Anhang 1] eingeteilt. Einen entsprechenden Auftrag hat der Miteigentümer der Clearstream über seine Depotbank zu erteilen, wobei die Lieferadresse bzw. die Adresse, an welche die Urkunde bezüglich der Eintragung in das Schuldverschreibungsregister durch den Registrar versandt werden soll, angegeben sein muss. Außer der von der Clearstream im Rahmen des § 315 des Bürgerlichen Gesetzbuches bestimmten Gebühr für die Auslieferung bzw. Übertragung hat der Miteigentümer etwaige mit der Auslieferung bzw. Übertragung und Umschreibung entstehende sonstige Kosten, Steuern, Gebühren oder Abgaben zu tragen.

   Die Auslieferung von Einzelstücken aus diesem Inhaber-Sammelzertifikat kann von den Miteigentümern nicht verlangt werden.

3. Die Clearstream vermittelt dem Miteigentümer über dessen Depotbank nach Maßgabe seines Anteils am Inhaber-Sammelzertifikat grundsätzlich alle Rechte aus den Schuldverschreibungen, soweit sie ihr nach Maßgabe des englischen Rechts bzw. des Rechts von Jersey, Channel Islands, zustehen.

   Zinsen, Ausschüttungen, Kapital und etwaige sonstige Barzahlungen leitet die Clearstream an den Miteigentümer weiter.

   Im Übrigen gelten die von der Clearstream gegebenenfalls bekanntzugebenden Fristen und Bedingungen.

   Sämtliche Zahlungen an den Miteigentümer erfolgen nach Maßgabe der jeweils geltenden Devisenvorschriften in EURO, es sei denn, dass der Miteigentümer rechtzeitig vor Fälligkeit Zahlung in USD (United States Dollars) verlangt hat.

4. Ein etwaiges Stimmrecht anlässlich einer Gläubigerversammlung wird die Clearstream grundsätzlich nicht ausüben. Sie wird dem Miteigentümer oder einem von diesem benannten Dritten auf Verlangen eine Vollmacht zur Ausübung des Stimmrechts erteilen lassen.

   Die Gesellschaft hat sich verpflichtet, die Tagesordnung von Gläubigerversammlungen sowie die Voraussetzungen zur Teilnahme an der Gläubigerversammlung und zur Ausübung des Stimmrechts im Vorfeld einer solchen Gläubigerversammlung bekanntzugeben.

5. Sollte die Ausgabe des Inhaber-Sammelzertifikats zu irgendeinem Zeitpunkt in der Bundesrepublik Deutschland oder auf Jersey, Channel Islands, irgendwelchen Steuern, Gebühren oder Abgaben unterliegen, so haben die Miteigentümer diese Steuern, Gebühren oder Abgaben nach Maßgabe ihrer Anteile am Inhaber-Sammelzertifikat zu tragen. Die Clearstream ist berechtigt, Steuern, Gebühren oder Abgaben, denen sie zu irgendeinem Zeitpunkt in der Bundesrepublik Deutschland oder auf Jersey, Channel Islands, allein auf Grund der Tatsache unterworfen wird, dass sie die Schuldverschreibungen hält, auf alle Miteigentümer nach Maßgabe ihrer Anteile am Inhaber-Sammelzertifikat umzulegen.

6. Treten aus irgendeinem Grunde an die Stelle der Schuldverschreibungen andere Schuldverschreibungen oder ein sonstiger Vermögenswert, so wandelt sich das Recht der Miteigentümer auf die Schuldverschreibungen in ein Recht auf den Ersatzgegenstand. Die Zertifikatsbedingungen gelten dann sinngemäß.

7. Die Clearstream ist berechtigt, die Citibank N.A., London, England, (im Folgenden "Verwahrer" genannt) in ihrer Funktion als Verwahrer oder die Vidacos Nominees Ltd., London, England, (im Folgenden "Nominee" genannt) in ihrer Funktion als Nominee durch eine andere Person zu ersetzen. Die Haftung der Clearstream beschränkt sich hierbei auf die sorgfältige Auswahl. Unberührt bleibt die Befugnis der Clearstream, die Funktion des Verwahrers oder des Nominees selbst wahrzunehmen. Im Fall der Ersetzung des Verwahrers oder des Nominees gelten alle Bezugnahmen auf den Verwahrer bzw. den Nominee in diesen Bedingungen als Bezugnahmen auf den neuen Verwahrer bzw. Nominee.

8. Werden die Schuldverschreibungen in einer die Mitwirkung der Clearstream in dieser Form nicht mehr erfordernden Weise an deutschen Wertpapierbörsen lieferbar oder wird die Zulassung der Schuldverschreibungen in Form von Miteigentumsanteilen am. Inhaber- Sammelzertifikat zum Handel und zur amtlichen Notierung an deutschen Wertpapierbörsen zurückgenommen, so wird die Clearstream die Miteigentümer auffordern, ihr einen Auftrag gemäß Ziffer 2. Abs. 1 zu erteilen. Wird dieser Auftrag nicht innerhalb einer Frist von 3 Monaten seit Veröffentlichung der Aufforderung erteilt, so ist die Clearstream nach ihrem Ermessen berechtigt, die Eintragung der Schuldverschreibungen auf den Namen des Miteigentümers oder eines in der Aufforderung benannten Dritten zu veranlassen und die Schuldverschreibungen bei einer in der Aufforderung angegebenen Stelle für den Miteigentümer auf dessen Kosten und Gefahr zu hinterlegen. Damit erlöschen die Pflichten der Clearstream aus dem Inhaber-Sammelzertifikat.

9. Alle das Inhaber-Sammelzertifikat betreffenden Bekanntmachungen erfolgen im Bundesanzeiger.

10. Die Miteigentümer tragen anteilig alle wirtschaftlichen und rechtlichen Nachteile und Schäden, die den für das Inhaber-Sammelzertifikat als Deckung gehaltenen Bestand an Schuldverschreibungen infolge höherer Gewalt, Regierungserlassen, Krieg, Aufruhr, Verfügungen von hoher Hand im In- oder Ausland oder anderer Umstände treffen sollten, die die Clearstream oder der Verwahrer nicht zu vertreten haben.

    Die Clearstream wird alle Verpflichtungen aus dem Inhaber-Sammelzertifikat mit der Sorgfalt eines ordentlichen Kaufmannes erfüllen. Wird sie durch höhere Gewalt, Regierungserlasse, Krieg, Aufruhr, Verfügungen von hoher Hand im In- oder Ausland oder andere Umstände, die sie nicht zu vertreten hat, an der Erfüllung ihrer Verpflichtungen gehindert, so trifft sie keine Verantwortung.

    Der Verwahrer und der Nominee sind der Clearstream gegenüber zur ordnungsgemäßen Wahrnehmung der ihnen obliegenden Aufgaben verpflichtet.

    Etwaige Ansprüche gegen den Verwahrer oder den Nominee wird die Clearstream zugunsten der Miteigentümer geltend machen. Darüber hinaus haftet die Clearstream nur für die sorgfältige Auswahl des Verwahrers und des Nominees.

11. Sollte irgendeine dieser Bestimmungen ganz oder teilweise rechtsunwirksam oder undurchführbar sein oder werden, so bleiben die übrigen Bestimmungen hiervon unberührt. Für unwirksame oder undurchführbare Bestimmungen soll eine dem Sinn und Zweck dieses Vertragsverhältnisses entsprechende Regelung gelten.

12. Alle Rechtsbeziehungen zwischen dem Miteigentümer und der Clearstream unterliegen dem Recht der Bundesrepublik Deutschland. Ausschließlicher Gerichtsstand ist Frankfurt am Main.

13. Eine Änderung dieser Zertifikatsbedingungen ist nur zulässig, soweit durch sie die Rechte der Miteigentümer nicht beeinträchtigt werden, es sei denn, dass sie durch gesetzliche Vorschriften bedingt ist.

ANNEX 3

FORM OF FINAL TERMS

Pro Forma Final Terms for an issue by ETFS Equity Securities Limited under the Programme for the Issue of Short and Leveraged Equity Securities

This form of Final Terms is used when Short and Leveraged Equity Securities are to be admitted to trading on a regulated market other than in conjunction with an offer thereof to the public in one or more member states (for example to Authorised Participants).

FINAL TERMS

Dated [•] 201[•]

ETFS EQUITY SECURITIES LIMITED

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 112019)

(the "Issuer")

Programme for the Issue of Short and Leveraged Equity Securities

Issue of

[number] [class] Equity Securities

(the "Short and Leveraged Equity Securities")

These Final Terms (as referred to in the base prospectus (the "**Prospectus**") dated 24 March 2014 in relation to the above Programme) relates to the issue of the Short and Leveraged Equity Securities referred to above. The Short and Leveraged Equity Securities have the terms provided for in the trust instrument dated 24 March 2014 as may be amended or supplemented by trust instruments supplemental thereto between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee constituting the Short and Leveraged Equity Securities. Terms used in these Final Terms bear the same meaning as in the Prospectus.

These Final Terms have been prepared for the purpose of Article 5(4) of the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EC (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus and any supplement, which are published in accordance with Article 14 of the Prospectus Directive on the website of the Issuer: http://www.etfsecurities.com. In order to get the full information both the Prospectus (and any supplement) and these Final Terms must be read in conjunction. A summary of the individual issue is annexed to these Final Terms.

The particulars in relation to this issue of Short and Leveraged Equity Securities are as follows:

Issue Date:	[•]
Class:	[•]
Creation Price:	[•]
Currency of the securities issue:	[•]
ISIN:	[•]
Aggregate Number of Short and Leveraged Equity Securities to which these Final Terms apply:	[•]
Exchange[s] on which the Short and Leveraged Equity Securities are admitted to trading	[London Stock Exchange] [Frankfurt Stock Exchange] [Borsa Italiana S.p.A]

All the regulated markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class as the securities to be offered or admitted to trading are already admitted to trading:	[•]
The amount of any expenses and taxes specifically charged to the subscribers or purchasers:	[•]

ANNEX

FORM OF ISSUE SPECIFIC SUMMARY

(Issuer to annex form of issue specific Summary to the Final Terms)

ANNEX 4

FORM OF FINAL TERMS – PUBLIC OFFERS

Pro Forma Final Terms for an issue by ETFS Equity Securities Limited to the public under the Programme for the Issue of Short and Leveraged Equity Securities

This form of Final Terms is used when Short and Leveraged Equity Securities Limited are being offered to the public in one or more member states

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FINAL TERMS

Dated [•] 201[•]

ETFS EQUITY SECURITIES LIMITED

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 112019)

(the "Issuer")

Programme for the Issue of Short and Leveraged Equity Securities

Issue of

[number] [class] Equity Securities

(the "Short and Leveraged Equity Securities")

These Final Terms (as referred to in the base prospectus (the "**Prospectus**") dated 24 March 2014 in relation to the above Programme) relates to the issue of the Short and Leveraged Equity Securities referred to above. The Short and Leveraged Equity Securities have the terms provided for in the trust instrument dated 24 March 2014 as may be amended or supplemented by trust instruments supplemental thereto between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee constituting the Short and Leveraged Equity Securities. Terms used in these Final Terms bear the same meaning as in the Prospectus. The particulars in relation to this issue of Short and Leveraged Equity Securities are as follows:

These Final Terms have been prepared for the purpose of the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EC (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus and any supplements, which are published in accordance with Article 14 of Prospectus Directive on the website of the Issuer: http://www.etfsecurities.com. In order to get the full information both the Prospectus (and any supplement) and these Final Terms must be read in conjunction. A summary of the individual issue is annexed to these Final Terms.

The Prospectus below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Short and Leveraged Equity Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Short and Leveraged Equity Securities. Accordingly any person making or intending to make an offer of Short and Leveraged Equity Securities may only do so:

(i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in the following paragraph, provided such person is [one of the persons mentioned in the following paragraph] and that such offer is made during the Offer Period specified for such purpose therein.

An offer of the Short and Leveraged Equity Securities may be made by the Issuer or by [•] other than pursuant to Article 3(2) of the Prospectus Directive in [•] ("Public Offer Jurisdictions") during the period from [•] until [•] (the "Offer Period").

The Issuer has not authorised, nor does it authorise, the making of any offer of Short and Leveraged Equity Securities in any other circumstances.

Issue Date:	[•]
Class:	[•]
Creation Price:	[•]
Currency of the securities issue:	[•]
ISIN:	[•]
Aggregate Number of Short and Leveraged Equity Securities to which these Final Terms apply:	[•]
Total amount of the offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer:	[•]

Terms and Conditions of the Offer

Offer Price:	[•]
Conditions to which the offer is subject:	[•]
The time period, including any possible amendments, during which the offer will be open and a description of the application process:	[•]
Details of the minimum and/or maximum amount of application:	[•]
Details of the method and time limits for paying up and delivering the Short and Leveraged Equity Securities:	[•]
Manner in and date on which results of the offer are to be made public:	[•]
Whether tranche(s) have been reserved for certain countries:	[•]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[•]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[•]
Name(s) and address(es), to the extent known to the Issuer, of the places in the various countries where the offer takes place:	[•]
Name and address of any paying agents and depository agents in each country:	[•]

Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements. Where not all of the issue is underwritten, a statement of the portion not covered:	[•]
When the underwriting agreement has been or will be reached:	[•]
Name and address of a calculation agent:	[•]
The earliest date(s) on which the securities will be admitted to trading:	[•]
All the regulated markets of equivalent markets on which, to the knowledge of the Issuer, securities of the same class as the securities to be entered or admitted to trading are already admitted to trading:	[•]
Exchange[s] on which the Short and Leveraged Equity Securities are admitted to trading	[London Stock Exchange] [Frankfurt Stock Exchange] [Borsa Italiana S.p.A]

Date

Time

ANNEX

FORM OF ISSUE SPECIFIC SUMMARY

(Issuer to annex form of issue specific Summary to the Final Terms)

ANNEX 5

FINANCIAL INFORMATION ON THE ISSUER

ETFS EQUITY SECURITIES LIMITED

Registered No: 112019

Report and Financial Statements for the Period from Incorporation on 6 December 2012 to 31 December 2012

ETFS EQUITY SECURITIES LIMITED

CONTENTS

ETFS EQUITY SECURITIES LIMITED

MANAGEMENT AND ADMINISTRATION

Directors
Mr Graham J Tuckwell – Chairman
Mr Joseph L Roxburgh
Mr Graeme D Ross
Mr Craig A Stewart

Registered Office
Ordnance House
PO Box 83
31 Pier Road
St Helier
Jersey, JE4 8PW

Company Secretary
R&H Fund Services (Jersey) Limited
Ordnance House
PO Box 83
31 Pier Road
St Helier
Jersey, JE4 8PW

Administrator
ETFS Management Company (Jersey) Limited
Ordnance House
PO Box 83
31 Pier Road
St Helier
Jersey, JE4 8PW

Trustee
The Law Debenture Trust Corporation plc
Fifth Floor
100 Wood Street
London, EC2V 7EX

Registrar
Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey, JE1 1ES

Jersey Legal Advisers
Mourant Ozannes
22 Grenville Street
St Helier
Jersey, JE4 8PX

English Legal Advisers
Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London, EC2 7EX

Auditor
Deloitte LLP
Lord Coutanche House
66-68 Esplanade
St Helier
Jersey, JE4 8WA

DIRECTORS' REPORT

The directors of ETFS Equity Securities Limited ("ESL" or the "Company") submit herewith the annual report and financial statements of the Company for the period from 6 December 2012 to 31 December 2012.

Directors

The names and particulars of the directors of the Company during the period from 6 December 2012 through to the date of this report were:

Mr Graham J Tuckwell - Chairman	(appointed 6 December 2012)
Mr Graeme D Ross	(appointed 6 December 2012)
Mr Craig A Stewart	(appointed 6 December 2012, resigned 8 November 2013)
Mr Joseph L Roxburgh	(appointed 25 March 2013)

Principal Activities

The Company's principal activity will be the listing and issuing of Short Equity Securities and Leveraged Equity Securities ("Equity Securities), which allow investors to gain exposure to movements in various indices (each an "Equity Index") calculated by different index providers. Two types of Securities will be issued; Short Equity Securities track Short Equity Indices and Leveraged Equity Securities Track Leveraged Equity Indices. The Company will earn an administration allowance (the "Administration Allowance") and licence allowance (the "Licence Allowance") based upon the number of Equity Securities in issue. These fees are expressed as an annual percentage, will be calculated on a daily basis and reflected in the Net Asset Value ("NAV") of the securities on a daily basis, and paid monthly in arrears.

Equity Securities are backed by derivative contracts ("Equity Contracts") which reference the relevant index, with terms corresponding to the terms of the Equity Securities. The Equity Contracts are derivative contracts which provide the Issuer with matching exposure to movements in Equity Indices without the requirement to purchase equities or to trade in equity futures contracts.

Each time Equity Securities are issued or redeemed, matching Equity Contracts between the Company and an Equity Contract Counterparty will be created or cancelled by the Company. The Company has entered into a Facility Agreement with Sociétè Générale, its Equity Contract Counterparty, enabling the Company to create and cancel Equity Contracts on an on-going basis.

The Company has entered into a service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), whereby ManJer is responsible for advisory or consultancy services required by the Company, including advertising and all costs relating to the listing and issuance of securities as borne by ManJer. In return for these services, the Company will pay ManJer an amount equal to the Administration Allowance levied by the Company on the Equity Securities in issue and the Creation and Redemption Fees and Application and Redemption Costs. No Administration Allowance was incurred or paid to ManJer during the period.

Review of Operations

The Company was incorporated on 6 December 2012.

The Company recognises its financial assets (Equity Contracts) and financial liabilities (Equity Securities) at fair value in the statement of financial position. As at 31 December 2012, the Company had no Equity Securities or Equity Contracts in issue.

During the period, the Company generated no income from Creation and Redemption Fees or an Administration Allowance.

Under the terms of the Service Agreement with ManJer, the Company is required to accrue expenses equal to the Administration Allowance, Licence Allowance, Creation and Redemptions Fees and the Application and Redemption Costs, which, after taking into account other operating income and expenses, resulted in an operating profit of:

	2012
	USD
Operating Result for the Period	-

The gain or loss on the valuation of Equity Securities and Equity Contracts is recognised in the statement of comprehensive income in line with the Company's accounting policy, these gains or losses offset each other.

The Company's exposure to risk is discussed in note 9 to the financial statements.

Country and Currency Risk

The directors do not consider the Company to have a significant exposure to risk relating to country and currency risk arising from the current economic uncertainties facing a number of countries around the world.

Each Security comprises a debt instrument whose redemption price is linked directly to the price of the relevant underlying index. The Securities are issued under limited recourse arrangements whereby the holders have recourse only to the value of the Equity Contracts and not to the Company. In addition, since any such price movements are wholly attributable to the Security holders, the Company has no residual exposure to price movements of the Equity Contracts. From a commercial perspective it is clear that gains or losses on the liability represented by the Securities are matched economically by losses or gains attributable to the Equity Contracts. The Company has no net exposure.

Movements in the price of the underlying index, and thus the value of the Securities, may vary widely which could have an impact on the demand for the Securities issued by the Company.

Future Developments

The directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

The Company intends to initially issue the following number of classes, in aggregate, of Equity Securities to be listed on the following exchanges:

Security	London Stock Exchange	Deutsche Börse	Borsa Italiana
Short Equity Securities	1	2	5
Leveraged Equity Securities	1	2	5
Total Equity Securities	2	4	10

Dividends

During the period the Company did not pay any of dividends. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Employees

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

Directors' Interests

The following table sets out the only director's interests in Ordinary Shares of the Company as at the date of this report:

Directors

	Ordinary Shares of Nil Par Value
Graham J Tuckwell (as controlling party of ETF Securities Limited ("ETFSL"), the ultimate parent company)	2

Auditor

Deloitte LLP were appointed as Auditor of the Company from 6 December 2012. A resolution to reappoint Deloitte LLP as the auditor of the Company will be proposed at the next meeting of the directors.

Corporate Governance

There is no standard code of corporate governance in Jersey. The operations, as previously described in the directors' report, are such that the directors do not consider the Company is required to voluntarily apply the UK Corporate Governance Code.

As the board of directors (the "Board") is small there is no Nomination Committee and appointments of new directors are considered by the Board as a whole. The Board does not consider it appropriate that directors should be appointed for a specific term. Furthermore the structure of the Board is such that it is considered unnecessary to identify a senior non-executive director.

The constitution of the Board is disclosed above. With the exception of Mr Roxburgh, the directors are either members of the board of the ultimate parent company, ETFSL, or members of the board of the Company's Administrator, R&H Fund Services (Jersey) Limited.

The Board meet as is required by the operations of the Company, but at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review.

Directors' Remuneration

No director has a service contract with the Company.

Internal Control

During the period the Company did not have any employees or subsidiaries, and there is no intention that this will change. The Company, being a special purpose company established for the purpose of issuing Equity Securities, has not undertaken any business, save for entering into the documents and performing the obligations and exercising its rights in relation to the issuance and redemption of Equity Securities, since its incorporation. The Company does not intend to undertake any business other than issuing and redeeming Equity Securities and performing the obligations and exercising its rights in relation thereto.

The Company is dependent upon ManJer to provide management and administration services to it. ManJer has outsourced the administration services to a regulated service provider in Jersey, R&H Fund Services (Jersey) Limited ("R&H"). Documented contractual arrangements are in place with the Manager and the Administrator which define the areas where the authority is delegated to them. The performance of the Manager and Administrator are reviewed on an on-going basis by the Board of the ultimate parent company, ETFSL, through their review of periodic reports and quarterly management accounts of the Company.

ManJer promotes and provides management and other services to both the Company and other companies issuing commodity based and other securities.

The Board having reviewed the effectiveness of the internal control systems of ManJer and R&H, and having a regard to the role of its external auditor, does not consider that there is a need for the Company to establish its own internal audit function.

Audit Committee

The Board has not established a separate Audit Committee; instead the Board meets to consider the financial reporting by the Company, the internal controls, and relations with the external auditor. In addition the board reviews the independence and objectivity of the auditor.

Graeme D Ross
Director
Jersey
20 November 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Graeme Ross

Graeme D Ross
Director

20 November 2013

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of ETFS Equity Securities Limited for the period from 6 December 2012 to 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its result for the period from 6 December 2012 to 31 December 2012;
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrew Isham, BA, FCA
For and on behalf of Deloitte LLP
Chartered Accountants
St. Helier, Jersey

20 November 2013

ETFS EQUITY SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	Note	Period from 6 December 2012 to 31 December 2012 USD
Revenue	2	-
Expenses		
Administration Allowance to ManJer	2	-
Operating result	2	-
Net Gain Arising on Fair Value of Equity Contracts		-
Net Loss Arising on Fair Value of Equity Securities		-
Total Comprehensive Income for the Period		-

The directors consider the Company's activities to be continuing.

The notes on pages 12 to 17 form part of these financial statements

ETFS EQUITY SECURITIES LIMITED

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2012 USD
Current Assets		
Trade and Other Receivables	6	3
Total Assets		3
Equity		
Stated Capital	7	3
Total Equity		3

The financial statements on pages 8 to 17 were approved by the board of directors and signed on its behalf on 20 November 2013.

Graeme D Ross
Director

The notes on pages 12 to 17 form part of these financial statements

STATEMENT OF CASH FLOWS

	Period from 6 December 2012 to 31 December 2012 USD
Operating Result for the Period	-
Net Decrease in Cash and Cash Equivalents	-
Cash and Cash Equivalents at the Beginning of the Period	-
Net Decrease in Cash and Cash Equivalents	-
Cash and Cash Equivalents at the End of the Period	-

The notes on pages 12 to 17 form part of these financial statements

ETFS EQUITY SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

	Stated Capital USD	Retained Earnings USD	Total Equity USD
Opening Balance at 6 December 2012	-	-	-
Shares Issued	3	-	3
Closing Balance at 31 December 2012	3	-	3

The notes on pages 12 to 17 form part of these financial statements

1. Accounting Policies

The main accounting policies of the Company are described below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss. There were no financial assets or financial liabilities held at fair value through profit or loss during the period.

The presentation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

During the period, there were no significant estimate or assumptions that affect the balances reported.

(a) *Standards, amendments and interpretations effective on 1 January 2012:*

No new and revised standards and interpretations have been adopted in the current period which may have affected these financial statements. Details of other standards and interpretations adopted that have had no effect on these financial statements are set out in section (b).

(b) *Standards, amendments and interpretations effective on 1 January 2012 but not relevant to the Company:*

- Amendments to IFRS 7 "Disclosures – Transfers of Financial Assets"
- Amendments to IAS 12 "Income Taxes"

(c) *Standards, amendments and interpretations that are in issue but not yet effective:*

- IFRS 9 "Financial Instruments" (effective 1 January 2015)
- IFRS 13 "Fair Value Measurement" (effective 1 January 2013)
- Amendments to IFRS 7 "Financial Instruments: Disclosures" (effective 1 January 2013)
- Amendments to IAS 1 "Presentation of Financial Statements" (effective 1 July 2012)
- Amendments to IAS 32 "Financial Instruments: Presentation" (effective 1 January 2014)
- Various improvements to IFRSs issued in 2011 (effective 1 January 2013)

The directors anticipate that the adoption of these standards in future periods will have no material financial impact; however the amendments may change the presentation of the financial statements. The directors have considered other new and revised standards and they believe that they are not relevant to the Company's activities.

1. Accounting Policies - continued

Going Concern

Upon the future issuance of securities, Equity Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Equity Securities will coincide with the termination of an equal amount of Equity Contracts, no liquidity risk will arise.

All expenses and liabilities of the Company are met by ManJer; therefore the directors consider the Company to be a going concern and have prepared the financial statements on this basis.

Equity Securities and Contracts

i) Issuance and Redemption

The Company has entered into a Facility Agreement with Société Génerale to permit the Company to purchase and redeem Equity Contracts at prices equivalent to Equity Securities issued or redeemed on the same day. Each time an Equity Security is issued or redeemed by the Company a matching number and value of Equity Contracts are purchased or redeemed from Société Générale. The Equity Contracts represent financial assets of the Company and the Equity Securities give rise to financial liabilities.

Financial assets and liabilities will be recognised and de-recognised on the trade date.

ii) Pricing

The Equity Contracts and Equity Securities are priced using the product of the relevant indices published by the relevant Equity Index Sponsor, a Multiplier calculated by the Company and agreed with Société Générale and the Adjustment Factor. The multiplier takes into account the daily accrual of the Administration Allowance, the Licence Allowance and the Swap Spread and Collateral Cost payable to the Equity Contract Counterparty. The Adjustment Factor will only be relevant in specific circumstances as outlined in the prospectus.

iii) Designation at fair value through Profit or Loss

Each Equity Security and Equity Contract shall comprise a financial instrument whose redemption price will be linked directly to the price of the underlying Equity Index on a one-to-one basis.

These instruments are designated at fair value through the profit or loss upon initial recognition. This is in order to eliminate a measurement mismatch enabling gains or losses on both the Equity Security and Equity Contract to be recorded in the statement of comprehensive income.

Equity Contracts and Securities Awaiting Settlement

The issue or redemption of Equity Securities, and the purchase or sale of Equity Contracts, is accounted for on trade date ("T"). Where settlement pricing is applied, the trade will not settle until T+3. Where trades are awaiting settlement at the period end, the monetary amount due to be settled is separately disclosed within the relevant assets and liabilities on the statement of financial position.

Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

Fees received for the issue and redemption of securities are recognised at the date on which the transaction becomes legally binding. All other income and expenses are recognised on an accruals basis.

1. Accounting Policies - continued

Interest Income

Interest income is recognised on an accruals basis.

Loans and Receivables

The loans and receivables are non-derivative financial assets with a fixed payment amount and are not quoted in an active market. After initial measurement the loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses on loans and receivables which are impaired are recognised immediately in the statement of comprehensive income.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the debt instrument (or where appropriate a shorter period) to the net amount initially recognised. Future cash receipts include all fees and amounts paid or received that form an integral part of the transaction, transaction costs and other premiums or discounts.

Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with banks.

Foreign Currency Translation

The presentational and functional currencies of the Company are both US Dollars ("USD").

Monetary assets and liabilities denominated in foreign currencies at the period end date are translated at rates ruling at that date. Creation and Redemption fees are translated at the average rate for the quarter in which they are incurred. The resulting differences are accounted for in the statement of comprehensive income.

Segmental Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company reports information on its operations for each of the Company's business segments only, as the Company only has one geographic segment which is the UK and Europe. The directors believe that each type of Equity Security – Short and Leveraged – comprises a segment. There is no separate disclosure of results by segment as there have been no operations in the period ended 31 December 2012.

2. Operating Result

Operating result for the period comprised:

	Period from 6 December 2012 to 31 December 2012 USD
Creation and Redemption Fees	-
Administration Allowance	-
Licence Allowance	-
Total Revenue	-
Administration Allowance to ManJer	-
Total operating expenses	
Operating Result	-

Audit fees for the period of GBP 5,000 will be met by ManJer.

3. Directors' Remuneration

No Directors' fees have been incurred or paid by Company during the period.

4. Taxation

Profits arising in the Company are subject to tax at the rate of zero per cent.

5. Employee Benefits

The Company has no employees and has paid no remuneration or benefits during the period in respect of employees.

6. Trade and Other Receivables

	As at 31 December 2012 USD
Stated Capital	3

7. Stated Capital

	As at 31 December 2012 USD
2 Shares of No Par Value, Issued at GBP 1 Each	3

The Company has an unlimited capital of no par value shares.

All shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All shares are held by ETFS Holdings (Jersey) Limited ("HoldCo").

8. Related Party Disclosures

The immediate parent company is HoldCo, a Jersey registered company. The ultimate controlling party is Graham J Tuckwell through his shareholding in ETFSL. ETFSL is the parent company of HoldCo.

As at 31 December 2012, USD 3 is receivable from HoldCo.

Entities and individuals which have a significant influence over the Company either through the ownership of HoldCo shares, or by virtue of being a director of the Company are related parties.

Graeme D Ross and Craig A Stewart are directors of R&H Fund Services (Jersey) Limited ("R&H"), the administrator.

Graham J Tuckwell is also a director of ETFSL, ManJer and HoldCo.

Joseph L Roxburgh is also a director of ManJer and HoldCo.

9. Financial Risk Management

The Company will be exposed to a number of risks arising from its activities. The risk management policies employed by the Company to manage these are discussed below.

(a) Market Risk

The Company's liability in respect of the Equity Securities issued will be related to the index price by reference to the futures market as quoted on the relevant futures exchanges and will be managed by the Company by entering into Equity Contracts with Société Générale which exactly match the liability created by the issue of Equity Securities. The Company, therefore, will bear no financial risk from a change in the price of Equity by reference to the futures price.

However there is an inherent risk from the point of view of investors as the price of indices, and thus the value of the Equity Securities, may vary widely. The market price of Equity Securities is a function of supply and demand amongst investors wishing to buy and sell Equity Securities and the bid-offer spread that the market makers are willing to quote.

(b) Credit Risk

The value of Equity Securities and the ability of the Company to repay the redemption price is dependent on the receipt of such amount from Société Générale and may be affected by the credit rating attached to Société Générale.

The obligations of Société Générale under the Equity Contracts rank only as an unsecured claim against Société Générale. To cover the credit risk under the Equity Contracts, Société Générale will be required to place an equivalent amount of collateral into a pledge account with The Bank of New York Mellon based on the total outstanding value of the Equity Contracts two business days before. In the event of default by Société Générale, the Company has rights over the amounts placed in this pledge account.

(c) Liquidity Risk

Generally, there is no liquidity risk to the Company because the maturity profile of the Equity Securities and Equity Contracts will be exactly matched. Therefore, the Company will not have to wait for a longer-term contract to mature in order to pay its debts to ex-security holders.

(d) Sensitivity Analysis

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed to at the reporting date, showing how comprehensive income and shareholders equity would have been affected by a reasonably possible change to the relevant risk variable.

There have been no operations in the period from 6 December 2012 to 31 December 2012; therefore no sensitivity analysis is required.

9. Financial Risk Management - continued

(e) Capital Management

The Company's principal activity will be the listing and issuing of Equity Securities. These securities will be issued as demand requires. The Company will hold a corresponding amount of Equity Contracts which exactly matches the total securities issued. ManJer will supply and arrange for the supply of all administrative services to the Company and will pay all management and administration costs of the Company, in return for which the Company will pay ManJer a fee equal to the Administration Allowance and Creation and Redemption Fees charged to the Equity Securities. The Company is not subject to any capital requirements imposed by a regulator and there were no changes in the Company approach to capital management during the period.

As all Equity Securities on issue will be supported by an equivalent amount of Equity Contracts held by Société Générale and the running costs of the Company will be paid by ManJer, the directors of the Company consider the capital management and its current capital resources are adequate.

(f) Settlement Risk

The directors believe that settlement risk would only be caused by the risk of the Company's trading counterparty not delivering cash or securities on the settlement date. The directors feel that this risk is mitigated as a result of the cash or securities settling through the registrar's CREST system. The system ensures that the transaction does not settle until both parties have fulfilled their sides of the bargain.

(g) Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 – fair value based on quoted prices in active markets for identical assets
- Level 2 – fair values based on valuation techniques using observable inputs other than quoted prices within level 1
- Level 3 – fair values based on valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

Whilst the Equity Securities will be quoted on the open market, the Company's liability will relate to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices will be based on an agreed formula, and will be equal to the published NAV's of each class of Equity Security. Therefore, Equity Securities and Equity Contracts will be classified as level 2 financial liabilities and financial assets respectively, as the Company's asset and liability will be calculated using third party pricing sources supported by observable, verifiable inputs.

	Fair Value 2012
Level 2	**USD**
Equity Contracts	-
Equity Securities	-

There are no assets or liabilities classified in levels 1 or 3. There were no reclassifications between levels during the period.

10. Ultimate Controlling Party

The ultimate controlling party is Graham J Tuckwell, through his majority shareholding in ETFSL.

ETFS EQUITY SECURITIES LIMITED

Registered No: 112019

Report and Financial Statements for the
Year ended 31 December 2013

ETFS EQUITY SECURITIES LIMITED

CONTENTS

ETFS EQUITY SECURITIES LIMITED

MANAGEMENT AND ADMINISTRATION

Directors
Mr Graham J Tuckwell – Chairman
Mr Joseph L Roxburgh
Mr Graeme D Ross

Registered Office
Ordnance House
PO Box 83
31 Pier Road
St Helier
Jersey, JE4 8PW

Company Secretary
R&H Fund Services (Jersey) Limited
Ordnance House
PO Box 83
31 Pier Road
St Helier
Jersey, JE4 8PW

Administrator
ETFS Management Company (Jersey) Limited
Ordnance House
PO Box 83
31 Pier Road
St Helier
Jersey, JE4 8PW

Trustee
The Law Debenture Trust Corporation plc
Fifth Floor
100 Wood Street
London, EC2V 7EX

Registrar
Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey, JE1 1ES

Jersey Legal Advisers
Mourant Ozannes
22 Grenville Street
St Helier
Jersey, JE4 8PX

English Legal Advisers
Reed Smith LLP
The Broadgate Tower
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London, EC2 7EX

Auditor
Deloitte LLP
Lord Coutanche House
66-68 Esplanade
St Helier
Jersey, JE4 8WA

ETFS EQUITY SECURITIES LIMITED

DIRECTORS' REPORT

The directors of ETFS Equity Securities Limited ("ESL" or the "Company") submit herewith the annual report and financial statements of the Company for the year ended 31 December 2013.

Directors

The names and particulars of the directors of the Company during and since the end of the financial year are:

Mr Graham J Tuckwell - Chairman	
Mr Graeme D Ross	
Mr Craig A Stewart	(resigned 8 November 2013)
Mr Joseph L Roxburgh	(appointed 25 March 2013)

Directors' Interests

The following table sets out the only director's interests in Ordinary shares as at the date of this report:

Director	***Ordinary Shares of Nil Par Value***
Graham J Tuckwell (as controlling party of ETF Securities Limited ("ETFSL"))	2

Principal Activities

The Company's principal activity will be the listing and issuing of Short Equity Securities and Leveraged Equity Securities ("Equity Securities), which allow investors to gain exposure to movements in various indices (each an "Equity Index") calculated by different index providers. Two types of Securities will be issued; Short Equity Securities track Short Equity Indices and Leveraged Equity Securities Track Leveraged Equity Indices. The Company will earn an administration allowance (the "Administration Allowance") and licence allowance (the "Licence Allowance") based upon the number of Equity Securities in issue. These fees are expressed as an annual percentage, will be calculated on a daily basis and reflected in the Net Asset Value ("NAV") of the securities on a daily basis, and paid monthly in arrears.

Equity Securities are backed by derivative contracts ("Equity Contracts") which reference the relevant index, with terms corresponding to the terms of the Equity Securities. The Equity Contracts are derivative contracts which provide the Issuer with matching exposure to movements in Equity Indices without the requirement to purchase equities or to trade in equity futures contracts.

Each time Equity Securities are issued or redeemed, matching Equity Contracts between the Company and an Equity Contract Counterparty will be created or cancelled by the Company. The Company has entered into a Facility Agreement with Société Générale, its Equity Contract Counterparty, enabling the Company to create and cancel Equity Contracts on an on-going basis.

The Company has entered into a service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), whereby ManJer is responsible for advisory or consultancy services required by the Company, including advertising and all costs relating to the listing and issuance of securities as borne by ManJer. In return for these services, the Company will pay ManJer an amount equal to the Administration Allowance levied by the Company on the Equity Securities in issue and the Creation and Redemption Fees and Application and Redemption Costs. No Administration Allowance was incurred or paid to ManJer during the year.

Review of Operations

The Company was incorporated on 6 December 2012.

The Company recognises its financial assets (Equity Contracts) and financial liabilities (Equity Securities) at fair value in the statement of financial position. As at 31 December 2013, the Company had no Equity Securities or Equity Contracts in issue.

During the year, the Company generated no income from Creation and Redemption Fees or an Administration Allowance.

Under the terms of the Service Agreement with ManJer, the Company is required to accrue expenses equal to the Administration Allowance, Licence Allowance, Creation and Redemptions Fees and the Application and Redemption Costs, which, after taking into account other operating income and expenses, resulted in an operating profit of:

	2013 USD	2012 USD
Operating Result for the Year / Period	-	-

The gain or loss on the valuation of Equity Securities and Equity Contracts is recognised in the statement of profit or loss and other comprehensive income in line with the Company's accounting policy, these gains or losses offset each other.

The Company's exposure to risk is discussed in note 9 to the financial statements.

Country and Currency Risk

The directors do not consider the Company to have an exposure to risk relating to country and currency risk arising from the current economic uncertainties facing a number of countries around the world.

Each Security comprises a debt instrument whose redemption price is linked directly to the price of the relevant underlying index. The Securities will be issued under limited recourse arrangements whereby the holders will have recourse only to the value of the Equity Contracts and not to the Company. In addition, since any such price movements are wholly attributable to the Security holders, the Company will have no residual exposure to price movements of the Equity Contracts. From a commercial perspective the gains or losses on the liability represented by the Securities are matched economically by losses or gains attributable to the Equity Contracts.

Movements in the price of the underlying index, and thus the value of the Securities, may vary widely which could have an impact on the demand for the Securities issued by the Company.

Future Developments

The board of directors (the "board") are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

The Company intends to initially issue the following number of classes, in aggregate, of Equity Securities to be listed on the following exchanges:

Security	London Stock Exchange	Deutsche Börse	Borsa Italiana
Short Equity Securities	1	2	5
Leveraged Equity Securities	1	2	5
Total Equity Securities	2	4	10

Dividends

There were no dividends declared or paid in the current year or previous period. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Employees

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

Auditor

A resolution to reappoint Deloitte LLP as the auditor of the Company will be proposed at the next meeting of the directors.

Corporate Governance

There is no standard code of corporate governance in Jersey. The operations, as previously described in the directors' report, are such that the directors do not consider the Company is required to voluntarily apply the UK Corporate Governance Code.

As the board of directors (the "board") is small there is no Nomination Committee and appointments of new directors are considered by the board as a whole. The board does not consider it appropriate that directors should be appointed for a specific term. Furthermore the structure of the board is such that it is considered unnecessary to identify a senior non-executive director.

The constitution of the board is disclosed above. The directors are either members of the board of the ultimate parent company, ETFSL, employees within the ETFSL group or members of the board of the Company's Administrator, R&H Fund Services (Jersey) Limited, and will continue to have such a composition of directors beyond the next meeting of the directors.

The board meet as is required by the operations of the Company, but at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review.

Directors' Remuneration

No director has a service contract with the Company.

Internal Control

During the year the Company did not have any employees or subsidiaries, and there is no intention that this will change. The Company, being a special purpose company established for the purpose of issuing Equity Securities, has not undertaken any business, save for entering into the documents and performing the obligations and exercising its rights in relation to the issuance and redemption of Equity Securities, since its incorporation. The Company does not intend to undertake any business other than issuing and redeeming Equity Securities and performing the obligations and exercising its rights in relation thereto.

The Company is dependent upon ManJer to provide management and administration services to it. ManJer is licensed under the Financial Services (Jersey) Law 1998 to conduct classes U, V and Z of Fund Services Business to conduct the regulated activities. ManJer has outsourced the administration services to a regulated service provider in Jersey, R&H Fund Services (Jersey) Limited ("R&H"). Documented contractual arrangements are in place with the Manager and the Administrator which define the areas where the authority is delegated to them. The performance of the Manager and Administrator are reviewed on an on-going basis by the board of the ultimate parent company, ETFSL, through their review of periodic reports and quarterly management accounts of the Company.

ManJer promotes and provides management and other services to both the Company and other companies issuing commodity based and other securities.

Internal Control (continued)

The board, having reviewed the effectiveness of the internal control systems of ManJer and R&H, and having a regard to the role of its external auditor, does not consider that there is a need for the Company to establish its own internal audit function.

Audit Committee

The board has not established a separate audit committee; instead the board meets to consider the financial reporting by the Company, the internal controls, and relations with the external auditor. In addition the board reviews the independence and objectivity of the auditor.

Graeme Ross.

Mr Graeme D Ross
Director
Jersey
25 February 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Graeme Ross

Mr Graeme D Ross
Director

25 February 2014

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of ETFS Equity Securities Limited for the year ended 31 December 2013 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrew Isham, BA, FCA
For and on behalf of Deloitte LLP
Chartered Accountants
St. Helier, Jersey

26 February 2014

ETFS EQUITY SECURITIES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December 2013 USD	Period from 6 December 2012 to 31 December 2012 USD
Revenue	3	-	-
Expenses	3	-	-
Operating result	3	-	-
Net Gain/(Loss) Arising on Contractual and Fair Value of Equity Contracts		-	-
Net (Loss)/Gain Arising on Fair Value of Equity Securities		-	-
Result and Total Comprehensive Income for the Year/Period		-	-

The directors consider the Company's activities to be continuing.

The notes on pages 12 to 19 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2013 USD	As at 31 December 2012 USD
Current Assets			
Trade and Other Receivables	7	3	3
Total Assets		3	3
Equity			
Stated Capital	8	3	3
Total Equity		3	3

The financial statements on pages 8 to 19 were approved by the board of directors and signed on its behalf on 25 February 2014.

Graeme Ross.

Mr Graeme D Ross
Director

The notes on pages 12 to 19 form part of these financial statements

ETFS EQUITY SECURITIES LIMITED

STATEMENT OF CASH FLOWS

	Year ended 31 December 2013 USD	Period from 6 December 2012 to 31 December 2012 USD
Operating Result for the Year/Period	-	-
Net Decrease in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the Beginning of the Year/Period	-	-
Net Decrease in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at the End of the Year/Period	-	-

The notes on pages 12 to 19 form part of these financial statements

ETFS EQUITY SECURITIES LIMITED

STATEMENT OF CHANGES IN EQUITY

	Stated Capital USD	Retained Earnings USD	Total Equity USD
Opening Balance at 6 December 2012	-	-	-
Shares Issued	3	-	3
Closing Balance at 31 December 2012	3	-	3
Opening Balance at 1 January 2013	3	-	3
Total Comprehensive Income for the Year	-	-	-
Balance at 31 December 2013	3	-	3

The notes on pages 12 to 19 form part of these financial statements

1. General Information

ETFS Equity Securities Limited (the "Company") is a company incorporated in Jersey. The address of the registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW.

The ETF Securities Group, of which the Company is a part, specialises in the development and issuance of Exchange Traded Products ("ETPs"). ETPs are transparent securities designed to ensure the price of the securities issued tracks the net asset value of the underlying commodity, index or currency while providing market liquidity for the investor.

The purpose of the Company is to provide a vehicle that permits trading of the Equity Securities, not to make gains from trading in the underlying assets themselves. The Securities are issued under limited recourse arrangements whereby the Company has no residual exposure to price movements of the underlying assets, therefore gains and losses recognised in respect of Equity Contracts held will always be offset by an equal and opposite loss or gain on the Equity Securities. Further details regarding the risks of the Company are disclosed in note 10.

ETPs typically are not actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors. No trading or management of futures contracts is required of the Company because the Company has entered into arrangements to acquire an equivalent asset exposure to the underlying assets from a third party which fully hedges the exposure of the Company.

The Company is entitled to:

(1) management and licence fees which are calculated by applying a fixed percentage to the market value of debt securities in issue on a daily basis (according to each Security prospectus); and
(2) creation and redemption fees on the issue and redemption of the securities.

No management and licence fees, nor creation and redemption fees are payable when investors trade in the Securities on a listed market such as the London Stock Exchange.

The Company has entered into a service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), whereby ManJer is responsible for advisory or consultancy services required by the Company, including advertising and all costs relating to the listing and issuance of securities. In return for these services, the Company pays ManJer an amount equal to the Management Fee charge levied by the Company on the Equity Securities in issue and the Creation and Redemption Fees. As a result there are no profits or losses recognised through the Company.

2. Accounting Policies

The main accounting policies of the Company are described below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss. There were no financial assets or financial liabilities held at fair value through profit or loss during the period.

The presentation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

During the period, there were no significant estimates or assumptions that affect the balances reported.

2. Accounting Policies (continued)

Accounting Standards

(a) *Standards, amendments and interpretations effective on 1 January 2013:*

The following new and revised Standards and Interpretations have been adopted in the current year which may have affected these financial statements. Details of other Standards and Interpretations adopted that have had no effect on these financial statements are set out in section (b).

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

In general the disclosure requirements in IFRS 13 are more extensive than those previously required, and include more detailed quantitative and qualitative disclosures based on the three-level fair value hierarchy covering all assets and liabilities within its scope.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories:

a) items that will not be reclassified subsequently to profit or loss; and
b) items that will be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1 the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'

The presentation of items of other comprehensive income has been modified accordingly.

(b) *Standards, amendments and interpretations effective on 1 January 2013 but not relevant to the Company during the period:*

- Amendments to IFRS 7 Financial Instruments: Disclosures
- Amendments to IAS 32 Financial Instruments: Presentation
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (as revised in 2011) Separate Financial Statements
- IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures
- Amendments to IFRS 10 Consolidated Financial Statements
- Amendments to IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 Consolidated and Separate Financial Statements
- Amendments to IFRS 11 (Joint Arrangements)
- Amendments to IAS 1 Presentation of Financial Statements
- IAS 19 (as revised in 2011) Employee Benefits
- Amendments to IAS 16 Property, Plant and Equipment issued as part of the annual improvements to IFRSs issued in 2009 – 2011

2. Accounting Policies (continued)

Accounting Standards (continued)

(b) *Standards, amendments and interpretations effective on 1 January 2013 but not relevant to the Company during the period (continued):*

- Amendments to IAS 32 Financial Instruments: Presentation issued as part of the annual improvements to IFRSs issued in 2009 – 2011
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

(c) *Standards, amendments and interpretations that are in issue but not yet effective:*

The Company has not adopted the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 Financial Instruments (as amended in 2009)
- IFRS 9 Financial Instruments (as amended in 2010)
- IFRS 9 Financial Instruments (as amended in 2013) (hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
- Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014)
- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014)
- IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014
- Annual Improvements to IFRS (effective for annual periods beginning on or after 1 July 2014)
- IFRIC 21 Levies (effective for annual periods beginning on or after 1 January 2014)

The directors do not expect the adoption of the standards, amendments and interpretations that are in issue but not yet effective listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The directors have considered other standards and interpretations in issue but not effective and concluded that they would not have a material impact on the future financial periods when they become available.

Going Concern

Upon the future issuance of securities, Equity Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Equity Securities will coincide with the termination of an equal amount of Equity Contracts, no liquidity risk will arise.

All expenses and liabilities of the Company will be met by ManJer; therefore the directors consider the Company to be a going concern and have prepared the financial statements on this basis.

Equity Securities and Contracts

i) Issuance and Redemption

The Company has entered into a Facility Agreement with Société Générale to permit the Company to purchase and redeem Equity Contracts at prices equivalent to Equity Securities issued or redeemed on the same day. Each time an Equity Security is issued or redeemed by the Company a matching number and value of Equity Contracts will be purchased or redeemed from Société Générale. The Equity Contracts represent financial assets of the Company and the Equity Securities give rise to financial liabilities.

Financial assets and liabilities will be recognised and de-recognised on the trade date.

2. Accounting Policies (continued)

Equity Securities and Contracts (continued)

ii) Pricing

The Equity Contracts will be priced using the product of the relevant indices published by the relevant Equity Index Sponsor, a Multiplier calculated by the Company and agreed with Société Générale and the Adjustment Factor. The multiplier takes into account the daily accrual of the Administration Allowance, the Licence Allowance and the Swap Spread and Collateral Cost payable to the Equity Contract Counterparty. The Adjustment Factor will only be relevant in specific circumstances as outlined in the prospectus.

The Equity Securities will be priced using the mid market price on the statement of financial position date taken just before the final close of the market. IFRS 13 requires the Company to utilise the available market price as the Equity Securities will be quoted on the open market. Consequently differences arising in the pricing of Equity Securities will be included in the statement of financial position and the statement of profit or loss and total comprehensive income in order to fair value the liability.

iii) Designation at fair value through Profit or Loss

Each Equity Security and Equity Contract shall comprise a financial instrument whose redemption price will be linked directly to the price of the underlying Equity Index on a one-to-one basis.

These instruments will be designated at fair value through the profit or loss upon initial recognition. This is in order to eliminate a measurement mismatch enabling gains or losses on both the Equity Security and Equity Contract to be recorded in the statement of profit or loss and other comprehensive income.

Equity Contracts and Securities Awaiting Settlement

The issue or redemption of Equity Securities, and the purchase or sale of Equity Contracts, is accounted for on trade date ("T"). Where settlement pricing is applied, the trade will not settle until T+3. Where trades are awaiting settlement at the period end, the monetary amount due to be settled is separately disclosed within the relevant assets and liabilities on the statement of financial position.

Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

Fees received for the issue and redemption of securities will be recognised at the date on which the transaction becomes legally binding. All other income and expenses will be recognised on an accruals basis.

Interest Income

Interest income is recognised on an accruals basis.

Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with banks.

2. Accounting Policies (continued)

Loans and Receivables

The loans and receivables are non-derivative financial assets with a fixed payment amount and are not quoted in an active market. After initial measurement the loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses on loans and receivables which are impaired are recognised immediately through profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the debt instrument (or where appropriate a shorter period) to the net amount initially recognised. Future cash receipts include all fees and amounts paid or received that form an integral part of the transaction, transaction costs and other premiums or discounts.

Foreign Currency Translation

The presentational and functional currencies of the Company are both US Dollars ("USD").

Monetary assets and liabilities denominated in foreign currencies at the period end date will be translated at rates ruling at that date. Creation and Redemption fees will be translated at the average rate for the quarter in which they will be incurred. The resulting differences will be accounted for through profit or loss.

Segmental Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company reports information on its operations for each of the Company's business segments only, as the Company only has one geographic segment which is the UK and Europe. The directors believe that each type of Equity Security – Short and Leveraged – comprises a segment. There is no separate disclosure of results by segment as there have been no operations in the period ended 31 December 2013.

3. Operating Result

Operating result for the year / period comprised:

	Year ended 31 December 2013 USD	Period from 6 December 2012 to 31 December 2012 USD
Creation and Redemption Fees	-	-
Administration Allowance	-	-
Licence Allowance	-	-
Total Revenue	-	-
Administration Allowance to ManJer	-	-
Total operating expenses		
Operating Result	-	-

Audit fees for the year of GBP 5,000 will be met by ManJer (2012: GBP 5,000).

4. Directors' Remuneration

No Directors' fees have been incurred or paid by Company during the year.

5. Taxation

The Company is subject to Jersey Income Tax. The Jersey Income Tax rate for the foreseeable future is zero percent.

6. Employee Benefits

The Company has no employees and has paid no remuneration or benefits during the year in respect of employees.

7. Trade and Other Receivables

	As at 31 December 2013	As at 31 December 2012
	USD	USD
Stated Capital	3	3

8. Stated Capital

	As at 31 December 2012	As at 31 December 2012
	USD	USD
2 Shares of No Par Value, Issued at GBP 1 Each	3	3

The Company has an unlimited capital of no par value shares.

All shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All shares are held by ETFS Holdings (Jersey) Limited ("HoldCo").

9. Related Party Disclosures

The immediate parent company is HoldCo, a Jersey registered company. The ultimate controlling party is Graham J Tuckwell through his shareholding in ETFSL. ETFSL is the parent company of HoldCo.

As at 31 December 2013, USD 3 is receivable from HoldCo.

Entities and individuals which have a significant influence over the Company either through the ownership of HoldCo shares, or by virtue of being a director of the Company are related parties.

Graeme D Ross and Craig A Stewart are directors of R&H Fund Services (Jersey) Limited ("R&H"), the administrator.

Graham J Tuckwell is also a director of ETFSL, ManJer and HoldCo.

Joseph L Roxburgh is also a director of ManJer and HoldCo.

10. Financial Risk Management

The Company will be exposed to a number of risks arising from its activities. The risk management policies employed by the Company to manage these are discussed below.

(a) Credit Risk

The value of Equity Securities and the ability of the Company to repay the redemption price is dependent on the receipt of such amount from Société Générale and may be affected by the credit rating attached to Société Générale.

The obligations of Société Générale under the Equity Contracts rank only as an unsecured claim against Société Générale. To cover the credit risk under the Equity Contracts, Société Générale will be required to place an equivalent amount of collateral into a pledge account with the Bank of New York Mellon (Luxemburg) S.A. based on the total outstanding value of the Equity Contracts two business days before. In the event of default by Société Générale, the Company has rights over the amounts placed in this pledge account.

(b) Liquidity Risk

Generally, there is no liquidity risk to the Company because the maturity profile of the Equity Securities and Equity Contracts will be exactly matched. Therefore, the Company will not have to wait for a longer-term contract to mature in order to pay its debts to ex-security holders.

(c) Settlement Risk

The directors believe that settlement risk would only be caused by the risk of the Company's trading counterparty not delivering cash or securities on the settlement date. The directors feel that this risk is mitigated as a result of the cash or securities settling through the registrar's CREST system. The system ensures that the transaction does not settle until both parties have fulfilled their sides of the bargain.

(d) Sensitivity Analysis

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed to at the reporting date, showing how comprehensive income and shareholders' equity would have been affected by a reasonably possible change to the relevant risk variable.

There have been no operations in the year ended 31 December 2013, and there was no market exposure at 31 December 2013; therefore no sensitivity analysis is required.

(e) Capital Management

The Company's principal activity will be the listing and issuing of Equity Securities. These securities will be issued as demand requires. The Company will hold a corresponding amount of Equity Contracts which exactly matches the total securities issued. ManJer will supply and arrange for the supply of all administrative services to the Company and will pay all management and administration costs of the Company, in return for which the Company will pay ManJer a fee equal to the Administration Allowance and Creation and Redemption Fees charged to the Equity Securities. The Company is not subject to any capital requirements imposed by a regulator and there were no changes in the Company approach to capital management during the period.

As all Equity Securities on issue will be supported by an equivalent amount of Equity Contracts held by Société Générale and the running costs of the Company will be paid by ManJer, the directors of the Company consider the capital management and its current capital resources are adequate.

10. Financial Risk Management (continued)

(f) Market Risk

The Company's liability in respect of the Equity Securities issued will be related to the index price by reference to the futures market as quoted on the relevant futures exchanges and will be managed by the Company by entering into Equity Contracts with Société Générale which exactly match the liability created by the issue of Equity Securities. The Company, therefore, will bear no financial risk from a change in the price of Equity by reference to the futures price.

However there is an inherent risk from the point of view of investors as the price of indices, and thus the value of the Equity Securities, may vary widely. The market price of Equity Securities is a function of supply and demand amongst investors wishing to buy and sell Equity Securities and the bid-offer spread that the market makers are willing to quote.

(g) Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 – fair value based on quoted prices in active markets for identical assets.
- Level 2 – fair values based on valuation techniques using observable inputs other than quoted prices within level 1.
- Level 3 – fair values based on valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The Company's liability in respect of Equity Securities relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula, and are equal to the published NAVs of each class of Equity Security. In applying IFRS 13, the Company must utilise the available market price as the Equity Securities will be quoted on the open market. As a result the Equity Securities will be reclassified as Level 1 financial liabilities.

The Company's rights in respect of Equity Contracts relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula, and are equal to the published NAVs of each class of Equity Security. Therefore, Equity Contracts are classified as level 2 financial assets, as the Company's asset is calculated using third party pricing sources supported by observable, verifiable inputs.

	Fair Value	
	2013	2012
Level 1	USD	USD
Equity Securities (Liabilities)	-	-
Level 2	USD	USD
Equity Contracts (Assets)	-	-

There are no assets or liabilities classified in level 3. There were no reclassifications between levels during the period.

11. Ultimate Controlling Party

The ultimate controlling party is Graham J Tuckwell, through his majority shareholding in ETFSL.