



"Bringing Exchange Traded Commodities to the World's Stock Exchanges"

ETFS Commodity Securities Limited

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 90959)

Prospectus for the issue of

ETFS Short Commodity Securities

and

ETFS Leveraged Commodity Securities

Supplementary prospectus

Any prospective investor intending to acquire or acquiring any Short or Leveraged Commodity Securities from any Authorised Participant or other person (an **"Offeror"**) should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 (**"FSMA"**), the Issuer may be responsible to the prospective investor for the Prospectus and this document (the **"Supplemental Prospectus"**) under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the prospective investor. Each prospective investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised by the Issuer, the prospective investor should check with the Offeror whether anyone is responsible for the Prospectus and this Supplemental Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the prospective investor is in any doubt about whether it can rely on the Prospectus and this Supplemental Prospectus and/or who is responsible for their contents, it should take legal advice.

A prospective investor intending to acquire or acquiring any Short or Leveraged Commodity Securities from an Offeror will do so, and offers and sales of the Short or Leveraged Commodity Securities to a prospective investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such prospective investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with prospective investors (other than with Authorised Participants) in connection with the offer or sale of the Short or Leveraged Commodity Securities and, accordingly, the Prospectus and this Supplemental Prospectus do not and any Pricing Supplement will not contain such information and any prospective investor must obtain such information from the Offeror.

This Supplemental Prospectus, which comprises a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **"FSMA"**) and Article 16 of Directive 2003/71/EC, should be read in conjunction with the prospectus (the **"Prospectus"**) of the Issuer dated 9 February 2009. Terms used in this document, unless otherwise stated, bear the meanings set out under the heading **"Definitions"** or, if not defined thereunder, bear the same meanings as in the Prospectus.

This document has been filed with the Financial Services Authority (the **"FSA"**) and made available to the public in accordance with Rule PR 3.2 of the Prospectus Rules and Articles 14 and 16 of the Prospectus Directive. This document has been approved as a supplementary prospectus by the FSA under Section 87A of the FSMA and Articles 13 and 16 of the Prospectus Directive.

ETFS Commodity Securities Limited (the **"Issuer"**) has established a programme under which ETFS Short and Leveraged Commodity Securities may be issued from time to time. The Issuer reserves the right to increase the number and classes of Short and Leveraged Commodity Securities that may be issued, and to issue Short and Leveraged Commodity Securities as ETFS Short Individual Securities, ETFS Short Index Securities, ETFS Leveraged Individual Securities and ETFS Leveraged Index Securities in any proportions.

Any person who has agreed with an Offeror to buy or subscribe for Short and Leveraged Commodity Securities prior to publication of this document may, in accordance with section 87Q(4) of the FSMA, withdraw his acceptance before the end of two working days beginning with the first working date after the date of publication of this document. Accordingly, any such person wishing to exercise the statutory withdrawal rights contained in section 87Q of FSMA must do so by lodging a written notice of withdrawal with the appropriate Offeror at its registered office or principal place of business during normal business hours (or by any other means as may be agreed with the appropriate Offeror) so as to be received no later than 13 August 2009. Notice of withdrawal which is deposited or received after such date will not constitute a valid withdrawal.

The purpose of this Supplemental Prospectus is to provide information in connection with (i) changes to the Commodity Indices following the acquisition by UBS of AIG-FP's commodity index business; (ii) consequential changes to the terms of the Short and Leveraged Commodity Securities; (iii) the appointment of UBS as a Commodity Contract Counterparty; (iv) the assumption by UBS (in place of AIG-FP) of obligations identical in their terms to all Commodity Contracts and Creation Obligations in existence on the Effective Date; and (v) further changes to the Conditions.

An investment in Short and Leveraged Commodity Securities involves a significant degree of risk. In addition to the other information contained in this document and the Prospectus, the risk factors contained in the sections headed "Risk Factors" in this Supplemental Prospectus and the Prospectus should be carefully considered by prospective investors before deciding whether to invest in Short or Leveraged Commodity Securities. It should be remembered that the price of securities can go down as well as up.

Short and Leveraged Commodity Securities are intended for professional or institutional investors. Short and Leveraged Commodity Securities are not intended for anyone else.

The Issuer accepts responsibility for the information contained in this Supplemental Prospectus. 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 Supplemental Prospectus is in accordance with the facts and does not omit anything likely to affect the import of the information.

The previous paragraph should be read in conjunction with the first paragraph on the first page of this Supplemental Prospectus.

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DEFINITIONS

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

“Authorised Person”	means a person authorised for the purposes of the FSMA
“Combined Novation Consideration”	means the aggregate of the novation consideration payable by AIG-FP to UBS under the Classic and Forward Novation Agreement and the Novation Consideration
“Classic and Forward Novation Agreement”	means the agreement entitled “Novation Agreement in relation to Commodity Contracts created pursuant to a Facility Agreement dated 21 September 2006 as amended and restated” dated 1 July 2009, made between the Issuer, AIG-FP, UBS and the Trustee and as amended by the Novation Agreement Amendment Agreement
“Creation Obligation”	means an obligation in respect of a Commodity Contract in respect of which a valid Creation Notice has been given in accordance with the AIG-FP Facility Agreement but in respect of which a Payment Date has not occurred on or prior to the Effective Date
“Effective Date”	means (unless postponed in accordance with the Novation Agreement or UBS or the Issuer gives notice under the Novation Agreement that the transactions contemplated thereunder shall not become effective) 12 August 2009, being the date determined as such in accordance with the notice given by the Issuer on 5 August 2009
“Effective Time”	means the time on the Effective Date at which CSL, UBS and AIG-FP deliver instructions to the Securities Intermediary instructing the Securities Intermediary, <i>inter alia</i> , to transfer the Combined Novation Consideration to UBS’ Collateral Account at the Securities Intermediary
“Eligible Equities”	common or preferred shares or American Depository Receipts that are constituents of any of the indices set out in the Index Schedule of the Collateral Account Control Agreement
“Novated Commodity Contracts”	means the Commodity Contracts to be specified as such for the purposes of the Novation Agreement, which will be all Commodity Contracts in existence on the Effective Date
“Novated Creation Obligations”	means the Creation Obligations to be specified as such for the purposes of the Novation Agreement, which will be all Creation Obligations in existence on the Effective Date
“Novated Obligations”	means the Novated Commodity Contracts and the Novated Creation Obligations
“Novation Agreement”	means the agreement entitled “Novation Agreement in relation to Commodity Contracts created pursuant to a Facility Agreement dated 8 February 2008 as amended” dated 1 July 2009 and made between the Issuer, AIG-FP, UBS and the Trustee and as amended by the Novation Agreement Amendment Agreement
“Novation Agreement Amendment Agreement”	means the agreement entitled “Amendment Agreement in relation to Novation Agreements dated 1 July 2009” dated 5 August 2009, made between the Issuer, AIG-FP, UBS and the Trustee
“Novation Consideration”	means the amount of consideration to be paid by AIG-FP to UBS for UBS’s assumption of the Novated Commodity Contracts and the Novated Creation Obligations
“Prospectus”	means the prospectus of the Issuer dated 9 February 2009

“Securities Intermediary”	means The Bank of New York Mellon
“UBS”	means UBS AG acting through its London branch
“UBS Capital Adjustment Agreement”	means the agreement entitled “Capital Adjustment Agreement relating to Short and Leveraged Commodity Contracts” dated 5 August 2009 between the Issuer and UBS, further particulars of which are contained in Part 2
“UBS Classic and Forward Facility Agreement”	means the agreement dated 5 August 2009 between the Issuer and UBS entitled “Facility Agreement relating to Classic and Forward Commodity Contracts”
“UBS Control Agreement”	means the collateral account control agreement entered into between the Issuer, UBS and the Securities Intermediary dated 5 August 2009, further particulars of which are contained in Part 2
“UBS Facility Agreement”	means the Facility Agreement dated 5 August 2009 between the Issuer and UBS, further particulars of which are contained in Part 2
“UBS Security Agreement”	means the security agreement dated as of 5 August 2009 which is in relation to and supplements the UBS Facility Agreement and the UBS Classic and Forward Facility Agreement, further particulars of which are contained in Part 2

PART 1

GENERAL INFORMATION

Introduction

ETFS Commodity Securities Limited (the “**Issuer**”) was incorporated as a private limited company in Jersey on 16 August 2005 under the Companies (Jersey) Law 1991 (as amended) (the “**Law**”) and changed status to a public company on 15 September 2006. The Issuer operates under the Law and secondary legislation made thereunder. It is registered in Jersey under number 90959. The Issuer’s registered office is Ordnance House, 31 Pier Road, St Helier, Jersey, Channel Islands, JE4 8PW. All of the Issuer’s issued ordinary shares are owned by ETF Securities Limited.

This Supplemental Prospectus contains information in connection with (i) changes to the Commodity Indices following the acquisition by UBS of AIG-FP’s commodity index business; (ii) consequential changes to the terms of the Short and Leveraged Commodity Securities; (iii) the appointment of UBS as a Commodity Contract Counterparty; (iv) the assumption by UBS (in place of AIG-FP) of obligations identical in their terms to all Commodity Contracts and Creation Obligations in existence on the Effective Date; and (v) further changes to the Conditions.

Significant new information

Changes to the Commodity Indices and consequential changes to the Short and Leveraged Commodity Securities

As announced by the Issuer on 18 June 2009, UBS has acquired AIG-FP’s commodity index business. As a result the Dow Jones-AIG Commodity IndicesSM (including the DJ-AIGCISM, the other Composite Commodity Indices and the Individual Commodity Indices) have been rebranded as the Dow Jones-UBS Commodity IndicesSM. The Dow Jones-UBS Commodity IndicesSM follow the same methodology as used immediately prior to the rebranding for the Dow Jones-AIG Commodity IndicesSM.

As announced by the Issuer on 30 June 2009, by a third supplemental trust instrument dated 29 June 2009 between the Issuer and the Trustee, the Trust Instrument (including the Conditions thereof) was amended to replace existing references to the DJ AIG Commodity Indices with references to the Dow Jones UBS Commodity Indices and to change the names of the Index Securities such that any references therein to “DJ AIGCISM” have been replaced with references to “DJ UBSCISM”.

Pursuant to an amendment agreement between the Issuer, AIG FP, UBS Securities LLC and the Trustee dated 29 June 2009, the AIG-FP Facility Agreement was amended to replace existing references to the DJ-AIG Commodity Indices with references to the Dow Jones UBS Commodity Indices and to make certain other clarificatory amendments in relation to the potential future non-publication of the Dow Jones UBS Commodity Indices.

Appointment of UBS as a Commodity Contract Counterparty

As announced by the Issuer on 5 August July 2009, the Issuer has entered into the UBS Facility Agreement with UBS, which will become effective on the Effective Date. The Issuer has also entered into the UBS Capital Adjustment Agreement, the UBS Security Agreement and the UBS Control Agreement. The Issuer has also entered into the UBS Classic and Forward Facility Agreement.

Further details of the UBS Facility Agreement, the UBS Capital Adjustment Agreement, the UBS Security Agreement and the UBS Control Agreement are set out in Part 2 of this document. Further details of UBS are set out in Part 3 of this Supplemental Prospectus.

Assumption by UBS of obligations under Commodity Contracts and Creation Obligations

As announced by the Issuer on 1 July 2009, by the Novation Agreement, with effect from the Effective Time, AIG-FP will be released and discharged from further obligations with respect to each Novated Obligation and the AIG-FP Facility Agreement (excluding any rights, liabilities or obligations due and payable or due to be performed at or prior to the Effective Time) and UBS will assume obligations identical thereto (but as if UBS were AIG-FP and with the Issuer as the remaining party). Under the

terms of the Novation Agreement the Effective Date must be the same as the effective date under the Classic and Forward Novation Agreement (which makes similar provision in relation to AIG-FP's obligations under the Classic and Forward Facility Agreement).

It was announced by the Issuer on 5 August 2009 that the Effective Date would be 12 August 2009. The Issuer will make a further announcement once the Effective Time has occurred.

Further changes to the Conditions

By a fourth supplemental trust instrument dated 7 August 2009 between the Issuer and the Trustee, the Conditions were amended so that Condition 7.3 is as follows:

“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 Short and Leveraged Commodity Securities if either:

- (a) on any General Trading 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 General Trading 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 a General Trading Day a valid notice in the form prescribed for the purpose by the Issuer requesting Redemption of such Short and Leveraged Commodity 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.”

Disclaimer

No person has been authorised to give any information or to make any representation in connection with the offering of the Short or Leveraged Commodity Securities other than those contained in the Prospectus and this Supplemental Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

PART 2

DESCRIPTION OF FACILITY AGREEMENT AND RELATED AGREEMENTS

UBS Facility Agreement

The terms of the UBS Facility Agreement and the Commodity Contracts to be created and redeemed thereunder are substantially similar to those under the AIG FP Facility Agreement as described in Part 4 of the Prospectus. The obligations of UBS under the UBS Facility Agreement are not guaranteed by any other person.

Term and Termination

The UBS Facility Agreement has no fixed minimum term and may be terminated by UBS on three months' notice (simultaneously with the UBS Classic and Forward Facility Agreement) or by not less than two 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 UBS of its obligations under the UBS Facility Agreement. Other termination rights in favour of UBS include on the occurrence of a material adverse change (which itself includes a change in tax law).

The UBS Facility Agreement may be terminated by the Issuer by not less than two Business Days' notice following the occurrence of a Counterparty Event of Default in respect of UBS, provided that the same was not caused by a breach by the Issuer of its obligations under the UBS Facility Agreement or by any Authorised Participant under the relevant Authorised Participant Agreement and upon 30 days' notice if at any time all Short and Leveraged Securities have been redeemed and none remain outstanding. The Issuer may also terminate the Facility Agreement at any time upon giving not less than three months' notice.

Creation Limits

No Commodity Contracts may be created under the UBS Facility Agreement if the aggregate of the total Prices of all Commodity Contracts outstanding at such time and the total prices of all Commodity Contracts (as defined in the UBS Classic and Forward Facility Agreement) outstanding at such time would exceed \$4,000,000,000. The daily Creation Limits remain the same.

Commodity and Contract Counterparties

The Issuer may, but is not required to, enter into other Facility Agreements with other Commodity Contract Counterparties. UBS will act as Calculation Agent under the UBS Facility Agreement and every other such Facility Agreement. **Other Facility Agreements may not be on the same terms as the UBS Facility Agreement.** It will not be the Issuer's intention to enter into other Facility Agreements for the purpose of spreading counterparty risk.

UBS does not have any right under the UBS Facility Agreement to transfer its rights and obligations thereunder to another party.

Security and Collateral Arrangements

Security Agreement and Control Agreement

The Issuer has entered into the UBS Security Agreement with UBS the terms of which are, other than in relation to the description of the collateral as set out below, identical to those of the security agreement between the Issuer and AIG FP dated as of 8 October, 2008. Under the terms of the UBS Security Agreement (which is entered into in relation to and supplements the UBS Facility Agreement and the UBS Classic and Forward Facility Agreement) UBS has agreed to provide collateral in respect of its obligations under the Commodity Contracts outstanding (and the commodity contracts outstanding under the UBS Classic and Forward Facility Agreement) at any time.

The Issuer, UBS and the Securities Intermediary have also entered into the UBS Control Agreement the terms of which are, other than in relation to the description of the collateral as set out below, identical

to the collateral account control agreement between the Issuer, AIG FP and the Securities Intermediary dated 8 October 2008.

Description of Collateral

Under the terms of the UBS Security Agreement and the UBS Control Agreement, UBS is required to post the collateral provided for thereunder to an account in its name at the Securities Intermediary (the “**Collateral Account**”) and may only transfer “Eligible Collateral” into the Collateral Account. For these purposes “Eligible Collateral” means:

- (A) cash in US Dollars, British Pounds or Euro provided that it is invested in AAA rated, government or treasury money market funds,
- (B) debt securities or obligations issued by the United States Government,
- (C) (1) non-U.S. debt securities or obligations issued by (a) any of the governments of Belgium, Canada, France, Germany, Italy, Japan, The Netherlands, Sweden, Switzerland or the United Kingdom or (b) any of the governments of Austria, Australia, Denmark, Finland, Luxembourg, New Zealand, Norway, Portugal or Spain where such government has a long-term issuer rating of not lower than “AA” by Standard & Poors Rating Services and (2) supranational bonds issued by the International Bank for Reconstruction and Development, the European Investment Bank, the Council of Europe, the Asian Development Bank or the Inter-American Development Bank with a long term issuer rating not lower than “AAA” by Standard and Poor’s or “Aaa” by Moody’s,
- (D) unsubordinated bonds issued by Government National Mortgage Association (for so long as the obligations of the same are guaranteed by the United States Government), and
- (E) Eligible Equities,

provided that:

- (i) none of the foregoing securities or obligations is a security or obligation of UBS or any affiliate of UBS or is guaranteed by UBS or any affiliate of UBS, or otherwise primarily benefits from insurance or other credit enhancement from UBS or any affiliate of UBS, or is linked to the credit or rating of UBS or any affiliate of UBS;
- (ii) in the case of (D) above, a liquid market for such securities or obligations is generally available and that bid prices are generally available in the market for such securities as shall be determined by the Securities Intermediary, except that the absence of bid prices for any such securities or obligations on one day shall not necessarily mean that this requirement is not satisfied;
- (iii) securities meeting the criteria in (C)(1), (C)(2) and (E) above shall only constitute Eligible Collateral to the extent that the value of such securities does not exceed the relevant jurisdiction limit (as set out below) applicable to the jurisdiction of the relevant issuer or issuers, as the case may be; and
- (iv) securities comprising Eligible Equities shall only constitute Eligible Collateral to the extent that the value of such securities does not exceed any applicable issuer concentration limit (as set out below).

The following concentration limits apply to each type of Eligible Collateral which may be contained in the Collateral Account:

- (i) in the case of any collateral falling within paragraphs (C)(1) above in the definition of “Eligible Collateral”, the Securities Intermediary will exclude from its calculation of the value of the collateral in the Collateral Account any such securities or obligations in the Collateral Account to the extent that the total value of such securities or obligations (i) of any of the governments of the United Kingdom, Japan, Germany or France exceeds 50 per cent. of the value of the collateral in the Collateral Account or (ii) of any of the governments of the other countries listed in C(1) above exceeds 25 per cent. of the total value of the collateral in the Collateral Account;

- (ii) in the case of any collateral falling within paragraph (C)(2) above in the definition of "Eligible Collateral", the Securities Intermediary will exclude from its calculation of the value of the collateral in the Collateral Account any such securities or obligations in the Collateral Account to the extent that the total value of all such securities or obligations issued by any issuer listed in paragraph (C)(2) above exceeds 25 per cent. of the total value of the collateral in the Collateral Account;
- (iii) in the case of any collateral falling within paragraph (E) above in the definition of "Eligible Collateral", the Securities Intermediary will exclude from its calculation of the value of the collateral in the Collateral Account any such Eligible Equities to the extent that (a) the total value of any Eligible Equities in the Collateral Account issued by one issuer represents: (i) 3.3 per cent. of the value of the collateral in the Collateral Account or \$10 million (whichever is greater); (ii) 2.5 per cent. of the aggregate issued and outstanding share capital of that issuer; or (iii) 100 per cent. of the 30 day average daily volume of such Eligible Equities as determined by the Securities Intermediary; (b) the value of all Eligible Equities in the Collateral Account issued by United States issuers exceeds 75 per cent. of the value of the collateral in the Collateral Account; (c) the value of all Eligible Equities in the Collateral Account issued by issuers from each of the United Kingdom, Japan, Germany or France exceeds 25 per cent. of the value of the collateral in the Collateral Account; and (d) the value of all Eligible Equities in the Collateral Account issued by an issuer from a country other than the United States, the United Kingdom, Japan, German and France or issued by any authority or agency exceeds 10 per cent. of the value of the collateral in the Collateral Account; and
- (iv) so long as the Issuer has not taken control of the Collateral Account in accordance with the terms of the Control Agreement and UBS has fulfilled all of its obligations to transfer collateral under the Security Agreement, UBS will be entitled to instruct the Securities Intermediary to return to it any collateral that has been excluded from the Security Intermediary's calculations by virtue of these concentration limits.

For the purpose of valuing the collateral in the Collateral Account, the Securities Intermediary will divide the sum of the values of what it determines to be the market value of each asset of a particular type by the following percentages:

- (i) for Cash or money market funds described in clause (A) of the definition of "Eligible Collateral": 100%;
- (ii) for any security or obligation falling within clauses (B) and (C) of the definition of "Eligible Collateral", a percentage determined by the Securities Intermediary based on the remaining time to stated maturity of such security or obligation as follows:
 - (A) less than five years, 100%,
 - (B) greater than or equal to five years and less than 10 years, 101% and
 - (C) 10 years or greater, 102%;
- (iii) for the unsubordinated bonds falling within clause (D) of the definition of "Eligible Collateral", 102%; and
- (iv) for any security eligible under clause (E) of the definition of "Eligible Collateral", either 105% or 110% depending on the particular index to which such Eligible Equity belongs.

Consequential Changes

As a consequence of the novation of the Commodity Contracts to UBS, the entry into the UBS Facility Agreement and the termination of the AIG FP Facility Agreement, the following consequential changes to certain other documents and arrangements relating to the programme have occurred:

Authorised Participants

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. All existing Authorised Participant Agreements remain in full force and effect.

However to be an Authorised Participant for the purposes of the UBS Facility Agreement, and therefore able to Create or Redeem Short or Leveraged Commodity Securities, such person must also have entered into a Direct Agreement with UBS, must not be an Unacceptable Authorised Participant for the purposes of the UBS Facility Agreement and must have satisfied the security conditions specified in the UBS Facility Agreement, including that the Issuer and UBS have entered into a Security Assignment in respect of the relevant Authorised Participant Agreement (save that UBS itself may be an Authorised Participant notwithstanding that it has not entered into any such Direct Agreement or satisfied such security Conditions).

As at the date hereof the following Authorised Participants may Create and Redeem Short and Leveraged Commodity Securities:

- (i) Fortis Bank Global Clearing N.V.;
- (ii) Merrill Lynch International;
- (iii) UBS AG, London branch;
- (iv) ABN AMRO Bank N.V.;
- (v) Bayerische Hypo-Vereinsbank AG; and
- (vi) Morgan Stanley & Co. International p.l.c.

In addition to each of the relevant Authorised Participant Agreements, the following material contracts have been entered into with respect thereto:

- (i) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Fortis Global Clearing Bank N.V.;
- (ii) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Merrill Lynch International;
- (iii) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and ABN AMRO Bank N.V.;
- (iv) Security Assignment dated 5 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Bayerische Hypo-Vereinsbank AG; and
- (v) Security Assignment dated 7 August 2009 between the Issuer and UBS pertaining to the Authorised Participant Agreement between the Issuer and Morgan Stanley & Co. International p.l.c.

Capital Adjustment Agreement

The Issuer and UBS have entered into the UBS Capital Adjustment Agreement the terms of which are identical to the Capital Adjustment Agreement. The rate of the Capital Adjustment remains unchanged.

Description of UBS AG

Since the Short and Leveraged Commodity 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 Supplemental Prospectus so far as it is aware or is able to ascertain from information published by UBS AG, such information relating to UBS AG as is required by Annex VIII of the Prospectus Regulation (Regulation Number 809/2004/EC). The Issuer has included the information in Part 3 of this Supplemental Prospectus (Particulars of UBS) based upon information made available to it by UBS AG. 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 UBS AG, 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 Supplemental Prospectus relating to the business and financial standing of UBS AG or any of its affiliates. Save to the extent information is provided to the Issuer by UBS AG, the Issuer may not be in a position to update such information and accordingly does not represent that the information contained in this Supplemental Prospectus relating to UBS AG is accurate as of any date subsequent to the date hereof. UBS AG does not accept any responsibility or liability to investors (a) for the information contained in this Supplemental Prospectus

or (b) for updating such information or makes any representation, warranty or undertaking, express or implied, with respect to such information.

The arrangements entered into by UBS with the Issuer in relation to the Commodity Contracts do not preclude or restrict the ability of UBS or any of its affiliates from entering into any contracts or entering into any transactions with the Issuer, any Authorised Participant or any other person in the ordinary course of its business or otherwise. In addition, UBS and its affiliates trade in commodity markets and may do so whether or not such trading could have an adverse effect on the Price, or the market price, of Short and Leveraged Commodity Securities.

PART 3

PARTICULARS OF UBS

UBS AG is a leading global wealth manager, a leading investment banking and securities firm with a strong institutional and corporate client franchise, one of the largest global asset managers and the market leader in Swiss commercial and retail banking. UBS AG is incorporated and domiciled in Switzerland and operates under Swiss Code of Obligations and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors. UBS AG shares are listed on the SIX Swiss Exchange, the New York Stock Exchange and the Tokyo Stock Exchange. UBS has issued various series of notes under its Euro Note Programme which have been admitted to trading on the regulated market of the Irish Stock Exchange Limited.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8098 Zurich, Switzerland, telephone +41 44 234 11 11; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 20 20. The address of UBS AG, London branch is 1 Finsbury Avenue, London EC2M 2PP.

PART 4

RISK FACTORS

In addition to the risk factors set out in the Prospectus investors should note the following additional risks:

UBS Credit Risk and Default

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

The obligations of UBS under the Commodity Contracts rank only as an unsecured claim against UBS. Commodity Contracts issued by UBS are not guaranteed by any person. There can be no assurance that UBS will be able to fulfil their payment obligations under the relevant Commodity Contracts and Facility Agreement.

The Issuer will not operate any risk-spreading policies and has a Facility Agreement only with UBS. The Issuer may, but is not required to, enter into other Facility Agreements with other Commodity 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 Commodity Contract Counterparties and one of them, the Lower Credit, has its credit rating downgraded or has defaulted on its obligations to redeem Commodity Contracts, then, under the Pool splitting mechanism discussed under the heading "Consolidation and Division of Short and Leveraged Commodity Securities" in Part 3 (Description of Short and Leveraged Commodity Securities) of the Prospectus, the Issuer can separate out the Lower Credit by issuing to the relevant Security Holders new Short and Leveraged Commodity Securities supported only by the Commodity Contracts of the Lower Credit. There can be no assurance that the Issuer will be able to redeem such new Short and Leveraged Commodity Securities at their Price or even at all, and such new Short and Leveraged Commodity Securities may not be admitted to trading on any exchange.

Commodity Contract Counterparty Withholding

In certain circumstances where UBS considers that an amount payable by it in respect of a Commodity Contract Termination is, may be or may be about to be required by any applicable law of the United States to be paid 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, by law (as modified by the practice of any relevant governmental revenue authority) then in effect, then it may give 30 days' notice to the Issuer under the Facility Agreement and until the expiry of such notice it will be obliged to "gross-up" the amounts so payable by it subject (in the case where the beneficial holder of the relevant Short or Leveraged Commodity Securities being redeemed is not an Authorised Participant) to provision to UBS of certain beneficial owner certifications to allow UBS (if possible) to pay the relevant amount without any such deduction or withholding, or with such deduction or withholding at a reduced rate. Payment on redemption to persons who are not Authorised Participants may in these circumstances be subject to their giving to the Issuer and UBS such beneficial owner certifications. Following the expiry of such 30 days' notice, UBS will not be obliged to "gross-up" any amounts payable by it and if the Issuer makes payment on Redemption only of the net amount so paid, that shall not be a Defaulted Obligation.

Activities of Dow Jones, UBS and Authorised Participants

UBS and its affiliates are active traders in commodities markets, including in the physical markets for commodities, in the futures markets (on each of the Exchanges and on other commodity exchanges) and the over-the-counter markets, including trading of commodity swaps, options and other derivatives.

These trading activities may present a conflict between the interests of holders of the Short and Leveraged Commodity Securities and the interests that UBS 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 the DJ-UBS Commodity Indices or any Individual Commodity Index, could be adverse to the interests of the holders of the Short and Leveraged Commodity Securities. Moreover, UBS or its affiliates have published and in the future expect to publish research reports with respect to some or all of the DJ-UBS Commodity Indices or components and physical commodities 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 or Leveraged Commodity Securities. The research should not be viewed as a recommendation or endorsement of the Short or Leveraged Commodity Securities in any way and investors must make their own independent investigation of the merits of this investment. Any of these activities by UBS or affiliates may affect the market price of the DJ-UBS Commodity Indices or components and the value of the DJ-UBS Commodity Indices and, therefore, the market value of the Short and Leveraged Commodity Securities. In addition, UBS and its affiliates may underwrite or issue other securities or financial instruments indexed to the DJ-UBS Commodity Indices and related indices and/or Dow Jones and UBS may licence the DJ-UBS Commodity 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 commodities markets.

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

With respect to any of the activities described above, none of UBS, Dow Jones, 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 Commodity Securities into consideration at any time.

PART 5

OTHER NEW INFORMATION

Directors

As announced by the Issuer on 1 June 2009, Leanne Baker, Benjamin Cukier, Vince Fitzgerald and Jim Wiandt all resigned as directors of the Issuer (but not of ETFSL) with effect from 2 June 2009.

With effect from the same date the following person was appointed as a director of the Issuer:

Greg Burgess – Non-Executive Director

Mr. Burgess has been involved with the business of ETF Securities Limited since its establishment and is currently its Chief Financial Officer. Mr Burgess is a qualified accountant and is currently a director of ETFS Commodity Securities Limited and of a number of other companies issuing exchange-traded commodities: Gold Bullion Securities Limited in Jersey, ETFS Metal Securities Australia Limited (formerly known as Gold Bullion Securities Limited) in Australia (which two companies obtained the world's first listings of a commodity on a stock exchange), ETFS Metal Securities Limited and ETFS Oil Securities Limited. He is also a director of ETFS Fund Company public limited company and of its manager ETFS Management Company Limited in Ireland and is the Chief Financial Officer of ETFS Securities USA LLC in the United States. Previously, from August 2002 until June 2006, Mr Burgess worked for Investor Resources Limited providing financial and corporate governance consultancy services to Investor Resources Limited and related companies. Mr Burgess has also acted as chief financial officer of Wizard Information Services Pty Limited, held senior positions within the Australian Department of Finance and has been the internal auditor at Normandy Mining Limited. He holds a Bachelor of Arts (Accountancy) from the University of Canberra and is a Fellow of CPA Australia.

The directors do not believe that there are any actual or potential conflicts of interest between the duties Mr Burgess owes to the Issuer and the private interests and/or other duties he may have. Save for his directorship of Gold Bullion Securities Limited in Jersey, none of the principal activities performed by Mr Burgess outside the Issuer are significant with respect to the Issuer and he has no interests that are material to the Issuer.

Documents available for Inspection

In addition to the documents specified in paragraph 14 of Part 11 of the Prospectus under the heading "Documents available for Inspection", copies of the Novation Agreement, Novation Agreement Amendment Agreement, UBS Facility Agreement, UBS Security Agreement, the UBS Control Agreement, the Third Supplemental Trust Instrument and the fourth supplemental trust instrument 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 for the duration of the Programme or so long as any Short and Leveraged Commodity Securities remain outstanding.

Index Disclaimers

"Dow Jones", "UBS", "Dow Jones UBS Commodity IndexSM" and "DJ-UBS CISM" are service marks of Dow Jones and UBS, as the case may be, and have been licensed for use for certain purposes by the Issuer. The Issuer's Short and Leveraged Commodity Securities based on the DJ-UBS CISM are not sponsored, endorsed, sold or promoted by Dow Jones, UBS AG, or any of their respective subsidiaries or affiliates, and none of Dow Jones, UBS AG, or any of their respective subsidiaries or affiliates, makes any representation regarding the advisability of investing in such product(s).

The Issuer has been granted a licence by Dow Jones and UBS Securities LLC to price Short and Leveraged Commodity Securities based on various commodity indices calculated by UBS in conjunction with Dow Jones and published by Dow Jones. All references to indices calculated or published by Dow Jones and/or UBS, and in particular the Individual Commodity Indices, are used with the permission of Dow Jones and UBS Securities LLC. Neither Dow Jones nor UBS Securities LLC has separately verified the information contained or incorporated by reference in this Prospectus. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by Dow Jones or UBS AG as to the accuracy or completeness of any information contained

in this Prospectus or any other information supplied in connection with Short and Leveraged Commodity Securities or their distribution. Each person applying for Short or Leveraged Commodity Securities in accordance with this Prospectus acknowledges that (i) such person has not relied on Dow Jones or UBS, 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 Commodity Securities are direct, limited recourse obligations of the Issuer alone and not obligations of Dow Jones or UBS AG; and (iii) the obligations of the Issuer to Security Holders under the Short and Leveraged Commodity Securities are not guaranteed by Dow Jones or UBS AG. None of the Issuer, the Trustee, the Authorised Participants and the Security Holders is, by virtue of any activities of Dow Jones or UBS in connection with Commodity Contracts, clients or customers of Dow Jones or UBS for the purpose of the FSA Handbook.

Revised Summary

The summary of the Prospectus has been amended to reflect the changes described in this documents and the amended summary, which should be referred to in substitution for the summary included in the Prospectus (which it replaces), is annexed hereto.

SUMMARY
ETFS Commodity Securities Limited
Programme for the issue of
ETFS Commodity Securities
Prospectus Summary

This summary, which relates to the base prospectus (the “Prospectus”) of ETFS Commodity Securities Limited dated 9 February 2009 (which in this summary includes the supplementary prospectus dated 11 August 2009), is written in generalised terms and does not discuss various exceptions to the general statements which are mentioned elsewhere in the Prospectus. This summary should be read as an introduction to the Prospectus and any decision to invest in Short and Leveraged Commodity Securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for the summary including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

ETFS Commodity Securities Limited (the “Issuer”) has established a programme under which Short and Leveraged Commodity Securities may be issued. Short and Leveraged Commodity Securities are designed to enable investors to gain inverse (i.e. short) and leveraged long exposure to daily movements in commodity prices. The Short and Leveraged Commodity Securities are priced by reference to Commodity Indices calculated by UBS Securities LLC in conjunction with Dow Jones & Company, Inc. (“Dow Jones”) and published by Dow Jones — the Dow Jones-UBS Commodity IndicesSM. The Commodity Indices are calculated by reference to specific commodity futures contracts and these contracts are “rolled” so that the Commodity Indices provide an excess return. Each day the Short Commodity Securities (before fees and adjustments and in the absence of Market Disruption Events) move in the inverse (opposite) direction to daily changes in the relevant index such that they increase in Price (before fees or adjustments and in the absence of Market Disruption Events) when the relevant index falls. The Leveraged Commodity Securities provide an exposure (before fees and adjustments and in the absence of Market Disruption Events) to twice the daily percentage change in the level of a Commodity Index and the Price (before fees and adjustments and in the absence of Market Disruption Events) on each day change by twice the daily percentage change in the relevant Index. No trading or management of futures contracts is required of the Issuer, as it purchases matching Commodity Contracts from UBS AG, London branch (“UBS”) or, in certain circumstances, any other Commodity Contract Counterparty. Investors can buy and sell securities through trading on the London Stock Exchange.

Dow Jones — UBS Commodity Indices and Sub-Indices

The Commodity Indices are constructed and published pursuant to a joint arrangement between UBS Securities LLC and Dow Jones. The methodology used to calculate these indices is set out in the DJ-UBS CISM Handbook.

Each Individual Commodity Index tracks a designated futures contract and each Individual Commodity Index is designed to reflect two components:

- changes in the current market price (or “spot” price) of the commodity determined from Settlement Prices on a futures exchange which trades that commodity. A rise in the spot price of a commodity will be negative for Short Commodity Securities and positive for Leveraged Commodity Securities and vice versa; and
- the effect of backwardation or contango in that futures market when rolling contracts. If the market is in backwardation, the index may tend to rise over time as lower futures prices converge to higher spot prices; if in contango the index may tend to fall over time, as higher futures prices converge to lower spot prices. The effect of backwardation will tend to be

negative for Short Commodity Securities and positive for Leveraged Commodity Securities. Conversely, the effect of contango will tend to be positive for Short Commodity Securities and negative for Leveraged Commodity Securities.

Dow Jones publishes indices of all the commodities included in the Dow Jones — UBS Commodity IndexSM ("DJ-UBS CISM"), including the DJ-UBS CISM and a number of sub-indices thereof and Individual Commodity Indices in respect of Cocoa, Lead, Platinum and Tin. The DJ-UBS CISM and its sub-indices are constructed using the same inputs as the relevant Individual Commodity Indices. The weighting to be given to each commodity in the DJ-UBS CISM is determined and adjusted annually and the weightings for the sub-indices are adjusted accordingly.

The Issuer may, with UBS's agreement, use different commodity indices to Price the Short or Leveraged Commodity Securities.

Short and Leveraged Commodity Securities Generally

66 classes of Short and Leveraged Commodity Securities will be issued, corresponding to the 19 different commodities presently represented in the DJ-UBS CISM, the DJ-UBS CISM itself, the nine different Composite Commodity Indices presently represented in the Commodity Index and the Cocoa, Lead, Platinum and Tin Individual Commodity indices.

Calculation of Prices

The Price for each class of Short and Leveraged Commodity Security applies to both issues and redemptions.

The Price of each Short or Leveraged Commodity Security is calculated by reference to a formula designed to reflect the daily change in the level of the relevant Commodity Index multiplied by the Leverage Factor (which is -1 for Short Commodity Securities and +2 for Leveraged Commodity Securities) such that the Price (before fees and adjustments and in the absence of Market Disruption Events) of a class of Short or Leveraged Commodity Securities will increase or decrease daily by the Leverage Factor multiplied by the daily percentage change in the relevant Commodity Index.

The Price for each class of Short and Leveraged Commodity Security will, in the absence of a Market Disruption Event, be calculated as at the end of each Pricing Day and posted at <http://www.etfsecurities.com/csl>.

In certain circumstances Short and Leveraged Commodity Securities may be compulsorily redeemed – see "Risk Factors".

Trading of Short and Leveraged Commodity Securities

All Short and Leveraged Commodity Securities in issue are admitted to trading on the Main Market of the London Stock Exchange and it is the Issuer's intention that all Short and Leveraged Commodity Securities issued hereafter be so admitted.

The Short and Leveraged Commodity Securities have been admitted to listing on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and certain of the Short and Leveraged Commodity Securities have been admitted to listing on the ETFplus market of Borsa Italiana S.p.A.

Application has been made to the UK Listing Authority for all Short and Leveraged Commodity 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 Commodity Securities to be admitted to trading on the Main Market of the London Stock Exchange.

Commodity Contracts

Short and Leveraged Commodity Securities will be backed by Commodity Contracts with terms corresponding to the terms of Short and Leveraged Commodity Securities. Each time Short and

Leveraged Commodity Securities are issued or redeemed, matching Commodity Contracts between the Issuer and a Commodity Contract Counterparty will be created or terminated by the issuer.

The Issuer has entered into a Facility Agreement with UBS enabling the Issuer to create and terminate Commodity Contracts on a continuous basis.

The Issuer is a special purpose company whose only assets attributable to the Short and Leveraged Commodity Securities of each class will be the Commodity Contracts of that class and related contractual rights, and so the ability of the Issuer to meet its obligations on Short and Leveraged Commodity Securities will be dependent on its receipt of payments under Commodity Contracts from UBS or the realisation of Collateral provided by UBS under the UBS Security Agreement and UBS Control Agreement referred to below.

The Issuer has entered into the UBS Security Agreement and UBS Control Agreement pursuant to which UBS is required to transfer to the Collateral Account, Collateral to the value of its total exposure under the Commodity Contracts at the close of business on the immediately preceding Business Day. Under the UBS Security Agreement and the UBS Control Agreement, in the case of *inter alia* a Counterparty Event of Default (where UBS is the Commodity Contract Counterparty concerned), the Issuer is entitled to take control of the Collateral Account for the benefit of Security Holders.

The Issuer has also issued and made available for issue Classic and Forward Commodity Securities, secured as described in the prospectus of the Issuer dated 15 September 2008 and supplemental prospectuses dated 20 October 2008 and 11 August 2009. Neither Short and Leveraged Commodity Securities nor any payments in respect thereof are guaranteed by UBS AG.

The Issuer may, but is not required to, enter into other Facility Agreements with other Commodity Contract Counterparties. It is not the Issuer's intention to enter into other Facility Agreements for the purposes of spreading counterparty risk.

The Issuer holds separate pools of assets for each class of Short and Leveraged Commodity Security so that holders of a particular class of Short or Leveraged Commodity Security will only have recourse to the security granted by the Issuer over the Commodity Contracts of the same class (as well as over the Security Agreement and Control Agreement in respect of that class). These Pools are secured in favour of the Trustee on behalf of Security Holders of the relevant class.

Application and Redemption by Authorised Participants

Short and Leveraged Commodity Securities may be applied for and redeemed on any Issuer Business Day, but the requisite application and redemption notices may, other than in certain limited circumstances in relation to redemption notices, only be given by Authorised Participants. All other persons must buy and sell Short and Leveraged Commodity Securities through trading on appropriate stock exchanges.

Pricing and Settlement

The amount payable on the issue and redemption of Short and Leveraged Commodity Securities can be established in two different ways: Agreed Pricing and Settlement Pricing.

For Agreed Pricing, the amount payable for the issue or redemption of the relevant Short and Leveraged Commodity Securities is agreed between an Authorised Participant and UBS, and notified to the Issuer.

For Settlement Pricing, the amount payable for the issue or redemption of the relevant Short and Leveraged Commodity Securities will be equal to the Price of the Short and Leveraged Commodity Securities calculated on the relevant Pricing Day.

A single Price is established for each Short and Leveraged Commodity Security as at the end of each Pricing Day. An issue or a redemption of Short and Leveraged Commodity Securities is priced on the day that a valid Application Form or Redemption Form is given, unless that day is not a Pricing Day for any of the commodities the Settlement Prices of futures contracts relating to which are included in the calculation of the Commodity Index relating to those Short or Leveraged Commodity Securities, in

which case the arrangements described under the heading "Application and Redemptions — Settlement Pricing" in Part 3 (*Description of the Short and Leveraged Commodity Securities*) apply.

Issues and redemptions which are fully priced on day T will be settled on a T+3 basis (unless Agreed Pricing is used and the Authorised Participant and UBS agree a different settlement date). Settlement is effected on a delivery versus payment basis with funds being transferred directly between the bank accounts of the relevant Authorised Participant and UBS.

The Issuer will decline Applications if it cannot create corresponding Commodity Contracts under the Facility Agreement.

Fees are payable by the Authorised Participants to the Issuer upon the issue or redemption of Short or Leveraged Commodity Securities.

Administration

The parent of the Issuer, ETF Securities Limited ("ETFSL"), supplies, or arranges 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 which the Issuer pays ETFSL a Management Fee currently equal to 0.98 per cent. per annum of the aggregate Price on that day of all Short and Leveraged Commodity Securities outstanding.

UBS also pays the Issuer a Licence Allowance, which is used to pay licence fees to Dow Jones due under the Licence Agreement (with any difference being payable to/by ETFSL). The Licence Allowance is 0.05 per cent. per annum of the aggregate daily Price of all Short and Leveraged Commodity Securities outstanding, and this rate will be varied to match approximately the fees payable under the Licence Agreement

The rate of the Management Fee and the Licence Allowance is reflected in the adjustments to the Capital Adjustment each day.

The Issuer is only liable to pay the fees to ETFSL upon receipt of that amount from UBS.

Risk Factors

Past performance is not an indication of expected performance and the investment performance of Short and Leveraged Commodity Securities could be volatile. Due to the multiplying effect of the Leverage Factor the investment performance of Short and Leveraged Commodity Securities could be particularly volatile. Investment in Short and Leveraged Commodity Securities involves a significant degree of risk. The following are just some of the risk factors which should be carefully considered by prospective investors before deciding whether to invest in Short and Leveraged Commodity Securities:

- Commodity prices generally and therefore the value of Short and Leveraged Commodity Securities may fluctuate widely. As Short and Leveraged Commodity Securities are priced in US Dollars their value in other currencies is also affected by exchange rate movements.
- If the Intra-day Price of Commodity Contracts of the same class as any Short or Leveraged Commodity Securities has fallen to or below zero at any time during any Trading Day then the Short or Leveraged Commodity Securities of such class may be subject to Compulsory Redemption on that day and Security Holders are unlikely in that situation to receive any redemption proceeds.
- If the Price of any class of Short or Leveraged Commodity Security falls below 2.5 times the Principal Amount of such class, the Issuer may, at any time for so long as the Price remains below 2.5 times the Principal Amount (as may be reduced if sanctioned by Security Holders) and during the period of 60 days thereafter (unless so reduced), elect to redeem the Short or Leveraged Commodity Securities of that class.
- Daily changes in the Price of Leveraged Commodity Securities will be magnified. In respect of Leveraged Commodity Securities, a daily decrease in the relevant Commodity Index of 50 per cent. or more could result in a total loss of an investment. In respect of

Short Commodity Securities, a daily increase in the relevant Commodity Index of 100 per cent. or more could result in a total loss of an investment.

- The returns from Short and Leveraged Commodity Securities are designed to provide exposure to daily changes in the relevant index. This is not the same as providing exposure to changes in the relevant index over periods greater than one day.
- If a commodity is in backwardation this could reduce the value of any Short Commodity Security which includes such commodity.
- If a commodity is in contango, this could reduce the value of any Leveraged Commodity Security which includes such commodity.
- Investors are dependent on there being Authorised Participants making a market in Short and Leveraged Commodity Securities in order to minimise tracking error and to provide investors with liquidity.
- The ability of the Issuer to pay on redemption of Short and Leveraged Commodity Securities is wholly dependent on it receiving payment from UBS (or any other Commodity Contract Counterparty). No Commodity Contract Counterparty has guaranteed the performance of the Issuers obligations and no holder has any direct rights of enforcement against any such person.
- UBS has agreed to provide Collateral in respect of its obligations under the Commodity Contracts but in the event of realisation of the Collateral in the Collateral Account, the value of the assets realised from the Collateral Account for the benefit of Security Holders may be less than the total Redemption Amount due to Security Holders and any realisation of the Collateral may take time.
- If a day is classified as a Market Disruption Day, this could cause a delay in the application or redemption process (where settlement pricing is being used) which could adversely affect potential or existing Security Holders and may result in the Price of a Short or Leveraged Commodity Security not moving (before fees and adjustments) precisely in line with the relevant Commodity Index multiplied by the Leverage Factor.
- in addition to the circumstances set out above, there are certain other circumstances which may result in Short and Leveraged Commodity Securities being redeemed early.

See "Risk Factors" in the Prospectus.

Security Arrangements

Short and Leveraged Commodity Securities constitute limited recourse obligations of the Issuer. All rights of the Issuer in relation to the Facility Agreement, Commodity Contracts, the UBS Security Agreement and the UBS Control Agreement, to the extent applicable to each Pool, are the subject of security granted by the Issuer in favour of the Trustee under the Security Deeds.

