



## Gold Bullion Securities Limited

*(Incorporated and registered in Jersey under  
the Companies (Jersey) Law 1991 (as amended) with registered number 87322)*

### Programme for the Issue of up to 1,000,000,000 Gold Bullion Securities

Any prospective investor intending to acquire or acquiring any Gold Bullion Securities from any Approved Applicant 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 Company may be responsible to the prospective investor for the Prospectus under section 90 of FSMA, only if the Company has authorised the Offeror to make the offer to the prospective investor. Each prospective investor should therefore enquire whether the Offeror is so authorised by the Company. If the Offeror is not so authorised by the Company, the prospective investor should check with the Offeror whether anyone is responsible for the 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/or who is responsible for its contents it should take legal advice.

**A prospective investor intending to acquire or acquiring any Gold Bullion Securities from an Offeror will do so, and offers and sales of the Gold Bullion 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 ("Sub-Offer"). The Company will not be a party to any such arrangements with prospective investors (other than with Approved Applicants) in connection with the offer or sale of the Gold Bullion Securities and, accordingly, this Prospectus does not and any Pricing Supplement will not contain such information and any prospective investor must obtain such information from the Offeror at the time such Sub-Offer is made.**

Gold Bullion Securities Limited is continuing its programme under which in aggregate up to 1,000,000,000 Gold Bullion Securities may be issued from time to time, provided that Gold Bullion Securities Limited reserves the right to increase the number of Gold Bullion Securities that may be issued.

Whenever any Gold Bullion Securities are to be issued, notice of the number of such Gold Bullion Securities will be specified in the relevant Pricing Supplement which will be delivered to the UK Listing Authority before such Gold Bullion Securities are issued.

The Gold Bullion Securities are secured in favour of the Trustee, The Law Debenture Trust Corporation p.l.c., as trustee for the Security Holders, by security interests granted by Gold Bullion Securities Limited over gold held in custody by the Custodian, HSBC Bank USA, National Association ("HSBC Bank USA, N.A.") and the proceeds of sale of such gold.

A copy of this document, which comprises a base prospectus relating to the Gold Bullion Securities in compliance with Article 3 of Directive 2003/71/EC (the "Prospectus Directive") and the prospectus rules (the "Prospectus Rules") made under Sections 73A and 84 of FSMA has been filed with the FSA and made available to the public for the purposes of Section 85 of FSMA and in accordance with Article 14 of the Prospectus Directive and Rule PR3.2 of the Prospectus Rules. The Gold Bullion Securities will be issued on a continuing basis during the period of 12 months from the date of this document.

Application has been made to the UK Listing Authority for all Gold Bullion Securities issued within 12 months of the date of this document to be admitted to the Official List and to the London Stock Exchange, which operates a Regulated Market, for all such Gold Bullion 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).

Gold Bullion Securities Limited has requested the FSA to provide the *Autorité des Marchés Financiers* (French Authority for the Financial Markets), the *Commissione Nazionale per le Società e la Borsa* (CONSOB), the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the German Federal Financial Supervisory Authority), the *Autorité des Services et Marchés Financiers* (the Belgian Financial Services and Markets Authority) and the *Autoriteit Financiële Markten* (the Netherlands Authority for the Financial Markets), with certificates of approval attesting that this prospectus has been drawn up in accordance with the Prospectus Directive. Gold Bullion Securities Limited may request the FSA 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 Gold Bullion Securities on a regulated market therein or both.

The Gold Bullion Securities have been admitted to listing on NYSE Euronext Paris, the ETFplus market of the Borsa Italiana S.p.A. and the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

**Applications for Gold Bullion Securities may only be made pursuant to this document and only by Approved Applicants. A Security Holder may at any time elect to have part or all of its Gold Bullion Securities redeemed by lodging a Redemption Notice.**

The Gold Bullion Securities have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”), as amended, or under the securities laws of any states of the United States. Except in a transaction exempt from the registration requirements of the Securities Act and applicable United States securities laws, the Gold Bullion Securities may not be directly or indirectly offered, sold, taken up, delivered or transferred in or into the United States.

A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to circulation. It must be distinctly understood that, in giving this consent, the Jersey registrar of companies does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

The Company accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, 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.

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

**An investment in Gold Bullion Securities involves a significant degree of risk. In addition to the other information contained in this document the risk factors set out under the heading “Risk Factors” below should be carefully considered by prospective investors before deciding whether to invest in Gold Bullion Securities.**

**Nothing in this document or anything communicated to holders or potential holders of the Gold Bullion Securities or other obligations by the Company is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for the Gold Bullion Securities or the exercise of any rights attached thereto for the purposes of the Jersey Financial Services (Jersey) Law 1998, as amended.**

**It should be remembered that the price of securities can go down as well as up.**

If at any time the Company shall be required to prepare a supplementary prospectus pursuant to Section 87G of FSMA, the Company 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 the Prospectus Directive and the Prospectus Rules.

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**Gold Bullion Securities Limited**  
**Programme for the Issue of**  
**Gold Bullion Securities**  
**Prospectus Summary**  
**SUMMARY**

*This summary, which relates to the base prospectus (the “Prospectus”) of Gold Bullion Securities Limited dated 1 September 2011 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 the Gold Bullion 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.*

Gold Bullion Securities Limited (the “Company”) is continuing its programme pursuant to which up to 1,000,000,000, in aggregate, Gold Bullion Securities may be issued from time to time. Gold Bullion Securities were first listed on the London Stock Exchange on 31 March 2004. Gold Bullion Securities are intended to offer investors a means of investing in the gold bullion market without the necessity of taking physical delivery of gold, and to buy and sell that interest through the trading of a security on the London Stock Exchange and any other exchange to which they may be admitted to trading from time to time.

**The Gold Market**

The vast majority of all the gold ever mined still exists. Gold Survey 2010, a publication of GFMS Ltd, an independent precious metals research organisation estimates that existing above-ground stocks of gold amounted to 166,600 tonnes at the end of 2010; 51 per cent. of this is contained within jewellery, 17 per cent. is held by the official sector, 19 per cent. is held by investors, 11 per cent. is incorporated into industrial products and 2 per cent. is unaccounted for. Each year the stock of above-ground gold increases by approximately 2,500 tonnes per annum, i.e. the amount of gold mined each year. The various sources of gold demand total approximately 4,000 tonnes per annum and the shortfall between mine supply and demand is made up from recycling and official sector sales.

Gold trading on the global market consists of transactions in spot, forwards, and options and other derivatives on the over-the-counter (OTC) market, together with exchange-traded futures and options. The main centres of the OTC market are London, New York and Zurich. Mining companies, central banks, manufacturers of jewellery and industrial products, together with investors and speculators, tend to transact their business through the OTC market. Gold bullion dealers have offices around the world, and most of the world’s major bullion dealers are either members or associate members of the London Bullion Market Association (LBMA).

The LBMA is the trade association that acts as the co-ordinator for activities conducted in the London Bullion Market. The roles of the LBMA include: setting refining standards for and ensuring gold bars meet the LBMA “Good Delivery Standard”; co-ordinating market clearing and vaulting; promoting good trading practices; and developing standard documentation. According to the Good Delivery Rules of the LBMA a gold bar must have a minimum fineness of 99.5 per cent. and a weight of approximately 400 ounces or 12.5 kilograms (although bars are permitted to be between 350 and 430 ounces). Even though a variety of smaller and exact weight bars are available in the market, the Company will only deal in LBMA Good Delivery gold bars.

Gold traded in the London market is generally physically held in vaults in London or is transferred into accounts established in London. Delivery of the gold can either be by physical delivery to an allocated account or through the London Bullion Clearing system to an unallocated account. An allocated account is an account held with a dealer in a customer’s name evidencing that uniquely identifiable bars of gold

have been “allocated” to the customer and are segregated from other metal held in the vault of that dealer. The client has full title to this gold with the dealer holding it as custodian. Most gold traded in the London market is traded and settled in unallocated form. Gold held in this form does not entitle the holder to specific bars of gold but gives the holder a right to require the delivery of certain amounts of gold.

The trading unit for gold is one fine troy ounce (“fine” meaning pure gold irrespective of the purity of a particular bar). The London market provides a unique gold fixing service, whereby twice a day all purchases and sales, whether for larger or smaller amounts, are conducted solely on the basis of a single published fixing price. These are fully transparent benchmarks and are widely accepted as the basis for pricing spot transactions as well as a variety of other transactions.

### **Gold Bullion Securities**

Gold Bullion Securities are designed to track the price of gold, and to give investors an exposure similar to that which an investor could achieve by buying gold bullion. However, unlike owning physical gold bullion, Gold Bullion Securities takes care of storing the gold bullion and also allows investors to trade gold bullion in denominations of approximately one-tenth of one ounce.

A Gold Bullion Security is a secured undated zero coupon note with a face value of US\$0.00001 issued by the Company, which on redemption entitles a Security Holder to payment in gold (where applicable) or cash, of an amount equal to the Per Security Entitlement to Gold on the applicable Redemption Date. A Security Holder has no right to the payment of any interest in respect of its Gold Bullion Securities. Gold Bullion Securities have no final maturity date.

The Per Security Entitlement to Gold will be calculated as 99.550959 per cent. of one-tenth of one fine troy ounce of gold as at 1 July 2005, reduced daily by the Gold Sales Charge Rate of 0.40 per cent. per annum. As of 25 August 2011 the Per Security Entitlement was 97.090685 per cent. of one-tenth of one fine troy ounce of gold. The “value” of the Per Security Entitlement to Gold shall be calculated as an amount equal to the gross proceeds of sale actually achieved by the Company from selling gold equal to the Per Security Entitlement to Gold.

A Security Holder has the right, at any time, to require the redemption of all or any of its Gold Bullion Securities for gold or cash (in accordance with the terms for redemption of Gold Bullion Securities). In the case of redemption for cash via the Gold Sale Method, the redemption value would be calculated using the gold price obtained by the Company when selling gold to meet the redemption.

### **Trading of Gold Bullion Securities**

The Gold Bullion Securities are freely transferable. The Gold Bullion Securities in issue at the date of this document are admitted to the Official List and are 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) and it is the Company’s intention that all Gold Bullion Securities issued after the date of this document be so admitted to listing and trading.

The Gold Bullion Securities have been admitted to listing on NYSE Euronext Paris, the ETFplus market of the Borsa Italiana S.p.A. and the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

Application has been made to the UK Listing Authority for all Gold Bullion 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 Gold Bullion Securities to be admitted to trading on the Main Market of the London Stock Exchange.

### **Custody and the Secured Gold**

All gold on which the Gold Bullion Securities are secured will be held in custody by the Custodian at its London vault premises or in the vaults of any sub-custodian or by a delegate of a sub-custodian. The Custodian for Gold Bullion Securities must be a LBMA clearing bank member.

Currently, HSBC Bank USA, N.A. acts as the Custodian of the Secured Gold and the gold held in the Subscription Unallocated Account. HSBC Bank USA, N.A. is a corporation organised under the laws of

the United States. HSBC Bank USA, N.A. is subject to supervision by the Office of the Comptroller of the Currency. In addition to supervision and examination by the US federal and state banking authorities, HSBC Bank USA, N.A.'s London custodian operations are subject to the NIPS Code maintained by the Bank of England.

All gold will be held in the Secured Gold Accounts. An amount of such Secured Gold not less than the Combined Entitlement to Gold of all outstanding Gold Bullion Securities will be held in the Secured Allocated Account, where it will be held in "allocated" form (that is, as uniquely identifiable London Good Delivery bars) other than to the extent that any such gold is required to be transferred to the Secured Unallocated Account to effect a redemption.

In addition, the Company has deposited 430 ounces of gold made available to it by HSBC Bank USA, N.A. (the "**Swing Amount**") into the Secured Unallocated Account so that it will form part of the Secured Gold. This Swing Amount will be maintained in the Secured Gold Accounts to ensure that there will always be allocated gold in the Secured Gold Accounts in an amount greater than the Combined Entitlement to Gold of all outstanding Gold Bullion Securities and that there will always be a whole number of London Good Delivery gold bars in the Secured Allocated Account.

### **Creations and Redemptions**

The creation and redemption feature of Gold Bullion Securities enables Gold Bullion Securities to be created or redeemed, at any time, in exchange for OTC gold. This feature is designed to ensure that Gold Bullion Securities are, effectively, interchangeable with OTC gold and should, thus, track closely the price of and have similar liquidity to OTC gold. The Gold Bullion Securities are being offered for subscription only to Approved Applicants. All other investors must buy and sell Gold Bullion Securities through trading on the London Stock Exchange and on any other exchange to which they may be admitted to trading from time to time.

Gold Bullion Securities shall be treated as being issued at a subscription price per security equal to the market value of the Per Security Entitlement to Gold on the date of creation as determined using the London AM Fix on such date. Payment of the subscription price for Gold Bullion Securities shall be satisfied by the Approved Applicant depositing gold in the Subscription Unallocated Account in an amount equal to the Combined Entitlement to Gold of the Gold Bullion Securities applied for and the subsequent transfer of such gold to the Secured Gold Accounts. Thus, there should always be a direct relationship between the number of Gold Bullion Securities in issue and the amount of Secured Gold held to secure obligations owed by the Company to the Security Holders in respect of the Gold Bullion Securities.

A Security Holder may, at any time, by lodging a Redemption Notice with R&H, require the redemption of all or any of its Gold Bullion Securities in cash or gold, provided that no redemption in gold will be permissible unless the redeeming Security Holder specifies in its Redemption Notice an unallocated account with a bullion dealer in London who is a member of the LBMA to which such gold is to be transferred.

Creations and Redemptions of Gold Bullion Securities are subject to fees; however, the Company will not charge Creation Fees or Redemption Fees to investors who buy and sell Gold Bullion Securities on the secondary market, including the London Stock Exchange and any other exchange to which they may be admitted to trading from time to time.

### **Management Expenses**

ETFS Management Company (Jersey) Limited ("**ManJer**") will supply, or arrange the supply of, all management and administration services to the Company and will pay all the management and administration costs of the Company, in return for which the Company will pay ManJer the Gold Sales Charge, currently 0.40 per cent. per annum. The Gold Sales Charge shall be calculated by applying the Gold Sales Charge Rate to the Combined Entitlement to Gold of all outstanding Gold Bullion Securities on each day.

### **Risk Factors**

An investment in Gold Bullion 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 Gold Bullion Securities.

The value of Gold Bullion Securities will be affected by movements in the US dollar price of gold, which may fluctuate widely. To the extent that a Security Holder values Gold Bullion Securities in another currency, that value will be affected by changes in the exchange rate between US dollars and that other currency.

At any time, the price at which the Gold Bullion Securities trade on the London Stock Exchange or on any other exchange to which they may be admitted to trading from time to time may not reflect accurately the price of gold represented by such Gold Bullion Securities.

For any redemptions in cash, the Company will be relying on the credit of the Approved Counterparty to that transaction. If any Approved Counterparty fails to settle such trade, the Company's obligation to pay shall be reduced by the amount of the deficiency in payment received from the Approved Counterparty.

All Secured Gold will be held by the Custodian in its vaults in London or in the vaults of a sub-custodian appointed by the Custodian or by a delegate of a sub-custodian. Access to such gold could be restricted by natural events, such as an earthquake, or human actions, such as a terrorist attack. The Custodian has no obligation to insure such gold against loss, theft or damage and the Company does not intend to insure against such risks. Accordingly, there is a risk that the Secured Gold could be lost, stolen or damaged and the Company would not be able to satisfy its obligations in respect of the Gold Bullion Securities.

There are certain circumstances in which an early redemption of Gold Bullion Securities may be imposed on investors, which may result in an investment in Gold Bullion Securities being redeemed earlier than desired.

The Company may be required by the rules of an exchange (other than the London Stock Exchange) to which the Gold Bullion Securities are admitted to trading to have a minimum number of market-makers. If a market-maker ceases to act as market-maker and a replacement cannot be found and as a result the Company cannot meet the minimum requirement, the relevant exchange may require the Gold Bullion Securities to cease trading.

See "*Risk Factors*" in the Prospectus

**No Recourse Except to the Company**

The Gold Bullion Securities will be obligations solely of the Company. In particular, the Gold Bullion Securities will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Custodian, the Registrar, R&H, or any direct or indirect shareholder of the Company.

## RISK FACTORS

*An investment in Gold Bullion Securities involves a significant degree of risk. Prior to making an investment decision, prospective investors should carefully read the entire Prospectus. In addition to the other information contained in this document, the following material risk factors should be carefully considered by prospective investors before deciding whether to invest in Gold Bullion Securities. A Security Holder may lose some or all of their investment in Gold Bullion Securities for reasons other than those set out below (for example, reasons not currently considered by the Company to be material or based on circumstances or facts of which the Company is not currently aware).*

*Prospective investors should obtain their own independent accounting, tax and legal advice and should consult their own professional investment advisers to ascertain the suitability of Gold Bullion Securities as an investment, and should conduct such independent investigation and analysis regarding the risks, security arrangements and cash-flows associated with the Gold Bullion Securities as they deem appropriate, in order to evaluate the merits and risks of an investment in Gold Bullion Securities.*

### **Gold Price**

The value of Gold Bullion Securities will be affected by movements in the US dollar price of gold. To the extent that a Security Holder values Gold Bullion Securities in another currency that value will be affected by changes in the exchange rate between US dollars and that other currency. The gold price fluctuates widely and is affected by numerous factors beyond the Company's control, including:

- Global or regional political, economic or financial events and situations;
- Investors' expectations with respect to the future rates of inflation and movements in world equity, financial and property markets;
- Global gold supply and demand, which is influenced by such factors as mine production and net forward selling activities by gold producers, central bank purchases and sales, jewellery demand and the supply of recycled jewellery, net investment demand and industrial demand, net of recycling;
- Interest rates and currency exchange rates, particularly the strength of and confidence in the US dollar; and
- Investment and trading activities of hedge funds, commodity funds and other speculators.

### **Trustee Expenses**

To the extent that the Trustee's fees and expenses are not met by the Company, the Trustee may enforce the Security and recover any such outstanding fees and expenses from the Secured Property. If the Trustee enforces the Security on behalf of any Security Holder at a time when any fees or expenses due to the Trustee (or any Appointee or Receiver, each as defined in the Trust Instrument) have not been paid, such fees and expenses shall be payable from the enforcement of the Secured Property in priority to any claims of the Security Holders.

### **Tracking Error and Liquidity Risk**

At any time, the price at which the Gold Bullion Securities trade on the London Stock Exchange or on any other exchange to which they may be admitted from time to time may not reflect accurately the price of gold represented by such Gold Bullion Securities. The procedures set out in this document for creations and redemptions of Gold Bullion Securities will help limit this difference (or "tracking error"). However, this risk cannot be fully eliminated since the market price will be a function of supply and demand amongst investors wishing to buy and sell Gold Bullion Securities.

Gold Bullion Securities are relatively new securities (first issued in March 2004). There can be no assurance as to the depth of the secondary market in the Gold Bullion Securities (if any) and this may affect their liquidity and market price.



### **Management Experience**

The Company was incorporated in March 2004. The directors and management of ManJer and the Company have had experience in establishing and operating companies providing similar types of exchange-traded products, including ETFS Commodity Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Metal Securities Limited, and ETFS Industrial Metal Securities Limited and through subsidiaries in each of the US and Australia, certain exchange traded-products offering exposure to precious metals in each of those countries. If it transpires that the experience of ManJer, the Company and their respective management is neither adequate nor suitable to manage the Company, then the operations of the Gold Accounts and the Company may be adversely affected.

### **Gold Bullion Dealing Risks**

For any redemptions in cash, the Company, when selling gold or exchanging currencies pursuant to a Counterparty Agreement will be relying on the credit of the Approved Counterparty to that transaction. If any Approved Counterparty fails to settle such trade, the Company's obligation to pay the gross proceeds of sale received from the sale of gold for such gold (or currency exchange) (less any Sale Costs which may be set-off in accordance with Condition 2.2(c)) shall be reduced by the amount of the deficiency in payment received from the Approved Counterparty, provided, however, that the Company shall be obliged to ensure that the amount paid to the Receipts Account or the account of the relevant Security Holder, as the case may be, in respect of any such redemption by a Security Holder shall not be less than US\$0.01. These dealing risks could be higher if the Company is unable to conclude an agreement for the sale of gold through an Approved Counterparty, the Security Holder fails to either withdraw its Redemption Notice or elect for redemption in gold and the Company exercises its option to sell such gold under the IRH Agreement.

### **Custody and Insurance**

All Secured Gold will be held by the Custodian in its vaults in London or in the vaults of a sub-custodian appointed by the Custodian or by a delegate of a sub-custodian. Access to such gold could be restricted by natural events, such as an earthquake, or human actions, such as a terrorist attack.

The Custodian may make such insurance arrangements in connection with its custodial obligations with respect to Secured Gold in allocated form as it considers fit. The Custodian has no obligation to insure such gold against loss, theft or damage and the Company does not intend to insure against such risks. In addition, the Trustee is not responsible for ensuring that adequate insurance arrangements have been made, or for insuring the gold held in the Secured Gold Accounts, and shall not be required to make any enquiry regarding such matters.

Accordingly, there is a risk that the Secured Gold could be lost, stolen or damaged and the Company would not be able to satisfy its obligations in respect of the Gold Bullion Securities.

Although the Custodian has offered the Company attractive rates for its services, the Custodian is entitled to terminate the Custodian Agreements upon 90 days' written notice (see Section 10 (*Termination*) of "Custodian Agreements" in Part 5 (*Description of the Documents*)).

The London office of the Custodian is regulated by the FSA, the United Kingdom's financial services regulator, but the custodial services offered by the Custodian and any sub-custodian are presently not a regulated investment activity subject to the supervision and rules of the FSA (but are subject to the NIPS Code maintained by the Bank of England).

Further details regarding the custody of Secured Gold are set out in Part 3 (*Description of the Gold Bullion Securities*).

### **Early Redemption of Gold Bullion Securities**

The Company may, at any time, upon 30 days' notice to the Security Holders redeem all of the Gold Bullion Securities. Thus, an investment in the Gold Bullion Securities may be redeemed earlier than desired by a Security Holder. In addition, in such circumstances, the Company is entitled to specify whether such redemption will be by way of the Gold Delivery Method or the Gold Sale Method.

**General Market Risk**

General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and therefore the market price of Gold Bullion Securities. These risks are generally applicable to any investment in listed securities and investors should be aware that Gold Bullion Securities can go down in price as well as up. Investors should be aware that by investing in Gold Bullion Securities, their initial investment may be lost in part.

**No Recourse Except to the Company**

The Gold Bullion Securities will be obligations solely of the Company. In particular, the Gold Bullion Securities will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Custodian, the Registrar, R&H, or any direct or indirect shareholder of the Company.

**Limited Enforcement Rights**

The Trustee will only 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 Insolvency Event has occurred and is continuing, by (i) Security Holders holding not less than 25 per cent. of the face value of the Gold Bullion Securities then outstanding or (ii) an Extraordinary Resolution,

in each case provided that the Trustee is indemnified to its satisfaction.

**Administration and Winding-Up Proceedings in England**

Under Section 426 of the Insolvency Act 1986, the English Courts may, if requested by a Court in a "relevant country or territory" (including Jersey), make an administration or winding-up order in respect of a foreign company, such as the Company.

Furthermore, under the European Insolvency Regulations (No.1346/2000) ("EIR") main insolvency proceedings (including administration and liquidation) can be opened if the centre of main interests of the Company is considered to be in England, or winding-up proceedings (liquidation) may be opened if the Company has an establishment (as defined in the EIR) in England.

If the Company were placed in administration in England, the effect would be that during the period of administration, the affairs, business and property of the Company would be managed by a person known as an administrator.

During the period beginning with making an application for an administration order and ending with the making of such an order or the dismissal of the application, no steps could be taken to enforce the Security except with the leave of the court and subject to such terms as the court may impose.

In the case of administration, while the Company remained in administration no steps could be taken to enforce the Security, except with the consent of the administrator or the leave of the Court and subject to such terms as the Court might impose. It is also open to the administrator to apply to the court to sell property subject to the Security. The administrator must however account to the Trustee and the Security Holders for the proceeds of sale.

Under the Cross-Border Insolvency Regulations 2006 a foreign insolvency representative, in this case the insolvency representative of the Company in Jersey, may apply to the English Courts, inter alia, to commence insolvency proceedings under English law (which could include administration) or to have the English Courts recognise a foreign insolvency proceeding, or to have the English Courts grant a stay of any enforcement of any security. If any such application were made, it could affect the ability of the Trustee to enforce the Security.

If the Company were placed in liquidation in England, the Security could be enforced by the Trustee on behalf of the Security Holders.

**Trustee May Rely**

The Trustee may rely on any information, certificates and/or instructions received from the Company and/or the Registrar or R&H in relation to Gold Bullion Securities, the Secured Property and the Gold Sales Charge, and shall not be responsible for making any investigation or verification of the same. The Trustee shall have no liability for any failure of the Company or any Approved Counterparty or IRH or the Custodian. The Trust Instrument and the Security Deed provide various exclusions of liability for the Trustee, including that it is not obliged to monitor the performance of the Company, any Approved Counterparty, IRH or the Custodian, and may assume that they are performing their obligations in accordance with the Documents.

**Regulatory Risk**

The Company may be required by the rules of an exchange (other than the London Stock Exchange) to which the Gold Bullion Securities are admitted to trading to have a minimum number of market-makers. If a market-maker ceases to act as market-maker and a replacement cannot be found and as a result the Company cannot meet the minimum requirement, the relevant exchange may require the Gold Bullion Securities to cease trading.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The published audited reports and accounts of the Company for the years ended 31 December 2009 and 31 December 2010, as published by the Company through the Regulatory News Service of the London Stock Exchange on 30 April 2010 and 28 April 2011 respectively, are incorporated in this document by reference and are available at the Company's website at <http://www.etfsecurities.com> and at the registered office of the Company as set out in paragraph 15 of Part 7 (*General Information*).

## PART 1

### INFORMATION ON THE COMPANY, MANJER AND GOLD BULLION SECURITIES

#### Introduction

Gold Bullion Securities are intended to offer investors a means of investing in the gold bullion market without the necessity of taking physical delivery of gold, and to buy and sell that interest through the trading of a security on the London Stock Exchange and on any other exchange to which they may be admitted to trading from time to time. A Gold Bullion Security is a secured undated zero coupon note with a face value of US\$0.00001 issued by the Company, which on redemption entitles a Security Holder to payment in gold of an amount equal to the Per Security Entitlement to Gold on the applicable Redemption Date, provided that if such Gold Bullion Security is to be redeemed using the Gold Sale Method, the Company shall redeem such Gold Bullion Security by payment in cash of an amount equal to the value of the Per Security Entitlement to Gold. The Per Security Entitlement to Gold will be calculated as 99.550959 per cent. of one-tenth of one fine troy ounce of gold as at 1 July 2005, reduced daily by the Gold Sales Charge Rate of 0.40 per cent. per annum, and the "value" of the Per Security Entitlement to Gold shall be calculated as an amount equal to the gross proceeds of sale actually realised by the Company from selling gold equal to the Per Security Entitlement to Gold on the Redemption Date in accordance with the terms of the Gold Sale Method. As at 25 August 2011, the latest practicable date prior to publication of this document, the Per Security Entitlement to Gold was 97.090685 per cent. fine troy ounces of gold.

All gold on which the Gold Bullion Securities are secured will be held in custody by the Custodian (HSBC Bank USA, N.A., London Branch), its sub-custodians or their delegates. All such gold will be held in the Secured Gold Accounts. An amount of such Secured Gold not less than the Combined Entitlement to Gold of all outstanding Gold Bullion Securities will be held in the Secured Allocated Account, where it will be held in "allocated" form (that is, as uniquely identifiable London Good Delivery bars) other than to the extent that any such gold is required to be transferred to the Secured Unallocated Account to effect a redemption. The Gold Bullion Securities are constituted by a Trust Instrument entered into between the Company and The Law Debenture Trust Corporation p.l.c. as trustee for the Security Holders. The Secured Gold is the subject of a fixed charge under the Security Deed in favour of the Trustee to secure the obligations owed by the Company to the Trustee and the Security Holders in respect of the Gold Bullion Securities. Under the Custodian Agreements and the Receipts Account Agreement, the Custodian, with respect to the Secured Gold Accounts, and the Account Bank, with respect to the Receipts Account, each acknowledges the Security created in favour of the Trustee and agrees that only the Trustee may give instructions in relation to such accounts, subject to such security.

The creation and redemption feature of Gold Bullion Securities enables Gold Bullion Securities to be created or redeemed, at any time, in exchange for OTC gold (gold traded in the inter-bank market loco London). This feature is designed to ensure that Gold Bullion Securities are, effectively, interchangeable with OTC gold and should, thus, track closely the price of and have similar liquidity to OTC gold. Since listing on 31 March 2004, the daily correlation of Gold Bullion Securities with the 3 p.m. LBMA Gold Fixing has been at least +0.999999.

Management and administration services will be supplied to the Company by ManJer. Further details as to the ownership of, and relationship between, the Company and ManJer, and the services to be provided by ManJer, are set out under the headings "The Company and ManJer" and "Management Expenses".

The Offering being made pursuant to this document is a continuous offer made during the period of 12 months from the date of this document. This document gives information about the Offering and contains the formal invitation to apply for Gold Bullion Securities.

#### Restrictions Relating to Subscription for Gold Bullion Securities

The Gold Bullion Securities are being offered for subscription only to Approved Applicants. All other investors may purchase Gold Bullion Securities on the London Stock Exchange, NYSE Euronext Paris, the ETFplus market of the Borsa Italiana S.p.A, the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or any other exchange to which they may be admitted to trading from time to time.

### **The Company and ManJer**

The Company is a public company limited by shares and was incorporated in Jersey on 17 March 2004. The Company is wholly-owned by HoldCo, which is a company incorporated in Jersey and which is itself wholly-owned by ETFSL. The Company does not and will not have any employees or subsidiaries. The Company is a special purpose company established for the purpose of issuing Gold Bullion Securities and has not undertaken any business, save for issuing and redeeming Gold Bullion Securities, entering into the Documents and performing the obligations and exercising its rights in relation thereto, since its incorporation. The Company's registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, JE4 8PW. The Company does not and will not own or lease any land or buildings. The Company will not undertake any business other than issuing and redeeming Gold Bullion Securities and performing the obligations and exercising its rights in relation thereto.

HoldCo acts as the holding company and ManJer acts as the manager of the Company. The Company is neither directly nor indirectly owned or controlled by any other party to the Programme. The Company is dependent upon ManJer to provide management and administration services to it. ManJer intends to promote and to provide management and other services to both the Company and other companies issuing commodity-based securities and currently also provides such services to ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Commodity Securities Limited, ETFS Industrial Metal Securities Limited and ETFS Metal Securities Australia Limited.

The directors of ManJer at the date of this Prospectus are Graham Tuckwell, Craig Stewart, Graeme Ross, Leanne Baker, Ben Cukier, Vince FitzGerald, Graham Birch and Tim Armour. The secretary of ManJer at the date of this Prospectus is R&H Fund Services (Jersey) Limited. The directors of the Company and their respective biographies are set out below under "*Directors and Secretary of the Company*".

### **Creation and Custody Structure**

A Gold Bullion Security will only be issued once the subscription price equal to the market value of the Per Security Entitlement to Gold at the time of subscription has been paid by an Applicant to the Company, such payment to be satisfied by the deposit of gold equal to the Per Security Entitlement to Gold into the Subscription Unallocated Account. A Gold Bullion Security will be cancelled on redemption when an amount equal to the value of the Per Security Entitlement to Gold has been paid to the Security Holder, if the Gold Sale Method applies, or when gold in an amount equal to the Per Security Entitlement to Gold has been paid in gold to the Security Holder, if the Gold Delivery Method applies, on the applicable Redemption Date. For this purpose the "value" of the Per Security Entitlement to Gold shall be determined as an amount equal to the gross proceeds of sale actually realised by the Company from selling gold equal to the Per Security Entitlement to Gold on the Redemption Date in accordance with the terms of the Gold Sale Method. Thus, there should always be a direct relationship between the number of Gold Bullion Securities in issue and the amount of Secured Gold held to secure obligations owed by the Company to the Security Holders in respect of the Gold Bullion Securities.

Gold held in the Subscription Unallocated Account will not be subject to the security created by the Security Deed. However, pending the transfer of such gold to the Secured Allocated Account or, if the relevant Application is rejected, or if the relevant Applicant has deposited excess gold, the return of such gold to the relevant Applicant, the Company will hold such gold on trust for the benefit of such Applicant. Details of the creation and redemption process are set out in Part 3 (*Description of the Gold Bullion Securities*). Details of the Conditions are set out in Part 5 (*Description of the Documents*).

### **Management Expenses**

Pursuant to the Service Agreement, ManJer is responsible for supplying all management and administration services to the Company and will pay all the management and administration costs of the Company, including the fees of the Trustees and Custodian.

In return for ManJer agreeing to perform its obligations under the Service Agreement, the Company is obliged to pay to ManJer a fee equal to the Gold Sales Charge plus any Creation Fees and Redemption Fees received by the Company less the Company's own expenses in administering the Programme.

The Company has also entered into a corporate administration agreement under which (as amended)

R&H Fund Services (Jersey) Limited has agreed to perform certain administration duties for the Company, and is entitled to be paid an annual fee of £5,000.

#### **Gold Sales Charge and Per Security Entitlement to Gold**

The Per Security Entitlement to Gold in relation to each Gold Bullion Security is calculated as being 99.550959 per cent. of one-tenth of a fine troy ounce of gold as at 1 July 2005, reducing daily at the Gold Sales Charge Rate of 0.40 per cent. per annum. The Gold Sales Charge Rate may be varied by the Company at any time, but only after giving three months' prior written notice to all Security Holders (to be released through the RNS).

Pursuant to the Security Deed, the Company shall, at the end of each month, provide the Trustee with a certificate indicating the amount of the Gold Sales Charge for such month, and request that the Trustee instruct the Custodian to withdraw such amount of gold from the Secured Gold Accounts and pay it to the Company. The Gold Sales Charge in relation to each month shall be calculated by applying the Gold Sales Charge Rate to the Combined Entitlement to Gold of all outstanding Gold Bullion Securities on each day during that month.

The following table sets out the Per Security Entitlement to Gold for various dates, assuming the Gold Sales Charge Rate remains at 0.40 per cent. per annum:

<u>Per Security Entitlement to Gold</u> <u>(expressed as a percentage of one-tenth of a fine troy ounce)</u>	
At 1 July 2011	97.15%
At 1 July 2012	96.75%
At 1 July 2013	96.35%

The current Gold Sales Charge Rate is published on the Company website at [http://www.etfsecurities.com/msl/etfs\\_gold\\_bullion.asp](http://www.etfsecurities.com/msl/etfs_gold_bullion.asp) and appears as "Management fee". The current Per Security Entitlement to Gold is published in the same location on the Company website and appears as "Metal Entitlement". On 25 August 2011, the latest practicable date prior to publication of this document, the Per Security Entitlement to Gold was 97.090685 per cent. of one tenth of a fine troy ounce of gold.

#### **Creation and Redemption Fees**

The Company will not charge Creation Fees or Redemption Fees to investors who buy and sell Gold Bullion Securities on the secondary market, including the London Stock Exchange. Such fees are only payable on the creation and redemption of Gold Bullion Securities.

The Company will charge a Creation Fee to each Applicant for any single creation of Gold Bullion Securities. The Creation Fee charged to each Applicant will be equal to US\$500 per creation. No Creation Fee will be charged on the creation of 350,000 or more securities.

The Company will also charge a Redemption Fee to each Security Holder exercising its right to have all or any of its Gold Bullion Securities redeemed. Such fee shall be in the amount of US\$750 for any single redemption of Gold Bullion Securities (including VAT), regardless of the number of Gold Bullion Securities being redeemed. No such fee shall be payable on the exercise of a compulsory redemption of Gold Bullion Securities by the Company or on a redemption required by the Trustee upon the occurrence of an Insolvency Event. If Gold Bullion Securities are to be redeemed in cash, the Company may set off its liability to pay any redemption moneys against amounts owing to the Company by the redeeming Security Holder in respect of the Redemption Fee.

No additional amounts will be charged by the Company to an Applicant or a Security Holder in respect of VAT payable in connection with Creation Fees or Redemption Fees.

The Company may vary the Creation Fee and Redemption Fee at any time after giving 3 months' notice to Security Holders (to be released through the RNS).

## **Directors and Secretary of the Company**

The Directors and the Secretary of the Company at the date of this document are as follows:

### ***Graham Tuckwell — Non-Executive Chairman***

Mr Tuckwell is the founder and chairman of ETFSL, ManJer, HoldCo and the Company and of six other companies issuing exchange-traded commodities or other exchange-traded products: ETFS Oil Securities Limited, ETFS Metal Securities Australia Limited, ETFS Metal Securities Limited, ETFS Foreign Exchange Limited, ETFS Commodity Securities Limited and ETFS Industrial Metal Securities Limited. He is also a director of EFX Fund Company public limited company and of its manager EFX 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\$30 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.

### ***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 Chartered Accountants, Jersey, 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 18 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, the Secretary of the Company, Mr Ross, maintains the day to day operations in Jersey of the Company and of ETFS Oil Securities Limited, ETFS Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Foreign Exchange Limited and ETFS Industrial Metal Securities Limited (he is a non-executive director of each of those companies and of ETFSL, ManJer and HoldCo).

### ***Craig Stewart — Non-Executive Director***

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 1996. 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. Mr Stewart has worked in the offshore fund management industry for over 20 years and also served as a committee member of the Jersey Fund Managers Association for three years. Mr Stewart is also a non-executive director of ETFS Oil Securities Limited, ETFS Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited, ETFSL, ManJer and HoldCo.

### ***Tom Quigley — Non-Executive Director***

Mr Quigley is the Chief Financial Officer of ETFSL and is also a non-executive director of HoldCo, the Company, ETFS Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited and ETFS Industrial Metal Securities Limited. Mr Quigley is also the Chief Financial Officer and Treasurer of ETF Securities USA LLC. Previously, Mr Quigley held senior management positions in investment banking where he was a Managing Director at ING Barings Investment Banking and, prior to that, at Close Brothers Corporate Finance in London. More recently,



he was a Director of Terra Firma Capital Partners, the private equity firm, and a Managing Director at W.P. Carey & Co LLC, the asset management firm. He is a Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales having trained with Price Waterhouse in London. Mr Quigley holds an MA in Physics from Oxford University, England.

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

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 £25,000. 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, Jersey. The directors of R&H Fund Services (Jersey) Limited are:

Graeme David Ross  
Craig Andrew Stewart  
Hilary Patricia Valentine

**Conflict of Interest**

The Directors of the Company (other than Tom Quigley) are also directors of ManJer, a provider of services to the Company and all of the Directors are also directors of HoldCo, the sole shareholder of the Company. Mr Ross and Mr Stewart are also directors of R&H Fund Services (Jersey) Limited. 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 Company owe to the Company, 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 Company are significant with respect to the Company and they have no interests that are material to the Programme.

**Further Information**

Information regarding United Kingdom, Jersey, French, Italian, German, Belgian and Dutch taxation in respect of the Programme and Gold Bullion Securities is set out in Part 7 (*General 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 Gold Bullion Securities and to the terms and conditions of the Offering set out in the Application Form.

## PART 2

### GOLD MARKET OVERVIEW

#### Gold Market Balances

The Company believes that three factors set gold apart as an investment from most other commodities: it is indestructible; it is fungible; and the inventory of above-ground stocks is enormous relative to the supply flow. These attributes mean that a sudden surge in gold demand can be met quickly and easily through sales of existing holdings of gold. The Company believes that gold's liquidity and responsiveness to price changes differentiates it from other commodities.

#### Demand and Supply

One factor which separates gold from other precious metals is that there are large above-ground stocks which can be quickly mobilised. As a result of gold's liquidity, gold often acts more like a currency than a commodity.

Over the past ten years, (new) mine production of gold has remained relatively stable, decreasing by only 2 per cent. in this time. Of the four sources of supply, mine production makes up approximately two-thirds of total supply. Official sector sales have declined sharply over the past 10 years as the sector has now transitioned to being a net buyer of gold per annum while changes in recycled gold and net producer hedging have been more volatile.

On the demand side, jewellery is clearly the greatest source of demand however jewellery's contribution to demand has fallen from 80 per cent. to 47 per cent. of demand since 2000. Industrial demand has been relatively constant, contributing between 12 per cent. to 18 per cent. to total demand. The factor to have increased significantly is investment demand with an increase of over 500 per cent. in tonnage terms between 2000 and 2010, partly due to an increase in the gold price and also to the availability of new investment products such as exchange traded commodities.

The following table shows the main sources of supply and demand of gold for the ten-year period ending 31 December 2010:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	(tonnes)									
<b>Supply</b>										
Mine production	2,646	2,618	2,623	2,496	2,550	2,482	2,476	2,408	2,589	2,689
Old gold scrap	749	874	986	881	902	1,133	982	1,316	1,695	1,645
Official sector sales	520	547	620	479	663	365	484	232	34	0
Net producer hedging	-151	-412	-289	-438	-92	-434	-444	-352	-236	-103
Total Reported Supply	3,764	3,627	3,940	3,418	4,023	3,546	3,498	3,604	4,277	4,231
<b>Demand</b>										
Jewellery	3,009	2,662	2,484	2,616	2,718	2,300	2,423	2,304	1,814	2,017
Industrial	474	481	515	563	585	657	679	718	697	762
Investment	432	895	1,229	687	812	1,024	837	996	1,807	1,555
Total Reported Demand	3,915	4,038	4,228	3,866	4,115	3,981	3,939	4,018	4,318	4,334

Source: GFMS Ltd and World Gold Council

#### The Gold Market

Gold trading on the global market consists of transactions in spot, forwards, and options and other derivatives on the over-the-counter (OTC) market, together with exchange-traded futures and options. The OTC market trades on a 24-hour per day continuous basis and accounts for most global gold trading.

Market-makers, as well as others in the OTC market, trade with each other and with their clients on a principal-to-principal basis. All risks and issues of credit are between the parties directly involved in the transaction. The OTC market provides a relatively flexible market in terms of quotes, price, size, destinations for delivery and other factors. Bullion dealers customise transactions to meet clients' requirements. The OTC market has no formal structure and no open-outcry meeting place. The main

centres of the OTC market are London, New York and Zurich. Mining companies, central banks, manufacturers of jewellery and industrial products, together with investors and speculators, tend to transact their business through one of these market centres. Centres, such as Dubai, and several cities in the Far East also transact substantial OTC market business, typically involving jewellery and small bars (1 kilogram or less). Bullion dealers have offices around the world and most of the world's major bullion dealers are either members or associate members of the LBMA (see below).

In the OTC market, the standard size of gold trades between market-makers usually ranges between 5,000 and 10,000 ounces. Bid-offer spreads are typically US\$0.50 per ounce. Dealers are generally willing to offer clients competitive prices for much larger volumes, potentially up to 100,000 ounces, although this will vary according to the dealer, the client and market conditions, as transaction costs in the OTC market are negotiable between the parties and therefore vary widely. Cost indicators can be obtained from various information service providers as well as dealers.

The most significant futures exchanges are the COMEX, a division of the New York Mercantile Exchange, and the Tokyo Commodity Exchange (TOCOM). Trading on these exchanges is based on fixed delivery dates and transaction sizes for the futures and options contracts traded. Trading costs are negotiable.

Liquidity in the OTC market can vary from time to time during the course of the 24-hour trading day. The period of greatest liquidity in the gold market is typically that time of the day when trading in the European time zones overlaps with trading in the United States, that is when OTC market trading in London, New York and other centres coincides with futures and options trading on the COMEX. This period lasts for approximately four hours each UK Business Day afternoon (or less where daylight savings time takes effect on different dates across different time zones).

## **The London Bullion Market**

### ***The LBMA***

The London Bullion Market Association is the trade association that acts as the co-ordinator for activities conducted in the London Bullion Market. The roles of the LBMA include: setting refining standards for and ensuring gold bars meet the LBMA "Good Delivery Standard"; co-ordinating market clearing and vaulting; promoting good trading practices; and developing standard documentation.

### ***London Good Delivery***

According to the Good Delivery Rules of the LBMA a gold bar must have a minimum fineness of 99.5 per cent. and a weight of approximately 400 ounces or 12.5 kilograms (although bars are permitted to be between 350 and 430 ounces). The actual quantity of pure gold in a bar is expressed to three decimal places and is calculated by multiplying the gross weight (in ounces, to three decimal places) by the fineness (in per cent., to two decimal places). For example, a bar with a gross weight of 404.075 fine troy ounces and a fineness of 99.58 per cent. would be recorded as having a fine gold content of 402.377 fine troy ounces (note: there is no rounding up unless the fourth decimal is a nine). The standards required for gold bars to be included in the "Good Delivery Lists" are set out in "The Good Delivery Rules for Gold and Silver Bars" published by the LBMA.

Even though a variety of smaller and exact weight bars are available in the market, the Company will only deal in LBMA Good Delivery gold bars.

### ***Loco London***

Gold traded in the London market is generally on a loco London basis, meaning the gold is physically held in vaults in London or is transferred into accounts established in London. The basis for settlement and delivery of a loco London spot trade is payment (generally in US dollars) two Business Days after the trade date against delivery. Delivery of the gold can either be by physical delivery to an allocated account or through the London Bullion Clearing system to an unallocated account.

### ***Allocated Accounts***

An allocated account is an account held with a dealer in a customer's name evidencing that uniquely identifiable bars of gold have been "allocated" to the customer and are segregated from other metal held

in the vault of that dealer. The client has full title to this gold with the dealer holding it as custodian.

### ***Unallocated Accounts***

Most gold traded in the London market is traded and settled in unallocated form. Gold held in this form does not entitle the holder to specific bars of gold but gives the holder a right to require the delivery of certain amounts of gold. Subject to the terms of a client's account agreement, a client may make exchanges between allocated and unallocated gold accounts (provided the client has a sufficient balance).

### ***Trading Unit***

The trading unit for gold is one fine troy ounce ("fine" meaning pure gold irrespective of the purity of a particular bar). The conversion factors between troy ounces and metric used by the LBMA are:

1 troy ounce	=	31.1034768 grams
1 kilogram	=	32.1507465 troy ounces

Even though the London Bullion Market is a wholesale market, where minimum traded amounts are generally 1,000 fine troy ounces of gold, the fact that it is an over-the-counter market gives dealers flexibility to deal in whatever quantities they wish. The Company may be required to deal in quantities of less than 1,000 fine troy ounces because, for example, some redemptions may require the sale of gold in smaller parcels or in a number of fine troy ounces expressed to three places of decimals. For such transactions, the Company may not be able to achieve the same price if dealing in 1,000 ounce lots.

### ***London AM and PM Fix***

The London market provides a unique gold fixing service, whereby twice a day all purchases and sales, whether for larger or smaller amounts, are conducted solely on the basis of a single published fixing price. The fixing commences at 10:30 a.m. London time (the London AM fix) and at 3:00 p.m. London time (the London PM fix). These are fully transparent benchmarks and are widely accepted as the basis for pricing spot transactions as well as a variety of other transactions. There are five dealer members of the gold fixing, one of whom is the present Custodian, and clients place orders for the fixing through the dealing room of the fixing members.

### ***Vaulting and Clearing***

Certain members of the London Bullion Market offer clearing services. They may use their own vaults for storage of physical bullion and/or have the use of storage facilities with another person. The present Custodian is one of the LBMA members that offers clearing services. The clearing members of the LBMA use a daily clearing system whereby those members utilise the unallocated gold they maintain between each other for the settlement of all mutual trades and third-party transfers. This system is designed to avoid the security risks and costs involved in the physical movement of bullion.

### ***Documentation***

The LBMA has developed and introduced a number of standard agreements which cover the terms and conditions for operating allocated and unallocated accounts and for dealing in spot gold transactions. In all dealings in gold the Company to the extent possible, will use the standard LBMA documentation, amended as required by the Trustee.

## PART 3

### DESCRIPTION OF THE GOLD BULLION SECURITIES

#### Description of a Gold Bullion Security

A Gold Bullion Security is a secured undated zero coupon note with a face value of US\$0.00001 issued by the Company, which on redemption entitles the Security Holder to payment in gold of an amount equal to the Per Security Entitlement to Gold on the applicable Redemption Date, provided that if such Gold Bullion Security is to be redeemed using the Gold Sale Method, the Company shall redeem such Gold Bullion Security by payment in cash of an amount equal to the value of the Per Security Entitlement to Gold. For this purpose the "value" of the Per Security Entitlement to Gold shall be determined as an amount equal to the gross proceeds of sale actually realised by the Company from selling gold equal to the Per Security Entitlement to Gold on the Redemption Date in accordance with the terms of the Gold Sale Method. The Secured Gold, together with the IRH Agreement, have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Gold Bullion Securities.

The Secured Gold will be the subject of a fixed charge in favour of the Trustee under the Security Deed to secure the obligations owed by the Company to the Trustee and the Security Holders in respect of the Gold Bullion Securities. By resolutions of the Board passed on 19 March 2004, the Company has created and resolved to issue up to 1,000,000,000 Gold Bullion Securities of US\$0.00001 each constituted by the Trust Instrument.

#### Rights of Holders of Gold Bullion Securities

A Security Holder has the right, at any time (in accordance with the terms for redemption of Gold Bullion Securities), to require the redemption of all or any of its Gold Bullion Securities for gold or cash.

A Security Holder has no right to the payment of any interest in respect of its Gold Bullion Securities. Gold Bullion Securities have no final maturity date.

#### Gold Deposit

The Company has deposited 430 ounces of gold made available to it by HSBC Bank USA, N.A. (the "**Swing Amount**") into the Secured Unallocated Account so that it will form part of the Secured Gold. This Swing Amount will be maintained in the Secured Gold Accounts to ensure that there will always be allocated gold in the Secured Gold Accounts in an amount greater than the Combined Entitlement to Gold of all outstanding Gold Bullion Securities (except to the extent that gold has been transferred to the Secured Unallocated Account to effect a redemption) and that there will always be a whole number of London Good Delivery gold bars in the Secured Allocated Account.

#### Creations and Redemptions

##### *Creations*

Gold Bullion Securities may be created at any time during the period of 12 months from the date of this document. There is no minimum number of Gold Bullion Securities that may be applied for.

Gold Bullion Securities shall be treated as being issued at a subscription price per security equal to the value of the Per Security Entitlement to Gold on the date of creation as determined using the London AM Fix on such date. Payment of the subscription price for Gold Bullion Securities shall be satisfied by the Applicant depositing gold in the Subscription Unallocated Account in an amount equal to the Combined Entitlement to Gold of the Gold Bullion Securities applied for and the subsequent transfer of such gold to the Secured Gold Accounts. An Application received by R&H by 3:00 p.m. London time (day "T") with receipt of the gold in the Subscription Unallocated Account within two Business Days ("T+2") will generally enable investors to be registered as the Security Holder in respect of the relevant Gold Bullion Securities within three Business Days, that is, on a T+3 basis.

Gold Bullion Securities will only be issued after:

- (a) receipt by R&H of a valid Application;

- (b) the deposit into the Subscription Unallocated Account of gold equal to the Combined Entitlement to Gold of the Gold Bullion Securities applied for;
- (c) transfer by the Custodian of the gold deposited by the Applicant as referred to in (b) above to the Gold Accounts; and
- (d) receipt by the Company of the Creation Fee.

Upon the occurrence of (a) to (d) above, the Gold Bullion Securities applied for will be issued to the relevant Applicant, provided that the Company reserves the right to reject any Application. If the Company elects to reject an Application, it must notify the relevant Applicant forthwith and ensure any gold and any money in respect of the Creation Fee received from such Applicant is returned to it as soon as possible.

The number of Gold Bullion Securities to be issued to an Applicant will be equal to:

- (a) the number of fine troy ounces of gold (expressed to three decimal places) deposited by it in the Subscription Unallocated Account; divided by
- (b) the Per Security Entitlement to Gold on the date of issue.

Applicants will be refunded any excess gold deposited with the Custodian in connection with the creation of Gold Bullion Securities, whether arising from an error by the Applicant or from rounding.

#### *Redemptions*

A Security Holder may, at any time, by lodging a Redemption Notice with the R&H, require the redemption of all or any of its Gold Bullion Securities in cash or gold, provided that no redemption in gold will be permissible unless the redeeming Security Holder specifies in its Redemption Notice an unallocated account with a bullion dealer in London who is a member of the LBMA to which such gold is to be transferred (see Part 2 (*Gold Market Overview*) for a description of the London Bullion Market). If Gold Bullion Securities are redeemed in cash the relevant Security Holder may elect payment to be in US dollars, Sterling or Euros. If no such election is made in respect of a redemption of Gold Bullion Securities in cash, such Gold Bullion Securities will be redeemed in US dollars.

Redemptions (whether in gold or cash) will be settled three Business Days following the date upon which a valid Redemption Notice is lodged with the Company, that is, on a T+3 basis (or on such later date specified in the Redemption Notice). Redemption Notices lodged after 3:00 p.m. (London time) or on a day which is not a Business Day will be treated as having been received on the next Business Day.

If Gold Bullion Securities are to be redeemed in gold, the Custodian will be instructed to withdraw from the Secured Gold Accounts gold in an amount equal to the Combined Entitlement to Gold of such Gold Bullion Securities on the Redemption Date, and deliver the same to the unallocated gold account of the redeeming Security Holder designated by it, provided that no delivery shall be made unless the redeeming Security Holder has paid the Redemption Fee to the Company. Neither the Trustee nor the Company shall be responsible or liable for any failure by the Custodian to effect a delivery of gold in accordance with the instructions of the Trustee. However, in the event of such failure, the Company shall to the extent practicable assign to the redeeming Security Holder its claims in relation to such gold in satisfaction of all claims of such Security Holder in respect of the Gold Bullion Securities to be redeemed and the Security Holder shall have no further claims against the Company or the Secured Property.

If Gold Bullion Securities are to be redeemed in cash:

- (a) the Company will endeavour to sell gold in an amount of the Combined Entitlement to Gold of such Bullion Securities to an Approved Counterparty, in the London AM Fix (or, failing that, at such price as the Approved Counterparty may offer for spot trades of gold) pursuant to a Counterparty Agreement, such Counterparty Agreement to be concluded by 12:00 midday (London time) one Business Day prior to the Redemption Date; and
- (b) in the event that the Approved Counterparty agrees to purchase such gold, the Custodian will be

instructed to withdraw from the Secured Gold Accounts such gold and to transfer the same to the Approved Counterparty in settlement of such sale on the Redemption Date.

The Approved Counterparty will be instructed to remit the gross proceeds of sale realised from such sale to the Receipts Account or, as the case may be, any account of the relevant Security Holder notified to the Company in accordance with its Redemption Instructions, provided however, that unless the redeeming Security Holder has paid to the Company the Sale Costs in respect of the sale of gold, an amount equal to such Sale Costs may be set off by the Company against its liability to pay any redemption amounts owing to the redeeming Security Holder.

If an Approved Counterparty fails to settle the trade for the sale of gold for the purpose of redeeming Gold Bullion Securities in cash, the liability of the Company to redeem such Gold Bullion Securities for cash shall be reduced by the amount of the deficiency in the payment received from the Approved Counterparty, provided, however, that the Company shall ensure that the amount paid into the Receipts Account or the account of the relevant Security Holder, as the case may be, in respect of any such redemption by a Security Holder shall not be less than US\$0.01. Neither the Company nor the Trustee shall be liable for any failure by an Approved Counterparty to perform its obligations in respect of any sale of gold pursuant to a Counterparty Agreement. In the event that an Approved Counterparty fails to perform its obligations pursuant to a Counterparty Agreement, the Company (with the consent of the Trustee) may assign its rights under such Counterparty Agreement to the relevant Security Holder.

If the Company receives a Redemption Notice requiring redemption in cash but is unable to conclude an agreement for the sale of gold to an Approved Counterparty one Business Day prior to the Redemption Date, the Company will advise the Security Holder by the Redemption Date and give the Security Holder the opportunity to receive such redemption in gold. If the Security Holder, within 14 days of being so advised by the Company, fails to either withdraw the Redemption Notice or elect for redemption in gold then the Company will exercise its option to sell such gold to IRH under the IRH Agreement. The roles and obligations of IRH will be as for an Approved Counterparty in accordance with the above two paragraphs.

#### *Approved Counterparties*

The Company may from time to time, with the prior consent of the Trustee, appoint dealers to be Approved Counterparties for the purpose of effecting sales of gold and/or exchanges of currencies on a redemption of Gold Bullion Securities in cash. The Custodian or any other company affiliated with the Custodian may be appointed as an Approved Counterparty. The Company will seek (but is not required) to only select a dealer as an Approved Counterparty if it or its parent company has a credit rating of A-1 or better short-term debt credit rating by Standard & Poor's or similar ratings by other agencies. A list of dealers approved to act as Approved Counterparties will be published by the Company from time to time on its website at <http://www.etfsecurities.com>. Neither the Company nor the Trustee shall be liable to the Security Holders for any loss arising from the appointment (or non-appointment) of any dealer as an Approved Counterparty.

#### *Transaction Costs*

The bid/offer quotes sought and the price obtained from Approved Counterparties for all sales of gold and exchanges of currencies in redeeming Gold Bullion Securities in cash will generally be on the basis of the transaction costs and dealer fees being absorbed by such counterparty. However, the redeeming Security Holder shall be obliged to pay the Company all Sale Costs (including any transfer and sales taxes associated with sales of gold and exchanges of currencies (if any)) and, unless paid by the redeeming Security Holder, such amounts may be set off by the Company against the redemption moneys payable to the redeeming Security Holder.

#### **Custody of Secured Gold**

All Secured Gold will be held by the Custodian at its London vault premises or in the vaults of any sub-custodian or by a delegate of a sub-custodian. As at the date of this document the sub-custodians directly appointed by the Custodian are the Bank of England, The Bank of Nova Scotia (ScotiaMocatta), Deutsche Bank AG, JPMorganChase Bank, N.A., UBS AG and Barclays Bank PLC.

### **Storage and Insurance of Gold Bullion**

The Custodian (or one of its affiliates) may make such insurance arrangements from time to time in connection with its custodial obligations with respect to Secured Gold held in allocated form as it considers appropriate. The Custodian has no obligation to insure such gold against loss, theft or damage and the Company does not intend to insure against such risks. In addition, the Trustee is not responsible for ensuring that adequate insurance arrangements have been made, or for insuring the gold held in the Secured Gold Accounts, and shall not be required to make any enquiry regarding such matters.

The Custodian has agreed to charge a total fee for its services of 0.10 per cent. per annum of the average daily aggregate value of the Net Ounces, and 0.06 per cent. per annum of the average daily aggregate value of the number of ounces of bullion held in the Secured Allocated Account less the number of Net Ounces. Such fee may be varied by agreement of the parties and/or an alternative custodian may be appointed.

Further details of the terms of storage and the extent of the liability of the Custodian for the gold held in the Gold Account can be found under the heading "Custodian Agreements" in Part 5 (*Description of the Documents*).

### **The Custodian**

HSBC Bank USA, National Association is a wholly-owned subsidiary of HSBC Holdings plc which acts through its London branch at 8 Canada Square, London E14 5HQ and provides custody and transfer facilities from time to time pursuant to the Custodian Agreements. The Custodian is a corporation organised under the laws of New York and is subject to supervision by the Office of the Comptroller of Currency, the Federal Reserve Bank of New York and the Federal Deposit Insurance Corporation. In addition to supervision and examination by the US federal authorities, HSBC Bank USA, N.A.'s London office is regulated by the FSA. HSBC Bank USA, N.A. is the principal subsidiary of HSBC USA Inc. which had total assets of US\$190 billion as at 30 September 2010.

The Custodian is regulated by the FSA, but the custodial services provided by the Custodian and any sub-Custodian under the Custodian Agreements are presently not a regulated activity subject to the supervision and rules of the FSA. The Custodian and any of its affiliates may from time to time purchase or sell Gold Bullion Securities for their own account, as agent for their customers and for accounts over which they exercise investment discretion. The Custodian does not warrant the contents of this Prospectus, nor is it involved in the management, administration or net asset value calculation of the Gold Bullion Securities.



## PART 4

### THE PROGRAMME

The Company hereby invites eligible persons, on the terms and subject to the conditions set out in this document, including the Application Form, to subscribe for the Gold Bullion Securities on the following basis:

#### Overview of the Programme

The Gold Bullion Securities have the rights summarised in Part 3 (*Description of the Gold Bullion Securities*) of this document.

The Gold Bullion Securities are being offered for subscription only to Approved Applicants. All other investors may purchase Gold Bullion Securities on the London Stock Exchange and on any other exchange to which they may be admitted to trading from time to time.

The Gold Bullion Securities are available to be issued in registered form or in Uncertificated Form on the CREST System. Persons who apply for Gold Bullion Securities and wish to hold their Gold Bullion 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. See "CREST" below.

#### Passporting

The Company has asked the FSA to provide the *Autorité des Marchés Financiers* (France Authority for the Financial Markets), the *Commissione Nazionale per le Società e la Borsa* (CONSOB), the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the German Federal Financial Supervisory Authority), the *Autorité des Services et Marchés Financiers* (the Belgian Financial Services and Markets Authority) and the *Autoriteit Financiële Markten* (the Netherlands Authority for the Financial Markets), with certificates of approval attesting that this prospectus has been drawn up in accordance with the Prospectus Directive. The Company may request the FSA to provide competent authorities in other EEA Member States with such certificates, whether for purposes of making a public offer in such Member States or for admission to trading of all or any Gold Bullion Securities on a regulated market therein or both.

Gold Bullion Securities have been admitted to listing on Euronext Paris since 7 November 2005, the ETFplus market of the Borsa Italiana since 20 April 2007 and the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 25 April 2007.

#### Procedure for Application

An Applicant who wishes to apply for Gold Bullion Securities should complete the Application Form in accordance with the instructions thereon and send it to R&H.

For those Applicants who wish to hold their Gold Bullion Securities in Certificated Form, certificates in respect of the Gold Bullion Securities will be dispatched within 10 Business Days of the Gold Bullion Securities being issued. For those Applicants who desire to hold their Gold Bullion Securities in Uncertificated Form, the relevant CREST account will be credited on the day on which the Gold Bullion Securities are issued. The Company considers it preferable that Gold Bullion Securities be held in Uncertificated Form. Notwithstanding any other provision in this document, the Company reserves the right to issue any Gold Bullion 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.

For further information concerning the procedure for making application for Gold Bullion Securities, contact R&H (telephone number 01534 825230). However, R&H will not be able to give any advice concerning the merits of the Offering nor as to whether or not a person should make application for Gold

Bullion Securities.

By completing and delivering an Application Form the Applicant confirms that in making the application:

- (a) it is not relying on any information or representation other than such as may be contained in this document;
- (b) that 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; and
- (c) it is an Authorised Person, an Exempt Person or an Overseas Person.

Further details on new issues are set out in Part 3 (*Description of the Gold Bullion Securities*).

#### **Subscription for Gold Bullion Securities**

All gold being used to apply for Gold Bullion Securities must be deposited into the Subscription Unallocated Account. To the extent that an Applicant deposits gold into the Subscription Unallocated Account in excess of the amount required for the number of Gold Bullion Securities applied for, such excess gold shall be returned to the relevant Applicant as soon as practicable. Pending the transfer of gold held in such account to the Secured Gold Accounts (or, if the relevant Application is rejected or the relevant Applicant has deposited excess gold, the return of such gold to the Applicant), such gold shall be held on trust for the Applicant.

The Custodian is required to use its commercially reasonable endeavours to complete the transfer of all such gold by not later than 2:00 p.m. (London time) the following Business Day. The Gold Bullion Securities in respect of which the deposit has been made will not be issued until the Custodian has confirmed to the Company that it has completed the transfer to the Secured Gold Accounts.

#### **Register**

The Registrar will maintain the Register in Jersey.

#### **Settlement**

##### *CREST and Euroclear*

The Company is a participating issuer in CREST a paperless multi-currency electronic settlement procedure enabling securities (including debt securities) to be evidenced otherwise than by written instrument, and to be transferred electronically with effective delivery versus payment and the Gold Bullion Securities are participating securities. Accordingly, to the extent that the Gold Bullion Securities are issued in Uncertificated Form, settlement of transactions in such Gold Bullion Securities will take place within the CREST system.

##### *Settlement and Delivery on NYSE Euronext Paris*

All Gold Bullion Securities traded on NYSE Euronext Paris will be recorded in the Register in the name of Euroclear France or another Euroclear company and held beneficially for persons who have bought through NYSE Euronext Paris. For those persons Euroclear will maintain its own record of holders ("**French sub-register**"). All Gold Bullion securities traded on NYSE Euronext Paris will be settled and cleared through the normal Euroclear systems. Market-makers and other account holders at Euroclear will be permitted to transfer securities between the Register and the French sub-register and any other sub-registers applicable to other markets which Gold Bullion Securities may be admitted to trading and thereby be able to move securities between the London Stock Exchange, such other markets and NYSE Euronext Paris.

For the purposes of discharging any obligations under the Gold Bullion Securities held through Euroclear France, the Company will treat Euroclear France (or such other Euroclear company) as the single security holder of such Gold Bullion Securities and the holders recorded in the French sub-register must look to Euroclear France to receive any and all entitlements under such Gold Bullion Securities.

*Settlement and Delivery on the ETFplus market of the Borsa Italiana S.p.A.*

All Gold Bullion Securities traded on the 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 the Borsa Italiana S.p.A. For those persons Monte Titoli S.p.A. will maintain its own record of holders ("**Italian sub-register**"). All Gold Bullion 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. Market-makers 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 Gold Bullion 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 Gold Bullion Securities held through Monte Titoli S.p.A., the Company will treat Monte Titoli S.p.A. as the single security holder of such Gold Bullion Securities and the holders recorded in the Italian sub-register must look to Monte Titoli S.p.A. to receive any and all entitlement under such Gold Bullion Securities.

*Settlement and Delivery on the Frankfurt Stock Exchange*

For the purpose of good delivery of the Gold Bullion Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("**Clearstream**") will issue, for the relevant number of Gold Bullion Securities, a Global Bearer Certificate (the "**Global Bearer Certificate**") in the German language created under German law ("**Collective Safe Custody**"). The Global Bearer Certificate will have the German ISIN Code: DE000A0LP781.

A non-binding English language translation of the conditions of the Global Bearer Certificate is set out in Part 6 (*Global Bearer Certificate*) of this Prospectus and the definitive German language text is annexed hereto in Annexes 1 and 2.

In relation to the Global Bearer Certificate, the relevant number of Gold Bullion Securities will be registered in the name of Vidacos Nominees Limited, London, England (the "**Nominee**") in the Register of Security Holders and credited to a separate safe custody account of Clearstream with Citibank N.A., London, England (the "**German Custodian**"). The safe custody account assigned to the Gold Bullion Securities (the "**Safe Custody Account**") will be designated "Clearstream Banking Aktiengesellschaft (Clearstream) — Special Safe Custody Account for Gold Bullion Securities Global Bearer Certificate".

In accordance with the conditions governing the 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 Register of Security Holders of the number of Gold Bullion Securities corresponding to his co-ownership share or any portion thereof in the Global Bearer Certificate; and
- any registered holder of Gold Bullion Securities will be entitled, at his expense, to have his Gold Bullion Securities delivered to the Custodian for crediting to the Safe Custody Account against a corresponding co-ownership share in the Global Bearer Certificate.

Whenever the number of Gold Bullion Securities represented by the Global Bearer Certificate changes (as a result, for example, of deliveries to the Safe Custody Account, withdrawals from the Safe Custody Account or issues or redemptions of Gold Bullion Securities), Clearstream will amend the Global Bearer Certificate accordingly.

Unless otherwise agreed, the Company 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 Gold Bullion 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.

#### *Redemption and Payment in gold*

For a co-owner to request redemption and payment in gold by the Company he must demand that Clearstream arrange for his registration in the Register of Security Holders of the number of Gold Bullion Securities corresponding to his co-ownership share or any portion thereof in the Global Bearer Certificate and have the Gold Bullion Securities delivered to the Custodian for crediting to the Safe Custody Account against his co-ownership share or any portion thereof in the Global Bearer Certificate. The co-owner who thus becomes a Security Holder may then (like any other Security Holder) demand redemption of the Gold Bullion Securities and payment in cash (according to the “Gold Sale Method” as described in this Prospectus) or in gold (according to the “Gold Delivery Method” as described in this Prospectus). Should the Security Holder demand payment in gold he must provide the Company with a redemption notice specifying an unallocated gold account with an LBMA member clearing bank in London to which the gold shall be transferred and must pay the Redemption Fee. The Company will then instruct the Custodian to transfer the gold to the account designated by the Security Holder.

#### *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 Börsestraße 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 Gold Bullion Securities remain outstanding, copies of this Prospectus (or any replacement prospectus), the German translation of the summary hereto and all financial information as well as the contracts required to be disclosed by the Company 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.

#### **The Documents**

The transaction documents, being the primary documents which set out the terms and conditions relating to the Gold Bullion Securities and the holding of Secured Gold, comprise:

- (a) the Trust Instrument;
- (b) the Security Deed;

- (c) the Custodian Agreements; and
- (d) the Service Agreement.

See Part 5 (*Description of the Documents*) for a summary of such transaction documents.

## **UCITS and CIS**

### **United Kingdom**

The Company has received legal advice that UCITS Schemes will be able to invest in Gold Bullion Securities and that the Gold Bullion Securities constitute transferable securities and are not an investment in gold. The Company has also received advice that the Gold Bullion Securities do not constitute an interest in a collective investment scheme.

On a redemption UCITS Schemes will need to take into account the restriction on such schemes holding gold. Accordingly, UCITS Schemes will need to opt for the Gold Sale Method as opposed to the Gold Delivery Method.

### **Grand Duchy of Luxembourg**

The Luxembourg regulatory authority has indicated that it considers that investments in the Gold Bullion Securities to constitute eligible investments for a UCITS under the terms of article 41(1)(a) of the law dated 20 December, 2002 relating to undertakings for collective investment, which provides that such a UCITS may invest in transferable securities and money market instruments listed on or dealt in a regulated market.

The Luxembourg regulatory authority noted that the Gold Bullion Securities are transferable securities listed on the stock exchanges of London and Paris and do not give rise to any physical delivery of gold.

### **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 Applicant(s) for Gold Bullion 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 Applicant(s).

By lodging an Application Form, each Applicant 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 Company or the Custodian at the time of lodging the Application Form or deposit of Gold into the Subscription Unallocated Account or, at the absolute discretion of the Company, 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.

R&H is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Applicant and whether such requirements have been satisfied. Neither the Company nor R&H 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 Company unless evidence of such Applicant's identity satisfactory to the Company and its agents is provided. If an Applicant fails to satisfy this requirement, any gold transferred in respect of the Application will be returned.

### **Trading on the London Stock Exchange**

Application has been made to the UK Listing Authority for all Gold Bullion Securities issued within 12 months of the date of this document to be admitted to the Official List and to the London Stock Exchange, which operates a Regulated Market, for all such Gold Bullion 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).

## PART 5

### DESCRIPTION OF THE DOCUMENTS

The following is a summary of the Trust Instrument, the Custodian Agreements, the Service Agreement and the Security Deed. Each of these documents is available for inspection by Security Holders and potential investors at the registered office of the Company, Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, during normal business hours on any weekday (Saturdays and public holidays excepted).

#### **Trust Instrument**

The Gold Bullion Securities are constituted by the Trust Instrument.

#### **1. Transfer**

- (a) Transfer: The Gold Bullion Securities are in registered form and transferable in integral multiples of US\$0.00001.
- (b) Uncertificated Gold Bullion Securities: The Trust Instrument contains provisions enabling the Gold Bullion Securities to be held and transferred in uncertificated form by means of a paperless system in accordance with the Jersey Companies (Uncertificated Securities) (Jersey) Order 1999 (the “**Regulations**”). The Trustee may, without the consent of Security Holders, concur with the Company 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 Gold Bullion Securities in uncertificated form.

#### **2. Registration**

The Company shall cause to be kept at its registered office or at such other place outside the United Kingdom as the Trustee may agree the Register showing the principal amount of the Gold Bullion Securities and the date of issue and any subsequent transfers and changes of ownership and the names and addresses of the Security Holders and the persons deriving title under them.

#### **3. Status and security**

- (a) Status: The Gold Bullion Securities constitute direct and unconditional obligations of the Company secured as set out in (b) below and rank *pari passu* among themselves.
- (b) Security: The obligations of the Company under the Gold Bullion Securities and the Trust Instrument are secured by or pursuant to the Security Deed in favour of the Trustee for the Security Holders by a first ranking security interest over all the Company’s rights in relation to the Secured Property.

#### **4. Enforcement**

- (a) The Trustee may, at any time 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 to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Company to enforce any such obligation of the Company under the Trust Instrument and the Security constituted by the Security Deed in respect of the Gold Bullion Securities to which such Defaulted Obligation relates.
- (b) The Trustee may at any time, if an 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. of the aggregate face value of the Gold Bullion Securities then outstanding or an Extraordinary Resolution, 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 Company to enforce any obligations of the Company under the Trust Instrument and under the Security constituted by the Security Deed in respect of all Gold Bullion Securities.

**5. Waiver, Authorisation and Determination**

The Trustee may, without prejudice to its rights in respect of any subsequent breach, but only if and in so far as, in the opinion of the Trustee, the interests of the Security Holders will not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Company of any of the covenants or provisions of the Trust Instrument or the Security Deed, or determine that any Defaulted Obligation or Insolvency Event under the Trust Instrument shall not be treated as such, provided however that the Trustee shall not exercise such powers (a) with respect to a Defaulted Obligation, in contravention of any express direction given by the Security Holder to whom a Defaulted Obligation is owed, or (b) with respect to an Insolvency Event or any other breach or proposed breach by the Company of any of the covenants or provisions of the Trust Instrument, in contravention of any express direction given by an Extraordinary Resolution, but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

**6. Removal, Retirement and Replacement of Trustee**

- (a) The Trustee may retire at any time without assigning any reason upon giving not less than 3 months' prior written notice to the Company. The Security Holders may by Extraordinary Resolution remove any trustee or trustees for the time being of the Trust Instrument.
- (b) The Company will use its reasonable endeavours to appoint a new Trustee as soon as reasonably practicable after the Trustee retires or is removed.

**7. Governing Law and Jurisdiction**

The Gold Bullion 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.

**8. Trustee's Liability**

Save in the case of fraud, wilful misconduct or negligence, the Trustee shall have no liability under the Trust Instrument for a breach of trust and save in such circumstances, no 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, negligence or default of another director, officer or employee or Trustee.

**9. Amendments to Documents**

- (a) Pursuant to the Trust Instrument, subject to the provisions summarised in this Section 9 (*Amendments to Documents*) the Company covenants that it shall not (and shall procure that neither Holdings nor the Custodian shall) amend, vary, modify or supplement any of the Documents without consent of the Trustee.
- (b) The Company may by supplemental agreement or supplemental deed to the Trust Instrument (or any other Document, as applicable), amend any Document if one or more of the following applies:
  - (i) in the opinion of the Company and the Trustee the amendment is necessary or desirable and is not materially prejudicial to the rights of Security Holders;
  - (ii) the terms of the amendment are authorised by an Extraordinary Resolution of Security Holders passed in accordance with the Trust Instrument or a resolution in writing of holders of not less than 75 per cent. of the aggregate face value of the Gold Bullion Securities outstanding;
  - (iii) the terms of the amendment are necessary or desirable in the opinion of the Company and the Trustee to comply with any statutory or other requirement of law (including as modified or applied in any respect to the Gold Bullion Securities) or any

Listing Rules or to rectify any inconsistency, technical defect, manifest error or ambiguity in the terms of such Document; and

- (iv) in the opinion of the Trustee, the amendment is of a formal, minor or technical nature or to correct a manifest or proven error.
- (c) The Company shall notify all Security Holders of a proposed amendment as referred to in Section 9(b)(i) by publishing a notice on the RNS at least 30 days prior to such amendment becoming effective.
- (d) The Company shall notify all Security Holders of a proposed amendment as referred to in Section 9(b)(ii) and (iii) by publishing a notice on the RNS as soon as practicable after such amendment is proposed and in any event, upon such amendment becoming effective.
- (e) Notwithstanding any provision of the Trust Instrument to the contrary as referred to in this Section 9 (*Amendments to Documents*) or in any other Document, the power to assent to any modification or amendment to the provision of any Document which modifies the power to amend such Document shall require a unanimous resolution in writing of holders of the Gold Bullion Securities then outstanding.

#### **10. Application of Money and Gold**

All moneys and gold received by the Trustee pursuant to the Trust Instrument will be held by the Trustee upon trust to apply them (subject to such moneys and/or gold having been invested by the Trustee in accordance with Clause 12 of the Trust Instrument):

FIRST in payment or satisfaction of all amounts then due and unpaid under Clause 16 (Remuneration and Indemnification of Trustee) and/or Clause 17(J) (indemnity in favour of the Trustee) of the Trust Instrument to the Trustee and/or any attorney, manager, agent, delegate or other person appointed by the Trustee under the Trust Instrument, and to the payment of any remuneration and expenses of any Receiver (as defined in the Trust Instrument) and the costs of realisation of the Security;

SECONDLY in or towards payment or performance *pari passu* and rateably of all amounts then and unpaid and all obligations due to be performed and unperformed in respect of the Gold Bullion Securities; and

THIRDLY in payment of the balance (if any) to the Company (without prejudice to, or liability in respect of, any question as to how such payment to the Company shall be dealt with as between the Company and any other person).

#### **11. Conditions of Gold Bullion Securities**

In addition to the provisions of the Trust Instrument, the Gold Bullion Securities are subject to the terms and conditions:

- A. NO INTEREST OR FINAL MATURITY DATE  
The Gold Bullion Securities do not bear interest and have no final maturity date.
- B. REDEMPTION OF THE GOLD BULLION SECURITIES

##### **B.1 Redemption**

- (a) Each Gold Bullion Security shall carry a right on redemption to payment in gold of an amount equal to the Per Security Entitlement to Gold on the applicable Redemption Date, provided that if such Gold Bullion Security is to be redeemed using the Gold Sale Method, the Company shall redeem such Gold Bullion Security by payment in cash of an amount equal to the value of the Per Security Entitlement to Gold. For this purpose the "value" of the Per Security Entitlement to Gold shall be determined as an amount equal to the gross proceeds of sale actually realised by the Company from selling gold equal to the Per Security



Entitlement to Gold on the Redemption Date in accordance with the terms of the Gold Sale Method.

- (b) A Security Holder may at any time redeem all or part of its holding of Securities by lodging with the Registrar a Redemption Notice in the form prescribed by the Company and in accordance with Condition 2.1 (*Redemption*) (as summarised in this Section B.1 (*Redemption*)).
- (c) A Redemption Notice:
  - (i) must contain an election by the relevant Security Holder as to:
    - (A) the number of Gold Bullion Securities the Security Holder wishes to redeem; and
    - (B) the Redemption Method applicable to those Gold Bullion Securities;
  - (ii) must specify an intended Redemption Date in respect of the Gold Bullion Securities specified in the Redemption Notice, being no earlier than the third Business Day after the date of delivery of the Redemption Notice;
  - (iii) must be lodged by the relevant Security Holder with the Registrar before 3:00 p.m. (London time) on the date which is at least 3 Business Days before the intended Redemption Date;
  - (iv) if the relevant Security Holder elects the Gold Delivery Method, must specify the unallocated gold account of such Security Holder with an LBMA member clearing bank in London to which gold shall be transferred;
  - (v) if the relevant Security Holder elects the Gold Sale Method, must specify an account of such Security Holder to which payment of the gross proceeds of sale from the sale of gold (less any Sale Costs which may be set-off in accordance with Condition 2.2(c) (as summarised in Section B.2(c) below)) shall be made;
  - (vi) must be accompanied by the Redemption Fee referred to in Condition 2.2 (*Redemption Fee and Sale Costs*) (as summarised in Section B.2 (*Redemption Fee and Sale Costs*) below); and
  - (vii) is irrevocable once it has been given to the Registrar.
- (d) Redemption Notices lodged with the Registrar after 3:00 p.m. (London time) on a Business Day or lodged with the Registrar on a day which is not a Business Day will be deemed to be lodged on the following Business Day.
- (e) Upon receipt by the Registrar of a valid Redemption Notice from a Security Holder in relation to any Gold Bullion Securities, the Company shall do all things necessary to give effect to the Redemption Instructions as required by Condition 2 (*Redemption of the Securities*) (as summarised in this Section B (*Redemption of the Gold Bullion Securities*) above).
- (f) Until the time, if ever, of receipt by the Registrar of a valid Redemption Notice specifying the Gold Sale Method, the Redemption Method applicable to all Gold Bullion Securities shall be the Gold Delivery Method.

## **B.2 Redemption Fee and Sale Costs**

- (a) It is a condition to the performance by the Company of the Redemption Obligations in respect of the redemption of any Gold Bullion Securities, that the holder of such Gold Bullion Securities pays to the Company the Redemption Fee in respect of such redemption in accordance with Condition 2.8 (*Redemption Fee*) as summarised in Section B.8 (*Redemption Fee*) below.

- (b) It is a condition to the performance by the Company of the Gold Sales Method in respect of the redemption of any Gold Bullion Securities, that the holder of such Gold Bullion Securities pays to the Company the Sale Costs in respect of such redemption.
- (c) The Company may set off any amount payable to the Company in accordance with Condition 2.2(b) (as summarised in Section B.2(b) above) by the holder of Gold Bullion Securities in respect of Sale Costs against the amount payable in accordance with Condition 2.1(a) (as summarised in Section B.1(a) above) by the Company to such holder.

**B.3 Application of the Gold Delivery Method or Gold Sale Method**

- (a) The Gold Delivery Method in respect of the redemption of any Gold Bullion Securities will apply unless the holder of such Gold Bullion Securities has elected for the Gold Sale Method to apply by returning a completed valid Redemption Notice which specifies the Gold Sale Method.
- (b) The Gold Sale Method will apply if:
  - (i) the Gold Delivery Method applies but through no fault of the Company any gold to which the holder of such Gold Bullion Security is entitled on redemption is not successfully delivered and is not claimed by such holder within 30 days of attempted delivery being made; or
  - (ii) the holder of such Gold Bullion Security has elected the Gold Sale Method on its Redemption Notice.

**B.4 Gold Delivery Method**

- (a) If the Gold Delivery Method in respect of the redemption of any Gold Bullion Securities applies the Company will request that the Trustee instruct the Custodian to transfer gold in an amount equal to the Combined Entitlement to Gold of such Gold Bullion Securities on the Redemption Date from the Secured Gold Accounts to an unallocated gold account of the relevant Security Holder with a LBMA clearing bank member in London as designated by such Security Holder, to be delivered to such account on the Redemption Date and otherwise in accordance with the Redemption Instructions, provided that the Redemption Fee has been paid to the Company.
- (b) From the relevant Redemption Date, all title to and risks in such gold passes to the holder of such Gold Bullion Securities. Neither the Trustee nor the Company shall be responsible or liable for any failure by the Custodian to effect a delivery of gold in accordance with the instructions of the Trustee. However, in the event of such failure, the Company shall to the extent practicable assign to the redeeming Security Holder its claims in relation to such gold in satisfaction of all claims of such Security Holder in respect of the Gold Bullion Securities to be redeemed and the Security Holder shall have no further claims against the Company or the Secured Property.
- (c) The Redemption Obligations will be satisfied by transferring such gold in accordance with the Redemption Instructions of the holder of such Gold Bullion Securities.

**B.5 Gold Sale Method**

- (a) If the Gold Sale Method is applicable to any redemption of Gold Bullion Securities and in order to determine the value of the Combined Entitlement to Gold of any such Gold Bullion Securities being redeemed:
  - (i) (A) The Company will endeavour to sell gold in an amount equal to the Combined Entitlement to Gold of such Gold Bullion Securities to an Approved Counterparty in the London AM Fix (or, failing that, at such price as the Approved Counterparty may offer for spot trades of gold) pursuant to a Counterparty Agreement, such Counterparty Agreement to be concluded by 12:00 midday (London time) one

Business Day prior to the Redemption Date; and

- (B) In the event that the Approved Counterparty agrees to purchase such gold, the Company will request that the Trustee instruct the Custodian to withdraw from the Secured Gold Accounts such gold and to transfer the same to the Approved Counterparty in settlement of such sale on the Redemption Date.
  - (ii) If the Company has been unable to conclude an agreement for the sale of gold to an Approved Counterparty one Business Day prior to the Redemption Date to effect such redemption the Company will so advise the redeeming Security Holder by the Redemption Date and give the Security Holder the opportunity to receive such redemption in gold. If the Security Holder elects to receive such redemption in gold, it shall notify the Company in accordance with Condition 2.9 (*Notices*) (as summarised in Section B.9 (*Notices*) below), in which case the Redemption Date shall be deemed to be the date falling 3 Business Days after receipt by the Company of such notice. If the Security Holder fails to elect a redemption in gold or to withdraw its Redemption Notice within 14 days of being so advised by the Company (the “**Final Notice Date**”), the Company will exercise its option to sell such gold to IRH under the IRH Agreement and the Redemption Date in respect of the Gold Bullion Securities shall be deemed to be 3 Business Days after the Final Notice Date.
  - (iii) The Approved Counterparty (or IRH, as the case may be) will be instructed to remit the gross proceeds of sale realised from such sale (less any Sale Costs which may be set off in accordance with Condition 2.2(c) (as summarised in Section B.2(c) below)) to the Receipts Account or, as the case may be, any account of the relevant Security Holder notified to the Company, in accordance with its Redemption Instructions.
- (b) If the Gold Sale Method applies:
- (i) where gold is to be sold to an Approved Counterparty, the Company will request the Trustee to instruct the Custodian to deliver such gold from the Secured Gold Accounts to the Approved Counterparty against payment of the gross proceeds of sale realised from such sale (less any Sale Costs which may be set-off in accordance with Condition 2.2(c)) to the Receipts Account or if so specified in the Counterparty Agreement, to the account of the relevant Security Holder specified in the Redemption Notice;
  - (ii) where gold is to be sold to IRH pursuant to the IRH Agreement, the Company will request the Trustee to instruct the Custodian to deliver such gold from the Secured Gold Accounts to IRH against payment of the gross proceeds of sale realised from such sale (less any Sale Costs which may be set-off in accordance with Condition 2.2(c) (as summarised in Section B.2(c) above)) to the Receipts Account or if so specified in the IRH Agreement or in the Redemption Notice from the relevant Security Holder, to the account of the relevant Security Holder specified in the Redemption Notice;
  - (iii) in the event that the Approved Counterparty (or, as the case may be, IRH), fails to settle the trade for the sale of such gold according to the terms of the transaction under the Counterparty Agreement (or, as the case may be, the IRH Agreement), the liability of the Company to redeem such Gold Bullion Securities for cash shall be reduced by the amount of the deficiency in the payment received from the Approved Counterparty (or, as the case may be, IRH), provided however, that the Company will ensure that the amount paid into the Receipts Account or the account of the relevant Security Holder, as the case may be, shall be not less than US\$0.01; provided further that in such circumstances, the Company (with the consent of the Trustee) may assign its rights under such transaction to the relevant Security Holder, at which time the Gold Bullion Securities being redeemed shall be cancelled;

- (iv) the holder of such Gold Bullion Securities acknowledges and agrees that:
  - (A) such gold will be sold on a best efforts basis to an Approved Counterparty or IRH;
  - (B) the holder of such Gold Bullion Securities agrees to accept the price actually obtained for the sale of gold in relation to such Gold Bullion Securities, to the extent paid by the Approved Counterparty or IRH;
  - (C) the Company makes no representations or warranties as to the price at which gold will be sold or the amount of the gross proceeds of sale realised from such sale; and
  - (D) neither the Company nor the Trustee shall be liable for any failure by an Approved Counterparty or IRH to perform its obligations in respect of any sale of gold pursuant to any transaction under a Counterparty Agreement or, as the case may be, the IRH Agreement.

**B.6 Compulsory Redemption by the Company**

- (a) The Company may in its absolute discretion decide to redeem all (but not some only) of the Gold Bullion Securities in accordance with Condition 2.6 (*Compulsory Redemption by the Company*) (as summarised in this Section B.6) and will be entitled to determine the Redemption Date for that purpose which shall be a date not less than 30 days following the Company giving notice of its intention to require such redemption to each Security Holder. The Company may determine in its discretion whether Gold Bullion Securities so redeemed shall be redeemed in gold or in cash (or both), and hence whether the Gold Delivery Method or the Gold Sale Method (or both) shall apply.
- (b) A notice of redemption given pursuant to Condition 2.6(a) (*Compulsory Redemption by the Company*) (as summarised in Section B.6(a) above) shall specify the manner in which delivery and/or payment instructions may be given by such Security Holder.

**B.7 Compulsory Redemption by the Trustee**

- (a) If an 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. of the aggregate face value of the Gold Bullion Securities then outstanding or an Extraordinary Resolution, the Trustee having first been indemnified to its satisfaction, give notice to the Company that the Gold Bullion Securities are required to be redeemed on the date falling 20 Business Days from the giving of such notice, whereupon the Company shall be obliged to redeem the Gold Bullion Securities on such date in gold or cash (or both) in accordance with the Gold Delivery Method or the Gold Sale Method (or both).
- (b) The Company may, by notice to the Security Holders prior to the Redemption Date, specify whether the Gold Bullion Securities redeemed pursuant to Condition 2.7 (*Compulsory Redemption by the Trustee*) (as summarised in Section B.7 (*Compulsory Redemption by the Trustee*)) shall be redeemed in gold or cash or both, and whether the Gold Delivery Method or the Gold Sale Method (or both) shall apply together with the manner in which delivery and/or payment instructions may be given by Security Holders. If the Company fails to give such notice, it shall be obliged to redeem all Gold Bullion Securities in cash and shall pay such redemption moneys to the Security Holders as they direct in writing.

**B.8 Redemption Fee**

- (a) On a redemption of Gold Bullion Securities at the request of the Security Holder, a redemption fee shall be payable by such Security Holder to the Company of US\$750 (including VAT), regardless of the number of Gold Bullion Securities being redeemed. No such fee is payable in the case of a compulsory redemption of Gold Bullion Securities by the Company or the Trustee.
- (b) The Company shall be entitled to vary the amount of the Redemption Fee from time to time

by giving not less than 3 months notice of such variation. Such notice shall be given by publication through the RNS.

#### **B.9 Notices**

- (a) All notices required or permitted to be given to a Security Holder under the Trust Instrument or pursuant to any other Document shall be made by publication through the RNS.
- (b) All notices required or permitted to be given by Security Holders to the Company or the Registrar under the Trust Instrument or pursuant to any other Document must be in writing. Such notices may be sent to the Secretary of the Company by electronic mail to [etfsjersey@fundadministrators.com](mailto:etfsjersey@fundadministrators.com) (for the Company) or facsimile to +44 1534 825 230 (for the Company and/or the Registrar) (or both) and shall be treated as being duly given upon being actually received by the Company or the Registrar, as the case may be.

#### **Custodian Agreements**

The Secured Gold Accounts shall be established pursuant to the terms of the Custodian Agreements. The following is a summary of these documents.

##### **1. Secured Gold Accounts**

- (a) The Custodian will open and maintain the Secured Gold Accounts in the name of the Trustee. The Secured Gold Accounts shall evidence and record the gold held by the Custodian as well as the withdrawals from and deposits to that account. Each Secured Gold Account will be denominated in fine troy ounces of gold.
- (b) The Custodian will provide reports by fax or by e-mail (at the option of the party receiving such reports) to the Company and the Trustee by the close of each Business Day (only if there have been any changes) identifying movements on Secured Gold Accounts and such additional reports as may be agreed from time to time. The Custodian retains the right to reverse recording errors with retrospective effect.
- (c) The Custodian acknowledges that, pursuant to the Security Deed, the Company has assigned by way of first legal mortgage to the Trustee for the benefit of itself and the Security Holders all its rights, title and interest, present and future, in and to all gold credited to the Secured Gold Accounts and all the rights of the Company in respect of the Secured Gold Accounts, including the rights of the Company in the Secured Allocated Account Agreement and the Secured Unallocated Account Agreement, such assignment to take effect by way of first fixed security.

##### **2. Deposits**

Notice of an intended deposit into a Secured Gold Account must be given by the Company to the Custodian (with a copy to the Trustee) no later than 3:00 p.m. (London time) one Business Day prior to the date when such gold is to be deposited into such Secured Gold Account.

##### **3. Withdrawals**

The Custodian may amend the procedure for withdrawing gold from the Secured Gold Accounts or impose additional procedures as it considers appropriate.

Once a withdrawal of gold from the Secured Allocated Account is requested, such gold must be de-allocated for purposes of crediting it to an unallocated gold account.

##### **4. Instructions**

- (a) The Company, the Trustees and the Custodian have agreed that only the Trustee shall have the right to give instructions to the Custodian for withdrawal of gold from the Secured Allocated Account or the Secured Unallocated Account, whether by way of de-allocation or by way of collection or delivery, credit or debit.

- (b) If, in the Custodian's opinion, any instructions are unclear or ambiguous, the Custodian shall use reasonable endeavours (taking into account any relevant time constraints) to obtain clarification of those instructions from the Trustee (but not from the Company) and, failing that, the Custodian may in its absolute discretion and without any liability on its part, act upon what the Custodian believes in good faith such instructions to be or refuse to take any action or execute such instructions until any ambiguity or conflict has been resolved to the Custodian's satisfaction.

**5. Custody Services**

The Custodian is appointed as the custodian of the gold credited to the Secured Gold Accounts in accordance with the Custodian Agreements. The Custodian will segregate gold credited to the Secured Allocated Account from any other gold which it owns or holds for others by entering appropriate entries in its books and records, and will require any sub-custodians it appoints to so segregate such gold. The Custodian will identify in its books the Trustee as the legal mortgagee of the gold credited to the Secured Gold Accounts. Unless otherwise agreed between the Trustee and the Custodian Secured Gold will be held at the Custodian's London vault premises or, when gold has been allocated in a vault other than the Custodian's London vault premises, by or for any sub-custodian permitted as described in paragraph 6 below. The Custodian agrees to use commercially reasonable efforts promptly to transport any gold held for the Company by or for a sub-custodian to the Custodian's London vault premises at its own cost and risk.

**6. Sub-Custodians**

The Custodian may appoint sub-custodians solely for the temporary custody and safekeeping of gold until transported to the Custodian's London vault premises, unless otherwise agreed between the Trustee and the Custodian. The Secured Allocated Account Agreement requires the Custodian to use reasonable care in the selection of those sub-custodians and provided that it shall not be liable for any act or omission, or for the solvency, of any sub-custodian it appoints unless the appointment of that sub-custodian was made by it negligently or in bad faith. The only sub-custodians which the Custodian has currently appointed to perform such duties will be those custodians which are members of the LBMA, namely, in addition to the Custodian, the Bank of England, The Bank of Nova Scotia (ScotiaMocatta), Deutsche Bank AG, JPMorganChase Bank, N.A., UBS AG and Barclays Bank PLC.

**7. Fees and Expenses**

The Company is required to pay such fees as the Custodian determines from time to time. For services provided during the period which commenced 1 June 2007 the Company shall procure the payment to the Custodian of an annual fee equal to 0.10 per cent. of the average daily aggregate value of the Net Ounces, and 0.06 per cent. of the average daily aggregate value of the number of ounces of bullion held in the Secured Allocated Account less the number of Net Ounces. In addition, the Company is required to pay on demand all costs, charges and expenses (including any relevant taxes, duties and legal fees but excluding fees for storage and insurance of gold and any fees and expenses of sub-custodians, which are covered by the fee above) incurred by the Custodian in connection with the performance of its duties and obligations under the Secured Allocated Account Agreement and the Secured Unallocated Account Agreement or otherwise in connection with the gold credited to the Secured Gold Accounts.

**8. Value Added Tax**

All sums payable under the Custodian Agreements by the Company to the Custodian shall be deemed to be inclusive of VAT.

**9. Scope of Responsibility**

- (a) *General:* The Custodian will use reasonable care in the performance of its duties under the Custodian Agreements and will only be responsible for any loss or damage suffered as a direct result of any negligence, fraud or wilful default by it in the performance of its duties, and in which case its liability will not exceed the market value of Secured Gold lost or damaged at the time that such negligence, fraud or wilful default is discovered by the

Custodian.

The Custodian is under no duty or obligation to make or take, or require any sub-custodian it appoints to make or take, any special arrangements or precautions beyond those required by any applicable rules of the LBMA, the Bank of England or any other applicable regulatory authority.

- (b) *Insurance*: The Custodian will maintain such insurance in connection with its custodial obligations under the Custodian Agreements as it considers appropriate, and it shall be responsible for all costs, fees and expenses in relation thereto.
- (c) *Force majeure*: The Custodian shall not be liable for any delay in performance, or for the non-performance of any of its obligations under the Custodian Agreements by reason of any cause beyond the Custodian's reasonable control. This includes any act of God or war or terrorism or any breakdown, malfunction or failure of transmission, communication or computer facilities, industrial action, acts and regulations of any governmental or supra national bodies or authorities or regulatory or self-regulatory organisation, for any reason, to perform its obligations.
- (d) *Indemnity*: The Company has indemnified the Custodian against all costs and expenses, damages, liabilities and losses which it may suffer or incur, directly or indirectly in connection with the Custodian Agreements except to the extent that such sums are due directly to the Custodian's negligence, wilful default or fraud.

#### **10. Termination**

The Trustee and the Custodian may each terminate any Custodian Agreement by giving not less than 90 days' written notice to the other.

If arrangements have not been made for the redelivery of the gold held in the Secured Gold Accounts within six months of the termination date specified in the termination notice, the Custodian will be entitled to sell such gold and account to the Trustee, in the case of the Secured Accounts, or the Company, in the case of the Subscription Unallocated Account, for the proceeds after deducting any amounts due to the Custodian under the Custodian Agreements. Termination shall not affect rights and obligations then outstanding under the Custodian Agreements which shall continue to be governed by the Custodian Agreements until all obligations have been fully performed.

#### **11. Governing Law and Jurisdiction**

Each Custodian Agreement is governed by, and will be construed in accordance with, English law and the Company agrees that the English courts are to have jurisdiction to settle any disputes or claims which may arise out of or in connection with any Custodian Agreement.

#### **Service Agreement**

The Service Agreement between the Company and ManJer sets out terms on which ManJer undertakes to provide services to the Company in connection with the Gold Bullion Securities. The following is a summary of that document:

##### **1. Services**

In consideration for payment by the Company to ManJer of the Service Fee, ManJer undertakes to be responsible for:

- (a) supplying all management and administration services for the Company; and
- (b) paying all the management and administration costs of the Company.

## 2. **Termination**

The Service Agreement may be terminated by ManJer or the Company on three months' written notice.

## 3. **Service Fee**

- (a) In consideration for the services to be provided by ManJer, the Company shall pay to ManJer a monthly service fee equal to the Gold Sales Charge plus any Creation Fees and Redemption Fees received by the Company less the Company's own expenses in administering the Programme.
- (b) The Service Fee will be paid by the Company to ManJer at the end of each month during the term of the Service Agreement, provided that the Trustee agrees to transfer gold in an amount of the Gold Sales Charge for such month to the Company in accordance with the provisions of the Security Deed.

## **Security Deed**

### 1. **Assignment and Charge**

- (a) *Assignment:* The Company with full title guarantee and as continuing security for the payment or discharge of all sums owing by or obligations of the Company to the Trustee or the Security Holders from time to time under the Gold Bullion Securities, the Trust Instrument or the Security Deed (the "**Secured Liabilities**"), assigns by way of first legal mortgage to the Trustee for the benefit of itself and the Security Holders all the Company's rights, title and interest, present and future, in and to the Secured Property, such assignment to take effect by way of first fixed security.
- (b) *Negative Covenant:* The Company shall (save as expressly provided in the Security Deed) not pledge, charge or otherwise deal with the Secured Property or any right or benefit either present or future arising under or in respect of the Security Property or any part thereof or any interest therein or purport to do so.
- (c) *No Exercise of Rights:* No payment or transfer out of either of the Secured Gold Accounts may be made without the express consent of the Trustee, which shall be given at the Trustee's discretion. Such consent of the Trustee may be given in the form of a direction to the Custodian in accordance with the provisions of the Secured Allocated Account Agreement or the Secured Unallocated Account Agreement, as the case may be. The Trustee may, in its absolute discretion, direct that no payment or transfer out of either of the Secured Gold Accounts may be made.

### 2. **Instructions under a Counterparty Agreement or the IRH Agreement**

- (a) Notwithstanding the generality of the Security Deed or any Counterparty Agreement or the IRH Agreement no transaction may be entered into pursuant to any Counterparty Agreement or the IRH Agreement without the express consent of the Trustee, which shall be given at the Trustee's discretion. The Trustee may, in its absolute discretion, direct that no transactions may be entered into with an Approved Counterparty or IRH.
- (b) No agreement for the sale of gold forming part of the Secured Property shall be entered into by the Company without the prior approval of the Trustee and subject to certain requirements, including, without limitation:
  - (i) the Trustee being a party to such agreement (solely in its capacity as legal mortgagee pursuant to the Security Deed);
  - (ii) such agreement containing an acknowledgement by the parties that all right, title and interest of the Company are subject to the Security; and
  - (iii) such agreement providing that the consideration for the sale of gold pursuant to such



agreement shall be satisfied by payment in cash to the Receipts Account or the account of the redeeming Security Holder in respect of which such sale has been concluded, as directed by the Trustee.

**3. Payments out of the Secured Gold Accounts**

(a) If, in relation to a Company Redemption Notification (as defined in the Security Deed) in which election for the Gold Delivery Method is specified, the Trustee, in the exercise of its discretion under Clause 3.4 of the Security Deed (as summarised below) determines that it is willing to allow gold to be transferred from the Secured Gold Accounts to satisfy the claims of the redeeming Security Holder in respect of the Gold Bullion Securities to be redeemed pursuant to such Redemption Notice, it will instruct the Custodian by 3:00 p.m. (London time) one Business Day after the Redemption Notice Date (as defined in the Security Deed) (by facsimile transmission or email, in accordance with the provisions of the Custodian Agreements) to:

- (i) deliver the Combined Entitlement to Gold of the Gold Bullion Securities to be redeemed from the Secured Unallocated Account to the Relevant Account (as defined in the Security Deed); and
- (ii) to the extent required to effect (i), withdraw gold from the Secured Allocated Account by way of de-allocation to the Secured Unallocated Account,

such withdrawal and payment to take place on the third Business Day following the Redemption Notice Date.

(b) In relation to a Company Redemption Notification in which election for the Gold Sale Method is made:

- (i) if, in the exercise of its discretion under Clause 3.4 of the Security Deed (as summarised in Section 2(a) above), the Trustee determines that it is willing to allow gold to be transferred from the Secured Gold Accounts in order to satisfy any transaction for the sale of gold to which its approval may be given as referred to in Clause 6.2 (b) of the Security Deed (and as summarised in Section 3(b)(ii) and (iii) below), it will, by 3:00 p.m. one Business Day after the Redemption Notice Date, instruct the Custodian (by facsimile transmission or email) to the extent required to effect any sale of gold to the Approved Counterparty, to withdraw gold from the Secured Allocated Account by way of de-allocation to the Secured Unallocated Account, such withdrawal to take place on the Redemption Date; and
- (ii) if, in the exercise of its discretion under Clause 5.1 of the Security Deed (as summarised in Section 2(a) above), the Trustee determines that it is willing to allow the Company to conclude a transaction for the sale of gold from the Secured Gold Accounts to effect the redemption to which a Company Redemption Notification relates, the Trustee will advise by 10:00 a.m. (London time) two Business Days after the Redemption Notice Date (by facsimile transmission or email) the Approved Counterparty nominated in the relevant Company Redemption Notification that the Company wishes to enter into a transaction pursuant to the relevant Counterparty Agreement on the terms set out in the Company Redemption Notification; and
- (iii) if, in the exercise of its discretion under Clause 3.4 of the Security Deed (as summarised in Section 2(a) above), the Trustee determines that it is willing to allow gold to be transferred from the Secured Unallocated Account in order to satisfy any transaction for the sale of gold to which its approval was given pursuant to Clause 6.2(b) of the Security Deed (as summarised in Section 3(b)(ii) above), and provided that the Trustee has received from the Approved Counterparty confirmation of such transaction satisfactory to the Trustee by 12:00 midday (London time), the Trustee will, by 3:00 p.m. (London time) two Business Days after the Redemption Notice Date, instruct the Custodian (by facsimile transmission or email, in accordance with the Custodian Agreements), to deliver the Combined Entitlement to Gold of the Gold Bullion Securities being redeemed from the Secured Unallocated Account to the

Counterparty Account (as defined in the Security Deed); and

- (iv) if (a) the Trustee is so requested in the Company Redemption Notification and (b) in the exercise of its discretion under Clause 4.4 of the Security Deed (as summarised below), the Trustee determines that it is willing to allow moneys to be transferred from the Receipts Account in order to satisfy the claims of the redeeming Security Holder in respect of the Gold Bullion Securities to be redeemed pursuant to such Company Redemption Notification, the Trustee will instruct the Account Bank (as defined in the Security Deed) (by facsimile transmission or email, in accordance with the Receipts Account Agreement) to pay over any sum received in the Receipts Account representing the gross proceeds of sale realised from the sale of such gold from a transaction pursuant to Clause 6.2(b) of the Security Deed (as summarised in Section 3(b)(ii) above) less any Sale Costs which may be set-off in accordance with Condition 2.2(c) to the Relevant Account (as defined in the Security Deed) on the Business Day of such receipt.
- (c) If, pursuant to Condition 2.5(a)(ii) (*Gold Sale Method*) (as summarised in Section B.5(a)(ii) above under “Trust Instrument”), the Company is required to redeem any Gold Bullion Securities either in cash by sale of gold to IRH or in gold, it shall deliver to the Trustee a further Company Redemption Notification in relation to such redemption (a “**Further Company Redemption Notification**”). No Further Company Redemption Notification shall be valid unless (x) it corresponds to and has attached to it a copy of the relevant Redemption Notice; (y) in the case of redemption in gold, it has attached to it a copy of the relevant Security Holder’s election for redemption in gold; and (z) in the case of redemption in cash, it confirms that the relevant Security Holder has failed to elect a redemption in gold or withdraw its Redemption Notice by the Final Notice Date (as defined in Condition 2.5(a)(ii) (*Gold Sale Method*) (as summarised in Section B.5(a)(ii) above under “Trust Instrument”)). On receipt by the Trustee of a valid Further Company Redemption Notification, the provisions of Clause 6.2 of the Security Deed (as summarised in Section 3(b) above) shall apply, save that:
  - (i) references to the Company Redemption Notification shall be read as references to the Further Company Redemption Notification;
  - (ii) references to the Approved Counterparty, the Counterparty Agreement, and the Counterparty Account shall be read as references to IRH, the IRH Agreement, and the IRH Account, respectively; and
  - (iii) the “Redemption Notice Date” shall be the date on which the Further Company Redemption Notification has been received by the Trustee, provided that if such Further Company Redemption Notification is received by the Trustee after 4:00 p.m. (London time) on a Business Day or on a day which is not a Business Day, the Redemption Notice Date shall be the Business Day following such receipt.
- (d) If, in the exercise of its discretion under Clause 3.4 of the Security Deed (as summarised below), the Trustee determines that it is willing to allow gold to be transferred to the Company from the Secured Gold Account in an amount equal to Gold Sales Charge in relation to any month for which it has received a Gold Sales Charge Certificate (as defined in the Security Deed), and provided that the Security has not become enforceable pursuant Clause 7.1 of the Security Deed (as summarised in Section 4 below), the Trustee will instruct the Custodian (by facsimile transmission or email, in accordance with the provisions of the Custodian Agreements) to:
  - (i) transfer the Gold Sales Charge Amount (as defined in the Security Deed) from the Secured Unallocated Account to the account stipulated in such Gold Sales Charge Certificate; and
  - (ii) to the extent required to effect (i), withdraw gold from the Secured Allocated Account by way of de-allocation to the Secured Unallocated Account,

Clause 3.4 of the Security Deed states that, notwithstanding any other provision of the Security Deed, the Secured Allocated Account Agreement or the Secured Unallocated Account Agreement, no payment or transfer out of either of the Secured Gold Accounts may be made without the express consent of the Trustee, which shall be given at the Trustee's discretion. The Trustee may, in its absolute discretion, direct that no payment or transfer out of either of the Secured Gold Accounts may be made.

Clause 4.4 of the Security Deed states that, notwithstanding any other provision of the Security Deed or the Receipts Account Agreement, no payment or transfer out of the Receipts Account may be made without the express consent of the Trustee, which shall be given at the Trustee's discretion. The Trustee may, in its absolute discretion, direct that no payment or transfer out of the Receipts Account may be made.

#### **4. Enforcement**

- (a) The Security created by the Security Deed shall become enforceable if (a) a Defaulted Obligation has occurred and is continuing, or (b) an Insolvency Event 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:
  - (i) if a Defaulted Obligation has occurred and is continuing, the Trustee may at any time, at its discretion, and shall if so directed in writing by a Security Holder to whom such Defaulted Obligation is owed, 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 Company to enforce any obligations of the Company under the Security constituted by the Security Deed in respect of the Gold Bullion Securities to which the Defaulted Obligation relates; and
  - (ii) if an 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. of the aggregate face value of the Gold Bullion Securities then outstanding or an Extraordinary Resolution, 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 Company to enforce any obligations of the Company under the Security constituted by the Security Deed in respect of all Gold Bullion Securities.

## PART 6

### GLOBAL BEARER CERTIFICATE

The following is a non-binding English language translation of the form of Global Bearer Certificate. The definitive German language text, of which the following is a direct and accurate translation, of the form of the Global Bearer Certificate and the Conditions of the Global Bearer Certificate is set out in Annex 1 and 2 of this document.

#### Model Form of Global Bearer Certificate

(non-binding translation)

#### Global Bearer Certificate

For

• registered Gold Bullion Securities

Of

#### Gold Bullion Securities Limited

Ordnance House, 31 Pier Road, St Helier, Jersey, Channel Islands, JE4 8PW  
divided into securities with a principal amount of US\$0.00001 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 • registered Gold Bullion Securities (hereinafter referred to as "Notes") of Gold Bullion Securities Limited, Jersey, Channel Islands (hereinafter referred to as the "Company") constituted by a Trust Instrument dated 24 March 2004 between the Company and The Law Debenture Trust Corporation p.l.c. (hereinafter referred to as the "Trust Instrument") and secured as described therein and divided into securities with a face value of US\$ 0.00001 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, in his name or in the name of a third party designated by him of such number of Notes 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 Certificate (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 Gold Bullion Securities (hereinafter referred to as "Notes") of Gold Bullion Securities Limited, Jersey, Channel Islands, (hereinafter referred to as the "Company") constituted by a Trust Instrument dated 24 March 2004 between the Company and The Law Debenture Trust Corporation p.l.c. (hereinafter referred to as the "Trust Instrument") and secured as described therein and divided into securities with a face value of US\$ 0.00001 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, interest 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 depository 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 at least one supranational newspaper designated by the German stock exchanges to publish obligatory notices of each German stock exchange on which the Notes in form of co-ownership shares in the Global Bearer Certificate are traded and officially quoted.
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 7

### GENERAL INFORMATION

#### 1. Responsibility

Gold Bullion Securities Limited accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, 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.

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

#### 2. Incorporation and share capital

- (a) The Company was incorporated as a public limited company in Jersey on 17 March 2004 under Companies (Jersey) Law 1991 (as amended). The Company is registered in Jersey under number 87322 with a registered office address of Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands JE4 8PW. The authorised and issued share capital of the Company is:

Authorised		<i>Issued and fully paid at a premium of £999 each</i>	
Nominal value (£)	Number	Nominal value (£)	Number
10,000	10,000	100	100
Total issued share capital and share premium			£100,000

- (b) All of the issued Ordinary Shares in the Company are held by HoldCo. The Company does not have any subsidiary undertakings.

#### 3. Material contracts

Part 5 (*Description of the Documents*) contains a description of the contracts (not being contracts entered into in the ordinary course of business) which are material.

#### 4. ISIN of the Gold Bullion Securities

The ISIN of the Gold Bullion Securities is GB00B00FHZ82.

#### 5. UK Taxation

##### (a) General

The following paragraphs summarise certain limited aspects of the UK taxation treatment of holding Gold Bullion 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 individuals (i.e. natural persons) acting in a private capacity and who are domiciled, resident and ordinarily resident in the UK for taxation purposes ("UK Individuals"), are within the charge to UK corporation tax and holding Gold Bullion Securities as an investment or which are UK open-ended investment companies or authorised unit trust schemes. Accordingly, these paragraphs do not apply to certain categories of Security Holders, such as dealers (whether in gold or Gold Bullion Securities). 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 a Gold Bullion Security (whether or not pursuant to the Offering), particularly if that person is subject to taxation in any jurisdiction other than the UK, is strongly recommended to consult his professional advisers immediately.

##### (b) Withholding Tax

No payments made by the Company to Security Holders in respect of the Gold Bullion Securities

are required to be made under deduction or withholding for or on account of UK tax.

**(c) Capital Gains Tax (Individuals)**

*Subscriptions made before 1 December 2009*

Provided the Gold Bullion Securities are not treated as "deeply discounted securities" for UK tax purposes, any transfer or redemption of a Gold Bullion Security by a Security Holder who is a UK individual will be a disposal of that Gold Bullion Security for UK capital gains tax purposes which may, subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for those purposes.

The Company has received a non-statutory confirmation from HM Revenue & Customs that, in its view, the Gold Bullion Securities are not deeply discounted securities. However, since this confirmation is addressed to the Company and is not binding on HM Revenue & Customs in its dealings with Security Holders, investors may wish to consult their own tax advisors in this respect. The tax treatment of subscriptions made prior to 1 December 2009 will not be affected by the new definition of "offshore fund" discussed below.

*Subscriptions made on or after 1 December 2009*

The Company has not been regarded as an "offshore fund" for UK tax purposes for periods before 1 December 2009. However, on 1 December 2009, a new definition of "offshore fund" took effect which has resulted in the Company being treated as an "offshore fund". Accordingly, subscriptions made on or after this date may be treated as investments in an "offshore fund" for UK tax purposes.

If this is the case, and the Gold Bullion 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 Gold Bullion Securities acquired on or after 1 December 2009 will be taxed as income and not as a capital gain, unless the Company achieves certification as a "reporting fund". The Company has obtained notification from HM Revenue & Customs that the Gold Bullion Securities have been accepted for entry into the "reporting fund" regime with effect from the accounting period which commenced 1 January 2009. Whilst it is expected that certification as a "reporting fund" will be maintained for all accounting periods this cannot be guaranteed.

Note that under the reporting fund rules the Company is required to report to investors 100 per cent. of the net income attributable to the Gold Bullion Securities. It is not expected that any such reportable income will arise in respect of any of the Gold Bullion Securities.

A copy of the annual report required to be made to investors under the reporting fund rules will be provided by the Company on the following website:  
[http://www.etfsecurities.com/en/document/etfs\\_document.asp](http://www.etfsecurities.com/en/document/etfs_document.asp)

**(d) Income Tax (Individuals)**

If the Gold Bullion 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 a Gold Bullion Security (whether such redemption is by way of the Gold Sale Method or by way of the Gold Delivery Method) will be subject to income tax and not to capital gains tax.

As noted in "Capital Gains Tax (Individuals)" above, the Company has received a non-statutory confirmation from HM Revenue & Customs that the Gold Bullion Securities are not deeply discounted securities.

**(e) Corporation Tax**

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 Gold Bullion 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 Gold Bullion Securities and which may include fluctuations in value relating to foreign exchange gains and losses) will be treated as income for the purposes of a Security Holder's corporation tax computation.

**(f) 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 (although 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) (the "**Regulations**") 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 Gold Bullion Securities will be exempt from tax.

**(g) Stamp Duty and Stamp Duty Reserve Tax ('SDRT')**

Provided the Register is not kept by or on behalf of the Company in the UK, neither stamp duty nor SDRT will be payable on the issue or the subsequent transfer of a Gold Bullion Security in Uncertificated Form.

In the case of Gold Bullion Securities held in Certificated Form, provided (i) the Register is not kept by or on behalf of the Company 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 a Gold Bullion Security.

The redemption of a Gold Bullion Security whether by way of the Gold Sale Method or by way of the Gold Delivery Method, will not give rise to stamp duty nor SDRT.

**(h) Inheritance Tax (Individuals)**

For the purposes of inheritance tax, a Gold Bullion 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 Gold Bullion Security on a gift of that Gold Bullion 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.

**(i) The Company**

The Directors intend that the affairs of the Company should be managed and conducted so that it should not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company 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 Company within the charge to UK income tax, the Company 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 Company 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.

**(j) 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 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 to, or secures interest for the beneficial owner, and could include a UK broker effecting the sale of Gold Bullion Securities.

Gold Bullion Securities are undated secured limited recourse debt obligations of the Company. However, as no return in respect of Gold Bullion Securities (whether in Bullion form or cash on a redemption, or as a result of trading on the London Stock Exchange) should constitute a payment of interest for the purposes of the Directive, it is not envisaged that Security Holders or their paying agents will be within the scope of the Directive.

**6. Jersey Taxation**

*The following paragraphs summarise certain aspects of the Jersey taxation treatment of holding Gold Bullion Securities. The statements are intended as a general guide.*

Under the Income Tax (Jersey) Law 1961 (the “**Jersey Income Tax Law**”), the Company 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%.

Holders of the Gold Bullion Securities (other than residents of Jersey) should not be subject to any Jersey tax in respect of the holding, sale, redemption or other disposition of its Gold Bullion Securities. Redemption payments (other than to residents of Jersey) will not be subject to withholding for or on account of Jersey tax.

**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 Gold Bullion Securities. In the event of the death of an individual sole holder of Gold Bullion Securities, duty at rates of up to 0.75 per cent. of the value of the Gold Bullion 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 Gold Bullion Securities held by the deceased individual sole holder thereof.

**Goods and services tax**

The Company is an “international services entity” for the purposes of the Goods and Services Tax (Jersey) Law 2007 (the “**GST Law**”). Consequently, the Company is not required to:

- (a) register as a taxable person pursuant to the GST Law;
- (b) charge goods and services tax in Jersey in respect of any supply made by it; or
- (c) (subject to limited exceptions that are not expected to apply to the Company) pay goods and services tax in Jersey in respect of any supply made to it.

**European Union directive on the taxation of savings income**

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 Company's understanding of the current practice of the Jersey tax authorities (and subject to the transitional arrangements described above), the Company would not be obliged to levy retention tax in Jersey under these provisions in respect of redemption payments made by it.

## **7. French Taxation**

### **(a) General**

**The following summary describes the principal French tax treatment applicable to the holding of the Gold Bullion Securities by a French investor residing in France or outside of France following an offer of the Gold Bullion 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, to hold and to dispose of the Gold Bullion Securities. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.**

**This summary is based on the French tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of the date of this Prospectus and on the legal qualification of the Gold Bullion 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 Gold Bullion 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 Gold Bullion Securities. Only a tax adviser is able to adequately assess the individual tax situation of a specific investor. It should be noted that the Gold Bullion Securities are intended for professional or institutional investors only.**

### **(b) Investors residing in France**

#### *(i) Taxation of individuals*

Taxation of capital gains

Capital gains derived from the disposal of the Gold Bullion Securities are subject to capital gains tax at the rate of 19 per cent. plus 12.3 per cent. social contributions (i.e., a total rate of taxation of 31.3 per cent.).

If a French investor disposes of the Gold Bullion 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 ten following years, subject to filing obligations.

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, whose top rate is currently 41 per cent. The above-mentioned social contributions of 12.3 per cent. are also applicable.

#### *(ii) Taxation of companies subject to French corporate income tax*

Taxation of capital gains

Capital gains from the disposal of the Gold Bullion Securities are subject to corporate income tax at the standard rate of 33 1/3 per cent. (or to a reduced rate applicable to small companies where the relevant conditions are met), to which 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 specific circumstances).

#### Taxation of bond redemption premium (*Prime de remboursement*)

Bond redemption premiums are taxed at the above-mentioned standard corporate income tax rate (or to 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 Gold Bullion Securities are not subject to capital gains tax in France. The same applies to companies, provided that the Gold Bullion Securities are not booked 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 any economic operator who pays interest or other similar income to, or secures interest for the beneficial owner, and could in relation to Gold Bullion Securities include a French broker effecting the sale of Gold Bullion Securities on a stock or 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).

## **8. Italian Taxation**

### **(a) General**

The information set out below is a summary of certain material Italian tax consequences of the acquisition, ownership and disposition of Gold Bullion Securities and it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Gold Bullion 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 change could apply retroactively and could affect the continued validity of this summary. Because it is a general summary, holders of Gold Bullion Securities should consult their own tax advisors as to the Italian or other tax consequences of the purchase, holding and disposition of Gold Bullion 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 Company is not a tax resident nor deemed to be a tax resident of Italy.

### **(b) Tax on income and capital gains**

Provided the Gold Bullion Securities qualify broadly as derivative instruments for the purposes of Italian tax law, which they are expected to do, then the following consequences would apply to a holder in respect of the net proceeds received from a redemption or sale of the Gold Bullion Securities over the sum paid by such a holder on their subscription or purchase:

- (i) proceeds from the sale or redemption of the Gold Bullion Securities received by a holder which is (a) an Italian resident corporation or similar commercial entity, (b) an Italian individual engaged in entrepreneurial activities to which the Gold Bullion Securities are effectively connected, or (c) a permanent establishment in Italy of a non-Italian resident to which the Gold Bullion Securities are effectively connected, as well as unrealised gains reported in the statutory financial statements, must be included in the relevant holder's taxable income subject to corporate income tax (IRES, currently applicable at a rate of 27.5 per cent.) and, in certain cases, depending on the status of such holder, may also have to be included in its taxable base for regional tax purposes (IRAP, currently applicable at a rate of 3.9 per cent. IRAP rate may be increased in certain Italian regions and 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; 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) and are therefore subject to the general Italian corporate tax regime, or to personal income taxation (as business income), as the case may be, according to the ordinary rules;
- (ii) according to article 5 of Legislative Decree No. 461 of 21 November 1997, capital gains realised by Italian resident individuals, not engaged in entrepreneurial activities to which the Gold Bullion Securities are effectively connected, and by certain other non commercial entities upon the sale for consideration or redemption of the Gold Bullion Securities are subject to a substitute tax (*imposta sostitutiva*) currently at the rate of 12.5 per cent. Under the tax return regime, which is the standard regime for taxation of capital gains realised 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, realised in a fiscal year pursuant to all disposals of Gold Bullion 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 realised 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 realised 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 Gold Bullion Securities are effectively connected and certain other non commercial entities may elect to pay the *imposta sostitutiva* separately on the capital gains realised upon each sale or redemption of the Gold Bullion Securities (under a so-called "*Risparmio Amministrato*" regime, which is managed through the provision of non discretionary asset management services to the taxpayer). Such a separate taxation of each capital gain is allowed subject to: (a) the Gold Bullion 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 realised through such intermediary, and (c) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Gold Bullion 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 realised on each sale or redemption of Gold Bullion Securities (as well as in respect of capital gains realised 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 tax authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Gold Bullion Securities holder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Gold Bullion Securities results in a capital loss, such loss may be used to reduce the subsequent capital gains realised 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 Gold Bullion 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 Gold Bullion Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the same securities by Italian resident individuals not engaged in entrepreneurial activities to which the Gold Bullion Securities are effectively connected, and by certain other non commercial 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 realised, at year end, which is subject to a 12.5 per cent. *imposta sostitutiva*, applied directly by the authorised asset manager. Under the *Risparmio Gestito* regime, any net depreciation of the managed assets accrued at year end may be carried forward and deducted against 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 Gold Bullion Securities;
- (v) the increase or decrease in the fair market value of the Gold Bullion Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the same securities by Italian resident collective investment funds, which are different from real estate investment funds, and hedge funds are not subject to income tax in Italy. A 12.5 per cent. withholding tax will be levied on proceeds distributed to or received by certain categories of unit holders upon redemption or disposal of the units;
- (vi) the increase or decrease in the fair market value of the Gold Bullion Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the same securities by Italian resident pension funds (subject to the regime provided for by article 17 of Legislative Decree No. 252 of 5 December 2005) are included in the determination of the yearly NAV accrued appreciation or depreciation of the managed assets that is subject to a substitute tax (*imposta sostitutiva*) currently at a rate of 11 per cent.;
- (vii) non-Italian resident holders without a permanent establishment in Italy to which the Gold Bullion Securities are effectively connected are not subject to income tax in Italy on the proceeds realised on the sale of the Gold Bullion Securities, provided that:
- the Gold Bullion Securities have not been deposited in Italy; or
  - the Gold Bullion Securities have been deposited in Italy and are traded on a regulated market; or
  - the Gold Bullion Securities have been deposited in Italy but are not traded on a regulated market and the beneficial owner of proceeds from the relevant Gold Bullion Securities (i) complies with certain filing requirements; and (ii) is a resident of a country which allows a satisfactory exchange of information with the Italian tax authorities and certain filing requirements have been complied with by the holder. At the date hereof, the countries which allow a satisfactory exchange of information with the Italian tax authorities are identified by Ministerial Decree of 4 September 1996, as subsequently amended and supplemented. However, according to article 168-bis(1) of Presidential Decree No. 917 of 22 December 1986 (Italian Income Tax Code), a decree still to be issued is proposed to introduce a new list of countries ordered to replace the current one.

The tax treatment of the Gold Bullion Securities described above has been confirmed by the Italian tax authorities decision No. 72/E of 12 July 2010 dealing with the Italian tax treatment of 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 Gold Bullion 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, a different tax treatment would apply. In fact, interest and other proceeds deriving from “atypical

securities” issued by non-Italian resident issuers are subject to a 27 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 at the transfer of assets (such as the Gold Bullion Securities) and rights by reason of death or gift.

As regards the inheritance and gift tax to be paid at the transfer of the Gold Bullion 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 a registration tax of 4% on the value of the inheritance or the gift exceeding Euro 1,000,000.00 for each transferor;
- (ii) transfers in favour of brothers and sisters are subject to a registration tax of 6% on the value of the inheritance or the gift exceeding Euro 100,000.00 for each transferor;
- (iii) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree, are subject to a registration tax of 6% on the entire value of the inheritance or the gift;
- (iv) any other transfer is subject to a registration tax of 8% on the entire value of the inheritance or the gift; and
- (v) transfers in favour of seriously disabled persons are subject to a registration tax at the relevant rate as described above on the value of the inheritance or the gift exceeding Euro 1,500,000.00 for each transferor.

Moreover, an anti-avoidance rule is provided by Law No. 383 of 18 October 2001 for any gift of assets (such as the Gold Bullion 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 Gold Bullion 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 Gold Bullion Securities in consideration for the issue or transfer of Gold Bullion Securities.

**(e) Securities Transfer Tax**

According to Article 37 of Law Decree No. 248 of 31 December 2007, as converted with amendments into Law No. 31 of 28 February 2008, the transfer of the Gold Bullion Securities is not subject to Italian transfer tax.

**(f) 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 Gold Bullion Securities include an Italian broker effecting the sale of Gold Bullion Securities.

Gold Bullion Securities are undated secured limited recourse debt obligations of the Company. However, as no return in respect of Gold Bullion Securities (whether in the form of cash on redemption, or as a result of trading on the ETFplus market of Borsa Italiana S.p.A.) should constitute a payment of interest for the purposes of the Directive, it is not envisaged that holders or their paying agents should be within the scope of the Directive.

## **9. German Taxation**

### **(a) General**

The following is a brief summary of some important principles of German tax law that may be of relevance for investors acquiring, holding, redeeming or selling Gold Bullion Securities. The summary does not fully cover all aspects of German tax law that may be of relevance to Gold Bullion 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.

German investors interested in acquiring the Gold Bullion 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 Gold Bullion Securities. Only a tax advisor is able to adequately assess the individual tax situation of a specific investor.

### **(b) Taxation of capital gains**

The taxation of capital gains from the sale or the redemption of the Gold Bullion Securities depends on the date on which German investors have purchased Gold Bullion Securities.

#### **(aa) Gold Bullion Securities purchased prior to 1 January 2009**

There is some uncertainty as to whether gains or losses from the Gold Bullion Securities purchased prior to 1 January 2009 are to be treated as gains or losses from private sales transactions (*privates Veräußerungsgeschäft*) or from debt instruments (financial innovations - *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*).

##### *Taxation as private sale transaction (privates Veräußerungsgeschäft)*

The Company has been advised that gains or losses from the sale or the redemption of the Gold Bullion Securities purchased prior to 1 January 2009 should be treated for German tax purposes as gains or losses from a private sale transaction (*privates Veräußerungsgeschäft*) rather than as gains or losses from a sale of a debt instrument (financial innovation - *Finanzinnovation*) in the form of a risk certificate (*Risikozertifikat*).

Treatment for German tax law purposes as financial innovations requires that (i) the Gold Bullion Securities confer a capital claim (*Kapitalforderung*) against the Company and that (ii) either repayment of the investment or a capital income therefrom will be granted or carried out.

The Company believes that the Company and the Applicant, who subscribes for Gold Bullion Securities, at the time of such subscription, economically conclude a custody agreement (*unregelmäßiger Verwahrvertrag*) in respect of a certain amount of gold (the Per Security Entitlement to Gold). Pursuant to such custody agreement the Applicant transfers title of the Per Security Entitlement to Gold to the Company. The Gold Bullion Securities thus confer the right of the Applicant to request return of a relevant quantifiable amount of gold (the Per Security Entitlement to Gold) to the Applicant at the Redemption Date. Pursuant to the terms of the custody agreement the Company is entitled to a Gold Sales Charge which reduces the Per Security Entitlement to Gold to be returned to the Applicant following a Redemption Date on a daily basis. The return of the Per Security Entitlement to Gold to the Applicant should not provide taxable income for the Applicant under German income tax law.

By acquiring the Gold Bullion Securities the Security Holder economically purchases from the Applicant (or from another Security Holder) the right to request return of the Per Security



Entitlement to Gold from the Company under the concluded custody agreement at the Redemption Date. By returning a completed valid Redemption Notice the Security Holder will be regarded as claiming performance of the Company's obligations under the custody agreement, i.e. for return of gold.

In case and contrary to the general principle that the Gold Delivery Method applies, where the Security Holder specifically elects for the Gold Sales Method, the Security Holder will be regarded as making use of his contractual right to substitute his original claim for return of gold with a claim for payment of the relevant cash amount. This right for substitution (*Ersetzungsbefugnis*) should not change the legal interpretation of the principal right of the Security Holder to request return of gold conferred by the Gold Bullion Securities. Thus, the Company has been advised that the Gold Bullion Securities should not confer a capital claim (*Kapitalforderung*) against the Company.

Since a claim for the return of the Per Security Entitlement to Gold is an eligible asset for a private sale transaction (*privates Veräußerungsgeschäft*) and the Gold Bullion Securities further do not confer the right to any capital income, and, the Company does not grant repayment of any investment to Security Holders (since the Security Holders only pay a purchase price for the acquisition of the right to request the return of the Per Security Entitlement to Gold), and thus theoretically a total loss of the value of the investment is possible, the Company has been advised that gains or losses from a sale or redemption of Gold Bullion Securities for German tax law purposes should appropriately be treated as gains or losses from private sale transactions (*privates Veräußerungsgeschäft*) and not as gains or losses from the sale or redemption of debt instruments (financial innovation - *Finanzinnovation*).

If the gains or losses from a sale or redemption of the Gold Bullion Securities are to be treated as such from private sale transactions (*privates Veräußerungsgeschäft*), any capital gains from the sale or redemption of the Gold Bullion Securities by German individual Security Holders purchased prior to 1 January 2009 would be subject to German personal income tax and solidarity surcharge thereon only if the Gold Bullion Securities were redeemed or sold within one year after purchase thereof. If the investor has purchased more than one Gold Bullion Security at different times, the Gold Bullion Securities first purchased will be deemed to be first sold. Capital gains are fully subject to German income tax if they solely or together with capital gains from other private sale transactions (*Gewinne aus privaten Veräußerungsgeschäften*) have reached an amount of € 600 or more in one calendar year. Capital gains from private sale transactions below this threshold are tax-free. Tax losses realized in such one year period can be set off only against capital gains on other private sale transactions (*Gewinne aus privaten Veräußerungsgeschäften*). If German individual Security Holders hold Gold Bullion Securities, if treated for German tax purposes as set out above, for longer than one year, capital gains from the sale or the redemption thereof are tax-free, but losses are not tax-deductible.

**Investors should note, that, in contrary to the above, pursuant to a tax circular dated 22 December 2009 (circular no. IV C 1 – S 2252/08/10004) (the "Tax Circular"), issued by the German Ministry of Finance, gains or losses from a note, eligible for listings on stock exchanges, that securitizes the right of the holder to request delivery of gold from the issuer and where such right of the holder is backed by physical gold, would be treated by the German tax authorities as gains or losses from a debt instrument (financial innovation – *Finanzinnovation*) in the form of a risk certificate (*Risikozertifikat*). This shall also apply if the holder of the note, instead of requesting delivery of gold, is entitled to request payment of the relevant amount of cash from the issuer. Following the issuance of the Tax Circular there is a substantial risk that the German tax authorities would notwithstanding the principles referred to above treat the Gold Bullion Securities as debt instruments (financial innovations – *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) as set out in the Tax Circular. In this case gains or losses from the sale or redemption of the Gold Bullion Securities by German individual Security Holders purchased prior to 1 January 2009 would be subject to German personal income tax and solidarity surcharge as set out below under "Taxation as debt instruments (financial innovations – *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*)".**

However, the Company has been advised, that there are good arguments that, in contrary to the above Tax Circular, the Gold Bullion Securities should not be treated as debt instruments (financial innovations - *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) for German tax purposes as set out in the Tax Circular. Pursuant to German tax law, and as set out above, the treatment as financial innovation requires that (i) the Gold Bullion Securities would confer a capital claim (*Kapitalforderung*) against the Company and that (ii) either repayment of the investment or a capital income therefrom will be granted or carried out. Since, as set out above, by acquiring the Gold Bullion Securities, the Security Holder economically purchases from the Applicant (or from another Security Holder) the right to request return of the Per Security Entitlement to Gold from the Company under the concluded custody agreement at the Redemption Date, which right can be claimed by the Security Holder against the Company pursuant to the terms of the Gold Bullion Securities, the Security Holder does not have a capital claim (*Kapitalforderung*) but a right for physical delivery of gold against the Company. The right of the Security Holder to substitute his original claim for return of gold with a claim for payment of the relevant cash amount (*Ersetzungsbefugnis*) should not change the legal interpretation of the principal right of the Security Holder to request return of gold conferred by the Gold Bullion Securities.

In the absence of relevant court decisions from German tax courts following the issuance of the Tax Circular, there is currently uncertainty if the German tax courts (which do interpret German tax law but are not bound by tax circulars issued by the German Ministry of Finance) would treat the gains and losses from the sale or redemption of the Gold Bullion Securities either as gains and losses from private sale transactions (*Gewinne aus privaten Veräußerungsgeschäften*), as the Company believes they should, or as gains and losses from debt instruments (financial innovations - *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) as set out in the Tax Circular.

**It is therefore highly recommended that German investors consult their tax advisors about the proper treatment of the Gold Bullion Securities for German tax purposes before acquiring Gold Bullion Securities and about the question if and to what extent capital gains or losses from Gold Bullion Securities should be included in their personal income tax return (*Einkommensteuererklärung*).**

If the Gold Bullion Securities are held as business assets, irrespective of the above treatment of the Gold Bullion Securities, all capital gains from the sale or redemption of the Gold Bullion Securities by German Security Holders will be subject to German personal or corporate income tax and solidarity surcharge thereon. In such case gains will also be subject to German trade tax.

If the gains or losses from a sale or redemption of the Gold Bullion Securities are to be treated as gains or losses from private sale transactions (*privates Veräußerungsgeschäft*), as the Company believes they should, German withholding tax should not be imposed on any income or gains arising on the Gold Bullion Securities. If instead the gains or losses are to be treated as gains or losses from debt instruments (financial innovations - *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*), as set out in the Tax Circular, German withholding tax would occur as set out below under "Taxation as debt instruments (financial innovations – *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*)".

*Taxation as debt instruments (financial innovations – Finanzinnovationen) in the form of risk certificates (Risikozertifikate)*

As referred to above the Company has been advised that gains or losses from a sale or redemption of the Gold Bullion Securities purchased prior to 1 January 2009 should be treated as gains or losses from private sale transactions (*privates Veräußerungsgeschäft*). Nevertheless, as set out above, there is a substantial risk that the German tax authorities would notwithstanding the principles referred to above treat the Gold Bullion Securities as debt instruments (financial innovations – *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) as set out in the Tax Circular.

If the Gold Bullion Securities are to be treated as set out in the Tax Circular the tax consequences as set out above under "Taxation as private sale transaction (*privates Veräußerungsgeschäft*)" hold true for Gold Bullion Securities (i) purchased until 14 March 2007, or (ii) purchased after 14

March 2007 provided capital gains are realized prior to 1 July 2009. In this case capital gains of German individual Security Holders from the sale or redemption of the Gold Bullion Securities would be subject to German personal income tax and solidarity surcharge thereon, as set out above, only if the Gold Bullion Securities were redeemed or sold within one year after purchase thereof. If the Gold Bullion Securities were held for longer than one year, capital gains from the sale or the redemption thereof are tax-free, but losses are not tax-deductible.

Capital gains realized after 30 June 2009 from Gold Bullion Securities purchased after 14 March 2007 would be subject to the provisions of the new flat income tax (*Abgeltungssteuer*) as set out below under (bb).

**(bb) Gold Bullion Securities purchased after 31 December 2008**

Effective as of 1 January 2009 a new flat income tax (*Abgeltungssteuer*), *inter alia*, on interest income, dividends and capital gains from the disposal of securities held as non-business assets, irrespective of any holding period, has been introduced. The new flat income tax would, in principle, be imposed on private capital income or capital gains derived from capital claims (*Kapitalforderungen*) acquired after 31 December 2008.

As referred to above, the Company has been advised that the Gold Bullion Securities confer the right of the investor to request return of a quantifiable amount of gold to the investor and do not confer a capital claim (*Kapitalforderung*) against the Company and that capital gains of German individual Security Holders from the Gold Bullion Securities holding the securities as private assets are not subject to the new flat income tax (*Abgeltungssteuer*). If the Gold Bullion Securities are to be treated as set out above for German tax purposes capital gains and losses from the Gold Bullion Securities purchased after 31 December 2008 are to be taxed as set out above under (aa) under "Taxation as private sale transaction (*privates Veräußerungsgeschäft*)". In this case capital gains of German individual Security Holders from the sale or redemption of the Gold Bullion Securities would be subject to German personal income tax and solidarity surcharge thereon, as set out above, only if the Gold Bullion Securities are redeemed or sold within one year after purchase thereof. If the Gold Bullion Securities are held for longer than one year, capital gains from the sale or the redemption thereof are tax-free, but losses are not tax-deductible.

**Investors should note that, as set out above under (aa), following the issuance of the Tax Circular there is a substantial risk that the German tax authorities would notwithstanding the principles referred to above treat the Gold Bullion Securities as debt instruments (financial innovations – *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) as set out in the Tax Circular, and thus, gains and losses from the sale or redemption of the Gold Bullion Securities would be subject to the provisions of the new flat income tax (*Abgeltungssteuer*) as set out below.**

As set out above, the Company has been advised, that there are good arguments that, in contrary to the above Tax Circular, the Gold Bullion Securities should not be treated as debt instruments (financial innovations - *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) for German tax purposes as set out in the Tax Circular and thus, gains and losses from the sale or redemption of the Gold Bullion Securities should not be subject to the provisions of the new flat income tax (*Abgeltungssteuer*) but rather subject to the provisions as set out above under (aa) under "Taxation as private sale transaction (*privates Veräußerungsgeschäft*)". However, as set out above, there is uncertainty if following the issuance of the Tax Circular the German tax courts would treat the gains and losses from the sale or redemption of the Gold Bullion Securities either as gains and losses from private sale transactions (*Gewinne aus privaten Veräußerungsgeschäften*), as the Company believes they should, or as gains and losses from debt instruments (financial innovations - *Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) as set out in the Tax Circular.

If notwithstanding the principles referred to above the Gold Bullion Securities are to be treated as financial innovations (*Finanzinnovationen*) in the form of risk certificates (*Risikozertifikate*) as set out in the Tax Circular, German individual Security Holders who hold the Gold Bullion Securities as private assets (*Privatvermögen*) would be subject to German personal income tax and solidarity surcharge on any capital gains from the sale or the redemption of the Gold Bullion Securities

purchased after 31 December 2008. The tax rate in respect of such capital gains would be 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax). However, taxpayers are entitled to apply for a tax assessment on the basis of their net taxable income. In this case the personal income tax will be levied on the gross income. No expenses related to the capital gains except for a lump-sum tax allowance of EUR 801 for individuals and EUR 1602 for married couples subject to German joint taxation will be deductible. If the Gold Bullion 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 (*Abgeltungsteuer*) 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 Security Holder 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 Gold Bullion Securities can be set off only against other capital income (*Einkünfte aus Kapitalvermögen*) of the Security Holder.

***It is therefore highly recommended that German investors consult their tax advisors about the proper treatment of the Gold Bullion Securities for German tax purposes before acquiring Gold Bullion Securities and about the question if and to what extent capital gains or losses from Gold Bullion Securities should be included in their personal income tax return (Einkommensteuererklärung).***

If the Gold Bullion Securities are held as business assets, irrespective of the above treatment of the Gold Bullion Securities, any payment under the Gold Bullion Securities or capital gains from the sale or redemption of the Gold Bullion Securities by German Security Holders are subject to German personal or corporate income tax and solidarity surcharge thereon based on the applicable tax rate for the German Security Holder. In such case 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 Security Holder in respect of such gains.

**(c) Sale of the Per Security Entitlement to Gold by a Security Holder**

If pursuant to the general principle of the Gold Delivery Method the Security Holder following a Redemption Date receives the Per Security Entitlement to Gold from the Company (in the form of physical gold), capital gains or losses from the later sale of such gold by German individual Security Holders are to be treated as gains or losses from private sale transactions (*privates Veräußerungsgeschäft*). In this case capital gains from such sale would be subject to German personal income tax and solidarity surcharge thereon only if the gold is sold within one year after its purchase.

The Company has been advised that there are good arguments that regarding the calculation of the one year holding period the Per Security Entitlement of Gold shall be deemed purchased by the Security Holder at that time when the Security Holder purchases the relevant Gold Bullion Securities. However, pursuant to the treatment of the Gold Bullion Securities as set out in the Tax Circular, there is a substantial risk that the German tax authorities would regarding the calculation of the above time period be of the opinion that the gold shall be deemed purchased by the Security Holder at the time when the Security Holder receives the Per Security Entitlement to Gold from the Company.

Capital gains are fully subject to German income tax if they solely or together with capital gains from other private sale transactions (*Gewinne aus privaten Veräußerungsgeschäften*) have reached an amount of € 600 or more in one calendar year. Capital gains from private sale transactions below this threshold are tax-free. Tax losses from the sale of the gold by the Security Holder realized in such one year period can be set off only against capital gains on other private sale transactions (*Gewinne aus privaten Veräußerungsgeschäften*). If German individual Security Holders hold the gold for longer than one year capital gains from the sale or the redemption thereof are tax-free, but losses are not tax-deductible.

If the Per Security Entitlement to Gold delivered to the Security Holder following a Redemption Date is held as business assets by a German Security Holder all capital gains from the later sale of the gold the Security Holder will be subject to German personal or corporate income tax and

solidarity surcharge thereon. In such case gains will also be subject to German trade tax.

**(d) Applicability of the Investment Tax Act (*Investmentsteuergesetz*)**

The Company has been advised that Security Holders holding Gold Bullion Securities will not be subject to the German Investment Tax Act. The Gold Bullion Securities do not constitute a participation of an investor in a foreign investment fund or a foreign unit of foreign investment funds.

**(e) Gift or inheritance tax**

A transfer of the Gold Bullion Securities by way of gift or on death will be subject to German inheritance or gift tax if the Security Holder, or their heir, donee 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 Security Holder, heir, donee or other beneficiary is:

(i) an individual having at the time of the donation or death its 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 Gold Bullion Securities constitute business assets attributable to a permanent establishment or a permanent representative in Germany.

**(f) 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 Gold Bullion Securities, the Global Bearer Certificates or any interest therein. No net asset tax is currently levied in Germany.

There is in particular no German Value Added Tax (VAT) payable when Security Holders acquire or sell Gold Bullion Securities, as the purchase of investment gold (*Anlagegold*) also in the form of certificates about investment gold is free of VAT. The physical return of gold to German Security Holders following the Redemption Date is free of German VAT if the Company delivers investment gold in the form of a bar or a wafer of weights accepted by the bullion markets and of purity equal or greater than 995 thousandths.

**(g) The European Savings Directive**

On 3 June 2003, the Council of the European Union has adopted directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Directive**"). Under this Directive, Germany is, as of 1 July 2005, required to provide the tax authorities of other member states with details of 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.

Gold Bullion Securities are undated secured limited recourse debt obligations of the Company. However, as no return in respect of Gold Bullion Securities (whether in the form of cash on redemption, or as a result of trading on the stock exchanges) should constitute a payment of interest for the purposes of the Directive, the Company believes that investors in Gold Bullion Securities or their paying agents will not be within the scope of the Directive.

**10. Belgian Taxation**

**(a) General**

The following paragraphs summarise certain aspects of the Belgian tax treatment of investing in Gold Bullion Securities. They are based upon current Belgian tax law and regulations and interpretations thereunder, all of which are subject to change, possibly with retroactive effect. The

statements in this summary are intended only as a general guide, and should not be taken as an exhaustive or definitive description of all relevant Belgian tax considerations. Any person who is contemplating acquiring a Gold Bullion Security is strongly advised to first consult his or its professional advisers for definitive tax advice, taking into account any special circumstances related to the situation of that particular person.

**(b) Taxation of Belgian resident individuals**

For Belgian income tax purposes the Gold Bullion Securities will be considered to be “fixed-income securities” as defined in Article 2, §4 of the Belgian Income Tax Code 1992 (“ITC”). Accordingly, for a Belgian resident individual who is subject to the Belgian personal income tax (“*impôt des personnes physiques/personenbelasting*”) an investment in Gold Bullion Securities will normally be subject to the tax regime described hereunder. Different rules may apply, however, in specific situations such as in the case of Belgian resident individuals who acquire Gold Bullion Securities in the framework of a professional activity or in circumstances which fall outside the scope of the normal management of the individual’s personal assets.

Any capital gain realised upon redemption of the Gold Bullion Securities will be treated as deemed interest income for Belgian personal income tax purposes and will be subject to Belgian withholding tax at the rate of 15 per cent. if received via a Belgian paying agent. This withholding tax will be withheld by the Belgian financial institution via which the redemption proceeds are paid and will constitute a final tax, thereby relieving the Belgian investor from the obligation to declare the interest income in his personal income tax return. If, on the other hand, the Belgian holder of the Gold Bullion Securities should redeem his securities outside of Belgium in another EU Member State without deduction of the Belgian withholding tax, the deemed interest income arising upon the redemption will have to be declared in the holder’s Belgian personal income tax return and will be subject to separate taxation at the rate of 15 per cent. Any losses sustained upon redemption of the Gold Bullion Securities will not be deductible.

Capital gains realised on the sale of Gold Bullion Securities to a party other than the Company will not be taxable, except for income imputable as accrued interest at the time of sale, which should, in principle, be reported on a prorata temporis basis in the investor’s Belgian personal income tax return in accordance with the provisions of Article 19, §2 of the ITC and will generally be subject to tax at the rate of 15 per cent. Due to the non-interest-bearing character of the Gold Bullion Securities and the absence of clear guidance in the relevant law and regulations, the calculation of accrued interest on a prorata temporis basis may in this case be difficult to effectuate. Any capital loss sustained upon such a sale will not be deductible. As noted above, different rules may apply if a Belgian resident individual holds Gold Bullion Securities as part of a professional activity or outside the scope of the normal management of his personal assets.

**(c) Taxation of Belgian resident companies**

Belgian companies subject to Belgian corporate income tax (“*impôt des sociétés vennootschapsbelasting*”) which acquire Gold Bullion Securities will be required to treat any gain from the redemption or sale of Gold Bullion Securities as normal trading income subject to tax at the normal Belgian corporate income tax rate.

If redemption or sale proceeds are received via a Belgian paying agent, a Belgian corporate taxpayer may, upon application, obtain an exemption from the 15 per cent. withholding tax referred to above. If such exemption is not applied for, the Belgian company will be entitled to claim a credit for or refund of such withholding tax if it has held the full legal ownership of the Gold Bullion Securities during the period to which the withholding tax relates.

Capital losses sustained upon the redemption or sale of Gold Bullion Securities will in principle be fully deductible for Belgian corporate income tax purposes.

**(d) Taxation of Belgian persons subject to the “tax on legal entities”**

Belgian investors which are subject to the Belgian tax on legal entities (“*impôt des personnes morales/rechtspersonenbelasting*”) will be subject to taxation similar to that described above with

respect to Belgian resident individuals. Any amount paid by the Company in excess of the issue price will be deemed to constitute taxable interest income and will be subject to 15 per cent. withholding tax if paid via a Belgian paying agent. The withholding tax will in such case constitute a final tax with respect to such income. If no withholding tax is levied, the Belgian legal entity will have to declare and pay the 15 per cent. tax itself. Capital gains realised on the sale of Gold Bullion Securities to a party other than the Company will not be taxable except for any accrued interest calculated on a prorata temporis basis.

**(e) Taxation of non-residents**

Redemption or sale proceeds of Gold Bullion Securities received by a non-resident investor via a Belgian paying agent will be deemed to constitute interest income and will, in principle, be subject to a 15 per cent. Belgian withholding tax. However, if the non-resident investor is a resident of a country with which Belgium has entered into a double taxation treaty, a reduction or exemption from such withholding tax may be available. An exemption from such withholding tax may also be available under relevant provisions of Belgian income tax law for non-resident investors who hold Gold Bullion Securities in open custody with a Belgian financial institution and unconnected with the exercise of a professional activity in Belgium.

A non-resident company which holds Gold Bullion Securities in connection with the exercise of a professional activity in Belgium via a permanent establishment will be subject to the same rules discussed above under "Taxation of Belgian resident companies".

**(f) The European Savings Directive**

Pursuant to the Belgian Law of 17 May 2004 implementing EU Council Directive 2003/48/EC of 3 June 2003 concerning the taxation of savings income (the "**Directive**") payments of interest made by Belgian paying agents to individual residents of other EU Member States (and of certain Dependant and Associated Territories) on or after 1 July 2005 were subject to a special EU withholding tax ("*prélèvement pour l'Etat de Résidence/woonstaatheffing*"), initially imposed at the rate of 15 per cent. and which increased to 20 per cent. on 1 July 2008. It should be noted, however, that the definition of "interest" for the purposes of the Directive and the Belgian Law of 17 May 2004 is different from the definition of "interest" for the purposes of Belgian domestic income tax law. The Belgian Income Tax Administration confirmed in April 2007 in response to a ruling request that, given the special nature of the Gold Bullion Securities and, in particular, the consideration that there is no principal guarantee provided and that the redemption value at any time will vary as a function of the then market price of gold, the proceeds of a redemption or sale of Gold Bullion Securities effectuated via a Belgian paying agent need not be subjected to any withholding tax under the Directive. Such confirmation was subject to the reservation that the Administration's position could change if, in the future, the EU authorities should adopt an official position with respect to the treatment of derivative instruments such as the Gold Bullion Securities under the Directive.

Effective 1 January 2010 the withholding tax regime previously applicable in Belgium under the Law of 17 May 2004 implementing the Directive was replaced by a system of automatic reporting and exchange of information with Member States in which individual investors reside such as that in effect in most other EU Member States. However, as was previously the case with respect to the Belgian withholding tax regime, such reporting will only apply to amounts deemed to constitute "interest" for the purposes of the Directive and, in this respect, the April 2007 ruling of the Belgian Income Tax Administration should remain applicable.

On the other hand, an individual resident Belgian investor will be subject to the provisions of the Directive if he should redeem Gold Bullion Securities (or receive proceeds from the sale of Gold Bullion Securities) via a paying agent (as defined in the Directive) established in another EU Member State (or in certain Dependant and Associated Territories as well as certain countries, such as Switzerland, Liechtenstein and Andorra, which have entered into bilateral agreements with the EU to apply the rules of the Directive). Depending upon the manner in which the Directive has been implemented in the source country the proceeds — if deemed by the source country tax authorities to constitute "interest" for the purpose of the Directive — will be subject either to a reporting obligation or to a withholding tax similar to the withholding tax previously applied in Belgium under the Directive.

## 11. Dutch Taxation

### (a) General

The information set out below is a summary of certain material Dutch tax consequences of the acquisition, ownership and disposition of Gold Bullion Securities and it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Gold Bullion 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 on 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 on or before such date and now in effect. All of the foregoing is subject to change, which change could apply retroactively and could affect the continued validity of this summary. Because it is a general summary, holders of Gold Bullion Securities should consult their own tax advisors as to the Dutch or other tax consequences of the purchase, holding and disposition of Gold Bullion 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. The Company 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 Dutch tax purposes, and the following summary assumes that the Company will not be treated as a resident or deemed resident of The Netherlands nor as having a presence in The Netherlands for Dutch tax purposes.

### (b) Withholding tax

Payments of the Company with regard to the Gold Bullion Securities will be free from withholding or deduction for or on the account of 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 Gold Bullion Securities, who:

- (i) is an individual and for whom the income or capital gains derived from Gold Bullion 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 Dutch corporate income tax;
- (iii) is an investment institution (beleggingsinstelling) as defined in the Dutch Corporate Income Tax Act 1969;
- (iv) has, directly or indirectly, a substantial interest or a deemed substantial interest as defined in the Netherlands Income Tax Act 2001 (Wet inkomstenbelasting 2001) in the Company.

#### *Residents of The Netherlands*

##### 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 Gold Bullion Securities is subject to Dutch income tax on income and/or capital gains derived from Gold Bullion Securities at the progressive rate (up to 52%; rate for 2010) if:

- (i) 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 Gold Bullion Securities are attributable; or
- (ii) the holder derives income or capital gains from Gold Bullion 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 Gold Bullion Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Gold Bullion Securities who is a Dutch Resident Individual will be subject to Dutch income tax on a deemed return regardless of the actual income and/or capital gains benefits derived from Gold Bullion Securities. This deemed return has been fixed at a rate of 4% (rate for 2010) of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as this exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the average of the fair market value of certain qualifying assets (including the Gold Bullion Securities) held by the Dutch Resident Individual less the fair market value of certain qualifying liabilities, on January 1 and December 31 of the relevant year. The deemed return of 4% will be taxed at a rate of 30% (rate for 2010).

#### Entities

An entity that is resident or deemed to be resident in The Netherlands (a "Dutch Resident Entity") will generally be subject to Dutch corporate income tax with respect to income and capital gains derived from Gold Bullion Securities. The Dutch corporate income tax rate for 2010 is 20% for the first €200,000 of taxable amount, and 25.5% for taxable amount exceeding €200,000. Although the 20% tax rate for the full first €200,000 of taxable amount is a temporary measure a bill by the Dutch government submitted to Dutch parliament on 21 September 2010 would, if enacted, keep the Dutch corporate income tax rate for the first €200,000 of taxable amount unchanged at 20% and reduce the tax rate for a taxable amount exceeding €200,000 to 25%.

#### *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 Gold Bullion Securities is generally not subject to Dutch income or corporate income tax on income and capital gains derived from Gold Bullion 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, Gold Bullion 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 Gold Bullion Securities that are taxable as benefits from "miscellaneous activities" 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 Gold Bullion Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*); and
- (iii) such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in The Netherlands, other than by way of the holding of securities or, in case of an individual, through an employment contract, to which enterprise Gold Bullion Securities or payments in respect of Gold Bullion Securities are attributable.

If a holder of a Gold Bullion Security is not a resident or a deemed resident in The Netherlands, but is a resident in another country the following may apply. If a double taxation convention is in effect between The Netherlands and the country in which such holder of a Gold Bullion Security is resident, such holder may, depending on the terms of and subject to compliance with the procedures for claiming benefits under such double taxation convention, be eligible for a full or partial exemption from Netherlands taxes (if any) on (deemed) income or capital gains in respect of a Gold Bullion Security provided such holder is entitled to the benefits of that treaty.

**(d) Gift, estate, or inheritance tax**

No Dutch gift, estate or inheritance taxes will be levied on the transfer of Gold Bullion 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; or
- (ii) such holder dies while being a resident or deemed resident of the Netherlands within 180 days after the date of a gift of Gold Bullion Securities.

For purposes of Dutch gift, estate 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 Dutch 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.

**(e) Value added tax**

No Netherlands value added tax will be payable by a holder of Gold Bullion Securities in consideration for the issue of Gold Bullion Securities (other than value added taxes on fees payable in respect of services not exempt from Netherlands value added tax).

**(f) 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 Gold Bullion Securities in respect of or in connection with the acquisition, ownership and disposition of the Gold Bullion 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. 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. 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 Gold Bullion Securities include a Dutch broker effecting the sale of Gold Bullion 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).

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.

**12. Sources**

The tables under the heading "Demand and Supply" in Part 2 (*Gold Market Overview*), showing the main sources of demand and supply of gold for the ten year period ended 31 December 2010, has been sourced from Gold Survey 2011, published by GFSM Ltd.

The statement under the heading “The London Bullion Market: London Good Delivery” in Part 2 (*Gold Market Overview*) that a gold bar must have a minimum fineness of 99.5 per cent. and a weight of approximately 400 ounces or 12.5 kilograms (although bars are permitted to be between 350 and 430 ounces), is derived from the London Bullion Market Association’s “Good Delivery Rules”.

The information referred to above has been accurately reproduced and, so far as the Company 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.

### **13. General**

- (a) The Company’s auditors are Deloitte LLP of Lord Coutanche House, 66-68 Esplanade, St Helier, Jersey JE4 8WA, who have audited the Company’s annual accounts in accordance with national law since 24 March 2004. The annual reports of the Company for the year ended 31 December 2009 and 31 December 2010 as published by the Company through the Regulatory News Service of the London Stock Exchange on 30 April 2010 and 28 April 2011 respectively are incorporated into this document by reference and are available at the Company’s website at <http://www.etfsecurities.com> and at the registered office of the Company as set out in paragraph 15 of this Part 7 (*General Information*).
- (b) The Company is not and has not been involved in any 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 Company’s financial position or profitability nor, so far as the Company is aware, are any such proceedings pending or threatened.
- (c) All Gold Bullion Securities in issue at the date of this document have been admitted to the Official List and admitted to trading on the Main Market of the London Stock Exchange (a Regulated Market). Applications have been made to the UK Listing Authority for the Gold Bullion Securities issued and 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 such securities to be admitted to trading on the Main Market.
- (d) All Gold Bullion Securities in issue at the date of this document have been admitted to listing on Paris SA (a Regulated Market) since 7 November 2005, the ETFplus market of the Borsa Italiana S.p.A. since 20 April 2007 and the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 25 April 2007.
- (e) The UK Financial Services Authority will remain the competent authority for the purposes of approving all prospectuses published by the Company under the Prospectus Directive.
- (f) The Company intends to publish annual financial statements and Pricing Supplements as required by Listing Rules and Transparency Rules and to publish the current Gold Sales Charge Rate and Per Security Entitlement to Gold on its website as described under the heading “Gold Sales Charge and Per Security Entitlement to Gold” in Part 1 (*Information on the Company, ManJer and Gold Bullion Securities*). Save as aforesaid, the Company does not intend to provide post-issuance information.
- (g) Current and historical gold pricing information, including daily prices, can be obtained from the LBMA website at <http://www.lbma.org.uk/>.
- (h) There has been no material adverse change in the financial or trading position or prospects of the Company since 31 December 2010, the date of the Company’s last published audited financial statements.

### **14. Availability of the prospectus**

Copies of this document are available free of charge from the Company on its website at <http://www.etfsecurities.com>.

**15. Documents available for inspection**

During the duration of the Programme, 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 Company:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited accounts of the Company for the years ended 31 December 2009 and 31 December 2010;
- (c) the Service Agreement;
- (d) the Custodian Agreements;
- (e) the Trust Instrument;
- (f) the Security Deed; and
- (g) the agreement between the Company, Clearstream and the Bank dated 20/29 March 2007 (as amended).

**16. Jersey Law Consents**

A copy of this document has been delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to circulation.

It must be distinctly understood that, in giving this consent, the Jersey registrar of companies does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

The Company 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 Gold Bullion Securities. The Jersey Financial Services Commission is protected by the CIF 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 Company or for the correctness of any statements made, or opinions expressed, with regard to it.

Each of ManJer, R&H 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 Gold Bullion Securities. The Jersey Financial Services Commission is protected by the Financial Services Law against liability arising from the discharge of its functions thereunder.

## DEFINITIONS

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

<b>“Account Bank”</b>	means HSBC Bank plc
<b>“Applicant” or “Approved Applicant”</b>	means a person who is both (a) a securities house or other market professional approved by the Company and (b) an Authorised Person, an Exempt Person or an Overseas Person; and (c) is not a UCITS Fund
<b>“Application”</b>	means an offer by a person to the Company to subscribe for Gold Bullion Securities, being an offer on terms referred to in an Application Form and this document
<b>“Application Form”</b>	means the application form accompanying this document to be used in connection with the Offering
<b>“Approved Counterparty”</b>	means a dealer approved by the Trustee and the Company for the purpose of effecting sales of gold and/or exchanges of currencies on redemption of Gold Bullion Securities using the Gold Sale Method
<b>“Authorised Person”</b>	means a person authorised for the purposes of FSMA
<b>“Board”</b>	means the board of directors of the Company
<b>“Business Day”</b>	means a day (excluding weekends, public holidays and any day on which the gold market in London closes prior to 4:00 p.m. (London time)) on which commercial banks generally and the London gold market are open for business in London
<b>“Certificated” or “Certificated Form”</b>	means not in Uncertificated Form
<b>“CIS”</b>	means a scheme that falls within the definition of a “Collective Investment Scheme” within section 235 of FSMA
<b>“Combined Entitlement to Gold”</b>	means (i) in respect of any Gold Bullion Securities, the total of the Per Security Entitlement to Gold of such Gold Bullion Securities, and (ii) in respect of redemption of any Gold Bullion Securities means the total amount of gold to be sold or delivered, as the case may be, in relation to any Gold Bullion Securities which are being redeemed (pursuant to a Redemption Notice or otherwise), being the Per Security Entitlement to Gold on the Redemption Date in respect of such redemption multiplied by the number of Gold Bullion Securities to be redeemed on such date
<b>“Company”</b>	means Gold Bullion Securities Limited, a company incorporated and registered in Jersey with a registered office address Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, JE4 8PW
<b>“Conditions”</b>	means the terms and conditions of the Gold Bullion Securities in the form set out in the First Schedule ( <i>Form of Certificate for Securities</i> ) to the Trust Instrument
<b>“Controller”</b>	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, 10 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, 10 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 Agreement”**

means any agreement entered into by the Company and the Trustee (as legal mortgagee) with an Approved Counterparty in compliance with the terms of the Security Deed, pursuant to which any sale(s) of gold from the Secured Gold Accounts and/or exchange of currencies may be effected for the purpose of redeeming Gold Bullion Securities in cash

**“CREST”**

means the system of paperless settlement trades and the holding of Uncertificated securities administered by Euroclear UK & Ireland Limited

**“Creation Fee”**

means the fee payable by an Applicant to the Company on the creation of Gold Bullion Securities

**“Custodian”**

means HSBC Bank USA, National Association, a corporation organised under the laws of the United States and an indirectly wholly-owned subsidiary of HSBC, acting through its London branch at 8 Canada Square, London E14 5HQ or such other person (being an LBMA clearing bank member) who provides custody and transfer facilities from time to time pursuant to the Custodian Agreements

**“Custodian Agreements”**

means the Secured Allocated Account Agreement and the Secured Unallocated Account Agreement

**“Defaulted Obligation”**

means the failure of the Company to make or procure any payment of cash or delivery of gold in respect of the redemption of any Gold Bullion Securities when due

**“Directors”**

means the directors of the Company, being at the date of this document the persons whose names are listed as such in “Directors, Secretary and Advisers” below

**“Documents”**

means this document, the Trust Instrument, the Security Deed,

the Custodian Agreements, the IRH Agreement, the Service Agreement, any Counterparty Agreement, the Receipts Account Agreement and the Registrar Agreement

<b>“EEA State”</b>	means a member of the European Economic Area
<b>“ETFSL”</b>	ETF Securities Limited, a company incorporated and registered in Jersey with registered number 88370
<b>“EU”</b>	means the European Union
<b>“Euro” or “€”</b>	means the lawful currency of the member states of the EU that adopt the single currency.
<b>“Euroclear”</b>	means the system of paperless settlement trades used in France and administered by Euroclear France
<b>“Exempt Person”</b>	means a person 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 FSMA or associated secondary legislation
<b>“FSA”</b>	means the Financial Services Authority of the United Kingdom and any successor thereto
<b>“FSA Glossary”</b>	means the glossary giving the meaning of the defined expressions used in the Handbook (as amended)
<b>“FSMA”</b>	means the Financial Services and Markets Act 2000 (as amended)
<b>“Gold Accounts”</b>	means the Secured Allocated Account and the Unallocated Accounts
<b>“Gold Bullion Securities”</b>	means the “Gold Bullion Securities” of the Company constituted by the Trust Instrument
<b>“Gold Delivery Method”</b>	means the method used by the Company to discharge the Company’s Redemption Obligations by way of delivery of gold on redemption of a Gold Bullion Security, as set out in the Conditions
<b>“Gold Sale Method”</b>	means the method used by the Company to discharge the Company’s Redemption Obligations, by way of sale of gold and payment of the proceeds, on redemption of a Gold Bullion Security, as set out in the Conditions
<b>“Gold Sales Charge”</b>	means the amount of gold which may be debited from the Secured Gold Accounts at the end of each month and paid to the Company, which shall be calculated as the Gold Sales Charge Rate times the Combined Entitlement to Gold of all outstanding Gold Bullion Securities on each day during that month
<b>“Gold Sales Charge Rate”</b>	means 0.40 per cent. per annum, which rate may be varied by the Company at any time, but only after giving three months’ prior written notice to all Security Holders (to be released through the RNS)
<b>“Good Delivery”</b>	means the refining standard and weights set by the LBMA for gold bars as set out in “The Good Delivery Rules for Gold and Silver Bars” published by the LBMA

<b>“Handbook”</b>	means the FSA’s Handbook of Rules and Guidance as amended
<b>“HoldCo”</b>	means ETFS Holdings (Jersey) Limited, a company incorporated and registered in Jersey, with registered number 106817
<b>“HSBC”</b>	means HSBC Holdings plc
<b>“HSBC Group”</b>	means HSBC and its subsidiaries
<b>“Insolvency Event”</b>	means any proceedings being commenced or order being made by any competent court for, or any resolution being passed by the Company to apply for, a winding-up or dissolution of the Company (other than an amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or proceedings for winding-up or dissolution which are being contested in good faith and are discharged within 20 Business Days) or a declaration being made declaring the assets of the Company en désastre pursuant to the Bankruptcy (Désastre) (Jersey) Law 1990, as amended, or any application being made or other steps being taken for the appointment of an administrator in relation to the Company, or any appointment being made of a receiver, administrative receiver, administrator or similar official in relation to the Company or its assets or any distress or execution being levied or enforced upon or sued out against, or any encumbrancer (other than the Trustee) taking possession of, the assets of the Company and any other analogous or similar proceedings or events occurring in any jurisdiction or the Company ceasing or threatening to cease to carry on business or being or being deemed to be, unable to pay its debts as they become due
<b>“IRH”</b>	means Investor Resources Holdings Pty Ltd
<b>“IRH Agreement”</b>	means the agreement dated 24 March 2004 between the Company, the Trustee and IRH pursuant to which IRH has granted the Company the option to sell gold to IRH to effect redemption of Gold Bullion Securities in the circumstances described in Condition 2.5 ( <i>Gold Sale Method</i> )
<b>“Jersey”</b>	means the Island of Jersey, Channel Islands
<b>“LBMA”</b>	means The London Bullion Market Association
<b>“Listing”</b>	means the admission of Gold Bullion Securities to the Official List becoming effective in accordance with the Prospectus Rules and admission of such securities to trading on the Main Market of the London Stock Exchange
<b>“Listing Rules”</b>	means the Listing Rules of the UK Listing Authority from time to time made under Section 73A of FSMA
<b>“London AM Fix”</b>	means the morning session of the twice daily fix of the price of an ounce of gold which starts at 10:30 a.m. (London time) and is performed in London by the five members of the London gold fix
<b>“London Stock Exchange”</b>	means London Stock Exchange plc
<b>“ManJer”</b>	means ETFS Management Company (Jersey) Limited, a company incorporated and registered in Jersey, with registered



number 106921

**“Net Ounces”** means the number of ounces of bullion held in the Secured Allocated Account up to the first one million ounces less the number of ounces of bullion held in the secured allocated account of Gold Bullion Nominee Pty Limited with the Custodian

**“NIPS Code”** means the Non-Investment Products Code for principals and broking firms in the wholesale markets, a voluntary code covering wholesale bullion, wholesale deposits and the foreign exchange market in the UK. The NIPS code is prepared by market practitioners co-ordinated by the Foreign Exchange Joint Standing Committee, the Sterling Money Markets Liaison Group and the Management Committee of the LBMA and is intended as guidance on what is currently believed to be good market practice

**“Offering”** means the continuous offering for subscription of up to 1,000,000,000 Gold Bullion Securities, as described in this document

**“Official List”** means the Official List maintained by the UK Listing Authority for the purposes of Part VI of FSMA

**“outstanding”** means in relation to the Gold Bullion Securities, all the Gold Bullion Securities issued and in respect of which there is for the time being an entry in the Register other than:

- (a) a Gold Bullion Security which has been redeemed and cancelled pursuant to the Trust Instrument; and
- (b) a Gold Bullion Security which has been purchased and cancelled pursuant to the Trust Instrument;

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Security Holders or any of them;
- (ii) the determination of how many and which Gold Bullion Securities are for the time being outstanding for the purposes of Clauses 8.1(b) and 9.1 and paragraphs 1, 3, 4 and 7 of the Third Schedule (Provisions for Meetings of Security Holders) of the Trust Instrument, and Clause 7.2(b) of the Security Deed;
- (iii) any discretion, power or authority (whether contained in the Trust Instrument, the Conditions or the Security Deed or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Security Holders or any of them; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Security Holders or any of them,

Gold Bullion Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Company, (B) any parent undertaking of the Company, (C) any Subsidiary of the

Company, (D) any individual Controller or (E) 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 Gold Bullion Securities shall be deemed not to be Security Holders

<b>“OTC”</b>	means the global over-the-counter market for the trading of gold
<b>“Overseas Person”</b>	means a person whose activities are not subject to the prohibition in section 19 of the FSMA by virtue of its not carrying on such activities in the United Kingdom and whose head office is situated outside the United Kingdom
<b>“parent undertaking”</b>	means, in relation to any company, a person who: <ul style="list-style-type: none"><li>(a) holds a majority of the voting rights in that company; or</li><li>(b) is a member of that company and has the right to appoint or remove a majority of its board of directors; or</li><li>(c) has the right to exercise a dominant influence over such company:<ul style="list-style-type: none"><li>(i) by virtue of the provisions contained in that company’s memorandum or articles of association: or</li><li>(ii) by virtue of a control contract, or</li></ul></li><li>(d) is a member of the company and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the company</li></ul>
<b>“Per Security Entitlement to Gold”</b>	means 99.550959 per cent. of one-tenth of a fine troy ounce of gold as at 1 July 2005 reducing daily as described in “Gold Sales Charge and Per Security Entitlement to Gold” in Part 1 ( <i>Information on the Company, ManJer and Gold Bullion Securities</i> )
<b>“Pricing Supplement”</b>	means a pricing supplement in or substantially in the form annexed to this document
<b>“Programme”</b>	means the programme for the issuance of Gold Bullion Securities provided by this document or, where the context requires, any previous prospectus or listing particulars issued by the Company relating to the Gold Bullion Securities
<b>“Prospectus Directive”</b>	means Directive 2003/71/EC of the European Union
<b>“Prospectus Rules”</b>	means the prospectus rules of the UK Listing Authority from time to time made under Section 73A of FSMA
<b>“R&amp;H”</b>	means R&H Fund Services (Jersey) Limited
<b>“RAO”</b>	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended)
<b>“Receipts Account”</b>	means any account established with the Account Bank in the name of the Trustee as legal mortgagee pursuant to the Security and pursuant to the Receipts Account Agreement, into which the

Approved Counterparty (or, as the case may be, IRH) shall pay any amounts payable by it in settlement of transactions pursuant to any Counterparty Agreement (or, as the case may be, the IRH Agreement) (if such amounts are not paid directly to the relevant Security Holder)

- “Receipts Account Agreement”** means an account agreement between the Company, the Trustee and the Account Bank pursuant to which a Receipts Account shall be established and operated
- “Redemption Date”** means (subject to adjustment pursuant to Condition 2.5 (*Gold Sale Method*)):
- (a) in relation to a redemption of Gold Bullion Securities at the request of a Security Holder, the date which is later of:
    - (i) three Business Days after the date upon which a valid Redemption Notice is received by R&H from such Security Holder; and
    - (ii) the date on which the delivery of gold or payment of cash, as the case may be, is required to be made by the Company in respect of the redemption of such Gold Bullion Security, as specified in the relevant Redemption Notice by the relevant Security Holder; and
  - (b) in relation to a compulsory redemption of Gold Bullion Securities as required by the Company, the date on which the delivery of gold or payment of cash, as the case may be, is required to be made by the Company in respect of such redemption as specified in its notice of redemption to Security Holders; and
  - (c) in relation to a redemption of Gold Bullion Securities as required by the Trustee following the occurrence of an Insolvency Event, the date falling 20 Business Days following the Trustee giving the Company notice requiring such redemption
- “Redemption Fee”** means the fee payable by a Security Holder on the redemption of Gold Bullion Securities pursuant to Condition 2.8 (*Redemption Fee*)
- “Redemption Instructions”** means the instructions provided by a Security Holder redeeming a Gold Bullion Security to R&H which, in the Company’s reasonable opinion, are sufficient to allow the Company to effect the redemption of that Gold Bullion Security in accordance with the applicable Redemption Method
- “Redemption Method”** means, in relation to the redemption of a Gold Bullion Security, either the Gold Delivery Method or the Gold Sale Method, as specified by the relevant Security Holder or the Company (as the case may be) in the relevant Redemption Notice or otherwise notified to the Security Holder by the Company
- “Redemption Notice”** means a notice by a Security Holder, the Trustee or the Company exercising its right to require the redemption of all or (in the case of a notice by a Security Holder) any Gold Bullion Securities

	pursuant to the Conditions, which in the case of such notice by a Security Holder shall contain its Redemption Instructions
<b>“Redemption Obligations”</b>	means the obligation of the Company on redemption of a Gold Bullion Security to pay cash, if the Gold Sale Method applies, or to deliver gold, if the Gold Delivery Method applies, to the relevant Security Holder in accordance with the Conditions
<b>“Register”</b>	means the register of holders of Gold Bullion Securities kept and maintained by the Registrar
<b>“Registered Address”</b>	means, in relation to a Security Holder, whether or not there is one or more than one Security Holder registered in respect of that Gold Bullion Security, the last single address recorded in the Register in respect of that Gold Bullion Security
<b>“Registrar”</b>	means Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St. Helier, Jersey, Channel Islands, JEI IES or such other person as may be appointed by the Company from time to time to maintain the Register of Gold Bullion Securities
<b>“Registrar Agreement”</b>	means the registrar agreement dated 24 March 2004 between the Registrar and the Company
<b>“Regulated Market”</b>	means a regulated market for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)
<b>“RNS”</b>	means the London Stock Exchange’s Regulatory News Service
<b>“Sale Costs”</b>	means any costs and expenses of effecting any sale of gold and/or exchange of currencies pursuant to the Gold Sale Method which shall include, without limitation, storage costs, insurance costs and any applicable sales and transfer taxes associated with such sale
<b>“Secured Allocated Account”</b>	means the allocated gold account number 18899 established in the name of the Trustee as legal mortgagee pursuant to the Security with the Custodian pursuant to the Secured Allocated Account Agreement
<b>“Secured Allocated Account Agreement”</b>	means the Secured Allocated Account Agreement dated 24 March 2004 (as amended) between the Company, the Trustee (as legal mortgagee pursuant to the Security), and the Custodian pursuant to which the Secured Allocated Account is established and operated
<b>“Secured Gold”</b>	means all gold (whether in allocated or unallocated form) comprised within the Secured Property, being the gold in the Secured Gold Accounts
<b>“Secured Gold Accounts”</b>	means the Secured Allocated Account and the Secured Unallocated Account
<b>“Secured Property”</b>	means: <ul style="list-style-type: none"> <li>(a) all gold credited to the Secured Gold Accounts;</li> <li>(b) the rights of the Company in respect of the Secured Gold Accounts including all rights of the Company in the</li> </ul>

Custodian Agreements;

- (c) all rights of the Company under any Counterparty Agreement and any transactions thereunder;
- (d) all rights of the Company under the IRH Agreement and any sales of gold thereunder; and
- (e) all rights of the Company in respect of the Receipts Account including all rights of the Company in the Receipts Account Agreement,

or any part thereof

<b>“Secured Unallocated Account”</b>	means the unallocated gold account, number 18899 established in the name of the Trustee as legal mortgagee pursuant to the Security with the Custodian pursuant to the Secured Unallocated Account Agreement
<b>“Secured Unallocated Account Agreement”</b>	means the Secured Unallocated Account Agreement dated 24 March 2004 (as amended) between the Company, the Trustee and the Custodian pursuant to which the Secured Unallocated Account is established and operated
<b>“Security”</b>	means the security constituted by the Security Deed
<b>“Security Deed”</b>	means the security deed dated 24 March 2004 between the Company and the Trustee creating a first fixed charge over the Secured Property for the benefit of the Trustee and the Security Holders
<b>“Security Holder”</b>	means the registered holder of a Gold Bullion Security as shown in the Register
<b>“Service Agreement”</b>	means the amended and restated Service Agreement dated 17 October 2008 (as amended and novated) between ManJer and the Company providing for certain services to be provided by ManJer to the Company in relation to the Gold Bullion Securities
<b>“Sterling” or “£”</b>	means the lawful currency of the United Kingdom
<b>“Subscription Unallocated Account”</b>	means the unallocated gold account, number 18897 established by the Company with the Custodian in the name of the Company pursuant to the Subscription Unallocated Account Agreement
<b>“Subscription Unallocated Account Agreement”</b>	means the Subscription Unallocated Account Agreement dated 24 March 2004 (as amended) between the Company and the Custodian pursuant to which the Subscription Unallocated Account is established and operated
<b>“Subsidiary”</b>	means, in relation to any person (the “first Person”) at any particular time, any other person (the “second Person”): <ul style="list-style-type: none"><li>(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or</li></ul>

	(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person
<b>“Tax”</b>	means any VAT, tax, income tax, capital gains tax, corporation tax, goods and services tax, withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax, import/export tax or tariff and any other taxes, levies, imposts, deductions, interest, penalties and charges imposed or levied by a government or government agency
<b>“Transparency Rules”</b>	means the disclosure rules and transparency rules of the UK Listing Authority from time to time, made under section 73A of FSMA
<b>“Trustee”</b>	means The Law Debenture Trust Corporation p.l.c. appointed as such for the Trust Instrument and includes any subsequent trustee or any nominee, custodian, delegate or agent of the Trustee as the context requires
<b>“Trust Instrument”</b>	means the Trust Instrument dated 24 March 2004 between the Company and the Trustee constituting the Gold Bullion Securities
<b>“UCITS Fund”</b>	means a collective investment scheme which in accordance with the UCITS directive (Council Directive No. 85/611/EEC) as amended is an undertaking for collective investment in transferable securities subject to that directive and includes a UCITS Scheme
<b>“UCITS Scheme”</b>	means a scheme that falls within the definition of a “UCITS Scheme” contained in the FSA Glossary
<b>“UK Listing Authority”</b>	means the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA or any successor enactment
<b>“Unallocated Accounts”</b>	means the Secured Unallocated Account and the Subscription Unallocated Account
<b>“Uncertified Form”</b>	means recorded on the Register as being held in uncertificated form, title to which, by virtue of the Jersey Companies (Uncertificated Securities) (Jersey) Order 1999, is to be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	means United Kingdom of Great Britain and Northern Ireland
<b>“US dollars” or “US\$”</b>	means the lawful currency of the United States dollars
<b>“VAT”</b>	means value added tax

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors of the Company</b>	Graham Tuckwell Graeme Ross Craig Stewart Tom Quigley  All the directors are non-executive
<b>Secretary of the Company</b>	R&H Fund Services (Jersey) Limited
<b>Registered Office of the Company and address of the directors and secretary of the Company</b>	The address of all the directors and of the Secretary of the Company is the registered office of the Company which is:  Ordnance House 31 Pier Road St. Helier, Jersey Channel Islands JE4 8PW
<b>Custodian</b>	HSBC Bank USA, N.A., London Branch 8 Canada Square London E14 5HQ
<b>Trustee</b>	The Law Debenture Trust Corporation p.l.c. Fifth Floor, 100 Wood Street, London EC2V 7EX
<b>English Legal Advisers to the Company</b>	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ
<b>English Legal Advisers to the Trustee</b>	Simmons & Simmons LLP CityPoint 1 Ropemaker Street London EC2Y 9SS
<b>Jersey Legal Advisers to the Company</b>	Mourant Ozannes 22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands
<b>French Legal Advisers to the Company</b>	Simmons & Simmons LLP 5 Boulevard de la Madeleine 75001 Paris France
<b>Italian Legal Advisers to the Company</b>	Studio Legale Cieri Crocenzi Via A. Bertoloni, 41 00197 Roma Italy
<b>German Legal Advisers to the Company</b>	Dechert LLP Theresienstraße 6 80333 Munich Germany

**German Listing and Paying Agent** HSBC Trinkaus & Burkhardt AG  
Königsallee 21/23  
40212 Düsseldorf  
Germany

**Belgian Legal Advisers to the Company** Dechert LLP  
480 Avenue Louise, Box 13A  
1050 Brussels  
Belgium

**Dutch Legal Advisers to the Company** Stibbe  
Strawinskylaan 2001, Postbus 75640  
1070 AP Amsterdam  
The Netherlands

**Jersey Legal Advisers to the Trustee** Ogier & Le Masurier  
Whiteley Chambers  
Don Street  
St. Helier  
Jersey JE4 9WG  
Channel Islands

**Auditors of the Company** Deloitte LLP  
Lord Coutanche House  
66-68 Esplanade  
St Helier  
Jersey JE4 8WA  
Channel Islands

Deloitte LLP is authorised by the Jersey Financial Services Commission to be appointed 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



## ANNEX 1

### FORM OF THE GLOBAL BEARER CERTIFICATE

#### Inhaber-Sammelzertifikat

für

- Gold Bullion Namensschuldverschreibungen

der

#### Gold Bullion Securities Limited

Ordnance House, 31 Pier Road, St Helier, Jersey, Channel Islands, JE4 8PW  
eingeteilt in Teilschuldverschreibungen im Nennbetrag von je US\$0,00001

Für dieses Inhaber-Sammelzertifikat hält die Clearstream Banking Aktiengesellschaft mit Sitz in Frankfurt am Main, Bundesrepublik Deutschland (im folgenden "Clearstream" genannt), als Deckung • Gold Bullion Namensschuldverschreibungen (im folgenden "Schuldverschreibungen" genannt) der Gold Bullion Securities Limited, Jersey, Channel Islands (im folgenden "Gesellschaft" genannt). Die durch den Treuhandvertrag vom 24. März 2004 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. (im folgenden "Treuhandvertrag") begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert, und in Namensteilschuldverschreibungen mit einem Nennbetrag von je US\$ 0,00001 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 Schuldverschreibungen der Gesellschaft auf seinen Namen oder den Namen eines von ihm benannten Dritten in das maßgebliche Schuldverschreibungsregister, 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 CERTIFICATE**  
**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 Gold Bullion Namensschuldverschreibungen (im folgenden "Schuldverschreibungen" genannt) der Gold Bullion 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 2004 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c. (im folgenden "Treuhandvertrag") begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert und in Namensteilschuldverschreibungen mit einem Nennbetrag von je US\$ 0,00001 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 Limited, 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 sämtliche Pflichten der Clearstream aus dem Inhaber-Sammelzertifikat.
9. Alle das Inhaber-Sammelzertifikat betreffenden Bekanntmachungen werden in mindestens je einem überregionalen Börsenpflichtblatt der deutschen Wertpapierbörsen veröffentlicht werden, an denen die Schuldverschreibungen in Form von Miteigentumsanteilen am Inhaber-Sammelzertifikat gehandelt und amtlich notiert werden.
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 und 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 PRICING SUPPLEMENT**

Pro Forma Pricing Supplement for an issue by Gold Bullion Securities Limited under the programme for the issue of Gold Bullion Securities

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**PRICING SUPPLEMENT**

Date: [     ] 201[     ]

**GOLD BULLION SECURITIES LIMITED**  
**ISSUE OF [                     ] GOLD BULLION SECURITIES**  
**UNDER THE PROGRAMME FOR THE ISSUE OF UP TO**  
**1,000,000,000 GOLD BULLION SECURITIES**

This document constitutes the Pricing Supplement in relation to the issue of Gold Bullion Securities as described herein. Terms used herein shall have the meanings given to them in the base prospectus (the "Prospectus") dated 1 September 2011 issued in relation to the programme for the issue of up to 1,000,000,000 Gold Bullion Securities established by Gold Bullion Securities Limited (the "Programme"). This Pricing Supplement must be read in conjunction with the Prospectus.

Issuer: Gold Bullion Securities Limited

ISIN Number: GB00B00FHZ82

Issue Date: [     ]

Number of Notes to be issued: [     ]

Issue Price: [     ] per cent.

Total Number of Notes in issue following [     ]  
the issue to which this Pricing Supplement  
relates:

Application has been made for the Gold Bullion Securities to be admitted to the Official List of the UKLA and to trading on the Main Market of the London Stock Exchange plc.