



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

## **ETFS Oil Securities Limited**

*(Incorporated and registered in Jersey under  
the Companies (Jersey) Law 1991 (as amended) with registered number 88371)*

Programme for the Issue of

### **Oil Securities**

comprising:

<b>Class</b>	<b>LSE code</b>
ETFS Brent 1mth	OILB
ETFS Brent 1yr	OSB1
ETFS Brent 2yr	OSB2
ETFS Brent 3yr	OSB3
ETFS WTI 2mth	OILW
ETFS WTI 1yr	OSW1
ETFS WTI 2yr	OSW2
ETFS WTI 3yr	OSW3

Any prospective investor intending to acquire or acquiring any Oil Securities from any Authorised Participant or other person (an "Offeror") should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 ("FSMA"), the Issuer may be responsible to the prospective investor for the Prospectus under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the prospective investor. Each prospective investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised by the Issuer, the prospective investor should check with the Offeror whether anyone is responsible for the Prospectus 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 Oil Securities from an Offeror will do so, and offers and sales of the Oil Securities to a prospective investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such prospective investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with prospective investors (other than with Authorised Participants) in connection with the offer or sale of the Oil 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.**

The Issuer is issuing eight separate types of Oil Securities which will give exposure to four different maturities of both ICE Future's Brent and NYMEX's WTI oil futures contracts. All Oil Securities provide a total return and therefore their price will be affected by any contango or backwardation in the relevant section of the oil futures curve and by any collateral yield paid.

Oil Securities are priced directly off the oil futures market, using daily settlement prices for the designated contracts for each class of Oil Security. All Oil Securities will be priced and settled in US Dollars. Oil Securities have been designed to enable investors to gain exposure to movements in crude oil futures prices without needing to purchase or take physical delivery of oil or to trade in futures contracts, and to buy and sell that exposure through the trading of a security on the London Stock Exchange.

Each Oil Security is backed by equivalent Oil Contracts purchased by the Issuer from Shell Trading Switzerland and/or other Oil Major Companies pursuant to the terms of an Oil Purchase Agreement. By the Letter of Credit, Shell Treasury has agreed to provide credit support in favour of the Issuer in respect of the obligations of Shell Trading Switzerland to make payments due upon redemption of Oil Contracts purchased from Shell Trading Switzerland under the Oil Purchase Agreement. The Issuer is a special purpose company owned and administered by ETF Securities Limited.

In order to provide liquidity and ensure minimal tracking error, Oil Securities can be applied for or redeemed at any time by Authorised Participants (subject to Creation and Redemption Limits). However all other investors must buy and sell Oil Securities through trading on the London Stock Exchange (or other exchanges if Oil Securities are listed or traded thereon).

## Programme for the Issue of

### OIL SECURITIES

ETFS Oil Securities Limited has established a programme under which Oil Securities, in the form of eight classes of Oil Securities, may be issued from time to time. ETFS Oil Securities Limited reserves the right to increase the number of Oil Securities that may be issued and to issue Oil Securities of each class in any proportions. ETFS Oil Securities Limited may issue Oil Securities to the extent that it has made suitable arrangements to allow it to meet its repayment obligations. At the date of this document ETFS Oil Securities Limited has such arrangements in place to enable it to issue Oil Securities having an Entitlement of up to 20,000,000 in respect of each of Brent 1mth Oil Securities and WTI 2mth Oil Securities, 10,000,000 in respect of each of Brent 1yr Oil Securities and WTI 1yr Oil Securities, 7,500,000 in respect of each of Brent 2yr Oil Securities and WTI 2yr Oil Securities and 2,000,000 in respect of each of Brent 3yr Oil Securities and WTI 3yr Oil Securities. Whenever any Oil Securities are to be issued, notice of the number and class of such Oil Securities will be specified in the relevant Pricing Supplement which will be delivered to the UK Listing Authority before such Oil Securities are issued. Terms used in this Prospectus bear the meanings given to them under the heading "Definitions" herein.

The Oil Securities are constituted by a Trust Instrument (as amended) between ETFS Oil Securities Limited and The Law Debenture Trust Corporation p.l.c. as trustee for the Security Holders of each class.

Under Security Deeds between the Trustee and the Issuer with respect to each class of Oil Securities, the Issuer has granted to the Trustee as trustee for the holders of each class of Oil Securities security over the Oil Purchase Agreement and any future such agreement to be entered into to the extent applicable to the relevant class of Oil Securities, and all Oil Contracts for the relevant class entered into pursuant to such Oil Purchase Agreement.

**The Oil Securities confer no right to oil and the Issuer has only unsecured claims against each Oil Major Company for the full amount of the Oil Contracts of the relevant class sold by that Oil Major Company.** The Issuer has entered into an Oil Purchase Agreement with Shell Trading Switzerland for the purposes of the Oil Securities and may enter into additional or other such agreements with one or more other Oil Major Companies.

A copy of this document, which comprises a base Prospectus relating to the Oil Securities of each class in compliance with Article 3 of Directive 2003/71/EC and the Prospectus rules made under sections 73A and 84 of the Financial Services and Markets Act 2000, has been filed with the FSA and made available to the public at the Registered Office of the Issuer in accordance with Article 14 of Directive 2003/71/EC and rule PR 3.2 of those Prospectus rules. The Oil Securities of each class will be available to 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 Oil 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 Oil 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).

The Brent 1mth Oil Securities and the WTI 2mth Oil Securities are also listed or traded on certain other markets — see "Passporting" in Part 6 (*The Programme*) and paragraph 13 of Part 10 (*Additional Information*).

Applications for Oil Securities may only be made as referred to in this document and only by Authorised Participants. A Security Holder who is an Authorised Participant (but not other Security Holders) may at any time elect to have part or all of its Oil Securities redeemed by lodging a Redemption Notice subject to and on the terms of the Oil Securities and as referred to in this document.

**An investment in Oil Securities involves a significant degree of risk. In addition to the other information contained in this document the risk factors contained in the section headed "Risk Factors" herein should be carefully considered by prospective investors before deciding whether to invest in Oil Securities. It should be remembered that the price of securities can go down as well as up.**

**The Oil Securities are intended for professional or institutional investors. Oil Securities are not intended for anyone else.** If you are in any doubt about the contents of this document, you are recommended to seek your own personal financial advice from an appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000.

Purchasers of Oil Securities should conduct such independent investigation and analysis regarding the Issuer, the security arrangements and the Oil Securities as they deem appropriate to evaluate the merits and risks of an investment in the Oil Securities. Purchasers of Oil Securities should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Prospectus and the relevant Pricing Supplement (if any) and the merits and risks of investing in the Oil Securities in the context of their financial position and circumstances. The risk factors and investment considerations identified in this Prospectus are provided as general information only, and the Issuer, the Authorised Participants and the Oil Major Companies disclaim any responsibility to advise purchasers of Oil Securities of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

If the net proceeds of the enforcement of the relevant Secured Property for a Pool are not sufficient to make all payments then due in respect of Oil Securities relating to that Pool and the claims of the other secured creditors of such Pool, the obligations of the Issuer will be limited to such net proceeds, and the other assets of the Issuer will not be available to meet any shortfall. The Issuer will not be obliged to make any payment in excess of such net proceeds and no debt shall be owed by the Issuer in respect of such shortfall.

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

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

As at the date of this Prospectus, the Issuer has entered into arrangements with one Oil Major Company only — Shell Trading Switzerland.

Neither Shell Trading Switzerland nor Shell Treasury has separately verified the information contained in this Prospectus. No representation, warranty or undertaking, express or implied is made, and no responsibility or liability is accepted by Shell Trading Switzerland or Shell Treasury as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Oil Securities or their distribution. Each person receiving this Prospectus acknowledges that (i) such person has not relied on Shell Trading Switzerland or Shell Treasury, nor on any person affiliated with either of them in connection with its investment decision or its investigation of the accuracy of the information contained herein; (ii) the Oil Securities are direct, limited recourse obligations of the Issuer alone and not obligations of Shell Trading Switzerland, Shell Treasury or any member of the Shell Group; and (iii) the obligations of the Issuer under the Oil Securities are not guaranteed by Shell Trading Switzerland, Shell Treasury or any member of the Shell Group. None of the Issuer, the Trustee, the Authorised Participants and the Security Holders are, by virtue of any activities of any member of the Shell Group in connection with Oil Contracts, clients or customers of any member of the Shell Group for the purpose of the FSA Handbook.

Since the Oil Securities are secured on assets which constitute obligations of five or fewer obligors, the Issuer is required under the Prospectus Rules to include in this Prospectus so far as it is aware or is able to ascertain from information published by Shell Trading Switzerland or Shell Treasury, such information relating to Shell Trading Switzerland and Shell Treasury as is required by Annex VIII of the Prospectus Regulation (Regulation Number 809/2004/EC). The Issuer has included the information in Part 9 (including the financial statements of Shell Treasury and Shell Trading Switzerland incorporated by reference in this document) based upon information made available to it by Shell Trading Switzerland and Shell Treasury. The Issuer confirms that such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by Shell Treasury or Shell Trading Switzerland (as the case may be), no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not made any independent verification

of information contained or incorporated by reference in this Prospectus relating to the business and financial standing of Shell Trading Switzerland, Shell Treasury, or any other member of the Shell Group. Shell Trading Switzerland and Shell Treasury have undertaken to the Issuer that they will promptly notify the Issuer of any new developments in their respective business or financial position or prospects (and which are not public knowledge) which may significantly affect their ability to meet their respective obligations under the Oil Purchase Agreement, Oil Contracts issued or issuable under the Oil Purchase Agreement and/or the Letter of Credit (as the case may be). Save to the extent information is provided to the Issuer by Shell Trading Switzerland or Shell Treasury, the Issuer may not be in a position to update such information and accordingly does not represent that the information contained in this Prospectus relating to Shell Trading Switzerland and Shell Treasury is accurate as of any date subsequent to the date hereof. Neither Shell Trading Switzerland nor Shell Treasury accepts any responsibility to investors (a) for the information contained in this document or (b) for updating such information.

The arrangements entered into by Shell Trading Switzerland and Shell Treasury with the Issuer in relation to the Oil Contracts do not preclude or restrict the ability of Shell Trading Switzerland, Shell Treasury or any member of the Shell Group from entering into any contracts or entering into any transactions with the Issuer, any Authorised Participant or any other person in the ordinary course of its business or otherwise. In addition, members of the Shell Group trade in oil markets and may do so whether or not such trading could have an adverse effect on the creation, redemption or market price of Oil Securities.

**The Oil Securities are undated securities and have no specified maturity date. The Oil Securities do not bear interest.**

The Authorised Participants have not separately verified the information contained or incorporated by reference in this Prospectus. None of the Authorised Participants makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or for the suitability of Oil Securities for any investor. Neither this Prospectus nor any financial statements or any other information is intended to provide the basis of any credit or other evaluation of the Issuer or any Oil Major Company and should not be considered as a recommendation by the Issuer or the Authorised Participants that any recipient of this Prospectus or any financial statements or any other information should purchase the Oil Securities. Each potential purchaser of Oil Securities should determine for itself the relevance of the information contained in this Prospectus in relation to its purchase of Oil Securities (with such advice as it considers appropriate) and should base its decision to invest upon such investigation as it deems necessary. None of the Authorised Participants undertakes to review the financial condition or affairs of the Issuer or the Oil Major Companies during the life of the Programme nor to advise any investor or potential investor in the Oil Securities of any information coming to the attention of any of the Authorised Participants.

Neither this Prospectus nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Oil Securities and should not be considered as a recommendation by the Issuer, the Authorised Participants, Shell Trading Switzerland or Shell Treasury or any of them that any recipient of this Prospectus or any Pricing Supplement should subscribe or purchase any Oil Securities. Each person contemplating making an investment in the Oil Securities must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. A prospective investor who is in any doubt whatsoever as to the risks involved in investing in the Oil Securities should consult its independent professional advisers. The distribution of the Prospectus and the offering, sale and delivery of Oil Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of the Oil Securities and on the distribution of this Prospectus, see paragraph 3 of Part 10 (*Additional Information*).

The Oil Securities have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**"), or under the securities laws of any states of the United States. Except in a transaction exempt from the registration requirements of the Securities Act and applicable United States securities laws, the Oil Securities may not be directly or indirectly offered, sold, taken up, delivered or transferred in or into the United States. The Issuer has not registered, and does not intend to register, as an investment company under the United States Investment Company Act of 1940 (the

**“Investment Company Act”**). Accordingly, the Oil Securities may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US Person (as defined in Regulation S under the Securities Act) (a **“US Person”**). The Oil Securities offered and sold outside the United States are being offered to persons who are not US Persons in reliance upon Regulation S under the Securities Act. Each of the Authorised Participants has, pursuant to its Authorised Participant Agreement with the Issuer, undertaken not to offer or sell the Oil Securities within the United States or to any US Person, nor will it engage in any “directed selling efforts” (as such term is defined by Regulation S under the Securities Act) with respect to the Oil Securities.

None of the Brent-referenced Oil Securities are sponsored, endorsed, sold or promoted by ICE Futures. ICE Futures makes no representation or warranty, express or implied, to the owners of the Brent-referenced Oil Securities, or any member of the public, or any party to whom Brent-referenced Oil Securities might be marketed, regarding the advisability of investing in securities generally or Brent-referenced Oil Securities particularly. ICE Futures is not responsible for and has not participated in the determination of the timing of, prices of, or quantities of Brent-referenced Oil Securities to be issued or any calculation contained within this document. ICE Futures has no obligation or liability in connection with the administration, marketing, or trading of the Brent-referenced Oil Securities. ICE Futures has no involvement with and accepts no responsibility for the Brent-referenced Oil Securities.

NYMEX (i) does not in any way participate in the offering, sale, sponsorship, promotion or administration of WTI-referenced Oil Securities or any payments to be made in respect of any of the WTI-referenced Oil Securities; (ii) does not in any way ensure the accuracy of any of the statements made in this document or any supplementary Prospectus; (iii) is not liable for any error or omission in any settlement price used in connection with the WTI-referenced Oil Securities; and (iv) is not in any way an offeror of WTI-referenced Oil Securities. NYMEX makes no representation or warranty, express or implied, to the owners of the WTI-referenced Oil Securities, any member of the public, or any party to whom WTI-referenced Oil Securities might be marketed, regarding the advisability of investing in securities generally or WTI-referenced Oil Securities particularly. NYMEX is not responsible for and has not participated in the determination of the timing of, prices of, or quantities of WTI-referenced Oil Securities to be issued or any calculation contained within this document. NYMEX has no obligation or liability in connection with the administration, marketing, or trading of the WTI-referenced Oil Securities. All references to oil prices derived from NYMEX are used with the permission of NYMEX and NYMEX has no involvement with and accepts no responsibility for the WTI-referenced Oil Securities.

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 the circulation of this document. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, to the Issuer to issue from time to time the Oil Securities. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law. It must be distinctly understood that, in giving these consents, neither the Jersey registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

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

If at any time the Issuer is required to prepare a supplementary Prospectus pursuant to Section 87G of the Financial Services and Markets Act 2000, the Issuer will either prepare and make available an appropriate amendment or supplement to this document which will constitute a supplementary Prospectus as required by Section 87G of the Financial Services and Markets Act 2000 or prepare and make available a further base Prospectus in compliance with Article 3 of Directive 2003/71/EC and the Prospectus rules made under sections 73A and 84 of the Financial Services and Markets Act 2000.

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**SUMMARY**  
**ETFS Oil Securities Limited**  
**Programme for the Issue of**  
**Oil Securities**  
**Prospectus Summary**

*This summary, which relates to the base prospectus (the “Prospectus”) of ETFS Oil Securities Limited dated 27 June 2008, is written in generalised terms and does not discuss various exceptions to the general statements which are mentioned elsewhere in the Prospectus. Terms used in this summary bear the same meanings as in the Prospectus. References to “Parts” are Parts of the Prospectus. This summary should be read as an introduction to the Prospectus and any decision to invest in the Oil Securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in a Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for the summary including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.*

ETFS Oil Securities Limited (the “**Issuer**”) has established a programme under which eight classes of Oil Securities may be issued from time to time, each tracking different oil futures prices as described below. Oil Securities enable investors to gain exposure to movements in crude oil futures prices without needing to purchase or take physical delivery of oil or to trade in futures contracts, and to buy and sell that interest through the trading of a security on the London Stock Exchange. Oil Securities are designed to give investors a “total return”, similar to that which could be achieved from a fully paid/collateralised investment in oil futures contracts. However, no trading or management of futures contracts is required of the Issuer, as it will purchase matching Oil Contracts from Shell Trading Switzerland and other Oil Major Companies.

**The Crude Oil and Oil Futures Market**

World oil production is currently approximately 82.0 million barrels per day, much of which is priced relative to two well-known benchmarks — Brent futures contracts traded on the ICE Futures Market in London and WTI futures contracts traded on NYMEX in New York.

Both Brent Contracts and the WTI Contracts are quoted for various delivery dates going out a number of years, with the price of each contract varying with maturity. This is called the forward curve and the prices of futures contracts generally decreases or increases the further out the delivery date. As the time to delivery decreases each day, futures investors wishing to maintain an exposure with a constant maturity on the Oil forward curve would need to regularly “roll” their position to a later dated contract, which involves selling the contract they hold and investing the proceeds in the later- dated contract.

**Oil Securities**

Oil Securities are financial instruments designed to track the price of oil futures of various maturities and to give investors a “total return” similar to that which an investor could achieve by managing a fully paid/collateralised position in futures contracts of the relevant maturity. However, unlike managing a futures position, Oil Securities involve no rolling, margin calls, expiry or futures brokerage.

The Price of an Oil Security is calculated as at the end of each Pricing Day for the purposes of Creations and Redemptions. It is calculated for each class of Oil Security in US Dollars as:

$$\text{Price} = \{(\text{Near Contract Price} \times \text{Near Entitlement}) + (\text{Next Contract Price} \times \text{Next Entitlement})\} \times \text{Multiplier}$$

The Near Contract and Next Contract for Brent 1mth Oil Securities and WTI 2mth Oil Securities are consecutive monthly contracts near the front end of the curve. For all other Oil Securities, the Near Contracts and Next Contracts are the first year and second year, second year and third year, and third year and fourth year December month contracts.

The Near Entitlement and Next Entitlement are the weights applied to the Near Contract and Next Contract respectively. During each Roll Period the weights roll from the Near Entitlement to the Next Entitlement in accordance with the formulae set out herein. In that process, if the Near Contract price is higher than the Next Contract price (i.e. that part of the forward curve is in backwardation) then the Entitlement will increase, whereas if the opposite is true (the curve is in contango) the Entitlement will decrease.

The Multiplier is adjusted on each Daily Adjustment Day by the Daily Adjustment which will increase at an annualised rate equal to the Other Adjustment (Weekly LIBOR less 1.0 per cent. per annum) less the Management Expenses of 0.49 per cent. per annum.

The Price of each class of Oil Security (and the Near Contract Price, the Next Contract Price, Near Entitlement, Next Entitlement and Multiplier for each class of Oil Security) will be calculated by the Issuer as at the end of each Pricing Day (after the Settlement Prices for that day have been published) and posted on the Issuer's website at <http://www.eftsecurities.com/osl>.

### **Trading of Oil Securities**

All Oil Securities in issue at the date of this document 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 Issuer's intention that all Oil Securities issued after the date of this document are so admitted to trading.

Brent 1mth Oil Securities and WTI 2mth Oil Securities have been admitted to listing on Euronext Amsterdam since 28 July 2006, on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 30 October 2006, on Euronext Paris since 12 February 2007 and on the ETFplus market of Borsa Italiana S.p.A. since 20 April 2007.

No application has been or is currently being made for the Forward Oil Securities to be admitted to listing or trading on any exchange or market outside the UK but the Issuer may cause such application to be made in respect of the Oil Securities of any or all classes on any such exchanges or markets in its discretion.

### **Oil Contracts**

Oil Securities are backed by Oil Contracts with corresponding terms and each time an Oil Security is created or redeemed a matching amount of Oil Contracts is purchased or redeemed by the Issuer.

Oil Contracts will be purchased from one or more Oil Major Companies. An Oil Major Company is a company which is either: a member of any of the six western oil majors (Shell, Exxon Mobil, BP, Total, Chevron and Eni), or any other company which owns oil, the rights to oil or has assets linked to the oil price and has an investment grade credit rating. However, the aggregate amount of Oil Contracts which may be purchased from such latter companies must be less than half the aggregate number of Oil Contracts in any Pool.

The Issuer has entered into agreements with certain members of the Shell Group enabling the Issuer to purchase and redeem Oil Contracts on a continuous basis. Under such agreements there are limits, both daily and in aggregate, on the number of Oil Contracts (and therefore on the creation or redemption of corresponding Oil Securities) that can be created or cancelled at any time. The limits are set out under the heading "Authorised Participants — Creation and Redemption Limits" in Part 4 (*Description of the Oil Securities*).

The Oil Purchase Agreement with Shell Trading Switzerland has an initial term of 7 years (from July 2005), although Shell have the right to terminate earlier if the amount of Oil Contracts outstanding in any three-month period is less than US\$300 million in 2008 or less than US\$500 million in 2009.

The Issuer is a special purpose company whose only assets are the Oil Contracts and so the ability of the Issuer to meet its obligations on Oil Securities will be wholly dependent on its receipt of payments under Oil Contracts from Oil Major Companies. Neither Oil Securities nor any payments in respect thereof are guaranteed by any Oil Major Company.



The Issuer will hold separate pools of assets for each class of securities so that holders of a particular class of Oil Security will only have recourse to security granted by the Issuer over the Oil Contracts of that same class. These Pools are secured in favour of the Trustee on behalf of Security Holders.

### **Creations and Redemptions by Authorised Participants**

To ensure liquidity and to minimise tracking error, Oil Securities can be created or redeemed on a daily basis by Authorised Participants only (unless there are no Authorised Participants) — all other parties must buy and sell Oil Securities through trading on the London Stock Exchange or any other exchange or market on which they are admitted to trading.

At the date of this document there are eight Authorised Participants (Citigroup Global Markets Limited, Fortis Bank Global Clearing N.V., Morgan Stanley & Co. International plc, UBS AG, London Branch, Barclays Capital Securities Limited, ABN-AMRO Bank N.V., London Branch, Bayerische Hypo- und Vereinsbank AG and Merrill Lynch International). Additional Authorised Participants may be introduced in due course.

Creations and Redemptions of each class of Oil Security are each subject to both daily limits and total aggregate limits, to match the limits on Oil Contracts mentioned above.

There is no spread between the Creation Price and the Redemption Price. A single Price will be established for each class of Oil Security in issue as at the end of each Trading Day. Creations and redemptions priced on day T will be settled on a T+3 basis. Payments for creations and redemptions will be made on a delivery versus payment basis directly between the relevant Authorised Participant and Oil Major Company.

The Issuer will decline Applications if it cannot for any reason purchase corresponding Oil Contracts from an Oil Major Company.

### **Directors and Management**

The parent of the Issuer, ETF Securities Limited (ETFSL), supplies, or arranges the supply of, all management and administration services to the Issuer and pays all the management and administration costs of the Issuer, in return for which the Issuer pays ETFSL Management Expenses of 0.49 per cent. per annum based on the value of all Oil Securities outstanding. This amount is reflected in the Daily Adjustment which is applied to the Multiplier.

### **Investment Considerations and Risk Factors**

The impact of the level of and movement in oil futures prices on the Price of the Oil Securities, including the effect of backwardation or contango, will vary with each class of Oil Security. Generally, Oil Securities with a shorter maturity have greater exposure to movements in the oil price and also greater exposure to backwardation or contango. As a result, the Brent 1mth Oil Securities and WTI 2mth Oil Securities had the greatest volatility in Price, Near Entitlement, Next Entitlement, Near Contract Price and Next Contract Price. For Oil Securities with a higher maturity, the frequency of backwardation increased and thus the frequency of contango decreased. Over the past ten and a half years, all seven Oil Securities with available data increased in Price on average by between 22.7 per cent. per annum for WTI 3yr Oil Securities and 28.2 per cent. per annum for Brent 1yr Oil Securities. The historical simulated performance of the Oil Securities of each class is set out in Part 3 (*Simulated Historical Returns*).

Past performance is not an indication of expected performance and the investment performance of an Oil Security could be volatile.

An investment in Oil 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 Oil Securities:

- The price of crude oil and hence of Oil Securities may fluctuate widely. As Oil Securities are priced in US Dollars their value in other currencies will also be affected by exchange rate movements.

- The Entitlement of an Oil Security will decline during Roll Periods if the relevant part of the forward curve is in contango.
- The Forward Oil Securities are referenced off longer-dated oil futures and will generally be less liquid and price changes could be prone to volatility.
- Trading in oil takes place on several markets (including futures exchanges and over-the-counter (OTC) around the world and trading on these markets may have an impact on the price of oil on other markets.
- Investors are dependent on the Authorised Participants making a market in Oil Securities in order to minimise tracking error and to provide investors with liquidity.
- The ability of the Issuer to pay on redemption of Oil Securities is wholly dependent on it receiving payment from the relevant Oil Major Company. No Oil Major Company has guaranteed the performance of the Issuer's obligations and no holder has any direct rights of enforcement against any such person.
- The main credit support for the Oil Contracts with Shell Trading Switzerland is from Shell Treasury, which company does not have a credit rating and is not a company used by the Shell Group to issue debt or other securities in the financial markets. Furthermore, that company may be substituted for another credit provider from within the Shell Group.
- There are certain circumstances in which an early redemption of Oil Securities may be imposed on investors, which may result in an investment in Oil Securities being redeemed earlier than desired.

See "Risk Factors" in the Prospectus.

### **Security Arrangements**

Oil Securities constitute limited recourse obligations of the Issuer, as more particularly described in Part 7 (*Particulars of the Oil Securities*) of the Prospectus.

The Oil Purchase Agreement, the Authorised Participant Agreements, the Oil Contracts and all rights of the Issuer in relation to the Letter of Credit, to the extent applicable to each class of Oil Security, are the subject of security granted by the Issuer in favour of the Trustee under the Security Deeds. The security arrangements are described in greater detail in Part 7 (*Particulars of the Oil Securities*) of the Prospectus.

## RISK FACTORS

*An investment in Oil Securities involves a significant degree of risk. Prior to making an investment decision, prospective purchasers should carefully read the entire Prospectus. In addition to the other information contained in this document, the following risk factors, which are not intended to be exhaustive and are not presented in any order of priority, should be carefully considered by prospective investors before deciding whether to invest in Oil Securities.*

*Prospective Security Holders should obtain their own independent accounting, tax and legal advice and should consult their own professional investment advisers to ascertain the suitability of Oil Securities as an investment, and should conduct such independent investigation and analysis regarding the risks, security arrangements and cash-flows associated with the Oil Securities, as they deem appropriate, in order to evaluate the merits and risks of an investment in Oil Securities. In particular, prospective Security Holders should note that the Oil Securities are intended only for professional investors and that an investment in Oil Securities is only suitable for persons who are able to bear the economic risk of an investment in Oil Securities for an indefinite period of time. Prospective Security Holders should be aware that their entire investment in Oil Securities may be lost.*

### **Oil Price, Near Contract Price and Next Contract Price**

The value of Oil Securities will be affected by movements in the Near Contract Price and Next Contract Price, which will be affected by crude oil prices generally and by the way in which those prices and other factors affect the price of the relevant oil futures contracts.

Crude oil prices fluctuate widely and may be affected by numerous factors, including:

- global or regional political, economic or financial events and situations, particularly war and other activities which might lead to disruptions to supply from countries that are major oil producers. Such events could also cause trading on the relevant Exchanges to be disrupted, which may prevent Oil Securities from operating normally for such period;
- the weather, which can affect short-term demand;
- investors' expectations with respect to the future rates of economic activity and inflation, particularly in countries which are major consumers of oil;
- global and local oil supply, which can be influenced by factors such as disruptions to production, embargoes and major discoveries of new oil fields;
- a large portion of the world's spare capacity and oil reserves is controlled by a small number of producers (i.e. by the members of The Organization of the Petroleum Exporting Countries (OPEC)). OPEC production quotas, meetings and other producer organisations' activities may seek to influence the supply and pricing of oil;
- global and local oil demand, which can be influenced by factors such as economic activity in countries that are significant users of oil, the availability and price of substitutes to oil and its end uses (heating and transport fuels); and
- investment and trading activities of hedge funds, commodity funds and other speculators and the investment, trading and hedging activities of oil producers and oil users.

Prices of the relevant near-term oil futures contracts also fluctuate widely and may be affected by:

- crude oil prices generally;
- trading activities on the relevant Exchange, which might be impacted by the liquidity in the futures contracts, particularly the liquidity of the relevant futures contracts;
- trading in oil takes place on several markets (including futures exchanges and over-the-counter (OTC)) around the world and trading on these markets may have an impact on the price of oil on other markets; and
- trading activity specific to the particular oil futures contract.

## **Backwardation and Contango**

The value of an Oil Security will be affected by the term structure or shape of the relevant part of the oil futures curve used to price that security. The crude oil futures markets have on average been in backwardation since their inception in 1983 (for NYMEX) and 1988 (for the ICE Futures Market). Backwardation or contango for each class of Oil Security will be reflected in a change to the Entitlement of each class of Oil Security and it is possible that different parts of the oil curve can be in backwardation while others are in contango (as is the current case). Backwardation will result in the Entitlement of the relevant class of Oil Security increasing (being a benefit to investors) while contango will result in the Entitlement decreasing (representing a cost to investors). Contango or backwardation could last for an indeterminate period of time, and in the case of contango could accordingly reduce the value of a holder's investment.

The simulated historical returns for Oil Securities (shown in Part 3 (*Simulated Historical Returns*) under the heading "Simulated Historical Investment Returns") show that during the past eleven years there have been two to three extended periods of contango at the front end of the curve and during those contango periods the value of the Entitlement for Brent 1mth Oil Securities and WTI 2mth Oil Securities would each have fallen by approximately 1.2 per cent. per month. Further out along the forward curve, contango has had less of an impact but the benefit of backwardation has also been less.

**As at the date of this Prospectus the forward curves for the Oil Contracts are kinked, which means some parts of the curve are in contango and others in backwardation.**

## **Currency**

The Prices of Oil Securities will be set in US Dollars. To the extent that a Security Holder values Oil Securities in another currency, that value will be affected by changes in the exchange rate between the US Dollar and that other currency.

## **Tracking Error and Liquidity Risk**

At any time, the prices at which the Oil Securities trade on the London Stock Exchange or other exchanges may not reflect accurately the Price of Oil Securities. The procedures agreed between the Issuer and the Authorised Participants for creations and redemptions of Oil Securities, including the role of Authorised Participants as market-makers, are an attempt to minimise this difference or "tracking error". However, this risk cannot be eliminated since the market price of Oil Securities will be a function of supply and demand amongst investors wishing to buy and sell Oil Securities and the bid/offer spread that market-makers are willing to quote for Oil Securities.

Initially, Shell Trading Switzerland has agreed to supply up to such number of Oil Contracts as have an aggregate Entitlement equal to 20,000,000 in respect of each of Brent 1mth Oil Securities and WTI 2mth Oil Securities, 10,000,000 in respect of each of Brent 1yr Oil Securities and WTI 1yr Oil Securities, 7,500,000 in respect of each of Brent 2yr Oil Securities and WTI 2yr Oil Securities, 2,000,000 in respect of each of Brent 3yr Oil Securities and WTI 3yr Oil Securities. If demand for Oil Securities exceeds this initial amount and the Issuer is not able to source more Oil Contracts, then Oil Securities may begin to trade at a premium to their underlying value (the Redemption Price). Investors who pay a premium risk losing the premium if demand for Oil Securities abates or the Issuer is able to source more Oil Contracts.

Oil Securities could trade at a discount to the Redemption Price if the Issuer has received redemption requests in excess of the relevant daily limit set out in Part 4 (*Description of the Oil Securities*) under the heading "Creation and Redemption Limits".

Oil Securities are relatively new securities: Brent 1mth Oil Securities were first issued in July 2005, WTI 2mth Oil Securities were first issued in May 2006 and the Forward Oil Securities were first issued in August 2007 and they have only a limited trading record. There can be no assurance as to the depth of the secondary market (if any) in the Oil Securities, which will affect their liquidity and market price.

## **Futures Position**

Oil Securities are designed to give investors an exposure similar (excluding costs) to that which an investor could achieve by managing a fully paid/collateralised position in oil futures contracts. Despite

providing a similar exposure, it is important to note that an Oil Security is not a futures contract. In addition, the Oil Securities confer no right to buy or sell physical oil.

### **Oil Major Company Credit Risk and Default**

The value of Oil Securities and the ability of the Issuer to repay the Redemption Price is dependent on the receipt of such amount from the relevant Oil Major Company and may be affected by the deterioration of the credit and/or a downgrade in the credit rating of an Oil Major Company. Such deterioration/downgrade in the credit or credit rating of an Oil Major Company could cause Oil Securities to trade at a discount to the Redemption Price.

The obligations of the Oil Major Companies under the Oil Contracts (in support of the Oil Securities), are expected to rank only as an unsecured claim against the Oil Major Company or entity within that Oil Major Company's group which supplies the credit support. This is the case with the Oil Contracts from Shell Trading Switzerland, the credit support for which is provided by Shell Treasury and in the event of an Oil Company Default relating to Shell Trading Switzerland, the Issuer will have only unsecured claims against Shell Trading Switzerland and Shell Treasury. Oil Contracts provided by Shell Trading Switzerland and the obligations of Shell Treasury under the Letter of Credit are not guaranteed by any other entity within the Shell Group. There can be no assurance that Shell Trading Switzerland, Shell Treasury and any Substitute Credit Provider will be able to fulfil their payment obligations under the relevant Oil Contracts, Oil Purchase Agreement and Letter of Credit (as the case may be).

If at any given time there are two or more Oil Major Companies and one of them, the Lower Credit, has its credit rating downgraded or has defaulted on its obligations to redeem Oil Contracts, then, under the Pool splitting mechanism discussed in Part 4 (*Description of the Oil Securities*) under "Consolidation and Division of Oil Securities", the Issuer can separate out the Lower Credit by issuing to the relevant Security Holders new Oil Securities supported only by the Oil Contracts of the Lower Credit. There can be no assurance that the Issuer will be able to redeem such new Oil Securities at their Redemption Price or even at all, and such new Oil Securities may not be admitted to trading on any exchange.

The Issuer will not operate any risk-spreading policies and may have Oil Contracts outstanding with only one Oil Major Company. Initially, the Issuer has an Oil Purchase Agreement only with Shell Trading Switzerland. The obligations of any other such Oil Major Company will not be supported by Shell Treasury's Letter of Credit.

Under the Business Development Agreement referred to under the heading "Business Development Agreement" in Part 5 (*Description of the Oil Purchase Agreement and the Oil Contracts*), the Issuer is subject to certain restrictions affecting its freedom to enter into an Oil Purchase Agreement with other Oil Major Companies for a period of at least three years from July 2007 and is subject to other restrictions affecting its freedom to purchase Oil Contracts from any additional Oil Major company for a period of at least seven years from July 2005.

### **Shell Trading Switzerland**

The financial statements of Shell Trading Switzerland are prepared in accordance with Swiss statutory accounting law as prescribed by the Swiss Code of Obligations (the "Swiss Statutory Accounting Rules"). These accounting rules differ in significant respects from International Financial Reporting Standards (IFRS), which are the standards that are applied in the consolidated financial statements prepared by Royal Dutch Shell PLC, the parent company of the Shell Group of which Shell Trading Switzerland is a wholly owned subsidiary. Shell Trading Switzerland itself is not required to and does not produce its own consolidated financial statements. It should therefore be recognised that there are significant differences between the financial information contained in the financial statements of Shell Trading Switzerland and the consolidated financial statements of the Shell Group, which differences may be attributable to differences between the applicable Swiss Statutory Accounting Rules and IFRS, the effects of consolidation on the financial statements of the Shell Group or other factors. For a discussion of significant differences between the Swiss Statutory Accounting Rules and IFRS, see "Summary of Significant Differences between Swiss Statutory Accounting Rules and International Financial Reporting Standards (IFRS)" on pages 169 to 171 (inclusive) of the 2007 Prospectus, which is incorporated herein by reference. Investors should, however, be particularly aware that the Swiss Statutory Accounting Rules do not contain an equivalent requirement to the IFRS obligation for financial statements to provide a true and fair view of the relevant company's financial position. Consequently,

the financial statements should not be read in isolation without awareness of the particular requirements of the Swiss Statutory Accounting Rules.

### **Shell Treasury**

Whilst Shell Treasury is the initial Credit Provider, it should be noted that Shell Treasury is not the main operating company in the Shell Group of companies and does not currently possess a credit rating. Furthermore, under the terms of the Letter of Credit issued by Shell Treasury, there are no restrictions on the future business operations or activities of Shell Treasury, and, accordingly, the ability of Shell Treasury to meet its obligations under the Letter of Credit may be adversely affected depending on such future business operations or activities.

### **Trading by Shell Group, other Oil Major Companies and Authorised Participants in the Oil Market**

Members of the Shell Group are active traders in the oil market, in the physical market, the futures market (on both the ICE Futures Market and NYMEX) and the over-the-counter market, including trading of options and other derivatives. Shell Group's trading is of a magnitude which can have an impact on the market, including the prices of various futures contracts. Furthermore, other Oil Major Companies and associates of the Authorised Participants also trade in various sectors of the oil market. Such trading could, at times, affect the Near Contract Price, Next Contract Price or the Entitlement of Oil Securities of any class.

In addition, these trading activities and the activities with regard to the oil market, Oil Securities and Oil Contracts may create interests of the Shell Group, other Oil Major Companies or the Authorised Participants and their associates, which are potentially opposite to the interests of Security Holders.

### **Market Disruption**

Futures exchanges have the potential to suffer from market disruption, due to trading failures at the exchange or the imposition of volume or price restrictions. Such events could cause a Trading Day to be classified as a Market Disruption Day resulting in it not being possible to price one or more classes of Oil Securities that day. This will cause a delay in the creation or redemption process which could adversely affect potential or existing Security Holders. Furthermore, under the terms of the Oil Purchase Agreement with Shell Trading Switzerland, a Market Disruption Day in respect of a relevant Exchange will be any Trading Day upon which any one or more of the following occurs:

- (a) the relevant Exchange fails to determine, announce or publish the relevant Settlement Price(s), (or announces that it will or expects to fail to do so) by midnight on that Trading Day; and/or
- (b) in the case of Brent-referenced Oil Securities, there being no Pricing Window for any Relevant Month Brent Contract on the relevant Exchange during that Trading Day; or
- (c) in the case of WTI-referenced Oil Securities, NYMEX fails to announce or publish the time at which the final two minutes of trading during a regular trading hours session in a Relevant onth WTI Contract will take place before the occurrence of the final two minutes; or
- (d) in the case of WTI-referenced Oil Securities, NYMEX announces or publishes on a Trading Day that the Settlement Prices in respect of WTI Contracts in respect of that Trading Day shall not be determined in accordance with, or pursuant to, NYMEX Rule 6.52(A).

### **Limited Operating History and Management Experience**

The Issuer was incorporated in 2004 and has a limited trading record. The directors and management of ETFSL and the Issuer have had experience in establishing and operating companies offering similar types of exchange-traded products, including more than 120 different types of securities issued by Gold Bullion Securities Limited, ETFS Commodity Securities Limited and ETFS Metal Securities Limited. The management of ETFSL and the Issuer thus has limited experience of products of this type. If it transpires that the experience of ETFSL, the Issuer and their respective management is neither adequate nor suitable to manage the Issuer, then the operations of the Issuer may be adversely affected.

### **Only Authorised Participants have the right to Create and Redeem Oil Securities**

Only Authorised Participants are permitted to deal with the Issuer in creating or redeeming Oil Securities, save in relation to redemptions where at any given time there are no Authorised Participants. The Issuer has agreed to use reasonable endeavours to ensure that at all times there are at least two Authorised Participants. There can, however, be no assurance that there will at all times be an Authorised Participant to deal with the Issuer in creating and redeeming Oil Securities. If the Authorised Participant Agreements are terminated for any reason that may be prejudicial to the ability of investors to sell Oil Securities, or sell them at a price close to the relevant Price, or sell them within a short time period.

### **Early Redemption of Oil Securities**

The Issuer may, at any time, upon 30 days' notice (or seven days' notice in the event the Oil Purchase Agreement is terminated) to the Security Holders, redeem all of the Oil Securities of any class. The Trustee may, at any time, where an Insolvency Event or where an Oil Company Default has occurred and is continuing, upon 20 Business Days' notice to the Issuer, require the Issuer to redeem all of the Oil Securities relating to Oil Contracts of the defaulting Oil Major Company.

If over any three-month period the average aggregate value of Oil Contracts outstanding from Shell Trading Switzerland is less than US\$300 million in 2008 or less than US\$500 million in 2009, then, within 45 days following the end of any such period, Shell Trading Switzerland may elect by notice to redeem all of its Oil Contracts. On the occurrence of such an event, the Issuer will (unless it is able to source alternative replacement Oil Contracts) exercise its option to redeem the Oil Securities which correspond to those outstanding Oil Contracts. Thus, an investment in the Oil Securities may be redeemed earlier than desired by a Security Holder. As at 25 June 2008 the aggregate value of outstanding Oil Contracts was US\$230.18 million.

Shell Trading Switzerland has only agreed to provide Oil Contracts to the Issuer for approximately four more years from the date of this Prospectus. If Shell Trading Switzerland or another Oil Major Company does not agree to provide Oil Contracts beyond that period, then the Oil Contracts will expire and the Issuer will elect to redeem the outstanding Oil Securities.

### **Change to Pricing Parameters**

The Pricing Parameters described herein are subject to change by the Issuer (as described in Part 4 (*Description of the Oil Securities*) under the heading "Changes to Pricing Parameters"). The result of such a change to a Pricing Parameter may be such that any given Security Holder's investment in Oil Securities ceases to track the value of oil futures contracts in the manner in which such Security Holder had planned when investing in such Oil Securities. Such a Security Holder may, accordingly, be forced to request the redemption of its Oil Securities earlier than such Security Holder, but for the change in Pricing Parameters, would have desired.

### **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 Oil Securities. These risks are generally applicable to any investment in listed securities and investors should be aware that Oil Securities can go down in price as well as up.

### **No Recourse Except to the Issuer**

The Oil Securities are obligations solely of the Issuer. In particular, the Oil Securities will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Registrar, any Oil Major Company, any direct or indirect shareholder of the Issuer or any of the Authorised Participants. The Issuer is a special purpose company established for the purpose of issuing the Oil Securities, and is not expected to have any business operations, assets or rights other than as expressly stated in this document.

If the net proceeds of realisation of the security constituted by the relevant Security Deed upon enforcement and the provisions of such Security Deed are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Oil Securities of the relevant class (such negative amount being a "shortfall"), the obligations of the Issuer in respect of the Oil Securities of that class will

be limited to the net proceeds of realisation of the security constituted by such Security Deed. In such circumstances the assets (if any) of the Issuer, other than those attributable to the relevant Pool, will not be available for payment of such shortfall and the rights of the Security Holders of that class to receive any further amounts in respect of such obligations will be extinguished and none of the Security Holders of the relevant class or the Trustee may take any further action to recover such amounts.

Any claims made against the Issuer will be satisfied in order of the priority of payments in accordance with the Trust Instrument, further details of which are set out in Part 7 (*Particulars of the Oil Securities*) under the heading “The Conditions — Enforcement — Application of Moneys”.

### **No Guarantee**

No Oil Major Company or any other person has guaranteed the performance of the Issuer’s obligations, and no Security Holder has any direct rights of enforcement against any such person. However, the Trustee on behalf of the Security Holders may enforce the rights of the Issuer under the Oil Contracts, the Oil Purchase Agreement and any Letter of Credit in case of Oil Company Default.

### **No Representation**

None of the Issuer, the Authorised Participants, the Oil Major Companies or the Trustee makes any representations as to (i) the suitability of any Oil Securities for any particular investor; (ii) the appropriate accounting treatment or possible tax consequences of an investment in any Oil Securities; or (iii) the expected performance of any Oil Securities, either in absolute terms or relative to competing investments.

### **Limited Enforcement Rights**

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

- (a) by a Security Holder to whom a Defaulted Obligation is owed; or
- (b) if an Insolvency Event or Oil Company Default has occurred and is continuing, by (i) Security Holders holding not less than 25 per cent. of Oil Securities of the relevant class then outstanding or (ii) an Extraordinary Resolution of the relevant class,

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

### **Possible Non-Listing of Oil Securities on the Official List**

Whilst not currently anticipated by the Issuer, the Issuer cannot rule out the possibility that certain oil securities issued by the Issuer may be unlisted securities, including in the event that the Issuer separates out a Lower Credit (in accordance with the splitting mechanism discussed in Part 4 (*Description of the Oil Securities*) under the heading “Consolidation and Division of Oil Securities”) by issuing to the relevant Security Holders new oil securities supported only by Oil Contracts of the Lower Credit, and such new oil securities cannot be listed on the Official List of the UK Listing Authority.

In such event, there may be an adverse impact on the liquidity of such unlisted oil securities held by a Security Holder and on such Security Holder’s ability to trade such unlisted oil securities on the secondary market.

**The Issuer believes that the risks described above are the principal risks inherent in the Programme. However, the inability of the Issuer to pay the Redemption Price and the decrease in the value of Oil Securities may occur for other reasons, and the Issuer does not represent that the above statements of the risks of holding Oil Securities are exhaustive.**



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated in this document by reference and are available at the Issuer's website at [www.etfsecurities.com/osl](http://www.etfsecurities.com/osl) and at the registered office of the Issuer as set out in paragraph 14 of Part 10 (*Additional Information*):

1. the 2007 Prospectus, which includes:
  - (a) the published audited reports and accounts of the Issuer for the period ended 31 December 2006;
  - (b) the published audited reports and account of Shell Treasury for the two years ended 31 December 2005 and 31 December 2006;
  - (c) the published audited reports and accounts of Shell Trading Switzerland for the period ended 31 December 2006; and
  - (d) a summary of significant differences between Swiss statutory accounting rules and International Financial Reporting Standards (IFRS),
2. the Report of the Statutory Auditors on the Financial Statements of Shell Trading Switzerland AG for the year ended 31 December 2007 as published by the Issuer through the Regulatory News Service of the London Stock Exchange plc on 9 June 2008; and
3. the published audited reports and accounts of the Issuer for the year ended 31 December 2007 as published by the Issuer through the Regulatory News Service of the London Stock Exchange plc on 26 June 2008.

## PART 1

### GENERAL

#### Introduction and Parties to the Programme

The Issuer has created and issued eight classes of Oil Securities of varying maturities along the forward curve.

Two futures market pricing benchmarks are being used: Brent crude oil based on the ICE Futures' Brent Contracts and West Texas Intermediate crude oil based on the New York Mercantile Exchange's WTI Contracts.

The table below illustrates the different classes of Oil Security that are available for issue and indicates the applicable maturity on the forward curve:

<b>Class of Oil Security</b>	<b>Forward Prices Used</b>
Brent 1mth	first and second month contracts
WTI 2mth	second and third month contracts
Brent 1yr and WTI 1yr	first and second December contracts
Brent 2yr and WTI 2yr	second and third December contracts
Brent 3yr and WTI 3yr	third and fourth December contracts

The Oil Securities are secured on corresponding Oil Contracts purchased by the Issuer from Shell Trading Switzerland and/or other Oil Major Companies pursuant to the terms of an Oil Purchase Agreement. By the Letter of Credit, Shell Treasury has agreed to provide credit support in favour of the Issuer in respect of the obligations of Shell Trading Switzerland to make payments due upon redemption of Oil Contracts purchased from Shell Trading Switzerland under the Oil Purchase Agreement. Details as to the ownership of, and relationship between, Shell Trading Switzerland and Shell Treasury are set out in Part 9 (*Particulars of Shell Trading Switzerland and Shell Treasury*). The Issuer is a special purpose company established for the purpose of issuing the Oil Securities, and whose only assets attributable to the Oil Securities are the Oil Contracts and related contractual rights and whose liabilities are primarily the Issuer's obligations under the Oil Securities. The Issuer is a wholly owned subsidiary of ETFSL, and is neither directly nor indirectly owned or controlled by any other party to the Programme. The Oil Securities are constituted by a Trust Instrument between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee for the Security Holders of each class and are secured by the Security Deeds, as set out in Part 7 (*Particulars of the Oil Securities*) under the heading "The Security Deeds".

Additional Oil Securities can be created and existing Oil Securities can be redeemed at any time, subject to certain conditions, by Authorised Participants at the Price which is calculated as at the end of each Pricing Day. Oil Securities may be redeemed by a Security Holder who is not an Authorised Participant only in the event that, on any given Redemption Date, there are no Authorised Participants.

Management and administration services are supplied to the Issuer by its parent company, ETFSL. Further details as to the ownership of, and relationship between, the Issuer and ETFSL, and the services to be provided by ETFSL, are set out under the headings, "The Issuer and ETFSL" and "Management and Administration" below. Computershare Investor Services (Channel Islands) Limited has been appointed to provide services as registrar and receiving agent and maintains the Register in Jersey.

#### General Description of Oil Securities

Oil Securities have been designed to enable investors to gain exposure to movements in crude oil futures prices without needing to purchase or take physical delivery of oil or to trade in futures contracts, and to buy and sell that exposure through the trading of a security on the London Stock Exchange or any other exchange or market on which they are admitted to trading.

Oil Securities give investors an exposure which is similar to that which an investor could achieve by managing a fully paid/collateralised unleveraged position in oil futures contracts, without the need to manage any such futures position. Oil Securities involve no margin calls and no requirement to roll from

one futures contract to the next, and no brokerage or other fees are incurred when rolling. All of the exposure is obtained through the terms of Oil Securities, which (unlike futures contracts) do not expire.

The Issuer achieves a matching exposure by holding corresponding Oil Contracts purchased from one or more Oil Major Companies, which also do not require any management by the Issuer of futures positions.

Oil Securities are designed to give investors the following:

- exposure to the price of oil through different oil futures contracts and maturities;
- exposure to a “total return”, comprising:
  - changes in the price of the relevant oil futures contracts
  - a roll yield from backwardation or contango in the relevant futures market when rolling plus
  - a collateral return through the Daily Adjustment (equivalent to an interest return net of all fees), at a rate announced each week in advance;
- an exposure which is unleveraged and which changes directly with changes in the oil price, both up and down;
- a choice of exposure to different maturities along the forward curve;
- pricing which is transparent, using end of day Settlement Prices; and
- a security traded on the London Stock Exchange and certain other stock exchanges.

Oil Securities confer no right to receive physical oil. Rather, they are purely financial instruments.

### **Pricing and Trading of Oil Securities**

Oil Securities are priced directly off oil futures, using the daily settlement prices for the designated contracts for each class of Oil Security. All securities will be priced and settled in US Dollars. A Price will be calculated by the Issuer for each class of Oil Security on each day that is a Pricing Day for that class.

Essentially, there are two types of pricing regime:

- Brent 1mth Oil Securities and WTI 2mth Oil Securities will be priced using front month contracts and will roll to the next contract each month over a five-day period; and
- the six classes of Forward Oil Securities will be priced using December contracts only, of two different maturities straddling the nominal maturity for that security, and each month one-twelfth of the November weight will roll from the near December contract to the next December contract (as defined), thereby giving a broadly constant maturity exposure. Rolling will occur on the first and second Pricing Days of each month.

The pricing mechanism for Oil Securities is discussed in more detail in Part 4 (*Description of the Oil Securities*) under “Pricing of Oil Securities”.

The Issuer has applied to the UK Listing Authority for all of the Oil Securities to be issued within 12 months from the date of this document to be admitted to the Official List and to the London Stock Exchange for all of the Oil Securities to be admitted to trading on its Main Market. No application has been or is currently being made for the Forward Oil Securities to be admitted to listing or trading on any exchange or market outside the UK but the Issuer may cause such application to be made in respect of the Oil Securities of any or all classes on any such exchanges or markets in its discretion.

In order to provide liquidity to investors and to minimise any tracking error, the Issuer hopes at all times to have one or more Authorised Participants making a market on the London Stock Exchange in some or all of the Oil Securities (or on other exchanges on which the Oil Securities or any of them may be listed or traded). Authorised Participants will have the right to effect applications or redemptions — see below under the heading “Creations and Redemptions” and Part 4 (*Description of the Oil Securities*) under the heading “Authorised Participants” for further details.

Each class of Oil Security traded on the London Stock Exchange may have different market-makers, bid/offer spreads and depth of liquidity.

### **Oil Contracts and Oil Purchase Agreement**

The liability of the Issuer to Security Holders upon redemption of Oil Securities will be secured by Oil Contracts with corresponding terms. Each time an Oil Security is issued or redeemed by an Authorised Participant (or redeemed by a Security Holder who is not an Authorised Participant, in the limited circumstances referred to herein), corresponding Oil Contracts will be created or cancelled by the Issuer.

As of the date of this Prospectus, the Issuer has entered into an Oil Purchase Agreement with Shell Trading Switzerland (as the provider of the Oil Contracts) and has the benefit of a Letter of Credit from Shell Treasury (as initial provider of credit support under the terms thereof), which are both subsidiaries of the Shell Group.

Under the terms of the Oil Purchase Agreement with Shell Trading Switzerland, the Issuer can create and cancel Oil Contracts on a continuous basis, subject to creation and redemption limits (and days not being Market Disruption Days) and certain other conditions. Further information on the Creation Limits and the Redemption Limit is set out below under the heading "Creations and Redemptions".

The Issuer may enter into Oil Purchase Agreement with other Oil Major Companies and, in such cases details of these agreements will be published by the Issuer in a supplementary Prospectus and/or supplementary listing particulars. Thereafter, the Issuer will disclose, in each Pricing Supplement, the number and class of Oil Contracts outstanding from each Oil Major Company with which the Issuer has an Oil Purchase Agreement in effect.

The Issuer is only permitted to create new Oil Securities if it purchases corresponding Oil Contracts from an Oil Major Company.

Further information on Oil Contracts, the Oil Purchase Agreement and the Letter of Credit are set out in Part 5 (*Description of the Oil Purchase Agreement and the Oil Contracts*).

Financial and other information relating to Shell Trading Switzerland and Shell Treasury is set out or referred to in Part 9 (*Particulars of Shell Trading Switzerland and Shell Treasury*).

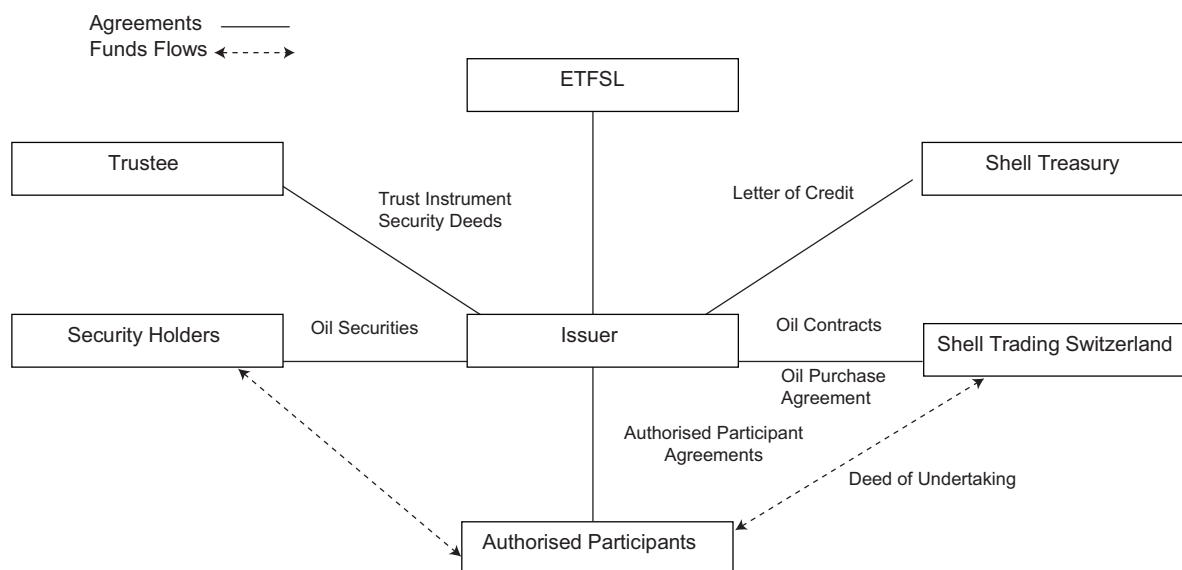
### **Contract Structure for Oil Securities**

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

The obligations of the Issuer in respect of each class of Oil Security are secured by a charge over the equivalent class of Oil Contracts held by the Issuer and over the rights of the Issuer in respect of those Oil Contracts under the Oil Purchase Agreement and the Letter of Credit.

## Simplified Structure

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



The Business Development Agreement between, *inter alios*, the Issuer, ETFSL, Shell Trading Switzerland and Shell Treasury is not shown.

## Calculation and Publication of Prices

The Near Entitlement, Next Entitlement, Multiplier, Near Contract Price and Next Contract Price and the Price for each class of Oil Security (as applicable) are calculated by the Issuer as at the end of each Pricing Day (after the Settlement Prices for that day have been published) and prior to trading in the Oil Securities commencing on the following Pricing Day on the London Stock Exchange. These Near Entitlements, Next Entitlements, Multipliers, Near Contract Prices, Next Contract Prices and Prices, together with the current Daily Adjustment and the relevant Settlement Prices, are posted on the Issuer's website at [www.etfsecurities.com/osl](http://www.etfsecurities.com/osl).

## Creations and Redemptions

Oil Securities can be created or redeemed at any time, subject to conditions, by the Issuer at the request of each of the Authorised Participants, in accordance with the terms of the Authorised Participant Agreement to which it is a party. The creation and redemption mechanism is intended to ensure that Oil Securities have sufficient liquidity and that the Price of an Oil Security tracks the price of oil futures in accordance with the pricing formulae. Only an Authorised Participant may require the Issuer to create or (unless there are at any given time no Authorised Participants) redeem Oil Securities — all other parties must buy and sell Oil Securities through trading on the secondary market.

Oil Securities can only be created or redeemed if corresponding Oil Contracts can be created or cancelled. There are limits on the creation and cancellation of Oil Contracts, which means that there are corresponding limits on the issue and redemption of Oil Securities.

## Creation and Redemption Limits

Under the Oil Purchase Agreement with Shell Trading Switzerland there are limits, both daily and in aggregate, on the number of relevant Oil Contracts (and therefore on the creation and redemption of corresponding Oil Securities) that can be created or cancelled at any time. Details of these limits are set out under the heading "Creation and Redemption Limits" in Part 4 (*Description of the Oil Securities*). The Issuer will reject Applications or Redemptions to the extent that the acceptance of such would cause the Creation Limits or Redemption Limit to be exceeded unless Shell agrees with the Issuer that corresponding Oil Contracts will be created or cancelled notwithstanding that the Creation Limits or Redemption Limit would be exceeded.

## **Authorised Participants**

The Issuer will use reasonable endeavours to ensure that at all times there are at least two Authorised Participants. However, to the extent that at any given time there are no Authorised Participants, Security Holders will be able to require the Issuer to redeem the Oil Securities held by them.

At the date of this document Citigroup Global Markets Limited, Fortis Bank Global Clearing N.V., Morgan Stanley & Co. International plc, UBS AG, London Branch, Barclays Capital Securities Limited, ABN-AMRO Bank N.V., London Branch, Bayerische Hypo- und Vereinsbank AG and Merrill Lynch International are Authorised Participants. Additional Authorised Participants may be introduced in due course.

## **Payments for Creations and Redemptions**

All orders for the creation and redemption of Oil Securities and all purchases and sales of Oil Contracts taking place on the same Pricing Day will (unless otherwise agreed as described in Part 4 (*Description of the Oil Securities*)) be priced at the same price and will all be settled on the same day (on a T+3 basis).

Payment for creation of Oil Securities (and the corresponding creation of Oil Contracts) will be made directly from the relevant Authorised Participant(s) to Shell Trading Switzerland, and payment upon redemption of Oil Securities (and cancellation of the corresponding Oil Contracts) will (save where there are no Authorised Participants or in the case of compulsory redemptions) be made directly from Shell Trading Switzerland to the relevant Authorised Participant(s). Payments from or to Authorised Participants will be made via the CREST system on a delivery versus payment basis. In the case of compulsory redemptions and redemptions where there are no Authorised Participants, Shell Trading Switzerland will make payments to accounts of the Issuer secured for the benefit of the Security Holders of the relevant classes or to the Trustee for the benefit of such Security Holders.

Further details of the creation and redemption process are set out in Part 4 (*Description of the Oil Securities*) under the heading "Authorised Participants".

## **Security Structure**

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

The Issuer has been established as an "umbrella" or "multi-class" company with separate Pools of assets so that the Issuer can issue separate classes of securities, based on different prices or having some other different characteristics, but on terms that each such separate class of securities would have recourse only to the Pool attributable to that class and not to the assets attributable to any other class. The assets and liabilities attributable to each class of Oil Security will represent the Pool for that class.

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

In addition, the Issuer and the Trustee have entered into a separate Security Deed in respect of each Pool. The rights and entitlements held by the Trustee under each Security Deed are held by the Trustee on trust for the Security Holders of that particular class of Oil Security.

Under the terms of each Security Deed, the Issuer has assigned to the Trustee by way of security the contractual rights of the Issuer relating to such class under the Oil Purchase Agreement, and granted a first-ranking floating charge in favour of the Trustee over all of the Issuer's rights in relation to the Secured Property attributable to the applicable Pool, including, but not limited to, its rights under the Oil Purchase Agreement, Oil Contracts of that class and the Issuer's rights under the Letter of Credit.

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

Under the terms of the Trust Instrument, it is agreed that the Security Holders, or the Trustee on their behalf, will not, in relation to Oil Securities, institute against, or join any person in instituting against, the Issuer any bankruptcy, suspension of payments, moratorium of any indebtedness, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding or other proceeding under any similar law (except for the appointment of a receiver and manager pursuant to the relevant Security Deed) for two years (or, if later, the longest suspense period, preference period or similar period (howsoever described) ending with the onset of insolvency in respect of which transactions entered into by the Issuer within such period may be subject to challenge under applicable insolvency or other proceeding) plus one day after the date on which all amounts payable for all outstanding Oil Securities issued by the Issuer are repaid.

Further details of the Trust Instrument and Security Deeds are set out in Part 7 (*Particulars of the Oil Securities*).

### **The Issuer and ETFSL**

The Issuer is a public company incorporated in Jersey for the purpose of creating and issuing Oil Securities and entering into the Documents and agreements relating to other classes of oil securities.

The shares in the Issuer are all held by ETFSL, a company incorporated in Jersey to act as the holding company and manager of the Issuer. The Issuer is neither directly nor indirectly owned or controlled by any other party to the Programme. The Issuer is dependant upon ETFSL to provide management and administration services to it, as further described below under the heading "Management and Administration". ETFSL intends to promote and to provide management and other services to the Issue and other companies issuing commodity-based securities and currently also provides such services to ETFS Commodities Securities Limited and ETFS Metal Securities Limited.

The Issuer is a special purpose company established for the purpose of issuing the Oil Securities as asset-backed securities, and whose only assets attributable to the Oil Securities of each class are the Oil Contracts in respect of that class and its rights and under the Oil Purchase Agreement and the Letter of Credit to the extent attributable to that class and whose liabilities are primarily the Issuer's obligations under the Oil Securities.

The directors of the Issuer and ETFSL are the same, and their respective descriptions are set out below under the heading "Directors and Secretary".

### **Management and Administration**

Pursuant to the Service Agreement, ETFSL supplies or arranges the supply of all management and administration services for the Issuer and pays all the management and administration costs of the Issuer.

ETFSL may engage third parties to provide some or all of these services. In particular, ETFSL has 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 Issuer, and Computershare Investor Services (Channel Islands) Limited has been appointed to provide services as Registrar and receiving agent, and will maintain the Registers in Jersey.

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

### **Management Expenses**

In return for ETFSL supplying to the Issuer, or arranging for the supply to it, of all management and administration services, the Issuer pays ETFSL the Management Expenses of 0.49 per cent. per annum (based on the aggregate Price of all Oil Securities outstanding). The Management Expenses are reflected by the application of the Daily Adjustment to the Multiplier on Oil Securities and Oil Contracts. Each Oil Major Company pays the Issuer an amount equal to the Management Expenses, reflecting the benefit to them of the Multiplier on their Oil Contracts being adjusted by such amount. The Issuer is only liable to pay the Management Expenses to the extent it has received any such payment from an Oil Major Company. In certain circumstances, under the Oil Purchase Agreement the Management Expenses may be amended or not payable, and in such event the Daily Adjustment will be varied accordingly.

## **Directors and Secretary**

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

### ***Graham Tuckwell — Chairman***

Mr Tuckwell is the founder and chairman of ETF Securities Limited and ETFS Metal Securities Limited and of two other companies issuing exchange-traded commodities: ETFS Commodity Securities Limited and ETFS Metal Securities Limited. He is also the founder and chairman of Gold Bullion Securities Limited in Jersey and Gold Bullion Securities Limited in Australia, which companies obtained the world's first listings of a commodity on a stock exchange. Assets under management in those companies are in excess of US\$9 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.

### ***Dr Leanne Baker — Non-Executive Director***

Dr Baker is managing director of Investor Resources LLC, a US-based corporate advisory firm that provides financial, investment banking and investor relations expertise to the natural resources industry. She holds her required US regulatory licenses as an independent contractor with broker dealer Puplava Securities Inc. She has more than 20 years of Wall Street research and banking experience, including managing the commodity research team at Philipp Brothers, Inc. in the 1980s and helping to build a metals and mining equity research/banking franchise at Salomon Brothers Inc. in the 1990s. She is a non-executive director of ETFS Commodity Securities Limited and ETFS Metal Securities Limited and also serves on the boards of directors of Agnico-Eagle Mines Ltd., US Gold Corporation and New Sleeper Gold Corporation. Dr Baker received her MS and PhD degrees in mineral economics from Colorado School of Mines.

### ***Ben Cukier — Non-Executive Director***

Mr Cukier is a Partner of Financial Technology Management, L.L.C. with investment responsibilities in Business Services and Asset Management. Mr Cukier was previously with the Telecommunications and Media Team at Madison Dearborn Partners in Chicago. Prior to joining Madison Dearborn Partners, Mr Cukier was with McKinsey & Co. in New York, where he consulted to clients in the telecommunications, Internet, and healthcare industries. Prior to joining FTVentures, Mr Cukier spent a summer working in the Business Development group at Allegiance Telecom. He is also a non-executive director of ETFS Commodity Securities Limited and ETFS Metal Securities Limited. Mr Cukier received his BS and BA from the University of Pennsylvania and an MBA from Stanford.

### ***Dr Vince FitzGerald — Non-Executive Director***

Dr FitzGerald is Chairman of The Allen Consulting Group Pty Ltd; an Australian consulting company in economics, public policy and economic and financial regulation. He has been a director of that company since 1989, soon after its foundation. Prior to that time, he was a senior government official in Canberra, his career involving assignments in the Treasury, Prime Minister and Cabinet, Finance (Deputy Secretary), Trade (Secretary) and Employment, Education and Training (Secretary). He is a well-known expert on the superannuation industry in Australia, and is a superannuation fund trustee. During the 10 years to 2004, Dr FitzGerald was a director of ING Australia Holdings Ltd and its subsidiaries, and was Chairman of its Audit and Risk Management Committees. He is a non-executive director of Gold Bullion Securities Limited in Jersey and Australia, ETFS Commodity Securities Limited and of ETFS Metal Securities Limited and chairs the group's Risk Management and Audit Committee. He holds a Bachelor of Economics (First class Honours in Econometrics) from the University of Queensland and a PhD in Economics from Harvard 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. Graeme joined the Jersey practice of Rawlinson & Hunter, Chartered Accountants, in 1986 as a manager in the fund administration division. In 1994 he was admitted to the Jersey partnership. Graeme 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. Graeme is also a director of Computershare Investor Services (Channel Islands) Limited and one of his roles is to maintain the day to day operations in Jersey of the Issuer and of both ETFS Commodity Securities Limited and ETFS Metal Securities Limited (he is a non-executive director of all three of those companies and of Gold Bullion Securities Limited in Jersey).

***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 is also a director of Computershare Investor Services (Channel Islands) Limited and a non-executive director of Gold Bullion Securities Limited in Jersey, ETFS Commodity Securities Limited and ETFS Metal Securities Limited.

***Jim Wiandt — Non-Executive Director***

Mr Wiandt graduated in 1991 from Tufts University and is editor of the Journal of Indexes and Publisher of IndexUniverse.com and Exchange-Traded Funds Report (ETFR). The Journal of Indexes was originally founded by John Prestbo of Dow Jones Indexes, and has served as the 'book of record' for the index industry since 1999. Mr Wiandt took over as editor of Jol in 2001, and the company he heads, Index Publications LLC, purchased the Exchange-Traded Funds Report (ETFR) in 2003 and IndexUniverse.com in 2005. He also oversees the Index Research Group and Financial Technology and Design Group (FTDG) subsidiaries of Index Publications LLC, which provide research and consulting services to many companies in the index and ETF business. He is also a non-executive director of ETFS Commodity Securities Limited and ETFS Metal Securities Limited. In his past, he has served as editor of IndexFunds.com and a researcher for Compton's encyclopedia and has worked as a writer and editor (as well as a legal assistant, teacher and Peace Corps volunteer) in Boston, London, Japan, New York, West Africa, Venezuela, San Francisco and now Spain.

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

R&H Fund Services (Jersey) Limited is a company incorporated in Jersey on 29 November 1988 with limited liability whose issued and paid up share capital is £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, Chartered Accountants in Jersey. The directors of R&H Fund Services (Jersey) Limited are:

Graeme David Ross  
Martin Willaume Richardson  
Angus Spencer-Nairn  
Craig Andrew Stewart  
David Gustave Goar

***Conflicts of Interest***

All the Directors of the Issuer are also directors of ETFSL, a provider of services to the Issuer. Messrs Ross and Stewart are also directors of the Registrar and of the company secretary. While these roles could potentially lead to conflicts of interest the Directors do not believe there are any actual or potential conflicts of interest between the duties which the directors and/or members of the administrative, management and supervisory bodies of the Issuer owe to the Issuer, and the private interests and/or other duties which they have.

Save as specifically stated in relation to Mr Tuckwell and Mr Ross, save (in each case) for their directorships of ETFSL and save (in the cases of Mr Tuckwell, Dr FitzGerald, Mr Ross and Mr Stewart) for their directorships of Gold Bullion Securities Limited (Jersey), none of the principal activities performed by the Directors outside the Issuer are significant with respect to the Issuer and they have no interests that are material to the Programme.

**Further information**

Information regarding United Kingdom, Jersey, Dutch, German, French and Italian taxation in respect of the Programme and the Oil Securities is set out in Part 10 (*Additional Information*). If any prospective 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 the Oil Securities.

## PART 2

### CRUDE OIL & FUTURES MARKETS

#### Overview

According to the International Energy Annual, published by the Energy Information Administration (EIA), over the past several decades oil has been the world's foremost source of primary energy consumption. North America has the highest global consumption of oil per capita at approximately 3.2 gallons per capita per day compared to the world average of 0.5 gallons per capita per day. Crude oil prices are influenced by a complex interaction of underlying supply and demand factors, political dynamics and increasingly developed spot, term and futures trading. Many varieties of crude oil are produced around the world, each with their own price; the characteristics of each variety depend largely on the particular crude oil's geological history. Because there are so many varieties, crude oils are priced and traded relative to well known benchmarks (called Markers). Two of these benchmarks dominate world crude oil futures trading, namely ICE Futures Brent Crude Future Contracts, traded in London on the ICE Futures Market, and West Texas Intermediate (WTI) — Light Sweet Crude Oil Futures, traded on the New York Mercantile Exchange (NYMEX). Oil futures have increased in importance over the past decades with total ICE Futures Market and NYMEX futures volumes increasing over four fold in the last ten years. Futures trading is important to many physical commodities because they help set international commodity prices (price discovery) and they help to reconcile supply and demand.

#### Oil Supply and Demand

World crude oil production is currently approximately 82 million barrels per day. A significant portion of this production, 43 per cent. over the past five years, has come from the Organization of the Petroleum Exporting Countries (OPEC).

The OPEC organisation, which was formed in 1960 and currently has 13 member countries, is the world's largest supplier of oil. OPEC crude oil production, which is concentrated mainly around the Middle East, has largely remained between 29 and 36 Mbl/day over the past ten years. The largest OPEC producer is Saudi Arabia with production of 10.4 Mbl/day in 2007. Other large OPEC producers include Iran, Iraq, Nigeria, United Arab Emirates and Venezuela. Although OPEC countries produce approximately 43 per cent. of total world oil production, the organisation's influence is enhanced by the fact that non-OPEC oil-producing countries will produce at their full capacity output levels, with about 2.3 Mbl/day of spare capacity left in OPEC countries and in Saudi Arabia in particular.

	Oil Production (Thousand Barrels/Day)					Oil Reserves (Billion Barrels)				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Nth America	14,193	14,137	13,696	13,732	13,665	62	61	61	70	69
Sth & Cen America	6,314	6,680	6,899	6,866	6,633	100	103	103	111	111
Europe & Eurasia	16,973	17,579	17,542	17,600	17,835	144	143	144	144	144
Middle East	23,357	24,818	25,393	25,589	25,176	746	750	754	756	755
Africa	8,402	9,268	9,846	9,995	10,318	112	114	117	117	117
Asia Pacific	7,791	7,843	7,880	7,877	7,907	41	40	41	41	41
<b>TOTAL WORLD</b>	<b>77,031</b>	<b>80,326</b>	<b>81,255</b>	<b>81,659</b>	<b>81,533</b>	<b>1,206</b>	<b>1,211</b>	<b>1,220</b>	<b>1,240</b>	<b>1,238</b>
OPEC	31,709	34,183	35,321	35,560	35,204	912	918	926	935	935
OPEC (%)	41%	43%	43%	44%	43%	76%	76%	76%	75%	76%

Source: BP Statistical Review of World Energy June 2008

Whilst production levels affect current oil supply, oil reserves affect future oil supply. OPEC is again a significant factor because it controls the world's excess oil production (i.e. it has most of the world's spare capacity), and as at 31 December 2007 it had 76 per cent. of the world's proven crude oil reserves, which stood at approximately 1.2 trillion barrels. At current levels of world demand for oil — approximately 85 Mbl/day — proven reserves are seen as sufficient to last another 40 years. This estimate assumes that current oil production and recovery rates remain constant, and does not take into account new discoveries.

According to the International Energy Outlook 2007, over the past twenty years, oil has provided approximately 38 per cent. of the world's energy with natural gas and coal providing approximately 25 per cent. each. The EIA expects oil's share of world energy will remain in the range of 34 per cent. to 36 per cent.

Demand for crude oil products tends to be seasonal. The extent of highs and lows for some products is determined primarily by two factors — weather and world economic activity.

	Oil Consumption (Thousand Barrels/Day)				
	2003	2004	2005	2006	2007
Nth America	24,050	24,897	25,023	24,904	25,024
Sth & Cen America	4,826	4,944	5,147	5,225	5,493
Europe & Eurasia	19,922	20,111	20,274	20,477	20,100
Middle East	5,229	5,507	5,731	5,949	6,203
Africa	2,567	2,644	2,773	2,824	2,955
Asia Pacific	22,702	24,008	24,368	24,851	25,444
<b>TOTAL WORLD</b>	<b>79,296</b>	<b>82,111</b>	<b>83,317</b>	<b>84,230</b>	<b>85,220</b>

Source: BP Statistical Review of World Energy June 2008

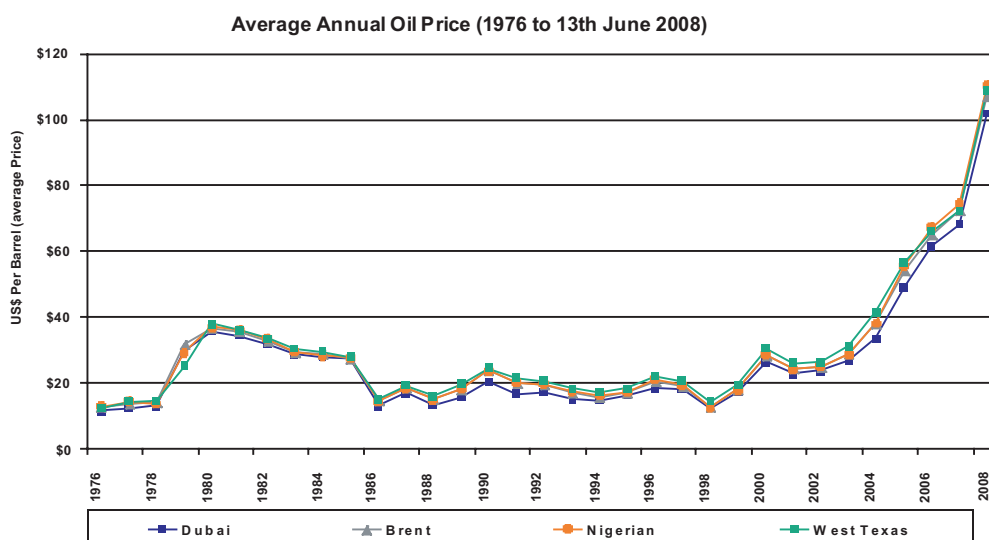
North America has the highest global consumption of oil per capita at approximately 3.2 gallons per capita per day compared to the world average of 0.5 gallons per capita per day. Western Europe and Asia Pacific are also large consumers of oil. These three areas, North America, Asia Pacific and Western Europe, make up approximately 83 per cent. of the world's oil consumption.

## Oil Prices

Crude oil prices are influenced by a complex interaction of underlying supply and demand factors, political dynamics and increasingly developed spot, term and futures trading. Therefore, these prices tend to be highly volatile. The behaviour of the OPEC organisation is often the key to price developments in the world crude oil market.

Crude oil can be priced, bought and sold anywhere along its supply chain from the wellhead through the transportation period to the refinery. The end buyer is usually a refinery but crude oil can be bought and on-sold many times by oil traders and intermediaries before the crude oil reaches the refinery.

There are many varieties of crude oil, each with their own price. The characteristics of each variety depend largely on the particular crude oil's geological history. As no two varieties of crude oils are the same, the pricing and marketing of crude oil from a particular field is determined by an analysis of the type and quality of the crude, which will involve testing of the fractions to indicate the quality and quantity of the products contained in the sample. The varieties of crude oil are generally priced in relation to what is regarded as a marker crude, which is a representative type for a particular region. The main criteria for a marker crude is for it to be sold in sufficient volumes to provide liquidity (many buyers and sellers) in the physical market as well as having similar physical qualities as alternative crudes. However, different crude prices have historically had a high degree of correlation as can be seen in the chart below which shows the prices of four different crude oils from 1976 to 2008. The two most well known benchmark types of crude oil are West Texas Intermediate (WTI) and Brent.



*Data source: BP Statistical Review of World Energy 2008, Bloomberg*

## Oil Futures

Until the late 1970s, almost 90 per cent. of the world's crude oil was sold under long-term contracts at prices set by the major oil companies. OPEC produced 67 per cent. of the free world's crude oil, allowing it to dominate the price and quantity of oil sold. Prices fluctuated when these long-term contracts were revised, but prices were not otherwise particularly responsive to market conditions. Then, in the late 1970s and early 1980s, market-based spot and then futures trading gained in importance as production from the non-OPEC countries surpassed OPEC oil production. Owners of the newer oil, from areas such as the North Sea, lacked the typical long-term contracts with buyers, forcing them to find other ways to build market share. They were able to achieve this objective on the spot markets by undercutting OPEC. By the end of 1982, almost half of all internationally-traded oil was traded on the spot market instead of through long-term contracts. With prices now determined on a very short-term basis, daily fluctuations in the price of oil became the norm. In order to hedge against fluctuations in the oil price, participants began using oil futures.

The NYMEX WTI Crude Oil futures contract is the most heavily traded commodities contract in the world, while the ICE Futures Brent oil futures contract is believed to be used to price over 65 per cent. of the world's traded physical crude oil. Contracts traded on NYMEX specify WTI crude for delivery by pipeline in the town of Cushing, Oklahoma, although the exchange's rules allow for the delivery of six other types of US domestic crude against the WTI contract. Trade in Brent futures contracts (for pipeline-delivered Brent Blend supplied at the Sullom Voe terminal in the North Sea) was launched on the International Petroleum Exchange (now the ICE Futures Market) in London in June 1988. In the past few years, ICE Futures launched WTI oil future contracts and NYMEX launched Brent oil future contracts, however, the pre-existing contracts still experience the greatest trading volumes.

A futures contract is a form of standardised forward contract, a contract to buy or sell an asset at a pre-agreed future point in time. The standardisation usually involves specifying the following terms:

- the amount and units of the underlying asset to be traded — each Brent or WTI crude oil futures contract is for 1,000 barrels (42,000 gallons).
- the unit of currency in which the contract is quoted — for example, US\$/barrel.
- the grade of the oil and also the manner and location of delivery — for example, the NYMEX WTI contract allows the following deliverable grades: specific domestic crudes with 0.42 per cent. sulphur by weight or less, not less than 37° API gravity nor more than 42° API gravity. The following domestic crude streams are deliverable: West Texas Intermediate (WTI), Low Sweet Mix, New Mexican Sweet, North Texas Sweet, Oklahoma Sweet, and South Texas Sweet.

- the expiry date of the contract for the WTI crude oil contract, trading currently terminates at the close of business on the third business day prior to the 25th calendar day of the month preceding the delivery month. For the Brent crude oil contract, trading currently generally ceases at the close of business on the business day immediately preceding the fifteenth day prior to the first day of the delivery month. Crude oil futures trade 30 consecutive months plus long-dated futures initially listed yearly or half-yearly up to seven years prior to delivery.

The Brent crude oil futures contract is traded in London on the ICE Futures Market. It is Europe's leading energy futures and options exchange. The ICE Futures Brent crude futures contract is part of the Brent pricing complex, which also includes spot and forward markets and is used to price over 65 per cent. of the world's traded crude oil. 59.7 million ICE Futures Brent oil futures contracts were traded in 2007, up 35 per cent. on the previous year. This was equivalent to 59.7 billion barrels of oil, or approximately 237 million barrels of oil per trading day. The ICE Futures Market is regulated in the UK by the Financial Services Authority (FSA) as a recognised investment exchange (RIE) under Part XVIII of the Financial Services and Markets Act 2000 (FSMA).

The WTI crude oil futures contract is traded on the New York Mercantile Exchange, Inc (NYMEX). NYMEX is the world's largest physical commodity futures exchange and pioneered the development of energy futures and options contracts approximately 29 years ago. Trading is conducted through two divisions, the NYMEX Division, home to the energy, platinum, and palladium markets; and the COMEX Division, on which all other metals trade. 121.5 million NYMEX WTI crude oil futures contracts were traded in 2007, up 71 per cent. on the previous year. This was equivalent to 121.5 billion barrels of oil, or approximately 482 million barrels per trading day.

Total trading volumes for crude oil futures contracts have increased at least four fold over the last ten years. For both the WTI and Brent contracts approximately 75 per cent. of the daily volume traded is in the first two nearest contracts. For longer dated contracts, the most liquid contracts are the December month contracts where volumes in the December month contract are greater than the following eleven months combined. In addition, as maturity increases, the volume of each December contract falls. The table below shows the 100-day average daily volume in US Dollars of the Near Contracts and Next Contracts for each class of Oil Security.

**Average Daily Volume (US\$ million)**

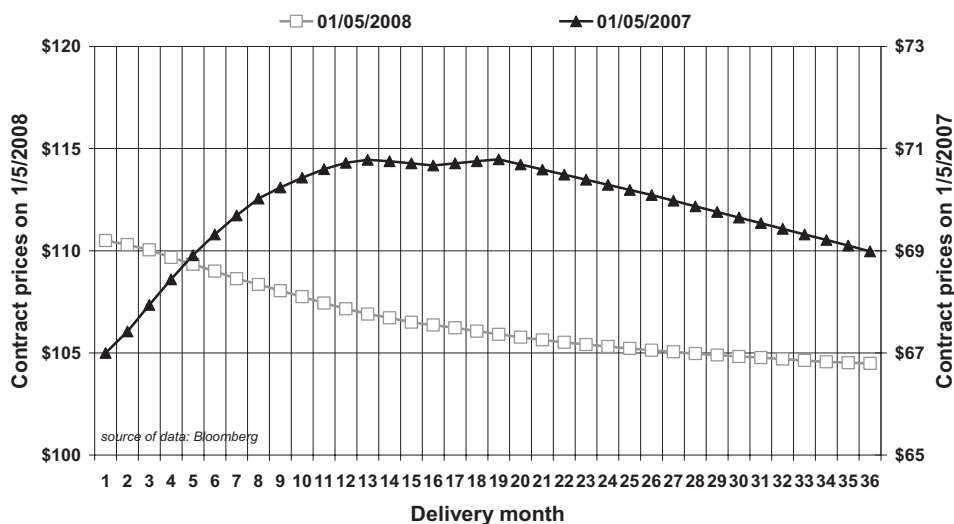
	Brent Futures		WTI Futures	
	Near Contract (in respect of relevant Oil Securities)	Next Contract (in respect of relevant Oil Securities)	Near Contract (in respect of relevant Oil Securities)	Next Contract (in respect of relevant Oil Securities)
Front months	\$9,958	\$6,829	\$24,971	\$12,785
1 year	\$1,130	\$284	\$1,843	\$634
2 years	\$284	\$71	\$634	\$312
3 years	\$71	\$17	\$312	\$117

*Notes: data source is Bloomberg, Data to 7 May 2008. All amounts are notional US\$ million. Note that the front months relates to the Near and Next Contracts for the Brent 1mth and WTI 2mth Oil Securities. Near Contract for ETFS Brent 1mth is 1st and 2nd month and for ETFS WTI 2mth is 2nd and 3rd month*

### Term Structure of Oil Futures

Futures contracts have a pre-determined delivery date and (in the case of exchange-traded contracts) a date on which trading ceases. For most commodities, the price of futures contracts will vary with each different future delivery date, generally decreasing or increasing the further out the delivery date. A forward market is said to be in "backwardation" when the further out the delivery date is the lower the price becomes (as shown in the chart below for 1 May 2008), and in "contango" when the further out the delivery date is the higher the price becomes. A forward market can also be "kinked" where the relationship between one or more prices of near-termed contracts is opposite to the pattern further out along the forward curve (as shown in the chart below for 1 May 2007 where the front months of the curve were in contango and months 20-36 are in backwardation).

## Brent Oil Forward Curve



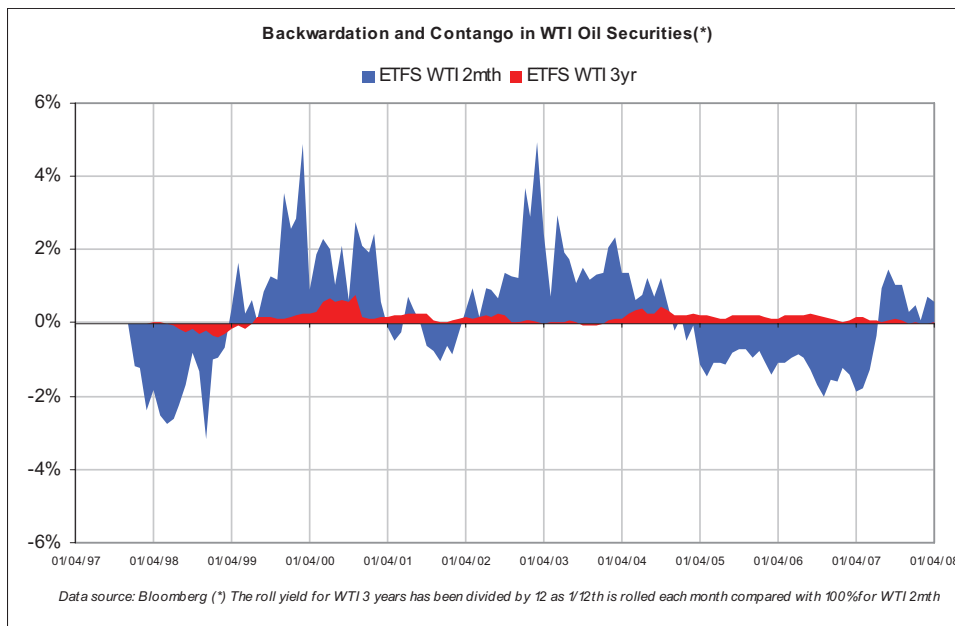
Source: Bloomberg

### Backwardation and Contango

An investor seeking to maintain a position in commodity futures needs to replace or “roll” over contracts prior to their expiry with contracts with a later delivery date and usually a different price. If, for example, delivery dates are monthly and an investor wishes to invest in the nearest dated contract, then the investor will need to enter into monthly transactions to sell the nearest contract and purchase the next nearest contract with the resulting proceeds in order to maintain an investment in the futures market. This process is known as “rolling” along the futures curve. If the market is in backwardation then the notional value of near contracts sold will equal the notional value of a larger number of next nearest contracts and if the market is in contango then the notional value of near contracts sold will equal the notional value of a smaller number of next nearest contracts.

Rolling of itself does not change the value of Oil Securities. However, a change in the value of Oil Securities will occur when the price of the contract rolled into increases or decreases relative to the price of the contract rolled out of, and this can occur without any change to the level or the shape of the forward curve. For example, if the market was in backwardation and the curve remained unchanged, over time the further dated contracts would become nearer dated contracts and in doing so their price would rise in accordance with the shape of the oil price curve.

The chart below shows that NYMEX WTI oil futures have both been in backwardation and in contango at various times. The NYMEX WTI and ICE Futures Brent futures markets are highly correlated, therefore if one is in backwardation (or contango) then the other one is also likely to be in backwardation (or contango). The chart below also shows that the various classes of Oil Security (WTI 2mth Oil Securities and WTI 3yr Oil Securities) have had varying degrees of backwardation and contango (as estimated using Near Contract Price less Next Contract Price) and sometimes opposing rolling yields.



### Investing along the Futures Curve

Oil contracts of different maturities are generally correlated with each other because if the near month contract increases in price, then a dated contract will also usually increase in price. However, differences in investment returns may occur when investing in different parts of the curve. These differences in return are caused by various factors including: (i) longer dated contracts further out the curve having lower short-term price sensitivity as factors which affect current oil prices have less impact on oil prices further out in time; and (ii) the shape of the curve which can result in more or less contango/backwardation or even the opposite effect if the curve is kinked. As a result, the simulated historical returns of each of the different classes of Oil Security would have given investors a different return over the long term and from period to period. See Part 3 (*Simulated Historical Returns*) for further information.



## PART 3

### SIMULATED HISTORICAL RETURNS

#### Introduction

Oil Securities have been designed to give an exposure similar to an investment in oil futures on a fully paid/collateralised basis and to provide a collateral return. The returns from such an investment position are not the same as an investment which only tracks the “spot” commodity price (usually measured by the nearby futures contract price) or from holding the physical commodity. A fully paid/collateralised investment in futures contracts generates returns from:

- changes in Near Contract Price and the Next Contract Price, being changes in the forward oil price; and
- changes in the Entitlement caused by rolling from the Near Contract to the Next Contract; and
- a “Collateral Yield”, incorporated in the Daily Adjustment to the Multiplier.

The combination of these three elements is the “total return” for the Oil Securities.

#### Simulated Historical Returns of Oil Securities

##### *Near Contract Prices and Next Contract Prices*

For each class of Oil Security, exposure to the oil price is gained by investing in the relevant Near Contract and Next Contract whose prices change directly with movements in the oil price. The results of historical simulations (see table below) show that:

- the Near Contract Price changed by an average of +18.2 per cent. to +20.3 per cent. per annum since 31 December 1997;
- in 10 of 11 years, the price change in the Near Contract for each class of Oil Security changed in the same direction; and
- the variability in the Near Contract Price decreased as the maturity of the Near Contract increased.

##### *Entitlement*

Any backwardation or contango associated with the relevant maturities of the oil futures curve during the Roll Period will result in an increase (backwardation) or decrease (contango) of the Entitlement for Oil Securities. The results of the historical simulations show that:

- on average the Entitlement for each class of Oil Security has increased, with the Entitlement increasing the most for Brent 1yr and WTI 1yr, by 4.9 per cent. and 5.1 per cent. per annum respectively;
- the variability in Entitlement decreased as the maturity of the relevant Oil Security increased;
- contango (shown by a decreasing Entitlement) occurred most often in the nearest maturities — occurring four out of the 12 periods shown for Brent 1mth and WTI 2mth; and
- changes in the Entitlement were less variable than changes in the Near Contract Price or the Oil Security Price.

##### *Oil Security Prices*

Due to the positive impact that backwardation had on the simulated Entitlement for each of the eight classes of Oil Security over the time period shown, simulated returns on these Oil Securities exhibit a total return substantially higher than that which has arisen from increases in the oil price or Near

Contract Price alone. The historical simulations assume that Management Expenses and the “Collateral Yield” for the entire period were calculated as set out in this document. The results show that:

- the variability of the Price of Oil Securities was greater than the separate levels of variability of either the Near Contract Price or the Entitlement;
- the volatility and range of returns decreased as the maturity of the Oil Security increased; and
- while the compound annual returns were similar for all classes of Oil Security, the average annual return was highest for the two 1yr maturity products.

### Correlation of Commodities with Other Asset Classes

Numerous academic and other research papers in recent years have examined the risk and return characteristics of a variety of commodities compared to other asset classes such as equities and bonds. A portfolio comprising securities of different asset classes will increase portfolio diversification and decrease portfolio risk (volatility) when the correlation between the asset classes is low or negative. While the precise results of the research vary, depending on choice of time period, data frequency, and indices selected, the results mostly suggest that commodities have low to negative correlation to equities and bonds.

For example, a recent paper by Gary Gorton from the Wharton School and Geert Rouwenhurst from Yale University (“Facts and Fantasies about Commodity Futures”, 2005) found that an equally weighted diversified index constructed from commodity futures was negatively correlated to equities and bonds because the different asset classes behave differently in different stages of the business cycle. A paper by R Greer (“The Nature of Commodity Index Returns”) published in the Journal of Alternative Investments, Summer 2000 found that between 1970 and 1999 commodities were negatively correlated with equities and bonds. Further, a paper published in 2005 by K. Pulvermacher of the World Gold Council (“Investing in commodities: a risky business”) found, in addition to supporting the results above, that oil (measured by the Brent oil price) was negatively correlated to the Dow Jones Industrial Average Index, the S&P500 Index and US T-bills over the five years to 31 December 2004.

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Annual 30-Apr compound 2008 return (5)	
Collateral yield	4.0%	3.9%	3.6%	4.7%	2.3%	0.3%	-0.3%	0.0%	1.8%	3.5%	7.8%	1.6% (4) 2.3%	
ETFS Brent 1mth													
Near contract price	-30.6%	-36.3%	138.2%	-4.8%	-16.6%	44.0%	5.3%	34.1%	45.8%	3.2%	40.9%	117.2%	20.3%
Entitlement	2.0%	-22.1%	8.0%	31.8%	5.9%	6.1%	17.3%	8.1%	-10.1%	-12.9%	-3.6%	3.8%	1.8%
Security price	-26.3%	-48.3%	166.8%	31.6%	-9.5%	53.2%	23.1%	44.9%	33.6%	-6.9%	40.9%	129.1%	25.4%
ETFS Brent 1yr													
Near contract price	no data available(1)	-29.0%	58.5%	18.3%	-13.5%	17.7%	17.0%	43.1%	58.2%	6.3%	37.4%	136.0%	19.5%
Entitlement	no data available(1)	-6.6%	5.4%	16.0%	7.9%	7.8%	10.7%	9.2%	2.6%	-1.8%	0.9%	2.4%	4.9%
Security price	no data available(1)	-30.3%	70.0%	44.0%	-3.8%	26.4%	29.4%	56.4%	65.9%	8.2%	43.2%	75.7%	28.2%
ETFS Brent 2yr													
Near contract price	no data available(1)	-18.9%	26.5%	21.7%	-6.5%	8.3%	19.3%	44.8%	65.1%	7.8%	30.6%	79.2%	19.3%
Entitlement	no data available(1)	-2.8%	0.2%	8.4%	4.9%	3.1%	2.5%	5.5%	3.5%	2.0%	1.7%	0.9%	2.8%
Security price	no data available(1)	-17.4%	30.1%	38.1%	0.7%	11.6%	22.0%	52.5%	74.0%	14.0%	37.7%	82.0%	25.4%
ETFS Brent 3yr													
Near contract price	no data available								62.1% (3)	9.2%	30.1%	81.5%	n/a
Entitlement	no data available								2.2% (3)	2.3%	1.4%	0.3%	n/a
Security price	no data available								69.5% (3)	15.8%	37.1%	84.1%	n/a
ETFS WTI 2mth													
Near contract price	-29.4%	-31.6%	103.4%	4.8%	-22.6%	52.1%	5.5%	35.2%	41.9%	0.8%	53.5%	62.1%	19.5%
Entitlement	3.9%	-21.4%	7.3%	29.3%	2.8%	6.2%	29.7%	14.1%	-9.1%	-13.8%	-4.7%	5.5%	2.9%
Security price	-23.5%	-44.0%	126.4%	42.2%	-18.5%	62.1%	36.5%	54.3%	31.4%	-10.0%	51.9%	73.9%	25.9%
ETFS WTI 1yr													
Near contract price	-10.5%	-26.0%	46.7%	18.8%	-13.6%	18.9%	16.4%	45.4%	53.5%	4.3%	36.2%	74.5%	18.7%
Entitlement	2.4%	-6.3%	4.9%	15.3%	7.7%	8.3%	11.0%	9.9%	2.9%	-1.8%	1.2%	3.0%	5.1%
Security price	-4.2%	-27.3%	56.9%	43.6%	-4.2%	28.4%	28.9%	59.9%	61.2%	6.1%	42.3%	76.7%	27.4%
ETFS WTI 2yr													
Near contract price	-5.0%	-17.7%	20.7%	21.1%	-6.5%	10.3%	17.0%	48.1%	59.1%	6.1%	28.3%	81.0%	18.3%
Entitlement	0.2%	-2.5%	0.0%	8.1%	4.8%	3.1%	2.4%	5.2%	3.4%	1.9%	1.3%	0.8%	2.7%
Security price	-0.9%	-16.1%	23.9%	37.0%	0.5%	14.0%	19.4%	55.7%	67.6%	12.1%	34.8%	83.1%	24.2%
ETFS WTI 3yr													
Near contract price	-3.1% (2)	-11.4%	8.6%	20.3%	-3.6%	10.5%	16.0%	45.8%	60.3%	7.9%	27.8%	81.0%	18.2%
Entitlement	-0.5% (2)	-1.2%	-0.8%	5.3%	2.1%	1.5%	0.1%	2.8%	2.3%	2.1%	0.9%	0.0%	1.5%
Security price	0.2% (2)	-8.8%	11.1%	32.7%	0.8%	12.5%	15.9%	49.5%	67.0%	14.2%	33.9%	83.1%	22.7%

Footnotes:

- (1) Data only available from 17 December 1997.
- (2) Annualised based on data available from 3 January 1997.
- (3) Annualised based on data available from 7 February 2005.
- (4) Annualised based on performance from 31 Decoember 2007 to 30 April 2008.
- (5) Since 31 December 1997.

These tables do not constitute a forecast. Past performance is not an indication of expected performance and the investment performance of an Oil Security could be volatile and the return for Oil Securities may differ from the simulated historical returns.

Historical data enabling users to calculate historic performance and volatility is published on the website of the relevant Exchange (<http://www.theice.com> and <http://www.nymex.com>) or in each case from other data providers (a subscription may be required).

**Past performance is not an indication of expected future performance and the investment performance of an Oil Security could be volatile. The period shown is not a representative period however only the past eleven years of simulated returns have been shown as most of the underlying data is available. Some of the longer dated Near Contracts and Next Contracts only started trading just prior to or during the past ten years.**

## PART 4

### DESCRIPTION OF THE OIL SECURITIES

*The following is a description of the rights attaching to the Oil Securities and is included in this Prospectus for illustrative purposes only. The legally binding Conditions of the Oil Securities are set out in Part 7 (Particulars of the Oil Securities) of this Prospectus. Copies of the Trust Instrument, by which the Oil Securities are constituted, are available for inspection as set out in paragraph 14 (Documents Available for Inspection) of Part 10 (Additional Information).*

An Oil Security is an undated secured limited recourse debt obligation of the Issuer, which entitles a Security Holder (provided it is an Authorised Participant) to require the redemption of the Oil Security at the Price of that Oil Security calculated on the relevant Pricing Day (day T) and to receive such amount in US Dollars, three Payment Business Days later (normally day T+3). A Security Holder who is not an Authorised Participant may only require the redemption of an Oil Security if on any given Trading Day there is no Authorised Participant, and the Security Holder submits a valid Redemption Notice on that Trading Day.

Oil Securities confer no right to receive or obligation to deliver physical oil but are financial instruments designed to enable investors to gain exposure to a “total return” from movements in crude oil futures prices without needing to purchase or sell or take or make physical delivery of oil or to trade in futures contracts, and to buy and sell that interest through the trading of a security in the secondary markets. Oil Securities are intended to give investors a return similar to the returns which could be achieved from a fully paid/collateralised investment in oil futures contracts, including exposure to backwardation and/or contango (each as defined below) in the oil futures market (incorporated in the Entitlement), a collateral return (incorporated in the Multiplier) and transparent pricing. However, unlike managing a futures position, Oil Securities involve no margin calls, and no brokerage or other fees are incurred when rolling from one contract to the next.

Eight classes of Oil Security are being issued under this Programme — four classes of Brent-referenced Oil Securities, which are priced off Brent Contracts traded on the ICE Futures Market in London and four classes of WTI-referenced Oil Securities, which are priced off WTI Contracts traded on NYMEX in New York. Oil futures contracts for a series of monthly delivery dates are quoted on both exchanges and in each case contracts with appropriate delivery dates are used to price Oil Securities.

<b>Class of Oil Security</b>	<b>Applicable Oil Futures Contracts</b>
Brent 1mth	first and second month contracts
WTI 2mth	second and third month contracts
Brent 1yr and WTI 1yr	first and second December contracts
Brent 2yr and WTI 2yr	second and third December contracts
Brent 3yr and WTI 3yr	third and fourth December contracts

#### **Pricing of Oil Securities**

An Oil Security entitles an Authorised Participant (subject to certain conditions) to require the redemption of the Oil Security at the Price of that Oil Security calculated on the relevant Pricing Day (day T) and to receive such amount three Payment Business Days later (normally day T+3). Oil Securities will be priced and settled in US Dollars.

Oil Securities will usually be priced on each day on which there is trading in the Relevant Month Contracts on the Relevant Exchange (subject to Market Disruption Events occurring, which will result in pricing being deferred until the next available Pricing Day).

Not all classes of Oil Securities have the same Pricing Days (because the Exchanges used for the Relevant Month Contracts are different). Consequently there will be days on which Prices are calculated and published for some classes of Oil Securities but not others.

### *Formulae for Pricing Oil Securities*

The Price for each class of Oil Security, on each Pricing Day for that class, is calculated as follows:

$$PC_{(i,t)} = \{P_{1(i,t)} \times E_{1(i,t)} + P_{2(i,t)} \times E_{2(i,t)}\} \times M_{(i,t)}$$

where:

*i* refers to the relevant class of Oil Security;

*t* refers to the applicable Pricing Day;

$PC_{(i,t)}$  is the Price of an Oil Security of class *i* on Pricing Day *t*;

$P_{1(i,t)}$  is the Near Contract Price, expressed in US Dollars per barrel of oil, applicable to an Oil Security of class *i* on Pricing Day *t*;

$E_{1(i,t)}$  is the Near Entitlement applicable to an Oil Security of class *i* on Pricing Day *t*;

$P_{2(i,t)}$  is the Next Contract Price, expressed in US Dollars per barrel of oil, applicable to an Oil Security of class *i* on Pricing Day *t*;

$E_{2(i,t)}$  is the Next Entitlement applicable to an Oil Security of class *i* on Pricing Day *t*; and

$M_{(i,t)}$  is the Multiplier of class *i* for Pricing Day *t*.

A Price will be calculated by the Issuer for each class of Oil Security on each day that is a Pricing Day for that class, with all Prices being calculated to seven places of decimals with 0.0000005 rounded upwards.

Each component of the Price for each class of Oil Security in issue will be calculated by the Issuer as at the date of trading on each Pricing Day (after the Settlement Price(s) for that day have been published) and will be posted on the Issuer's website at <http://www.etfsecurities.com/osl> prior to trading in the Oil Securities commencing on the following Pricing Day.

### *Roll Period*

To enable each class of Oil Security to have the desired maturity profile and to overcome the problem of the futures contracts ceasing trading where relevant as they approach their delivery date, each month there will be some "rolling" into later dated contracts — from the Near Contract to the Next Contract applicable for each class of Oil Security.

For Brent 1mth Oil Securities and WTI 2mth Oil Securities, the Roll Period will be the first, second, third, fourth and fifth Pricing Days of each month. For the other Oil Securities, the Roll Period will be the first and second Pricing Days of each month.

### *Near Contract and Next Contract*

Each Oil Security will be priced by reference to two futures contracts, referred to as the Near Contract and the Next Contract. For the Brent 1mth Oil Securities and WTI 2mth Oil Securities, these contracts are near-term futures contracts with expiry dates one month apart. For the other Oil Securities, the contracts are the two December contracts straddling the designated maturity of the Oil Security.

The following table shows the Near Contract and the Next Contract as at date of this Prospectus:

<b>Class of Oil Security</b>	<b>Near Contract</b>	<b>Next Contract</b>
Brent 1mth	August 2008	September 2008
WTI 2mth	September 2008	October 2008
Brent 1yr/WTI 1yr	December 2008	December 2009
Brent 2yr/WTI 2yr	December 2009	December 2010
Brent 3yr/WTI 3yr	December 2010	December 2011

The rules determining the Near Contract and Next Contract for each class of Oil Security are as follows:

- For Brent 1mth Oil Securities, from the first Trading Day of any month after the Roll Period to the last day of the Roll Period in the following month, the Near Contract will be the Brent Contract in which trading ceases in that following month and the Next Contract will be the Brent Contract in which trading ceases in the month immediately following that month;
- For WTI 2mth Oil Securities, from the first Trading Day in any month after the Roll Period to the last day of the Roll Period in the following month, the Near Contract will be the WTI Contract in which trading ceases in the month after that following month and the Next Contract will be the WTI Contract in which trading ceases in the month immediately following that month;
- For the other Oil Securities, from the first Trading Day in November after the Roll Period to the last day of the Roll Period in the following November, the Near Contract will be:
  - for the Brent 1yr Oil Securities and the WTI 1yr Oil Securities, the shortest dated December Brent Contract or WTI Contract (as the case may be) (excluding, in November, the December Contract in which trading ceases that November);
  - for the Brent 2yr Oil Securities and the WTI 2yr Oil Securities, the next following December Brent Contract or WTI Contract (as the case may be); and
  - for the Brent 3yr Oil Securities and the WTI 3yr Oil Securities, the second following December Brent Contract or WTI Contract (as the case may be),

and the Next Contract will be the December Contract immediately following the Near Contract for that class of Oil Security.

#### *Entitlement*

The pricing formula for an Oil Security (set out above), ignoring the Multiplier, is simply the Near Contract Price multiplied by its weight plus the Next Contract Price multiplied by its weight. These “weights” are called, respectively, the Near Entitlement and the Next Entitlement.

The Near Entitlement and Next Entitlement will be adjusted each month for each class of Oil Security, as follows:

- For Brent 1mth Oil Securities and WTI 2mth Oil Securities, on each Roll Day during Roll Period each month

$$E_{1(i,r)} = E_{1(i,r-1)} - \frac{1}{5} \times E_{1(i,0)}$$

$$E_{2(i,r)} = E_{2(i,r-1)} + \frac{1}{5} \times E_{1(i,0)} \times P_{1(i,r)} / P_{2(i,r)}$$

where:

- i* refers to the relevant class of Oil Security;
- r* is the number representing the position of the Roll Day in the ordered sequence of Roll Days in the Roll Period (so that for the third Roll Day, *r* = 3);
- $E_{1(i,r)}$  is the Near Entitlement for class *i* on Roll Day *r*;
- $E_{1(i,0)}$  is the Near Entitlement for class *i* on the day prior to the Roll Period commencing;
- $E_{2(i,r)}$  is the Next Entitlement for class *i* on Roll Day *r* (and  $E_{2(i,r-1)}$  on Roll Day 1 is zero);
- $P_{1(i,r)}$  is the Near Contract Price for class *i* on Roll Day *r*; and
- $P_{2(i,r)}$  is the Next Contract Price for class *i* on Roll Day *r*.

- For all other classes of Oil Securities, on each Roll Day during a Roll Period

$$E_{1(i,r)} = E_{1(i,r-1)} - \frac{1}{24} \times E_{1(i,Nov)}$$

$$E_{2(i,r)} = E_{2(i,r-1)} + \frac{1}{24} \times E_{1(i,Nov)} \times P_{1(i,r)} / P_{2(i,r)}$$

save that:

(a) on the Last Scheduled Roll Day of the Roll Year:

$$E_{1(i,r)} = 0,$$

$$E_{2(i,r)} = E_{2(i,r-1)} + E_{1(i,r-1)} \times P_{1(i,r)} / P_{2(i,r)}; \text{ and}$$

(b) on the Roll Day immediately before the Last Scheduled Roll Day,  $E_{1(i,r)}$  is the difference between  $E_{1(i,Nov)}$  and the aggregate of the Near Entitlements for each preceding Roll Day in that Roll Year;

where:

$r$  is the number representing the position of the Roll Day in the ordered sequence of Roll Days in such Roll Year (so that for the third Roll Day, for example,  $r = 3$ );

$E_{1(i,r)}$  is the Near Entitlement on Roll Day  $r$  for class  $i$ ;

$E_{1(i,r-1)}$  is the Near Entitlement for class  $i$  on the Roll Day immediately before Roll Day  $r$ ;

$E_{1(i,Nov)}$  is the Near Entitlement on the first Pricing Day after the last Roll Day of the most recent November Roll Period for class  $i$ ;

$E_{2(i,r)}$  is the Next Entitlement on Roll Day  $r$  for class  $i$ ;

$E_{2(i,r-1)}$  is the Next Entitlement for class  $i$  on the Roll Day immediately before Roll Day  $r$ ;

$P_{1(i,r)}$  is the Near Contract Price on Roll Day  $r$  for class  $i$ ; and

$P_{2(i,r)}$  is the Next Contract Price on Roll Day  $r$  for class  $i$ .

The Near Entitlement and Next Entitlement will be calculated by the Issuer, for each class of Oil Security, at the end of each Roll Day to seven decimal places (with 0.0000005 rounded upwards).

The Near Entitlement and Next Entitlement for each Oil Security of a particular class is adjusted equally for all securities of that class, including for new issues, so that all securities of the same class are always fungible.

As at 25 June 2008, the Near Entitlement and Next Entitlement were as set out in the table below:

<b>Class of Oil Security</b>	<b>Near Entitlement (<math>E_1</math>)</b>	<b>Next Entitlement (<math>E_2</math>)</b>
Brent 1mth	0.8276777	0.0000000
WTI 2mth	0.9179717	0.0000000
Brent 1yr	0.4213652	0.6023857
WTI 1yr	0.4243758	0.6099266
Brent 2yr	0.4196316	0.5927666
WTI 2yr	0.4197549	0.5920154
Brent 3yr	0.4182548	0.5873710
WTI 3yr	0.4177858	0.5850038

The following table shows the calculations for an investor in Brent 1mth Oil Securities or WTI 2mth Oil Securities for each day of the five-day Roll Period using the formulae shown above. For simplicity, the Near Entitlement is shown as precisely 1 at the start of the Roll Period.

**Pricing Formulae as per above**

Roll Day	Near Contract Price	Next Contract Price	Near Entitlement	Next Entitlement	Total Value
Prior	\$50.00		1.00	0.0000000	\$50.00000
1st	\$50.00	\$49.50	0.80	0.2020202	\$50.00000
2nd	\$51.00	\$50.00	0.60	0.4060202	\$50.90101
3rd	\$51.00	\$50.75	0.40	0.6070054	\$51.20553
4th	\$49.50	\$49.00	0.20	0.8090462	\$49.54327
5th	\$50.00	\$49.00*	—	1.0131278	\$49.64327

\* The Next Contract becomes the Near Contract after the end of the Roll Period

The example shown here is of a market in backwardation (as between the Near Contract and the Next Contract) during the Roll Period and hence the Entitlement increases. If the market were in contango then the Entitlement would decrease during the Roll Period.

The following table shows, for each day of a five-day Roll Period, the weights applied to the Near Contract Price and the Next Contract Price, expressed as a percentage of the Near Entitlement on the day prior to the Roll Period commencing:

Roll Day (r)	Near Contract Weighting	Next Contract Weighting
Prior	100%	—
1st	80%	$20\% \times P_1/P_{2(1)}$
2nd	60%	$20\% \times P_1/P_{2(1)} + 20\% \times P_1/P_{2(2)}$
3rd	40%	$20\% \times P_1/P_{2(1)} + 20\% \times P_1/P_{2(2)} + 20\% \times P_1/P_{2(3)}$
4th	20%	$20\% \times P_1/P_{2(1)} + 20\% \times P_1/P_{2(2)} + 20\% \times P_1/P_{2(3)} + 20\% \times P_1/P_{2(4)}$
5th	—	$20\% \times P_1/P_{2(1)} + 20\% \times P_1/P_{2(2)} + 20\% \times P_1/P_{2(3)} + 20\% \times P_1/P_{2(4)} + 20\% \times P_1/P_{2(5)}$

*Daily Adjustment and Multiplier*

The Price of each class of Oil Securities will be adjusted on each Daily Adjustment Day by a factor, referred to as the Daily Adjustment, to reflect the following:

- the Management Expenses; and
- any other adjustment included in the terms of Oil Contracts which may be agreed to by the Issuer and the relevant Oil Major Company (“**Other Adjustment**”), reflecting the benefit or cost to an Oil Major Company of selling Oil Contracts to the Issuer.

The Daily Adjustment will be expressed as a number calculated to seven decimal places (0.00000005 being rounded upwards). It will be calculated as follows:

$$A_{(i,t)} = (1 + F_{(i,t)})^{1/T}$$

where:

$A_{(i,t)}$  is the Daily Adjustment on Daily Adjustment Day t, of class i expressed as a number;

$F_{(i,t)}$  is the Other Adjustment less Management Expenses (whether or not any amount in respect of which is otherwise payable to the Issuer), each expressed as a percentage per annum on Daily Adjustment Day t of class i; and

T is the number of Daily Adjustment Days in the calendar year in which the Trading Day t falls.



The Daily Adjustment for each class of Oil Security will be the weighted average of the Daily Adjustment on all Oil Contracts of the corresponding class outstanding each Daily Adjustment Day.

The Other Adjustment will be as agreed from time to time by each Oil Major Company and the Issuer and for each class of Oil Security will be the weighted average of the Other Adjustment on all Oil Contracts of the corresponding class outstanding each Daily Adjustment Day. The Other Adjustment is currently agreed at Weekly LIBOR less 1.0 per cent. per annum.

The Multiplier for each class commenced at precisely 1.0000000 on 14 August 2007 and has subsequently been calculated on each Daily Adjustment Day thereafter as follows:

$$M_{(i,t)} = M_{(i,t-1)} \times A_{(i,t)}$$

where:

t is the number of Daily Adjustment Days in a calendar year in which t falls for class i;

$M_{(i,t)}$  is the Multiplier for Daily Adjustment Day t of class i; and

$A_{(i,t)}$  is the Daily Adjustment on Daily Adjustment Day t of class i.

The Multiplier is currently the same for all classes of Oil Securities. It is calculated each Daily Adjustment Day by the Issuer to seven places of decimals (with 0.00000005 rounded upwards) and as at 25 June 2008, the Multiplier was 1.0213111.

Whenever the Other Adjustment changes (currently each week), the Issuer will calculate the "Collateral Yield", being the daily Other Adjustment, expressed as a percentage rate per annum. The Multiplier and Collateral Yield applying on each day will be posted by the Issuer on its website, at [www.etfsecurities.com/osl](http://www.etfsecurities.com/osl).

#### *Contract Expiry Dates*

Trading in Brent Contracts currently ceases at the close of business on the Business Day immediately preceding the fifteenth day prior to the first day of the delivery month if such fifteenth day is a banking day in London. If such fifteenth day is not a banking day in London (and for this purpose neither a Saturday nor a Sunday is a banking day in London), trading ceases on the Business Day immediately preceding the next Business Day prior to such fifteenth day. Details of the last Trading Day for contracts relating to each delivery month are published by ICE Futures and are currently available on ICE Futures' website at [www.theice.com/publicdocs/futures/expiry\\_dates.xls](http://www.theice.com/publicdocs/futures/expiry_dates.xls).

Trading in WTI Contracts currently ceases at the close of business on the third Business Day in New York prior to the twenty-fifth day of the month preceding the delivery month if such twenty-fifth day is a Business Day in New York. If such twenty-fifth day is not a Business Day in New York, trading ceases on the third Business Day in New York prior to the last Business Day in New York preceding such twenty-fifth day. Details of the last Trading Day for contracts relating to each delivery month are published by the NYMEX and are currently available on NYMEX's website at [www.nymex.com/CL\\_term.aspx](http://www.nymex.com/CL_term.aspx).

Most Contracts are scheduled to trade for around ten Trading Days in the month in which they expire, although in some months this can be as few as eight Trading Days. As the Roll Period for the Brent 1mth Oil Securities commences on the first Pricing Day of each month and lasts for five Pricing Days, there should be a sufficient number of Pricing Days each month to have a five-day Roll Period, other than in unusual circumstances. For all other Oil Securities there should be sufficient Pricing Days each month for the Roll Period, other than in very unusual circumstances.

#### *Market Disruption Days*

Whenever a Market Disruption Day occurs for a Relevant Month Contract used to price a particular class of Oil Security, it will not be a Pricing Day for that class of Oil Security. A Market Disruption Day is a Trading Day on which the relevant Exchange, amongst other things, fails to announce or publish the relevant Settlement Price, or announces that it will or expects to fail to do so.

Extraordinary circumstances may arise where there are such a number of Market Disruption Days in a Roll Period that, for Brent 1mth Oil Securities or WTI 2mth Oil Securities, there are not enough Trading

Days remaining to enable the Roll Period to consist of five Roll Days. In such circumstances, the above Entitlement formula for Brent 1mth Oil Securities and WTI 2mth Oil Securities shall be amended by:

Replacing the term  $\frac{1}{5} \times E_{1(i,0)}$   
With the term  $\frac{1}{N_{(i,r)}} \times E_{1(i,0)}$

where:

$N_{(i,r)}$  is the number of Remaining Trading Days in the Roll Period for Oil Securities of class i.

If a Roll Period contains so many Market Disruption Days that  $E_{1(i,r)}$  is not yet zero by the last day of trading in the Near Contract and that last Trading Day is also a Market Disruption Day, unless the Issuer and the Trustee agree otherwise,  $E_{1(i,r)}$  will be set to zero (as at that Pricing Day) and  $E_{2(i,r)}$  (which will become the new  $E_{1(i,t)}$ ) will be as determined by an Expert.

For the Forward Oil Securities, only in exceptional circumstances where there are Market Description Days toward the end of the Roll Year will it be necessary to amend the number of Roll Days remaining or in the more extreme circumstances will it be necessary to consult an Expert, as further described in Part 7 (Particulars of the Oil Securities) under the heading "Market Disruption".

### Consolidation and Division of Oil Securities

Circumstances may arise where the Issuer might wish to effect a consolidation or division of a particular class of Oil Security.

For example, if a class of Oil Security was secured on corresponding Oil Contracts from two or more different Oil Major Companies and one of them (the "Lower Credit") had, for example, a significant credit rating downgrade it may be necessary or desirable, in order to ensure that the value of the Oil Security reflects the value of the relevant oil futures contract, for the Oil Contracts provided by the Lower Credit to be excluded from that class. This could be effected by the Oil Contracts of the Lower Credit being transferred into a new Pool and the Issuer creating and issuing new Oil Securities secured by that new Pool on a one-for-one basis with the Multiplier on both classes being adjusted accordingly. Investors of the affected class would then hold two Oil Securities for each one they held previously and the Multiplier would be split between the two. For example, if the Oil Contracts issued by the Lower Credit comprised 30 per cent. of the aggregate number of Oil Contracts in the Pool and the Multiplier before the transfer was 1.00, then the Multiplier following the division would be 0.70 on the old class and 0.30 on the new class.

A division, without creating a new class, or a consolidation of the same class, might also be effected to change the Multiplier so that it became approximately 1.00. For example, if the Multiplier has risen to 2.00, a two-for-one division of each Oil Security would mean that the Multiplier would again amount to 1.00. Similarly, if the Multiplier fell to 0.5 then a one-for-two consolidation would mean that the Multiplier would again be 1.00.

The Issuer has the right under the Trust Instrument at any time to effect either a consolidation or division and to allocate Oil Contracts into a new Pool representing a new class of Oil Securities, and need not obtain Listing for any such new class of Oil Securities. The Issuer will only take such action if it believes it is in the interest of the affected Security Holders to do so.

### Changes to Pricing Parameters

Circumstances may arise where the Issuer might wish to change a Pricing Parameter for one or more classes of Oil Security (for example, in the event an Oil Major Company wishes to change a corresponding Pricing Parameter with respect to a corresponding class of Oil Contracts).

Either the Issuer or, in respect of Oil Contracts, an Oil Major Company may propose a change to any Pricing Parameter provided that the proposal does not: (i) in the opinion of each of the Issuer and the Oil Major Company, change the amount that would be payable on redemption of any Oil Contract to which such proposed change related, if such Oil Contract were redeemed on the day such proposal is implemented; and (ii) change the delivery months unless the Issuer and the relevant Oil Major Company believe in good faith that the proposed replacement oil futures contract or delivery months are attracting a level of liquidity (in the underlying markets, including, but not limited to, the market on the relevant

Exchange in which such replacement contract or delivery months are admitted to trading) which is sufficient to enable exposures in respect of Oil Securities and Oil Contracts to be hedged on an efficient and commercial basis.

The Issuer will publish notification via a RIS of any change to the Pricing Parameters. Any such change to any of the Pricing Parameters will be effective not earlier than 30 days following such RIS announcement.

### **Authorised Participants**

Only Authorised Participants may deal with the Issuer in creating or redeeming Oil Securities, save where, as noted below, at any given time there are no Authorised Participants. A person can only be an Authorised Participant if it is: (a) a securities house or other market professional approved by the Issuer (in its absolute discretion); (b) an Authorised Person, an Exempt Person or an Overseas Person; and (c) it is not a UCITS fund. An Authorised Participant must also have entered into, with the Issuer and ETFSL, an Authorised Participant Agreement dealing with, amongst other things, the rights and obligations of the Authorised Participant in relation to creating and redeeming Oil Securities.

Authorised Participant Agreements have been entered into with Citigroup Global Markets Limited, Fortis Bank Global Clearing N.V., Morgan Stanley & Co. International plc, UBS AG, London Branch, Barclays Capital Securities Limited, ABN-AMRO Bank N.V., London Branch, Bayerische Hypo- und Vereinsbank AG and Merrill Lynch International, the terms of which (as amended) are summarised in Part 10 (*Additional Information*) under "Authorised Participant Agreements".

The Issuer will use its reasonable endeavours to ensure that at all times, for the duration of the Programme, there are at least two Authorised Participants. In the event that at any time there are no Authorised Participants, Security Holders will be permitted to redeem Oil Securities respectively held by them directly from the Issuer.

### *Creations and Redemptions*

Oil Securities may be created on the Application of an Authorised Participant during the period of 12 months from the date of this document. Creations will only occur if a Pricing Day can be established. There is no minimum or maximum number of Oil Securities that may be applied for.

Creations and redemptions of Oil Securities will each be subject to daily limits and total limits as set out below under the heading "Creation and Redemption Limits" below.

Oil Securities will be treated as being issued at a subscription price per security equal to the applicable Creation Price on the applicable Pricing Day. If the Applicant wishes to subscribe for Oil Securities at a fixed price, rather than by reference to the current Settlement Price, the Issuer may agree a Creation Price with the Applicant provided it can purchase the corresponding Oil Contracts at an equivalent price.

Application Moneys for all Oil Securities must be paid by Applicants directly to the relevant Oil Major Company from whom the corresponding Oil Contracts are being purchased by the Issuer, via CREST. Legal title is transferred by means of the CREST system and evidenced by an entry on the Register.

Subject as provided under the heading "Right to Decline Applications" below, an Application received by the Issuer after 8.00 a.m. and before 2.30 p.m. (London time) (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on a Pricing Day (day T) will enable Authorised Participants to be registered as Security Holders in respect of the relevant Oil Securities within three Business Days (that is, on a T+3 basis). In respect of any Application received by the Issuer prior to 8.00 a.m. or after 2.30 p.m. (London time) (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on a Pricing Day, such Application will be void save to the extent that the relevant Oil Major Company confirms to the Issuer that such Oil Major Company will create corresponding Oil Contracts in respect of the Oil Securities which are the subject of such Application notwithstanding the time of submission of the Application. Upon receipt and confirmation of a valid Application, the Issuer must send a Creation Notice to the relevant Oil Major Company requesting the creation of such number of Oil Contracts as correspond to the Application, and confirm the Oil Major Company's receipt of such Creation Notice, in accordance with the terms of the relevant Authorised Participant Agreement and Oil Purchase Agreement.

Following publication of Settlement Price(s) by the relevant Exchange on each Pricing Day on which an Application is received, the Issuer will calculate the Price of the Oil Securities applied for by each Applicant and confirm such Price to each Applicant and relevant Oil Major Company or Oil Major Companies by 7.00 a.m. on T+1. Each Applicant and relevant Oil Major Company must notify any objection to the Issuer's calculation of Price by 10.00 a.m. on T+1.

Settlement of Oil Securities on creation will only be made against payment in CREST and only after:

- (a) receipt by the Issuer of a valid Application;
- (b) purchase by the Issuer of the same number of Oil Contracts; and
- (c) Listing in respect of such Oil Securities having become effective.

Upon the occurrence of (a) to (c) above, the Oil Securities applied for will be delivered after 10.00 a.m. on the third Business Day following the Creation Date to the relevant Applicant into a designated CREST settlement bank account and its entering correct delivery versus payment instructions into the CREST system.

If an Applicant does not make payment for the full amount of Oil Securities applied for on the due date for payment or the following Business Day, the Issuer may elect by notice to the Applicant to cancel the Application.

#### *Right to Decline Applications*

The Issuer will decline Applications if it cannot for any reason purchase corresponding Oil Contracts from an Oil Major Company.

Under the Oil Purchase Agreement with Shell Trading Switzerland, Shell Trading Switzerland is obliged to provide to the Issuer on any Pricing Day an amount of Oil Contracts of each class up to the creation limits for that class, details of which are set out under the heading "Creation and Redemption Limits" below, provided that the corresponding Application is lodged after 8.00 a.m. and prior to 2.30 p.m. (London time) (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on the relevant Pricing Day, subject to the Issuer's discretion (which may be withheld without assigning a reason therefor) to accept Applications submitted at a later time. If the corresponding Application is lodged after 2.30 p.m. (London time) (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on the relevant Pricing Day, then no corresponding Oil Contracts will be provided if the aggregate amount of Oil Contracts, attributable to such Application and all other Applications received after 2.30 p.m. (or, if earlier, 30 minutes prior to the applicable Notice Deadline), would exceed the aggregate Entitlement and/or daily Entitlement limits which are specified under the heading "Creation and Redemption Limits" below.

If on any Trading Day Authorised Participants make Applications for more than the maximum number of Oil Securities available for issue, Applications will be dealt with in strict time priority.

#### *Redemptions Process*

A Security Holder who is also an Authorised Participant may, at any time, by lodging a Redemption Notice with the Issuer, require the redemption of all or any of its Oil Securities at the Redemption Price. Redemptions will only occur if a Pricing Day can be established. If an Authorised Participant wishes to redeem Oil Securities at a fixed price rather than by reference to the applicable Settlement Price on the Pricing Day, the Issuer may agree a Redemption Price with the Authorised Participant provided it can sell the corresponding Oil Contracts back to the relevant Oil Major Company at an equivalent price. A Security Holder who is not also an Authorised Participant may only require the redemption of any of its Oil Securities if, on any Trading Day, there are no Authorised Participants and the Security Holder submits a valid Redemption Notice on such day.

The Issuer is not, however, required to redeem more than such number of Oil Securities of any class as equals the redemption limit for that class, details of which are set out under the heading "Creation and Redemption Limits" below, on any one Redemption Date. If valid Redemption Notices are lodged in respect of a greater number of Oil Securities, the Issuer may elect either to satisfy such Redemption Notices in full or to otherwise treat them as invalid, which will depend on whether the Registrar receives a notice from a relevant Oil Major Company, in accordance with its applicable Oil Purchase Agreement, confirming that such Oil Major Company is willing to increase the above-mentioned redemption limits

on such Pricing Day to allow the redemptions, which are the subject of the Redemption Notice, to be satisfied. If valid Redemption Notices are given in respect of more than the maximum number of Oil Securities of any class available for redemption on such Redemption Date, such Redemption Notices will be dealt with in strict time priority.

If a valid Redemption Notice is lodged with the Issuer after 8.00 a.m. and before 2.30 p.m. (London time) (or, if earlier, 30 minutes prior to the applicable Notice Deadline) on a Pricing Day, the applicable Redemption Date (on which the redemption will be settled) will be three Business Days following that Pricing Day, or, if later, the date (being a Business Day, or, if such date is not a Business Day, the immediately following Business Day) specified in the Redemption Notice. Redemption Notices lodged before 8.00 a.m. or after 2.30 p.m. (London time) (or, if earlier, 30 minutes prior to the applicable Notice Deadline) or on a day which is not a Pricing Day, shall be treated as void, save to the extent that the relevant Oil Major Company confirms to the Registrar that such Oil Major Company will redeem such Oil Contracts corresponding to the Oil Securities, which are the subject of such Redemption Notice, notwithstanding the time of submission of the Redemption Notice.

When Oil Securities are to be redeemed, the Issuer will require the redemption of the same aggregate Entitlement of Oil Contracts sold by one or more Oil Major Companies, subject to the Issuer's discretion to elect to satisfy Redemption Notices by transfer of the appropriate number of Oil Securities to one or more Applicants from Security Holders seeking redemption (such Oil Major Companies to be determined in the Issuer's absolute discretion, subject to the terms of the Oil Purchase Agreement and the Business Development Agreement).

Payment on the redemption of an Oil Security will be made by the Oil Major Company, in respect of its redemption of the corresponding Oil Contract from the Issuer, directly to the relevant Authorised Participant redeeming the Oil Security, via CREST.

If an Oil Company Default is subsisting in respect of an Oil Major Company (in respect of non-payment or insolvency thereof), then Security Holders who are not Authorised Participants will not have a right to redeem; however the Trustee may, at its discretion and shall if so directed in writing by Security Holders holding not less than 25 per cent. of the relevant class of Oil Securities then outstanding or pursuant to an Extraordinary Resolution passed at a duly called meeting of the Security Holders of that class, the Trustee having first been indemnified and/or secured to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all Oil Securities or all Oil Securities of any affected class.

#### *Confirmation of Creations and Redemptions*

Within 30 minutes of any Application or Redemption Notice having been sent by an Authorised Participant to the Issuer, such Authorised Participant must try to contact the Issuer by telephone to seek confirmation of such Application or Redemption Notice (as the case may be). The Issuer's authorised representative for this purpose will generally be available from 8.00 a.m. to 2.00 p.m. and must be available from 2.00 p.m. to 2.30 p.m. and during that time (or earlier) the Issuer will confirm such Application and Redemption Notice, as the case may be.

The number of Oil Securities to be created or redeemed by the Issuer pursuant to an Application Form or Redemption Notice, respectively, will be that number of Oil Securities specified by the Authorised Participant in the applicable notice, except in the event that on the relevant Trading Day the limits on daily Creations and Redemptions, outlined under the headings "Right to Decline Applications" and "Redemptions Process" above, are exceeded. In such event, the Issuer will send to the Authorised Participant, prior to the time that is 60 minutes following the Notice Deadline for such Trading Day, a notice confirming the number of Oil Securities to be created or redeemed under the relevant Application or Redemption Notice, as the case may be. Trading in Oil Securities that are the subject of an Application may not commence until such Oil Securities have been delivered to the Authorised Participant via CREST on the third Business Day following the Creation Date.

#### *Creation and Redemption Limits*

Under the Oil Purchase Agreement with Shell Trading Switzerland there are limits, both daily and in aggregate, on the number of Oil Contracts (and therefore on the creation and redemption of corresponding Oil Securities) of each class that can be created or cancelled at any time. These are

shown in the table below, expressed as aggregate Entitlement (being, for each class of Oil Security, the sum of Near Entitlement and Next Entitlement multiplied by the number of securities). The middle column shows the daily limits, with Creations and Redemptions on the same day of the same class netted off against each other, and the right hand Column shows the total aggregate Entitlement of Oil Securities of each class which may be outstanding, as currently agreed with Shell Trading Switzerland. The daily limits may be waived on any particular Trading Day by agreement with Shell Trading Switzerland.

<b>Class of Oil Security</b>	<b>Daily Limit (million)</b>	<b>Aggregate Limit (million)</b>
Brent 1mth	3.0	20.0
WTI 2mth	3.0	20.0
Brent 1yr	1.5	10.0
WTI 1yr	1.5	10.0
Brent 2yr	1.0	7.5
WTI 2yr	1.0	7.5
Brent 3yr	0.2	2.0
WTI 3yr	0.2	2.0

For the purposes of the creation and redemption limits, Application and Redemption Forms are dealt with in strict time priority by reference to the date and time of their receipt.

The creation and redemption limits may be amended by written agreement of the Issuer and Shell Trading Switzerland. If they are amended, the Issuer will make an announcement by RIS.

#### *Creation and Redemption Fees*

Creation Fees and Redemption Fees will only be payable by Authorised Participants on the creation and redemption of Oil Securities and not by investors who buy and sell Oil Securities on the secondary market, including on the London Stock Exchange. However, notwithstanding the foregoing, a Redemption Fee will be payable by a Security Holder who is not an Authorised Participant if such Security Holder has submitted a valid Redemption Notice on a Trading Day on which there are no Authorised Participants.

The Issuer will charge a Creation Fee to each Applicant for any single creation of Oil Securities, regardless of the number of Oil Securities being created.

The Issuer will also charge a Redemption Fee (including any applicable VAT) to each Security Holder who is also an Authorised Participant for any single redemption of Oil Securities, regardless of the number of Oil Securities being redeemed. No such fee shall be payable on the exercise of a compulsory redemption of Oil Securities by the Issuer or on a redemption required by the Trustee upon the occurrence of an Insolvency Event and/or an Oil Company Default. In the event that a Security Holder who is not an Authorised Participant submits a Redemption Notice in circumstances where there is no Authorised Participant, as described above, the Issuer will reduce the Redemption Fee to an amount equal to the Issuer's cost in satisfying such Redemption Notice, which will be charged by the Issuer by way of a deduction from the redemption proceeds due to such Security Holder.

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

The Issuer may vary the Creation Fee and Redemption Fee at any time after giving 30 days' written notice to Authorised Participants, to take into account any increase in the Issuer's costs.

#### *Right to satisfy Applications and Redemptions by Transfer*

Notwithstanding the provisions above, the Issuer may, in its discretion, elect to satisfy Applications and Redemption Notices by transfer of the appropriate number of Oil Securities to one or more Applicants from the Security Holder(s) seeking redemption. For this purpose, a Security Holder seeking redemption will be deemed to have authorised the Issuer to transfer such Security Holder's Oil Securities as are the subject of the Redemption Notice to a third party, on such Security Holder's behalf, provided that the amount payable by the Applicant must still be an amount equal to the relevant Creation Price (plus the Creation Fee) and the amount receivable by the Security Holder must still be

the relevant Redemption Price (less the Redemption Fee) and the relevant Pricing Day and Redemption Date will be the date of the transfer.

### **Security**

The Oil Purchase Agreement, the Oil Contracts, the Authorised Participant Agreements and all rights of the Issuer in relation to the Letter of Credit, to the extent applicable to each class of Oil Security, are the subject of a first-ranking floating charge in favour of the Trustee under the applicable Security Deed to secure the obligations owed by the Issuer to the Trustee and the Security Holders in respect of the Oil Securities of that class.

### **Accounts**

The Issuer's financial statements are presented in US Dollars. The value of any assets and liabilities denominated in currencies other than US Dollars will be converted in US Dollars at rates quoted by independent sources.

The valuation of the assets and liabilities of the Issuer attributable to any Pool will be determined under the supervision of the Board.

Profits, gains, losses, costs, income and expenditure will be attributed between the Pools to the extent that they are not specifically attributable to any Pool.

The Oil Contracts constitute an asset of the Issuer. For the purposes of the valuation of the Issuer's assets, the Oil Contracts will be valued at the Price as at the date of valuation.

## PART 5

### DESCRIPTION OF THE OIL PURCHASE AGREEMENT AND THE OIL CONTRACTS

Each Oil Security is secured on a corresponding Oil Contract with corresponding terms and each time Oil Securities are created or redeemed the Issuer will purchase or redeem corresponding Oil Contracts with in aggregate the same Entitlement and Multiplier. Oil Contracts will be purchased by the Issuer under Oil Purchase Agreements with one or more Oil Major Companies. As the Issuer is a special purpose company, whose only assets attributable to the Oil Securities will be Oil Contracts and related contractual rights, the ability of the Issuer to meet its obligations on Oil Securities is wholly dependent on its ability to receive payment on Oil Contracts from Oil Major Companies. The Oil Purchase Agreement, the Oil Contracts provided thereunder and the Letter of Credit have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Oil Securities, and are each governed by English law. **Neither Oil Securities nor any payments in respect thereof are guaranteed by any Oil Major Company.**

#### Oil Purchase Agreement

##### *Agreement with Shell Trading Switzerland*

The Issuer has entered into an Oil Purchase Agreement (as amended) with Shell Trading Switzerland under which the Issuer can purchase and redeem on a continuous basis up to such number of Oil Contracts as detailed under the heading "Authorised Participants — Creation and Redemption Limits" in Part 4 (*Description of the Oil Securities*). The Oil Purchase Agreement entered into with Shell Trading Switzerland runs until at least July 2012, subject to earlier termination in accordance therewith, and as more fully described below. The Issuer hopes to procure an increase in the number and class of Oil Contracts available from Shell Trading Switzerland, and also to extend the term of the agreement, in the event that demand for Oil Securities necessitates such additional capacity.

The Oil Purchase Agreement entered into with Shell Trading Switzerland may be terminated by the Issuer immediately following the occurrence of an Oil Company Default in respect of Shell Trading Switzerland, and upon 30 days' notice over any three-month period the average aggregate Entitlement in respect of all outstanding Oil Contracts (other than in respect of Oil Contracts for which valid Redemption Notices have been duly given) is less than US\$300 million in 2008 and US\$500 million in 2009, provided that Shell Trading Switzerland may not give any such notice in respect of any such three-month period later than 45 following the end of such three-month period. Shell Trading Switzerland may also terminate the Oil Purchase Agreement immediately following the occurrence of an event of default in respect of the Issuer, provided that the event of default was not caused by a breach by Shell Trading Switzerland or a Credit Provider (or Substitute Credit Provider) of the respective obligations under the Oil Purchase Agreement, the Letter of Credit or a Substitute Credit.

Shell Trading Switzerland is required under the terms of the Oil Purchase Agreement to ensure that its obligations thereunder and under any Oil Contracts provided pursuant to the Oil Purchase Agreement have the benefit of credit support provided by a Credit Provider. The initial Credit Provider is Shell Treasury, which has entered into the Letter of Credit, as further described below.

##### *Letter of Credit*

Shell Treasury (in its capacity as initial Credit Provider) has issued and established the irrevocable Letter of Credit in favour of the Issuer, in support of Shell Trading Switzerland's obligations under the Oil Purchase Agreement.

In the event that Shell Trading Switzerland defaults in paying any amounts due under the Oil Purchase Agreement relating to the redemption of an Oil Contract, the Issuer is entitled under the Letter of Credit to demand payment of an amount equal to amounts due but unpaid under the Oil Purchase Agreement. The Letter of Credit will terminate upon the earlier of (i) the date of termination of the Oil Purchase Agreement; and (ii) the date on which there are no outstanding Oil Contracts created pursuant to the Oil Purchase Agreement, in each case unless terminated earlier upon the issuance of a Substitute Credit.

The Issuer's rights and obligations under the Letter of Credit are transferable to the Trustee or its nominee without the consent of Shell Treasury. The Letter of Credit is governed by English law.



The Credit Provider is permitted under the terms of the Letter of Credit to substitute the Letter of Credit with a Substitute Credit provided by it or a Substitute Credit Provider, provided that such substitute is an Affiliate of Shell Trading Switzerland and meets the criteria set out below (and subject to the satisfaction of certain further conditions precedent):

- (a) such company has a credit rating (long-term foreign currency) with Standard & Poor's or with Moody's which is at least equal or equivalent to the credit rating (long-term foreign currency) applied by Standard & Poor's or Moody's (as the case may be) to the Ultimate Shell Parent Company, as at the date of substitution by the Credit Provider to such company pursuant to the terms of the Letter of Credit; or
- (b) the obligations of such company in respect of the Substitute Credit are guaranteed by a company meeting the requirements in (a) above or by the Credit Provider; or
- (c) such entity is the successor, surviving or transferee entity of Credit Provider as a result of a Designated Event; or
- (d) such company (i) is solvent and able to meet in full the obligations of the Credit Provider as and when they may arise under the Letter of Credit (each to be conclusively certified to the Issuer and the Trustee in writing by any two directors of such company) and (ii) will not, as a result of such substitution, cause a suspension or cessation of the listing of the Oil Securities on the Official List.

#### *Business Development Agreement*

Shell Trading Switzerland, the Issuer, ETFSL and Shell Treasury have entered into the Business Development Agreement, pursuant to which the Issuer has granted to Shell Trading Switzerland certain rights of exclusivity (lasting for at least three years until 13 July 2010) in respect of the creation and redemption of Oil Contracts corresponding to Oil Securities. If at any time there is more than one Oil Major Company appointed in respect of any Pool, the Issuer may not, at any time during the term of the Business Development Agreement, purchase Oil Contracts from such other Oil Major Company unless at that time Shell Trading Switzerland's Commitment (as defined therein) is exceeded. Nor may the Issuer redeem any Oil Contract sold to it by Shell Trading Switzerland if at that time there remains outstanding any Oil Contract sold to it by any such other Oil Major Company.

The Business Development Agreement will last for a term at least as long as the Oil Purchase Agreement, though is subject to earlier termination in the event that (amongst other things) the Oil Purchase Agreement entered into by Shell Trading Switzerland and the Issuer is terminated.

#### *Other Oil Major Companies*

The Issuer hopes to be able to enter into Oil Purchase Agreements with other Oil Major Companies in the future to support the issuance of Oil Securities. A Pool may only include Oil Contracts provided by an Oil Major Company.

An Oil Major Company is a company which is any of:

- (a) a member of the Shell Group;
- (b) any of Exxon Mobil Corporation, BP p.l.c., Total S.A., Chevron Corporation, Eni S.p.A., or any subsidiary of any of them; and
- (c) any other company which (i) owns oil, the rights to oil or has assets linked to the oil price; and (ii) has a long-term senior debt credit rating of at least BBB- from Standard & Poor's and of at least Baa3 from Moody's provided (in the case of the relevant Pool) that the aggregate amount of Oil Contracts from such companies is, at the time of a creation, less than half the aggregate number of Oil Contracts in any Pool.

If the Issuer enters into a new Oil Purchase Agreement, the details of the agreement and information on the Oil Major Company will be published by the Issuer in a supplementary Prospectus. Thereafter, the Issuer will disclose, in each Pricing Supplement, the number and class of Oil Contracts outstanding from each Oil Major Company with which the Issuer has an Oil Purchase Agreement in effect.

Neither the Issuer nor the Trustee will be liable to the Security Holders for any loss arising from the appointment (or non-appointment) of an Oil Major Company.

## **Oil Contracts**

Eight classes of Oil Contracts may be purchased by the Issuer — with each Oil Contract corresponding to the terms of the relevant Oil Security for example, the Brent 1mth Oil Contracts which correspond to the terms of Brent 1mth Oil Securities.

If an Authorised Participant is able to agree with Shell or another Oil Major Company the pricing for the issue or redemption of Oil Securities and the creation or cancellation of the corresponding Oil Contracts (“**Agreed Pricing**”) the Issuer will create or cancel Oil Contracts at that pricing, but otherwise the creation or cancellation price per Oil Contract will be the Price of the corresponding Oil Security on the applicable Pricing Day (“**Settlement Pricing**”).

Whenever Settlement Pricing is used

- upon receipt by the Issuer of a valid Application, the Issuer will send to the relevant Oil Major Company a Creation Notice (together with a copy of the applicable Application) requesting that such Oil Major Company create Oil Contracts corresponding to the Oil Securities which are the subject of the Application. If a valid Creation Notice is lodged with an Oil Major Company after 8.00 a.m. and before 3.00 p.m. (London time) (or, if earlier, before the applicable Notice Deadline) on a Pricing Day, and unless any Creation limits set out in the relevant Oil Purchase Agreement relating to such Oil Major Company and such class has been and continue to be exceeded or such Creation Notice would have the effect of causing any such creation limit to be exceeded, a number of Oil Contracts shall be created by the Oil Major Company equal to:
  - (a) if the Creation Notice requires that the Oil Major Company create a whole number of Oil Contracts, that whole number; and
  - (b) if the Creation Notice requires that the Oil Major Company create such whole number of Oil Contracts as would correspond as close as possible to, but not more than, an amount in US Dollars specified in the notice, such whole number.
- within 30 minutes of the Notice Deadline (or, if later, within 30 minutes of any Creation Notice having been sent by the Issuer to an Oil Major Company), the Issuer must try to contact the Oil Major Company by telephone to seek confirmation by the Oil Major Company of such Creation Notice. Such Oil Major Company will confirm such Creation Notice except (a) where such Creation Notice does not attach a copy of the corresponding Application; (b) where such Creation Notice is not received by such Oil Major Company between 8.00 a.m. and the Notice Deadline; or (c) where any of the limits on creations of Oil Contracts of the relevant class set out in the Oil Purchase Agreement relating to such Oil Major Company have been and continue to be exceeded or to the extent that such Creation Notice would have the effect of causing any such Creation limit to be exceeded.

## **Separate Pools**

All Oil Securities of the same class will have recourse only to the Secured Property of the Pool attributable to that class and not to the Secured Property of any Pool attributable to any other class. The principal assets to be included in each Pool are the Oil Contracts of the applicable class purchased from one or more Oil Major Companies. The Issuer may create other classes of oil securities, based on different reference prices or having some other different characteristics, but any such securities will have recourse only to the property of the Pool attributable to such class and not to the assets attributable to any other class.

## **Corresponding Terms of Oil Contracts with Oil Securities**

Unless Agreed Pricing is used, the Creation Amount and Redemption Amount (each as defined in the Oil Purchase Agreement) of each class of Oil Contracts will be identical to the Creation Price and Redemption Price of the Oil Securities of the same class. Furthermore, the Pricing Day, the Creation Day and the Redemption Day (each as defined in the Oil Purchase Agreement) for Oil Contracts will be determined so as to match the Pricing Day, the Creation Day and the Redemption Day, respectively, for Oil Securities of the corresponding class. Under the Oil Purchase Agreement with Shell Trading Switzerland, a Market Disruption Day is determined in a substantially similar manner to the determination of a Market Disruption Day under the Programme. Accordingly, the Issuer will ensure that

any day that is a Market Disruption Day in respect of any class of Oil Contracts for the purposes of the Oil Purchase Agreement with Shell Trading Switzerland is also a Market Disruption Day in respect of that class of Oil Securities for the purposes of the Programme.

If Agreed Pricing is used to determine the amount payable upon creation or termination of Oil Contracts, the same Agreed Pricing applies to the corresponding Oil Securities which are applied for or redeemed.

Payment for the creation of an Oil Security will be made by an Authorised Participant directly to the Oil Major Company from whom the corresponding Oil Contracts are being purchased by the Issuer into a designated CREST settlement bank account.

Payment on the redemption of an Oil Security will be made by the Oil Major Company, in respect of its redemption of the corresponding Oil Contract from the Issuer, directly to the relevant Authorised Participant redeeming the Oil Security, via CREST.

The number of Oil Contracts of each class purchased will generally match the number of Oil Securities in issue of that class. As discussed in Part 4 (*Description of the Oil Securities*) under “Consolidation and division of Oil Securities”, the Issuer has the right at any time to consolidate or divide a particular class or classes of Oil Securities.

### **Elections**

Upon an Application being lodged for new Oil Securities:

- the Issuer will only create new Oil Securities if it can purchase corresponding Oil Contracts from one or more Oil Major Companies;
- the Issuer may in its absolute discretion elect to satisfy such Application by the transfer of the appropriate number of Oil Securities from one or more Security Holders seeking redemption; and
- if the Issuer has an Oil Purchase Agreement enabling it to purchase corresponding Oil Contracts attributable to the relevant Pool for that class from more than one Oil Major Company, the Issuer will, subject to the terms of the Business Development Agreement or any other relevant agreement, decide in its absolute discretion from which Oil Major Company or Oil Major Companies to purchase the Oil Contracts.

Upon a Redemption Notice being lodged for Oil Securities, the Issuer will, subject to the terms of the Business Development Agreement or any other relevant agreement, decide in its absolute discretion which Oil Contracts (relating to the same class of Oil Securities) will be redeemed. If the Oil Contracts have been provided by more than one Oil Major Company, the Issuer may elect with which Oil Major Company or Oil Major Companies the Oil Contracts will be redeemed.

### **Daily Adjustment**

As mentioned under the heading “Pricing of Oil Securities — Daily Adjustment and Multiplier” in Part 7 (*Particulars of the Oil Securities*), the Management Expenses and Other Adjustment (reflecting the benefit to the Oil Major Company of receiving the funds when Oil Contracts are created and the benefit/cost of providing the oil price exposure through the Oil Contracts) will be reflected in an adjustment made to the Multiplier on each Trading Day. Each Oil Major Company will pay these amounts in cash to the Issuer.

Shell Trading Switzerland will not be obliged to pay Management Expenses to the Issuer where: (i) the Issuer has breached or persistently breached its obligations under an Oil Purchase Agreement or any other agreement it has entered into with Shell Trading Switzerland or an Affiliate of Shell Trading Switzerland and such breach has not been remedied or, in the case of a persistent breach, systems and controls reasonably acceptable to Shell Trading Switzerland or such Affiliate of Shell Trading Switzerland have not been put in place so as to ensure that the Issuer would not commit such breach thereafter; or (ii) an event of default has occurred in respect of the Issuer and such event of default is not remedied; or (iii) a Termination Redemption Date has been designated as a result of an event of default in respect of the Issuer. In such case Shell Trading Switzerland will retain the Management Expenses permanently outright and the Issuer will have no recourse to them. The Multiplier will in such circumstances continue to be adjusted as though the Management Expenses were still being paid.

The terms of further Oil Contracts from Shell Trading Switzerland or any other Oil Major Company will be agreed between the Issuer and the relevant Oil Major Company from time to time, and such Oil Contracts may have a greater or lesser Daily Adjustment. The Daily Adjustment for each class of Oil Security will be the weighted average of the Daily Adjustment on all Oil Contracts attributable to the relevant Pool for that class.

### **Changes to Pricing Parameters**

As discussed in Part 4 (*Description of the Oil Securities*) under the above heading, circumstances may arise where the Issuer might wish to propose a change to any Pricing Parameter for one or more classes of Oil Security (for example, where an Oil Major Company proposes a corresponding change with respect to one or more corresponding classes of Oil Contract).

Either the Issuer or, in respect of Oil Contracts, an Oil Major Company may propose a change to any Pricing Parameter provided that the proposal does not (i) in the opinion of each of the Issuer and the Oil Major Company change the amount that would be payable on redemption of any Oil Contract to which such proposed change related, if such Oil Contract were redeemed on the day such proposal is implemented; and (ii) change the delivery months unless the Issuer and the Oil Major Company believe in good faith that the proposed replacement oil futures contract or delivery months are attracting a level of liquidity (in the underlying markets, including, but not limited to, the market on the relevant Exchange in which such replacement contract or delivery months are admitted to trading) which is sufficient to enable exposures in respect of Oil Securities and Oil Contracts to be hedged on an efficient and commercial basis.

## PART 6

### THE PROGRAMME

#### Overview of the Programme

The rights attached to the Oil Securities are summarised in Parts 4 (*Description of the Oil Securities*), 5 (*Description of the Oil Purchase Agreement and the Oil Contracts*), 6 (*The Programme*) and 8 (*Particulars of the Oil Securities*) of this document.

The Oil Securities are being made available by the Issuer for subscription only to Authorised Participants. Only Authorised Participants may require the Issuer to create and/or redeem Oil Securities. A Security Holder who is not also an Authorised Participant may only request redemption of those Oil Securities which they hold in the event that on any given Trading Day there are no Authorised Participants, and such Security Holder submits a valid Redemption Notice on such day.

The Oil Securities are available to be issued in Certificated Form or in Uncertificated Form in the CREST System. Persons who apply for Oil Securities and wish to hold their Oil 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 Issuer has requested the FSA to provide the *Autoriteit Financiële Markten* (Netherlands Authority for the Financial Markets), the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the German Federal Financial Supervisory Authority), the *Autorité des Marchés Financiers* (France Authority for the Financial Markets) and the *Commissione Nazionale per le Società e la Borsa* (CONSOB) with a certificate of approval attesting that this Prospectus has been drawn up in accordance with Directive 2003/71/EC. The Issuer 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 Oil Securities or a regulated market therein or both.

Brent 1mth Oil Securities and WTI 2mth Oil Securities have been admitted to listing on Euronext Amsterdam since 28 July 2006, on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 30 October 2006, on Euronext Paris since 12 February 2007 and on the ETFplus market of Borsa Italiana S.p.A. since 20 April 2007.

No application has been or is currently being made for the Forward Oil Securities to be admitted to listing or trading on any exchange or market outside the UK but the Issuer may cause such application to be made in respect of the Oil Securities of any or all classes on any such exchanges or markets in its discretion.

#### Procedure for Application

Only Authorised Participants may make an Application. An Authorised Participant who wishes to apply for Oil Securities should complete the Application Form in accordance with the instructions thereon and the terms of the relevant Authorised Participant Agreement and send it to the Registrar in accordance with such terms.

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

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;
- (c) it is an Authorised Person, an Exempt Person or an Overseas Person;
- (d) it understands that the Oil Securities are direct, limited recourse obligations of the Issuer alone; and
- (e) it understands that the obligations of the Issuer under the Oil Securities are not guaranteed by Shell Trading Switzerland, Shell Treasury or any member of the Shell Group.

Further details on new issues are set out in Part 4 (*Description of the Oil Securities*).

### **Subscription for Oil Securities**

All Application Moneys for Oil Securities must be paid through CREST in accordance with the procedures set out in the Application Form and the terms of the relevant Authorised Participant Agreement.

The Oil Securities in respect of which the Application has been made will not be issued until the Issuer has purchased the Oil Contracts required to be purchased with the Application Moneys for that Application.

### **Register**

The Registrar will maintain the Register in Jersey.

### **Settlement**

#### *CREST*

The Issuer 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 transferring such securities electronically with effective delivery versus payment and the Oil Securities are participating securities. Accordingly, to the extent that the Oil Securities are issued in Uncertificated Form, settlement of transactions in the Oil Securities will take place within the CREST system.

#### *Settlement and Delivery on the Euronext Amsterdam*

All Oil Securities traded on Euronext Amsterdam are eligible for settlement in the systems of Euroclear Bank Brussels and Euroclear NIEC (*Euroclear Nederlands Interprofessioneel Effecten Centrum*), the Euroclear Dutch Interprofessional Securities Centre.

For the purposes of discharging any obligations under the Oil Securities, the Issuer will treat the persons or entities registered in the Register as the sole Security Holders. In so far as any Oil Securities are held through them, Euroclear Bank Brussels or Euroclear NIEC (or their nominee) will be registered in the Register as the Security Holder and consequently will be treated by the Issuer as sole Security Holder in respect of such Oil Securities. Account holders recorded in the systems of Euroclear Bank Brussels or Euroclear NIEC as the holders of Oil Securities must look to Euroclear Bank Brussels or Euroclear NIEC (respectively) to receive any and all entitlements under such Oil Securities.

#### *Settlement and Delivery on the Frankfurt Stock Exchange*

For the purpose of good delivery of the Oil Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("Clearstream") will issue, for each series and the relevant number of Oil Securities, a Global Bearer Certificate (each a "Global Bearer Certificate") in the German language created under German law ("Collective Safe Custody"). Global Bearer Certificates have been issued in

respect of the Brent 1mth and WTI 2mth Oil Securities. The Global Bearer Certificates have the following German ISIN Codes:

<b>Class of Oil Security</b>	<b>ISIN</b>
Brent 1mth	DE000A0KRKM5
WTI 2mth	DE000A0KRKN3

A non-binding English language translation of the conditions of the Global Bearer Certificates is set out in Part 8 (*Global Bearer Certificates*) and the definitive German language text is annexed hereto in Annexes 1 and 2.

For each Global Bearer Certificate, the relevant number and class of Oil Securities will be registered in the name of Vidacos Nominees Limited, London, England (the “Nominee”) in the relevant Register of Security Holders and credited to a separate safe custody account of Clearstream with Citibank N.A., London, England (the “Custodian”). The safe custody accounts assigned to the Oil Securities (the “Safe Custody Account”) will be designated “Clearstream Banking Aktiengesellschaft (Clearstream) — Special Safe Custody Account for Oil Securities Global Bearer Certificate Brent Oil” and “Clearstream Banking Aktiengesellschaft (Clearstream) — Special Safe Custody Account for Oil Securities Global Bearer Certificate WTI Oil” respectively.

In accordance with the conditions governing each Global Bearer Certificate:

- each co-owner thereof will be entitled, at his expense, to demand at any time that Clearstream arrange for the registration of the co-owner or a third party designated by him, in the relevant Register of Security Holders of the number and class of Oil Securities corresponding to his co-ownership share or any portion thereof in the Global Bearer Certificate of the same class; and
- any registered holder of Oil Securities of any class will be entitled, at his expense, to have his Oil Securities delivered to the Custodian for crediting to the Safe Custody Account against a corresponding co-ownership share in the Global Bearer Certificate of the relevant class.

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

Unless otherwise agreed, the Issuer will treat the Nominee as one single security holder so far as fractional rights and entitlements are concerned.

*Cash Payments and Exercise of Subscription Rights and Other Rights:* Cash payments are credited to Clearstream’s cash account with the Custodian and paid by Clearstream to the respective co-owners. Any subscription rights or other rights and any fractional rights relating to the Oil Securities in the Safe Custody Account will be held by Clearstream at the disposal of HSBC Trinkaus & Burkhardt AG (the “**Bank**”) of Königsallee 21/23, 40212 Düsseldorf, Federal Republic of Germany. Upon the request of the Bank, Clearstream will give instructions to the Custodian for the exercise, purchase or sale of such subscription rights, other rights or fractional rights. In case of any flow of cash amounts resulting out of such transactions, Clearstream will without delay inform the Bank by fax of the net proceeds or the net costs, respectively, and the related value date. The net proceeds or the net costs, respectively, must be credited or debited to the Bank’s cash account with Clearstream or as otherwise agreed between Clearstream and the Bank.

*Clearstream Banking AG:* Clearstream is a company that was incorporated on 12 July 1949 in Frankfurt under the laws of the Federal Republic of Germany.

Clearstream is a regulated credit institution under the German Banking Act and licensed as the German Central Securities Depository pursuant to the German Securities Deposit Act, i.e. a professional depository that holds securities for its customers and facilitates the clearance and settlement of securities transactions among them through electronic book-entry transfers between their accounts, thereby eliminating the need for physical movement of the securities. Clearstream also provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Clearstream’s customers are

worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

Clearstream conducts its business in the legal form of a German stock corporation (Aktiengesellschaft), registered in the commercial register at the local court in Frankfurt under number HRB 7500, and with registered office at Neue Borsenstraße 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 Oil 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 Issuer pursuant to the applicable rules will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Bank, and a copy of the documents referred above may be requested by contacting the Bank.

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

All Oil Securities traded on 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 Euronext Paris. For those persons Euroclear will maintain its own record of holders ("**French sub-register**"). All Oil Securities traded on 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 the Oil Securities may be admitted to trading, and thereby be able to move securities between the London Stock Exchange, such other markets and Euronext Paris.

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

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

All Oil 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 Oil 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 Oil Securities may be admitted to trading, and thereby be able to move securities between the London Stock Exchange, such other markets and Borsa Italiana S.p.A.

For the purposes of discharging any obligations under the Oil Securities held through Monte Titoli S.p.A., the Issuer will treat Monte Titoli S.p.A. (or such nominee) as the single security holder of such Oil Securities and the holders recorded in the Italian sub-register must look to Monte Titoli S.p.A. to receive any and all entitlements under such Oil Securities.

#### **UCITS and CIS**

The Issuer has been advised that the Brent 1mth Oil Securities and WTI 2mth Oil Securities do not constitute units in a collective investment scheme and will constitute transferable securities. The FSA has confirmed its agreement to this analysis. The Issuer has also been advised that, as transferable securities, the Brent 1mth Oil Securities and WTI 2mth Oil Securities are permitted investments for UCITS Schemes, although whether or not an investment in these classes of Oil Securities is an appropriate or permitted investment for any particular UCITS Scheme will depend on a number of factors, including the UCITS Scheme's own constitution, investment objectives and risk profile. The FSA has confirmed that this represents its view and that, in the FSA's view, this is not affected by the fact that these classes of Oil Securities may also be contracts for differences.

The Issuer has not sought confirmation from the FSA as to whether it agrees that the same analysis applies to the Forward Oil Securities. However given that all Oil Securities have the same structure, the



Directors believe that the analysis provided for the Brent 1mth Oil Securities and WTI 2mth Oil Securities is also applicable to the Forward Oil Securities.

### **Money Laundering Regulations**

The verification of identity requirements of Jersey's anti-money laundering laws and regulations and/or any subsequent equivalent legislation will apply to the Programme and verification of the identity of the Authorised Participants for Oil Securities may be required. The anti-money laundering laws and regulations of other jurisdictions may also apply to the Programme and verification of the identity of the Authorised Participants.

By lodging an Application Form, each Authorised Participant confirms that it is subject to the Money Laundering (Jersey) Order 1999 (as amended from time to time) (in relation to Jersey), the Money Laundering Regulations 2007 (in relation to the UK) and/or any other applicable anti-money laundering laws and regulations and/or undertakes to provide such other evidence of identity as is required by the Issuer at the time of lodging the Application Form, at the absolute discretion of the Issuer, at such specified time thereafter as may be requested to ensure compliance with the Money Laundering (Jersey) Order 1999, the Money Laundering Regulations 2007 and/or any other applicable legislation.

The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Authorised Participant and whether such requirements have been satisfied. Neither the Issuer nor the Registrar shall be responsible or liable to any person for any loss or damage suffered as a result of the exercise of their discretion hereunder.

No Application will be accepted by the Issuer unless evidence of such Authorised Participant's identity satisfactory to the Issuer and its agents is provided.

### **Oil Securities not to be offered to the public in France**

Prior to the listing of the Oil Securities on Euronext Paris (a Regulated Market):

- (i) the Oil Securities may not be offered or sold directly or indirectly by way of a public offering (an *appel public à l'épargne*) in France, as defined in Article L.411-1 of the *Code Monétaire et Financier*,
- (ii) the Oil Securities may not be offered or sold directly or indirectly to the public in any EEA State, except that an offer of Oil Securities may be made to the public in an EEA State:
  - (a) for a period of 12 months (only in Germany where the offer starts within) from the date the Prospectus is (i) published following approval by the competent authority in that EEA State or (ii) approved in another EEA State and notified to the competent authority in that EEA State, all in accordance with Directive 2003/71/EC; or
  - (b) at any time in circumstances in which a Prospectus is not required to be published pursuant to Article 3 of Directive 2003/71/EC; and
- (iii) copies of the Prospectus may not be distributed to the public in France except to "qualified investors" trading for their own account or to a limited circle of investors as defined in Article L.411-2 of the *Code Monétaire et Financier*.

For the purposes of this paragraph, an "offer of Oil Securities to the public" in relation to any Oil Securities in any EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Oil Securities to be offered so as to enable an investor to decide to purchase or subscribe the Oil Securities, as the same may be varied in that EEA State by any measure implementing the Directive 2003/71/EC.

## PART 7

### PARTICULARS OF THE OIL SECURITIES

The issue of up to 500,000,000 Brent 1mth Oil Securities (each having a Principal Amount of US\$5.00) and up to 500,000,000 WTI 2mth Oil Securities (each having a Principal Amount of US\$5.00) of the Issuer were authorised pursuant to a resolution of the Board passed on 8 July 2005, and the Brent 1mth Oil Securities and the WTI 2mth Oil Securities are constituted by a trust instrument (the "Trust Instrument", which expression includes any further deeds or documents supplemental thereto from time to time) governed by English law dated 13 July 2005 between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") (as amended) and in each case secured by a security deed governed by English law dated 13 July 2005 between the Issuer and the Trustee.

The issue of the Forward Oil Securities of each class was authorised pursuant to a resolution of the Board passed on 16 July 2007 and the Forward Oil Securities of each class are constituted by the Trust Instrument and in each case are secured by a security deed governed by English law dated 20 July 2007 between the Issuer and the Trustee.

The Trustee acts as trustee for the Security Holders.

The following are the conditions applicable to the Oil Securities of each class.

#### A. THE CONDITIONS

"The Oil Securities are undated, limited recourse, secured oil securities of ETFS Oil Securities Limited (the "**Issuer**") and are constituted by, are subject to and have the benefit of, a trust instrument (the "**Trust Instrument**") dated 13 July 2005, a supplemental trust instrument dated 24 April 2006 and a second supplemental trust instrument dated 20 July 2007 between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the "**Trustee**") for the holders of Oil Securities (the "**Security Holders**") and are governed by English law.

The Security Holders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Trust Instrument and the Security Deeds (as defined below) and the following Conditions:

#### 1. DEFINITIONS

In these Conditions, the following expressions have the following meanings:

"**Affiliate**" means with respect to any person, entity or organisation, any other person, entity or organisation which directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, entity or organisation; and for this purpose, "control" means the direct or indirect ownership of fifty per cent. or more in aggregate of voting capital";

"**Aggregate Redemption Amount**" shall have the meaning given in Condition 6.4;

"**Authorised Participant**" means a person which has entered into an Authorised Participant Agreement with the Issuer in relation to Oil Securities;

"**Authorised Participant Agreement**" means a written agreement between the Issuer and another person under which such person is appointed to act as an "Authorised Participant", market maker, distribution agent or in a substantially similar function in relation to Oil Securities and if such agreement is subject to conditions precedent, provided that such conditions have been satisfied;

"**Available Pricing Day**" means, in respect of a Month, a Pricing Day falling after any Deferred Roll Days in that Month;

"**Brent Contract**" means a futures contract for Brent blend crude oil which is a "Contract" for the purpose of the Regulations of ICE Futures;

"**Brent 1mth Oil Securities**" means Brent class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“Brent 1yr Oil Securities”** means Brent 1yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“Brent 2yr Oil Securities”** means Brent 2yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“Brent 3yr Oil Securities”** means Brent 3yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“Brent 1mth Pool”** means the separate fund or pool created by the Company to which the Brent 1mth Oil Securities are attributable;

**“Brent 1yr Pool”** means the separate fund or pool created by the Company to which the Brent 1yr Oil Securities are attributable;

**“Brent 2yr Pool”** means the separate fund or pool created by the Company to which the Brent 2yr Oil Securities are attributable;

**“Brent 3yr Pool”** means the separate fund or pool created by the Company to which the Brent 3yr Oil Securities are attributable;

**“Brent-referenced Oil Securities”** means Brent 1mth Oil Securities, Brent 1yr Oil Securities, Brent 2yr Oil Securities and Brent 3yr Oil Securities;

**“Business Day”** means a Day (other than a Saturday or a Sunday) on which banks are open for the transaction of general business in London;

**“CFTC”** means the US Commodity Futures Trading Commission;

**“class”** means a class of Oil Contracts or a class of Oil Securities, as applicable, which at the date hereof comprises the following classes: Brent 1mth class, Brent 1yr class, Brent 2yr class, Brent 3yr class, WTI 2mth class, WTI 1yr class, WTI 2yr class and WTI 3yr class;

**“Closing Range”** means in respect of a Relevant Month Contract for a WTI Oil Contract on a Trading Day, the final two minutes of trading during the Regular Trading Hours trading session on the floor of NYMEX in New York in that Relevant Month Contract;

**“Controller”** means, in relation to any company, a person who;

- (a) holds 10 per cent. or more of the shares in such company
- (b) is able to exercise significant influence over the management of such company by virtue of his shareholdings in such company;
- (c) holds 10 per cent. or more of the shares in a parent undertaking of such company;
- (d) is able to exercise significant influence over the management of the parent undertaking of such company;
- (e) is entitled to exercise, or control the exercise of, 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;

**“CREST”** means the system of paperless settlement of transfers and the holding of securities in Uncertificated Form administered by CRESTCo Limited [*note not forming part of the Conditions: CRESTCo Limited is now known as Euroclear UK & Ireland Limited*];

**“Daily Adjustment”** means, for a class of Oil Securities *i* on Trading Day *t*,  $A(i,t)$  calculated in accordance with Condition 5;

**“Daily Adjustment Day”** means, in respect of all classes of Oil Securities, for any calendar year, a Trading Day as notified by ICE Futures to participants on the ICE Futures Market as at 1 January in that year;

**“Day”** means calendar day;

**“December Contract”** means any Brent Contract or WTI Contract specified as maturing in December by the Relevant Exchange (and **“December Brent Contract”** and **“December WTI Contract”** shall be construed accordingly);

**“Defaulted Obligation”** means the failure of the Issuer to make or procure any payment in respect of the Redemption of any Oil Securities when due, and such failure is not remedied within 48 hours of receipt of notice requiring remedy of the same;

**“Deferred Roll Day”** means, in respect of a Month, a Roll Day which has been deferred to such Pricing Day by operation of Condition 7 from any previous Month in the same Roll Year;

**“Effective Date”** means:

- (a) for Brent 1mth and WTI 2mth Oil Securities, 31 August 2007 (the **“Second Effective Date”**); and
- (b) for all other classes of Oil Securities, the date of the Second Supplemental Trust Instrument (the **“First Effective Date”**);

**“Entitlement”** means, in respect of any Oil Security of class *i* on Pricing Day *t*, the sum of the Near Entitlement and the Next Entitlement for such class on such day;

**“Entitlement Determination Day”** means a Trading Day on which at 8 a.m. it is the case that:

- (i) under Conditions 7.2 or 7.4 the Near Entitlement or Next Entitlement for a previous Pricing Day is required to be determined by an Expert; and
- (j) such Near Entitlement or Next Entitlement has not been determined;

**“Expert”** has the meaning given to it in Condition 7.2;

**“Extraordinary Resolution”** means in respect of the any one or more classes of Oil Securities, a resolution passed at a meeting of the holders of such class or classes duly convened and held in accordance with the provisions contained in the Trust Instrument and carried by a majority consisting of not less than three fourths of the persons voting on it upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three fourths of the votes given on such poll;

**“First Adjusted Roll Day”** has the meaning given to it in Condition 7.1;

**“Fund Size”** means, in respect of Oil Securities of class *i* on Trading Day *t*, the product of the Price and the number of Oil Securities of that class in existence at the close of such Trading Day;

**“ICE Futures”** means ICE Futures or its successor;

**“ICE Futures Market”** means the market for Brent crude oil futures operated by ICE Futures;

**“Insolvency Event”** means any proceedings being commenced or order being made by any competent court for, or any resolution being passed by the Issuer to apply for, a winding-up or dissolution of the Issuer (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 any application being made or other steps being taken for the appointment of an administrator or similar or analogous official in relation to the Issuer, or any appointment being made of a receiver, administrative receiver, administrator or similar official in relation to the Issuer or its assets or any distress or execution being levied or enforced upon or sued out against, or any encumbrance (other than the Trustee) taking possession of all, or substantially all, of the assets of the Issuer and any other analogous or similar proceedings or events occurring in any jurisdiction or the Issuer ceasing or

threatening to cease to carry on its business or being, or being deemed to be, unable to pay its debts as they become due;

**“Last Remaining Trading Day”** means:

- (a) for Brent 1mth and WTI 2mth Oil Securities, in respect of any Roll Period, the last Trading Day when the contract which was the Near Contract as at the first Trading Day of that Roll Period is permitted to be traded on the ICE Futures Market or NYMEX Market, as applicable; and
- (b) for all other classes of Oil Security, in respect of any Roll Year, the last Trading Day when the contract which was the Near Contract as at the first Trading Day of that Roll Year is permitted to be traded on the ICE Futures Market or NYMEX Market, as applicable;

**“Last Scheduled Roll Day”** means for Oil Securities of any class other than Brent 1mth and WTI 2mth, as of any Trading Day in a Roll Year, the Day which would be the last Roll Day in that Roll Year for such class if there were no Market Disruption Days after such Trading Day;

**“Letter of Credit”** means (a) a standby letter of credit issued by a Letter of Credit Provider in favour of the Issuer in respect of an Oil Major Company’s obligations to the Issuer under an Oil Purchase Agreement; and (b) any Substitute Credit;

**“Letter of Credit Provider”** means a provider of credit under any Letter of Credit or Substitute Credit;

**“Listing”** means the admission of the Oil Securities to the Official List becoming effective in accordance with the Listing Rules and admission of such securities to trading on the London Stock Exchange’s market for listed securities (or any of such markets if the London Stock Exchange has at any time more than one such market);

**“Listing Rules”** means the listing rules of the UK Listing Authority from time to time, made under section 73A of the Financial Services and Markets Act 2000;

**“London Day”** means a calendar day in London, England;

**“London Stock Exchange”** means London Stock Exchange plc or its market for listed securities (or any of such markets if the London Stock Exchange has at any time more than one such market), as the context may require;

**“Management Expenses”** means the management fee payable by an Oil Major Company to the Issuer pursuant to the relevant Oil Purchase Agreement;

**“Market Disruption Day”** means a Trading Day in respect of which a Market Disruption Event occurs;

**“Market Disruption Event”** means, in respect of any Trading Day, any of the following:

- (a) for Brent-referenced Oil Securities of any class:
  - (i) ICE Futures’ failing to determine, announce or publish the Settlement Price with respect to a Relevant Month Contract in respect of that class (or announcing that it will or expects to fail to do so) by midnight on that Trading Day; or
  - (ii) there being no Pricing Window for any such Relevant Month Contract during that Trading Day; and
- (b) for WTI-referenced Oil Securities of any class:
  - (i) NYMEX’s failing to determine, announce or publish the Settlement Price with respect to a Relevant Month Contract (or announcing that it will or expects to fail to do so) by midnight on that Trading Day;
  - (ii) NYMEX’s failing to announce or publish the time at which the Closing Range takes place before the occurrence of such Closing Range; and
- (c) for WTI 2mth Oil Securities only, NYMEX announcing or publishing on a Trading Day that the Settlement Price in respect of that Trading Day shall not be determined in accordance with or pursuant to NYMEX Rule 6.52(A);

**“Month”** means calendar month;

**“Moody’s”** means Moody’s Investors Service, Inc.;

**“Multiplier”** means the number determined in accordance with Condition 5.2;

**“Near Contract”** means:

- (a) for Brent 1 mth Oil Securities, in respect of any Trading Day in a Month:
  - (i) up to and including the end of the Roll Period in that Month, the Brent Contract in which trading ceases in that Month; and
  - (ii) after such Roll Period, the Brent Contract in which trading ceases in the immediately following Month;
- (b) for WTI 2 mth Oil Securities, in respect of any Trading Day in a Month:
  - (i) up to and including the end of the Roll Period in that Month, the WTI Contract in which trading ceases in the immediately following Month (the **“Second Month”**), and
  - (ii) after such Roll Period, the WTI Contract in which trading ceases in the Month immediately following the Second Month; and
- (c) for Brent 1yr Oil Securities and WTI 1yr Oil Securities on any Trading Day, up to and including the end of the Roll Year in which that Trading Day falls, the shortest dated December Brent Contract or, as the case may be, WTI Contract;
- (d) for Brent 2yr Oil Securities and WTI 2yr Oil Securities on any Trading Day up to and including the end of the Roll Year in which that Trading Day falls, the second shortest-dated December Brent Contract or, as the case may be, WTI Contract; and
- (e) for Brent 3yr Oil Securities and WTI 3yr Oil Securities on any Trading Day up to and including the end of the Roll Year in which that Trading Day falls, the third shortest-dated December Brent Contract or, as the case may be, WTI Contract;

**“Near Contract Price”** means, for Oil Securities of any class, the Settlement Price of the Near Contract for that class;

**“Near Entitlement”** means, for each Oil Security of class i on a Pricing Day t,  $E1(i,r)$  calculated in accordance with Condition 5.5, for Brent 1mth and WTI 2mth Oil Securities, and 5.6 for all other classes of Oil Securities, subject in each case to the provisions of Condition 7;

**“New Pool”** has the meaning given to it in Condition 10;

**“New Securities”** means Brent 1yr Oil Securities, Brent 2yr Oil Securities, Brent 3yr Oil Securities, WTI 1yr Oil Securities, WTI 2yr Oil Securities and WTI 3yr Oil Securities;

**“New Split Securities”** has the meaning given in Condition 10;

**“Next Contract”** means:

- (a) for Brent 1 mth and WTI 2 mth Oil Securities at any time the Brent Contract or, as the case may be, WTI Contract in which trading ceases in the Month immediately following that in which the corresponding Near Contract ceases trading; and
- (b) for Oil Securities of any other class, the December Brent Contract or December WTI Contract specified by the Relevant Exchange as maturing in the December immediately following that in which the corresponding Near Contract matures;

**“Next Contract Price”** means, for an Oil Security of any class the Settlement Price of the Next Contract for that class;

**“Next Entitlement”** means, for each Oil Security of class i on a Pricing Day t,  $E2(i,r)$  calculated in accordance with Condition 5.5, for Brent 1mth and WTI 1mth Oil Securities, and 5.6 for all other classes of Oil Securities, subject in each case to the provisions of Condition 7;

**“Notice Deadline”** means on a Trading Day, the earlier of 3 p.m. or, if in respect of that Trading Day the Relevant Exchange has notified market participants that trading will close early on the ICE Futures Market or NYMEX Market, as applicable, three hours before the commencement of the period by reference to which the Settlement Prices are to be calculated;

**“Number of Barrels”** means, in relation to a class of Oil Securities on any Trading Day, the number of Oil Securities of that class multiplied by the Entitlement for that class as at that Trading Day;

**“NYMEX”** means The New York Mercantile Exchange, Inc. of World Financial Center, One North End Avenue, New York, NY 10282-1101 or its successor;

**“NYMEX Market”** means the market for WTI Contracts operated by NYMEX;

**“Official List”** means the official list of the UK Listing Authority;

**“Oil Company Default”** means:

- (a) the occurrence of an Oil Company Insolvency Event;
- (b) an Oil Major Company failing to make any payment when due under an Oil Purchase Agreement, where such failure is not rectified within five Business Days following the Day on which the Oil Major Company receives notice of the failure from the Issuer in accordance with the terms of the relevant Oil Purchase Agreement; or
- (c) the expiration or termination of a Letter of Credit or Substitute Credit (other than where the Letter of Credit or Substitute Credit is replaced by a Substitute Credit) or the failing or ceasing of a Letter of Credit or Substitute Credit to be in full force and effect in each case other than in accordance with its terms (other than where the Letter of Credit or Substitute Credit is replaced by another Substitute Credit in full force and effect for such purpose) prior to the satisfaction by the relevant Oil Major Company of all its obligations under the Oil Purchase Agreement to which such Letter of Credit or Substitute Credit relates, without the written consent of the Issuer;

**“Oil Company Insolvency Event”** means, in respect of any Oil Major Company with which an Oil Purchase Agreement has been entered into by the Issuer and Oil Contracts are outstanding, any proceedings being commenced or order being made by any competent court for, or any resolution being passed by such Oil Major Company to apply for, a winding-up or dissolution of that Oil Major Company (other than an amalgamation, merger, consolidation, reorganisation or other similar arrangement or proceedings for winding-up or dissolution which are being contested in good faith and are discharged within 20 Business Days) or any application being made or other steps being taken for the appointment of an administrator in relation to that Oil Major Company, or any appointment being made of a receiver, administrative receiver, administrator or similar official in relation to that Oil Major Company or all, or substantially all, of its assets or any distress or execution being levied or enforced upon or sued out against, or any encumbrance taking possession of, the assets of that Oil Major Company and any other analogous or similar proceedings or events occurring in any jurisdiction or that Oil Major 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;

**“Oil Contract”** means an agreement purchased or to be purchased by the Issuer from an Oil Major Company under an Oil Purchase Agreement entitling the Issuer on Redemption or a sale back of the Oil Contract to the Oil Major Company to payment of an amount equal to the Redemption Amount in relation to any class of Oil Security on the relevant Pricing Day, and **“Brent 1mth Oil Contract”**, **“Brent 1yr Oil Contract”**, **“Brent 2yr Oil Contract”**, **“Brent 3yr Oil Contract”**, **“WTI 2mth Oil Contract”**, **“WTI 1yr Oil Contract”**, **“WTI 2yr Oil Contract”** and **“WTI 3yr Oil Contract”** shall be construed accordingly;

**“Oil Major Company”** means a company which is any of:

- (a) a member of the Shell Group;
- (b) any of Exxon Mobil Corporation, BP p.l.c., Total S.A., Chevron Corporation, Eni S.p.A., or any subsidiary of any of them; and
- (c) any other company which (i) owns oil, the rights to oil or has assets linked to the oil price and (ii) has a long term senior debt credit rating of at least BBB- from Standard & Poor’s and of at least Baa3 from Moody’s, provided in the case of the Brent 1mth Pool, Brent 1yr Pool, Brent 2yr Pool, Brent 3yr Pool, WTI 2mth Pool, WTI 1yr Pool, WTI 2yr Pool and WTI 3yr Pool that the aggregate amount of Oil Contracts from such companies at the time of entering into an Oil Purchase Agreement is less than half the aggregate amount of Oil Contracts in any Pool;

**“Oil Purchase Agreement”** means any agreement entered into by the Issuer and an Oil Major Company, pursuant to which Oil Contracts may be purchased and sold;

**“Oil Securities”** means undated limited recourse secured oil securities of any class of the Principal Amount of the Issuer to be issued pursuant to, and constituted by, the Trust Instrument;

**“Other Adjustment”** means any other adjustment specified by the Issuer in respect of Oil Securities;

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

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

PROVIDED THAT for the purpose of the right to attend and vote at any meeting of the Security Holders or any of them and certain other purposes of the Trust Instrument, Oil Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Issuer, (B) any Oil Major Company, (C) any holding company of the Issuer or an Oil Major Company, (D) any subsidiary of the Issuer or an Oil Major Company, (E) any individual Controller of the Issuer or an Oil Major Company or (F) any person controlled by any such persons listed in (A) or (E) above shall (unless and until ceasing to be so held) be deemed not to remain outstanding and accordingly the holders of such Oil Securities shall be deemed not to be Security Holders;

**“Payment Business Day”** means a Day (other than a Saturday or a Sunday) on which banks are open for the transaction of general business in London and New York;

**“Pool”** means a separate fund or pool created by the Issuer to which Oil Securities are attributable and in relation to Oil Securities of any class means the Pool to which Oil Securities of that class are attributable;

**“Price”** means in relation to an Oil Security of class *i* on Pricing Day *t*,  $PC(i,t)$  calculated in accordance with Condition 5;

**“Pricing Day”** means, for an Oil Security of any class, a Trading Day for that class which is not a Market Disruption Day;

**“Pricing Parameter”** means in relation to Oil Securities of any class and the corresponding Oil Contracts:

- (a) in respect of Brent 1mth Oil Securities or WTI 2mth Oil Securities, the relevant delivery months for the Near Contract and Next Contract for that class (up to the fourth available delivery month);
- (b) in respect of Oil Securities of any other class, the relevant delivery months for the Near Contract and Next Contract in respect of that class;
- (c) the relevant Near Contract Price or Next Contract Price for that class;
- (d) the timing and duration of the Roll Period for that class or, if applicable, Roll Year;
- (e) where necessary or appropriate as a consequence of a change to any of the Pricing Parameters set out in (a), (b) or (c) above, any terms, formulae or calculation methods to be applied for determining the Price, Redemption Amount, any Near Entitlement or Next Entitlement, or any Daily Adjustment or Multiplier; and
- (f) the procedure or timetable for sending Pricing Notices;

**“Pricing Window”** means an uninterrupted period of at least 3 minutes’ trading in a Relevant Month Contract on the ICE Futures Market published or announced by ICE Futures to participants on the ICE Futures Market:

- (a) as the official “designated settlement period” for the purposes of the ICE Futures’ settlement price procedures for such Relevant Month Contract from time to time; or



(b) in advance, as an extraordinary replacement for such official “designated settlement period” on any Trading Day;

**“Principal Amount”** means U.S.\$5.00;

**“Programme”** means the programme for the issuance of Oil Securities;

**“properly authenticated dematerialised instruction”** shall bear the meaning given to it in the Uncertificated Securities Regulations 2001;

**“Redemption”** means the redemption of an Oil Security in accordance with Condition 6 (and **“Redeem”** or **“Redeemed”** shall be constructed accordingly);

**“Redemption Amount”** means, in respect of a Redemption Day, and a class of Oil Security, in relation to a Redemption Notice the Price determined in accordance with Condition 5.1 multiplied by the number of Oil Securities being Redeemed and in relation to an Agreed Redemption Notice the amount specified as the Redemption Amount in such notice, in either case for that class of Oil Security on that Redemption Day;

**“Redemption Day”** means, in respect of an Oil Security, in relation to a Redemption Notice the Pricing Day on which such Redemption Notice was given or, in respect of a Redemption following the Termination Redemption Date, the Pricing Day on which such Redemption is effected;

**“Redemption Fee”** means the fee payable by a Security Holder on the Redemption of Oil Securities;

**“Redemption Instructions”** means the instructions provided by a Security Holder redeeming an Oil Security to the Registrar in a form approved by the Issuer;

**“Redemption Notice”** means a notice by a Security Holder, the Trustee or the Issuer exercising its right to require the Redemption of all or (in the case of a notice by a Security Holder) any of the Oil Securities held by such Security Holder pursuant to these Conditions, which in the case of such notice by a Security Holder shall contain its Redemption Instructions (provided that a Security Holder who is not an Authorised Participant will only be permitted to submit a Redemption Notice if, on the relevant Pricing Day, there are no Authorised Participants);

**“Redemption Obligations”** means the obligation of the Issuer to Redeem an Oil Security and make payment to the relevant Security Holder in accordance with these Conditions (provided that a Security Holder who is not an Authorised Participant will only be able to require Redemption of the Oil Securities held by such Security Holder if, on the Redemption Day, there are no Authorised Participants);

**“Register”** means the register of Security Holders kept and maintained by the Registrar;

**“Registrar”** means Computershare Investor Services (Channel Islands) Limited or such other person as may be appointed by the Issuer from time to time to maintain the Register and to receive and process applications for, and Redemptions of, Oil Securities;

**“Regulations”** means the Jersey Companies (Uncertificated Securities) (Jersey) Order 1999;

**“Relevant Exchange”** means, for each class of Oil Security, the futures exchange on which the Near Contract and Next Contract for that class of Oil Security is admitted to trading, being either ICE Futures or NYMEX;

**“Relevant Month Contract”** means, for each class of Oil Security on any Trading Day, the Near Contract and, unless the Next Entitlement is zero on that Trading Day, the Next Contract for that class;

**“Remaining Trading Days”** means, in respect of any Trading Day on that Trading Day for a class of Oil Securities, the Trading Days following that Trading Day up to and including the Last Remaining Trading Day for such class;

**“RIS”** means a Regulatory Information Service (as defined for the purposes of the Listing Rules) from time to time chosen by the Issuer;

**“Roll Day”** means any Pricing Day during a Roll Period;

**“Roll Period”** means, subject to the provisions of Condition 7:

- (a) for Brent 1mth Oil Securities and WTI 2mth Oil Securities, the first, second, third, fourth and fifth Pricing Days of each Month concluding on the earlier of the fifth Roll Day and the Last Remaining Trading Day, and
- (b) for all other classes of Oil Securities, the first and second Available Pricing Days in respect of the relevant Month;

**“Roll Year”** means, in the case of Oil Securities of any class other than Brent 1mth Oil Securities and WTI 2mth Oil Securities, the period beginning on the first Roll Day in December of any year for such class until the Last Remaining Trading Day for such Oil Securities of such class;

**“Secured Property”** means in respect of Oil Securities of any class, all rights of the Issuer under the corresponding Oil Purchase Agreement(s), Oil Contracts, the Authorised Participant Agreement(s) and Letter(s) of Credit, and which are subject to the security created in favour of the Trustee pursuant to the Security Deed applicable to that class;

**“Security Deed”** means in respect of each Pool, the security deed pertaining to that Pool entered into between the Issuer and the Trustee;

**“Settlement Price”** means, in respect of a Pricing Day and a Brent Contract or WTI Contract, the official settlement price established and calculated by the Relevant Exchange in respect of that Pricing Day in respect of such Brent Contract or WTI Contract (as applicable);

**“Shell Group”** means the group of companies comprising the Affiliates of Shell Trading and Shell Treasury collectively;

**“Shell Trading”** means Shell Trading Switzerland A.G.;

**“Shell Treasury”** means Shell Treasury Dollar Company Limited;

**“Standard & Poor’s”** means Standard & Poor’s, a division of McGraw-Hill Companies, Inc.;

**“Substitute Credit”** has the meaning given to it in the corresponding Letter of Credit;

**“Substitute Credit Provider”** has the meaning given to it in the corresponding Letter of Credit;

**“Termination Redemption Date”** has the meaning given in Condition 6.4;

**“Total Fund Size”** means on a Trading Day, the aggregate sum of the Fund Sizes for each class of Oil Security at the close of such Trading Day;

**“Trading Day”** means any Day on which trading is permitted on the Relevant Exchange;

**“UK Listing Authority”** means the United Kingdom Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;

**“Uncertificated Form”** 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, may be transferred by means of CREST;

**“Uncertificated Notice of Meeting”** means a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of CREST;

**“US Dollars”** means the lawful currency of the United States of America and references to US\$ shall be similarly construed;

**“WTI Contract”** means a futures contract for the purchase or sale of light “sweet” crude oil for future delivery in Cushing, Oklahoma and which is subject to the Rules of NYMEX;

**“WTI 1yr Oil Securities”** means WTI class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“WTI 2mth Oil Securities”** means WTI class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“WTI 2mth Oil Securities”** means WTI class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“WTI 2yr Oil Securities”** means WTI 2yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument;

**“WTI 2mth Pool”** means the separate fund or pool created by the Company to which the WTI 2mth Oil Securities are attributable;

**“WTI 1yr Pool”** means the separate fund or pool created by the Company to which the WTI Oil 1yr Securities are attributable;

**“WTI 2yr Pool”** means the separate fund or pool created by the Company to which the WTI 2yr Oil Securities are attributable;

**“WTI 3yr Pool”** means the separate fund or pool created by the Company to which the WTI 3yr Oil Securities are attributable; and

**“WTI-referenced Oil Securities”** means WTI 2mth Oil Securities, WTI 1yr Oil Securities, WTI 2yr Oil Securities and WTI 3yr Oil Securities.

## **2. STATUS OF OIL SECURITIES**

Oil Securities constitute direct and unconditional payment obligations of the Issuer, secured as set out in Condition 3 below, recourse in respect of which is limited in the manner described in Condition 3 below and which rank *pari passu* among themselves.

## **3. SECURITY AND LIMITED RECOURSE**

- 3.1 The obligations of the Issuer in respect of Oil Securities of each class are secured by a separate Security Deed in favour of the Trustee for the Security Holders by an assignment by way of security of the contractual rights of the Issuer under the Oil Purchase Agreement (to the extent applicable to that class) and a first ranking floating charge over all the Issuer’s rights in relation to the Secured Property of that class.
- 3.2 The Trustee and the Security Holders of any class of Oil Securities shall have recourse only to sums derived from the Secured Property relating to the relevant Pool. If, the Trustee (or any other secured party), having realised the same, the net proceeds are insufficient for the Issuer to make all payments which, but for the effect of this Condition, would then be due, the obligations of the Issuer will be limited to such net proceeds of realisation, neither the Trustee nor any person acting on its behalf shall be entitled to take further steps against the Issuer or any of its officers, agents or directors to recover any further sums and no debt shall be owed by the Issuer to any such person in respect of any such further sum. In particular, neither the Trustee nor any Security Holder shall be entitled to institute nor join with any other person in bringing, instituting or joining, insolvency proceedings (whether court based or otherwise) in relation to the Issuer, nor shall they have any claim in respect of any sum arising in respect of the Secured Property for any other Pool or any other assets of the Issuer.

## **4. FORM AND TRANSFER**

- 4.1 Oil Securities are in registered form and are individually transferable.
- 4.2 Oil Securities may be held and transferred in Uncertificated Form by means of CREST in accordance with the Regulations. The Trustee may, without the consent of Security Holders, concur with the Issuer in making modifications to the provisions of the Trust Instrument in order to reflect changes in the Regulations or in the applicable law and practice relating to the holding or transfer of Oil Securities in Uncertificated Form.
- 4.3 The Issuer 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 for each class of Oil Securities showing the Principal Amount of the Oil 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.

## **5. PRICING OF OIL SECURITIES**

### **Price of Oil Securities**

- 5.1 The Price for each class of Oil Security, on each Pricing Day for that class, shall be an amount (in US Dollars) calculated in accordance with the following formula:

$$PC_{(i,t)} = \{ P_{1(i,t)} \times E_{1(i,t)} + P_{2(i,t)} \times E_{2(i,t)} \} \times M_{(i,t)}$$

where:

i refers to the relevant class of Oil Security;

t refers to the applicable Pricing Day;

$PC_{(i,t)}$  is the Price of an Oil Security of class i on Pricing Day t;

$P_{1(i,t)}$  is the Near Contract Price, expressed in US Dollars per barrel of oil, applicable to an Oil Security for class i on Pricing Day t;

$E_{1(i,t)}$  is the Near Entitlement applicable to an Oil Security of class i on Pricing Day t;

$P_{2(i,t)}$  is the Next Contract Price, expressed in US Dollars per barrel of oil, applicable to an Oil Security for class i on Pricing Day t;

$E_{2(i,t)}$  is the Next Entitlement applicable to an Oil Security for class i on Pricing Day t; and

$M_{(i,t)}$  is the Multiplier for Trading Day t for Oil Securities of class i.

### **Multiplier and Daily Adjustment**

- 5.2 The Multiplier shall be precisely 1.0 on and from the Pricing Day on which the first Oil Contract of any class other than Brent 1mth or WTI 2mth is issued and shall be adjusted on each Daily Adjustment Day in accordance with the formula set out below (and, for the avoidance of doubt, the Multiplier as so adjusted shall be applied in respect of Brent 1mth or WTI 2mth Oil Securities on and from the Second Effective Date):

$$M_{(i,t)} = M_{(i,t-1)} \times A_{(i,t)}$$

where:

t is the number of Daily Adjustment Days in a calendar year in which t falls for class i;

$M_{(i,t)}$  is the Multiplier for Daily Adjustment Day t for class i; and

$A_{(i,t)}$  is the Daily Adjustment on Daily Adjustment Day t for class i.

- 5.3 The Daily Adjustment shall be calculated on each Daily Adjustment Day for each class of Oil Security in accordance with the following formula:

$$A_{(i,t)} = (1 + F_{(i,t)})^{1/T}$$

where:

t refers to the applicable Daily Adjustment Day for class i:

$A_{(i,t)}$  is the Daily Adjustment on Daily Adjustment Day t, expressed as a number, for class i;

$F_{(i,t)}$  is the Other Adjustment for class i less the Management Expenses for class i (whether or not any amount in respect of which is otherwise payable to the Issuer), expressed as a percentage per annum on Daily Adjustment Day t; and

T is the number of Daily Adjustment Days in the calendar year in which the Trading Day t falls.

**Entitlement**

- 5.4 (a) For Brent 1mth and WTI 2mth Oil Securities, the Near Entitlement on the Second Effective Date shall be:
- (i) for Brent 1mth Oil Securities, the “Brent Entitlement” calculated on the Second Effective Date divided by the Multiplier on such day; and
  - (ii) for WTI 2mth Oil Securities, the “WTI Entitlement” calculated on the Second Effective Date divided by the Multiplier on such day;
- (b) For Brent 1 mth and WTI 2 mth class Oil Securities, the Next Entitlement on the Second Effective Date shall be zero; and
- (c) for all other classes of Oil Securities, the Near Entitlement on the First Effective Date will be 0.3333333 and the Next Entitlement on the First Effective Date will be 0.6666667.

5.5 For Brent 1mth and WTI 2mth class Oil Securities, on each Roll Day during a Roll Period the Near Entitlement and the Next Entitlement shall be adjusted in accordance with the following formula from the Second Effective Date:

$$E_{1(i,r)} = E_{1(i,r-1)} - \frac{1}{5} \times E_{1(i,0)}$$

$$E_{2(i,r)} = E_{2(i,r-1)} + \frac{1}{5} \times E_{1(i,0)} \times P_{1(i,r)} / P_{2(i,r)}$$

where:

- i refers to the relevant class of Oil Security;
- r is the number representing the position of the Roll Day in the ordered sequence of Roll Days in such Roll Period (so that for the third Roll Day, for example, r = 3);
- $E_{1(i,r)}$  is the Near Entitlement for class i on Roll Day r;
- $E_{1(i,0)}$  is the Near Entitlement for class i on the day prior to such Roll Period commencing;
- $E_{2(i,r)}$  is the Next Entitlement for class i on Roll Day r (and  $E_{2(i,r-1)}$  on Roll Day 1 equals zero);
- $P_{1(i,r)}$  is the Near Contract Price for class i on Roll Day r; and
- $P_{2(i,r)}$  is the Next Contract Price for class i on Roll Day r.

5.6 For all other classes of Oil Securities, on each Roll Day during a Roll Period the Near Entitlement and Next Entitlement shall be adjusted in accordance with the following formula:

$$E_{1(i,r)} = E_{1(i,r-1)} - \frac{1}{24} \times E_{1(i,Nov)}$$

$$E_{2(i,r)} = E_{2(i,r-1)} + \frac{1}{24} \times E_{1(i,Nov)} \times P_{1(i,r)} / P_{2(i,r)}$$

save that:

- (a) on the Last Scheduled Roll Day of the Roll Year:  
 $E_1(i,r) = 0,$   
 $E_2(i,r) = E_{2(i,r-1)} + E_{1(i,r-1)} \times P_{1(i,r)} / P_{2(i,r)}$ ; and
- (b) on the Roll Day immediately before the Last Scheduled Roll Day,  $E_{1(i,r)}$  is the difference between  $E_{1(i,Nov)}$  and the aggregate of the Near Entitlements for each preceding Roll Day in that Roll Year;

where:

- r is the number representing the position of the Roll Day in the ordered sequence of Roll Days in such Roll Year (so that for the third Roll Day, for example, r = 3);

- $E_{1(i,r)}$  is the Near Entitlement on Roll Day  $r$  for class  $i$ ;
- $E_{1(i,r-1)}$  = the Near Entitlement for class  $i$  on the Roll Day immediately before Roll Day  $r$ ;
- $E_{1(i,Nov)}$  is the Near Entitlement on the first Pricing Day after the last Roll Day of the most recent November Roll Period for class  $i$ ;
- $E_{2(i,r)}$  is the Next Entitlement on Roll Day  $r$  for class  $i$ ;
- $E_{2(i,r-1)}$  = the Next Entitlement for class  $i$  on the Roll Day immediately before Roll Day  $r$ ;
- $P_{1(i,r)}$  is the Near Contract Price on Roll Day  $r$  for class  $i$ ; and
- $P_{2(i,r)}$  is the Next Contract Price on Roll Day  $r$  for class  $i$ .

### **Rounding of Calculations**

- 5.7 Each Price, Multiplier, Daily Adjustment, Near Entitlement and Next Entitlement shall be calculated to seven places of decimals with 0.00000005 rounded upwards.

## **6. REDEMPTION OF OIL SECURITIES**

### **6.1 Redemption**

- 6.1.1 Each Oil Security carries the right on Redemption to payment of the higher of (i) the Principal Amount for that class, and (ii) the Price of that class of Security on the applicable Pricing Day determined in accordance with Condition 5.1.
- 6.1.2 If an Authorised Participant wishes to Redeem Oil Securities at a fixed price rather than by reference to the Settlement Price on the Pricing Day, the Issuer may agree a Redemption Amount with the Authorised Participant provided it can sell the corresponding Oil Contracts back to the relevant Oil Major Company at an equivalent price.
- 6.1.3 A Security Holder who is also an Authorised Participant may (subject as provided herein) on any Trading Day require the Redemption of all or part of its holding of Oil Securities by lodging with the Registrar a Redemption Notice in the form prescribed by the Issuer and in accordance with these Conditions. A Security Holder which is not also an Authorised Participant may only require the Issuer to Redeem all or any part of its holdings of Oil Securities if, on any Trading Day, there are no Authorised Participants, and the Security Holder submits a valid Redemption Notice on such day.
- 6.1.4 A Redemption Notice shall apply only in respect of the Pricing Day on which it is sent.
- 6.1.5 A Redemption Notice shall be invalid in respect of a given class of Oil Security:
- (a) if it is given (or deemed to have been given) in respect of a Market Disruption Day for that class;
  - (b) if it is given in respect of an Entitlement Determination Day for that class; or
  - (c) if it relates to a Pricing Day for that class after a Termination Redemption Date has been declared under the corresponding Oil Purchase Agreement;
  - (d) if it is given in respect of more than one class of Oil Security,  
and no Oil Security shall be Redeemed in respect of or under any such Redemption Notice.
- 6.1.6 Where a valid Redemption Notice is duly given and received by the Issuer, the Issuer shall redeem a number of Oil Securities of the relevant class equal to:
- (a) if the Redemption Notice requires that the Issuer redeem a whole number of Oil Securities of that class, that whole number; and
  - (b) if the Redemption Notice requires that the Issuer redeem such whole number of Oil Securities of that class as would have an aggregate Redemption Amount as close as possible to, but not more than an amount in US Dollars specified in such Redemption Notice, such whole number.

6.1.7 The Issuer is not, however, required to Redeem more than such number of Oil Contracts as equals the aggregate Entitlement of 20,000,000 in respect of each of Brent 1mth Oil Securities and WTI 2mth Oil Securities, 10,000,000 in respect of each of Brent 1yr Oil Securities and WTI 1yr Oil Securities, 7,500,000 in respect of each of Brent 2yr Oil Securities and WTI 2yr Oil Securities or 2,000,000 in respect of each of Brent 3yr Oil Securities and WTI 3yr Oil Securities (or such other amount as may be determined by the Issuer and published through a RIS) on any one Redemption Date. If valid Redemption Notices are lodged in respect of a greater number of Oil Securities of any class, the Issuer may elect either to satisfy such Redemption Notices in full or otherwise to treat them as invalid to the extent of the excess. For the purposes of the above-mentioned Redemption limits, Redemption Notices will be dealt with in a strict time priority by reference to the date and time of their receipt by the Issuer.

6.1.8 The Issuer shall not be obliged to Redeem any Oil Securities where the relevant Oil Major Company has not confirmed a Redemption Notice in accordance with the relevant provisions of the relevant Oil Purchase Agreement.

6.1.9 A Redemption Notice:

- (a) must specify an account of such Security Holder into which the Issuer may make payment of the Redemption Price, inclusive of VAT (if any);
- (b) must, unless otherwise agreed with the Issuer, be accompanied by the Redemption Fee referred to in Condition 6.3); and
- (c) must provide (if such information and evidence has not already been so provided) such information and evidence as the Issuer and its Registrars may require to comply with the Money Laundering (Jersey) Order 1999, the Money Laundering Regulations 2003 and/or any other applicable anti-money laundering laws and regulations; and
- (d) is irrevocable once it has been delivered to the Registrar.

In order for a Redemption Notice to be valid, the Security Holder must deposit the Oil Securities to be Redeemed into an appropriate CREST account and give correct delivery versus payment instructions in accordance with the Redemption Notice or must otherwise deliver the Oil Securities to be redeemed to the Issuer in such manner as the Issuer may agree.

6.1.10 Redemption Notices lodged before 8.00 a.m. (London time) or after the Notice Deadline on a Pricing Day, or on a day which is not a Pricing Day shall be treated as void, save to the extent that the relevant Oil Major Company confirms to the Registrar that such Oil Major Company will Redeem such Oil Contracts corresponding to the Oil Securities which are the subject of such Redemption Notice, notwithstanding the time of submission of the Redemption Notice.

6.1.11 Upon receipt by the Registrar of a valid Redemption Notice from a Security Holder in relation to any Oil Securities, the Issuer shall do all things within its power to give effect to the Redemption Instructions as required by these Conditions.

## **6.2 Payment of Redemption Amount**

The Issuer will by 4.00 p.m. on the third Payment Business Day following the Redemption Day in respect of any Oil Security, pay the Redemption Amount for that Oil Security as specified in the applicable Redemption Notice in full cleared and immediately available funds.

## **6.3 Redemption Fee**

6.3.1 Subject as provided below, it is a condition to the performance by the Issuer of the Redemption Obligations in respect of the Redemption of any Oil Securities, that the Security Holder of such Oil Securities pays to the Issuer the Redemption Fee in respect of such Redemption in accordance with this Condition 6.3.

6.3.2 On a Redemption of Oil Securities at the request of the Security Holder, a Redemption Fee shall be payable by such Security Holder to the Issuer of £500 (including any applicable VAT), regardless of the number of Oil Securities being Redeemed. In the event that there are no Authorised Participants on a Redemption of Oil Securities at the request of a Security Holder

which is not also an Authorised Participant, the fee payable by such Security Holder to the Issuer will be reduced to an amount equal to the cost to the Issuer of satisfying such redemption request. No such fee is payable in the case of a compulsory Redemption of Oil Securities by the Issuer or the Trustee.

6.3.3 The Issuer shall be entitled to vary the amount of the Redemption Fee from time to time by giving not less than 30 days' notice of such variation to Authorised Participants. Such notice shall be given by publication through a RIS.

6.3.4 The Issuer may set off any amount payable to the Issuer in accordance with this Condition 6.3 by the holder of Oil Securities in respect of the Redemption Fee against the Redemption Amount payable by the Issuer to such holder.

#### **6.4 Redemption following Termination**

(a) If an Oil Purchase Agreement is terminated by reason of an Oil Company Default, all outstanding Oil Securities of the corresponding class or classes shall be Redeemed on such date (the "**Termination Redemption Date**"), not being less than seven days following the Issuer giving notice of its intention to require such Redemption to each Security Holder. If, prior to the Termination Redemption Date, the Issuer has determined to divide the Pool or any Pools by allocating the Oil Purchase Agreement and all Oil Contracts of the relevant class purchased thereunder to the New Pool or New Pools in accordance with Condition 10, the redemption pursuant to this Condition shall not apply to the Oil Securities of the relevant class but shall apply (*mutatis mutandis*) to the New Split Securities on the basis of this Condition 6.4.

(b) Oil Securities redeemed pursuant to this Condition 6.4 shall be redeemed on the Termination Redemption Date, but the aggregate amount payable (the "**Aggregate Redemption Amount**") on all such Oil Securities shall be the amount which would have been payable if on each Pricing Day from and including the date on which the Oil Purchase Agreement is terminated in accordance with its terms, the maximum number of Oil Securities which may be required to be Redeemed on that Pricing Day pursuant to Condition 6.1.5 has been so Redeemed until all Oil Contracts of the relevant class in existence had been so Redeemed, and the Redemption Amount of each Oil Security of a class shall be its *pro rata* share of such Aggregate Redemption Amount.

(c) Notwithstanding any other provision of these Conditions, the Issuer shall not be under any obligation to make payment on a Redemption under this Condition 6.4 until the Aggregate Redemption Amount shall have been determined.

(d) If an Oil Purchase Agreement has been terminated by reason of an Oil Company Default, then no further Redemption Notices given on or after the date of such termination shall be effective unless and until the Issuer has determined to divide the relevant Pool as referred to in paragraph (a) of this Condition 6.4 and such division has become effective.

#### **6.5 Compulsory Redemption by the Issuer**

(a) The Issuer may in its absolute discretion Redeem all (but not some only) of the Oil Securities of any class at the applicable Redemption Price and will be entitled to determine the Redemption Day for that purpose which shall be a date not less than 30 days (or seven days in the event of termination of any Oil Purchase Agreement) following the Issuer giving notice of its intention to require such Redemption to each Security Holder. The Issuer may Redeem one class of Oil Securities without Redeeming the other(s).

(b) For the purposes of calculating the Redemption Price on a compulsory Redemption only, the Near Contract Price and Next Contract Price of Oil Securities shall be the average Near Contract Price and Next Contract Price over five Pricing Days following the Redemption Day (or such other period as the Issuer may in its discretion determine).

(c) The Redemption Amount will be settled and paid to the relevant Security Holders within three Business Days following the later of (i) determination of the Redemption Price on compulsory Redemption and (ii) the Issuer having been provided with appropriate instructions by the relevant Security Holder.



- (d) A Redemption Notice given in accordance with this Condition 6.5 shall specify the manner in which payment instructions may be given by such Security Holder.

## 6.6 Compulsory Redemption by the Trustee

If an Insolvency Event or (subject to Condition 6.4) Oil Company Default 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 Oil Securities of the corresponding class or classes then outstanding or, pursuant to an Extraordinary Resolution, the Trustee having first been indemnified and/or secured to its satisfaction, give notice to the Issuer that the Oil Securities of the corresponding class or classes are required to be Redeemed on the date falling 20 Business Days from the giving of such notice, whereupon (subject to Condition 6.4) the Issuer shall be obliged to Redeem the Oil Securities of the corresponding class or classes on such date at the Redemption Price.

## 6.7 Satisfaction of Redemption Notices by Transfer

The Issuer may in its absolute discretion elect to satisfy Redemption Notices by transfer of the appropriate number of Oil Securities to one or more Authorised Participant from Security Holder(s) seeking Redemption, and for that purpose the Issuer may authorise any person on behalf of the Security Holder to execute one or more instruments of transfer in respect of the relevant number(s) of Oil Securities provided that the amount payable by the Authorised Participant shall still be an amount equal to the relevant Redemption Price (less the Redemption Fee) and the relevant Redemption Day will be the date of the transfer(s).

## 7. MARKET DISRUPTION

- 7.1 Subject to Condition 7.2 with respect to a Brent 1mth or a WTI 2mth Oil Security, if on a Roll Day during a Roll Period there are not enough Remaining Trading Days to enable that Roll Period to consist of 5 (five) Roll Days, then, on the first such Roll Day in that Roll Period (the “**First Adjusted Roll Day**”) and on each remaining Roll Day during that Roll Period, for the relevant class of Oil Security, the formulae in Condition 5.5 shall be amended on each such remaining Roll Day by:

replacing the term “ $\frac{1}{5} \times E_{1(i,0)}$ ” wherever it occurs in those formulae

with the term “ $\frac{1}{N_{(i,r)}} \times E_{1(i,0)}$ ”

where:

$N_{(i,r)}$  is the number of Remaining Trading Days in the Roll Period for Oil Securities of class  $i$  on and including Roll Day  $r$ ,

**Provided that** for the avoidance of doubt, this Condition 7.1 shall not apply retrospectively and, accordingly, shall not affect the Prices or the Entitlements in respect of any Roll Day prior to the First Adjusted Roll Day.

- 7.2 If with respect to a Brent 1mth or a WTI 2mth Oil Security a Roll Period contains so many Market Disruption Days that by the Last Remaining Trading Day there have not been 5 (five) Roll Days in that Roll Period and that Last Remaining Trading Day is also a Market Disruption Day, unless the Issuer agrees otherwise, for the relevant class of Oil Securities, the Near Contract Price and Next Contract Price in respect of that Market Disruption Day shall be deemed to be the market price of the relevant Brent Contract or WTI Contract, as the case may be on the next Pricing Day and the Entitlements shall be as determined by an independent expert (“**Expert**”) appointed by the President of the Energy Institute as that most closely reflecting the commercial intention of Conditions 5 and 7.1, and such Expert shall act as an expert not as an arbitrator and shall be requested to give his determination in writing by 7.00 a.m. on the seventh Day following such Pricing Day and the determination of such Expert shall be final and binding on the Parties. The costs of such Expert shall be shared equally by the Parties.
- 7.3 Subject to Condition 7.4, with respect to a Brent 1yr, WTI 1yr, Brent 2yr, WTI 2yr, Brent 3yr or a WTI 3yr Oil Security, if on a Roll Day during a Roll Year there are not enough Remaining Trading Days to enable that current Roll Year to consist of a total of 24 (twenty four) Roll Days then, on the first such Roll Day in that Roll Year (the “**First Adjusted Constant Maturity Roll Day**”) and

on each remaining Roll Day during that Roll Year, for the relevant class of Oil Security, the formula in Condition 5.5 shall be amended on each such remaining Roll Day by:

the term " $\frac{1}{24} \times E_{1(i,Nov)}$ " wherever it occurs in those formulae

with the term " $\frac{1}{N_{(i,r)}} \times E_{1(i,Nov)}$ ":

where:

$N_{(i,r)}$  is the number of Remaining Trading Days in the Roll Year for Oil Contracts of class i on and including Roll Day r

**Provided that** for the avoidance of doubt, this Condition 7.3 shall not apply retrospectively and, accordingly, shall not affect the Prices or the Entitlements in respect of any Roll Day prior to the First Adjusted Constant Maturity Roll Day.

- 7.4 If for a Brent 1yr, WTI 1yr, Brent 2yr, WTI 2yr, Brent 3yr or a WTI 3yr Oil Security, a Roll Year contains so many Market Disruption Days that by the Last Remaining Trading Day there have not been 24 (twenty four) Roll Days in that Roll Year and that Last Remaining Trading Day is also a Market Disruption Day, unless the Issuer agrees otherwise, for the relevant class of Oil Security, the Near Contract Price and Next Contract Price in respect of that Market Disruption Day shall be deemed to be the market price of the relevant Brent Contract or WTI Contract, as the case may be as determined by an Expert as that most closely reflecting the commercial intention of Conditions 5 and 7.3, and such Expert shall act as an expert not as an arbitrator and shall be requested to give his determination in writing by 7.00 a.m. on the seventh Day following such Pricing Day and the determination of such Expert shall be final and binding on the Parties. The costs of such Expert shall be shared equally by the Parties.
- 7.5 With respect to a Brent 1yr, WTI 1yr, Brent 2yr, WTI 2yr, Brent 3yr or a WTI 3yr Oil Security, if on a Roll Day there are not enough Available Pricing Days during a Month to enable there to be two Roll Days in that month, then the first and (as required) second Available Pricing Days of the earliest month in which they occur shall be treated as Deferred Roll Days in substitution therefor.

## **8. CHANGES TO PRICING PARAMETERS**

- 8.1 The Issuer may change any Pricing Parameter if:
- (a) in the opinion of the Issuer, the proposal would not change the Redemption Amount which would be payable in respect of any Oil Security, if such Oil Security were Redeemed on the Day such proposal is implemented; and
  - (b) in relation to any proposal to change the delivery months, it believes in good faith that the proposed replacement oil futures contract or delivery months are attracting a level of liquidity (in the underlying markets, including, but not limited to the market on the relevant exchange in which such replacement contract or delivery months are admitted to trading) which is sufficient to enable exposures in respect of Oil Securities to be hedged on an efficient and commercial basis.
- 8.2 A change to the Pricing Parameters under Condition 8.1 shall take effect no earlier than 30 Days following the determination and will be published through a RIS.

## **9. ENFORCEMENT**

- 9.1 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 and/or secured to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any such obligation of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of the Oil Securities to which such Defaulted Obligation relates.
- 9.2 The Trustee may at any time, if:
- (a) an Oil Company Default; and/or
  - (b) 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 Oil Securities of the relevant class of Oil Securities then outstanding or an Extraordinary Resolution of the Security Holders of the Oil Securities of that class, the Trustee having first been indemnified and/or secured to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the security constituted by the Security Deed in respect of all outstanding Oil Securities of the relevant class.

9.3 Where an Oil Company Default and/or Insolvency Event is occurring at the same time as a Defaulted Obligation, a Holder of Oil Securities to whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action in accordance with Condition 9.1 until the expiry of 30 days from the occurrence of the Oil Company Default and/or Insolvency Event, nor shall he be so entitled if, during such period of 30 days, the Trustee has elected, or been required, to take action in accordance with Condition 9.2.

9.4 If, in the case of an Oil Company Default, prior to the expiry of the period of 30 days referred to in Condition 9.3, the Issuer has determined to divide the relevant Pool by allocating the Oil Contract(s) to which the relevant Oil Major Company is a party and all Oil Contracts purchased thereunder to the New Pool in accordance with Condition 10, the right of the Trustee to take action in accordance with Condition 9.2 shall not apply to the Oil Securities of that class but shall apply (*mutatis mutandis*) to the New Split Securities of that class.

9.5 Only the Trustee may enforce the provisions of the Trust Instrument or the Security Deeds. Where the Trustee has elected or been directed to enforce the Issuer's obligations under the Trust Instrument and the security constituted by the Security Deed applicable to a particular class, the right of Security Holders to lodge a Redemption Notice in respect of Oil Securities of that class with the Registrar shall cease. Valid Redemption Notices lodged before the date the Trustee announces its intention to enforce the security (the Election Date) will be Redeemed at the Redemption Price on the Redemption Day. The Redemption Price for all Oil Securities of any class outstanding at the Election Date will be the average Redemption Price of the remaining Oil Securities of that class.

9.6 No Security Holder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing, in which case any such Security Holder will have only such rights against the Issuer as those which the Trustee is entitled to exercise against or in relation to the Issuer.

9.7 Application of Moneys

All moneys received by the Trustee pursuant to the Trust Instrument shall be held by the Trustee upon trust, to apply them:

- (a) FIRST in payment or satisfaction of all amounts then due and unpaid to the Trustee (including its attorneys, managers, agents, delegates or other person appointed by the Trustee) under terms of the Trust Instrument, and to payment of any remuneration and expenses of any receiver and the costs of realisation of the security constituted by the Security Deeds;
- (b) SECONDLY in or towards payment or performance *pari passu* and rateably of all amounts then due and unpaid and all obligations due to be performed and unperformed in respect of the Oil Securities of the relevant class; and
- (c) THIRDLY in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

## **10. TRANSFER OF POOL PROPERTY TO NEW POOL; CONSOLIDATION AND DIVISION OF OIL SECURITIES**

- 10.1 The Issuer may at any time (without the consent of the Security Holders) determine to divide any Pool (the “**Existing Pool**”) by allocating some of the Secured Property attributable to the Existing Pool to a new Pool (the “**New Pool**”). If it determines to do so, the following shall apply:
- (a) the Issuer may only transfer from the Existing Pool to the New Pool all (and not merely some) of the Oil Contracts purchased from any one Oil Major Company;
  - (b) prior to or on the transfer becoming effective, the Issuer shall create undated limited recourse secured oil securities (“**New Split Securities**”) having a principal amount determined in accordance with Condition 10.1(c) constituted by an instrument or deed on the same terms (*mutatis mutandis*) as the Trust Instrument (save that there shall be no obligation to procure Listing of the New Split Securities) and on terms that such New Split Securities shall have recourse only to the assets attributable to the New Pool, and shall issue such New Split Securities to the Security Holders of the Oil Securities attributable to the Existing Pool (“**Current Securities**”) outstanding immediately prior to the transfer becoming effective on the basis of one New Split Security for each Current Security then held. For this purpose any Oil Security in respect of which a Defaulted Obligation has occurred and is continuing shall be treated as outstanding;
  - (c) the principal amount and Multiplier, of each New Split Security shall be the proportion of the principal amount and Multiplier respectively, of each Current Security outstanding immediately prior to the transfer becoming effective that the aggregate Price of the Oil Contracts to be transferred bears to the aggregate Price of the Oil Contracts attributable to the Existing Pool, and on the creation and issue of the New Split Securities becoming effective the principal amount and Multiplier of each Current Security shall be reduced accordingly; and
  - (d) the Issuer shall enter into a Security Deed with the Trustee in relation to the assets attributable to the New Pool to secure the New Split Securities, which shall be on the same terms (*mutatis mutandis*) as the Security Deed (the “**Existing Security Deed**”) securing the Current Securities, and the Trustee shall release the property to be transferred from the Existing Security Deed.
- 10.2 Without prejudice to the foregoing, the Issuer may consolidate or divide all of the Oil Securities of any class into Oil Securities with a proportionately larger or smaller principal amount and Multiplier. Such consolidation or division shall be effected by deed or instrument supplemental to the Trust Instrument.
- 10.3 Whenever as a result of consolidation of Oil Securities a Security Holder would become entitled to a fraction of an Oil Security, the Company will Redeem such fraction of the relevant Oil Security.

## **11. RESTRICTIONS**

So long as any of the Oil Securities of any class are outstanding, the Issuer covenants in the Trust Instrument, *inter alia*:

- (a) not to incur or permit to subsist in respect of the relevant Pool any indebtedness for borrowed money other than Oil Securities or Further Oil Securities (as defined below), not to incur or permit to subsist other than in respect of the relevant Pool any indebtedness for borrowed money other than a separate class of undated limited recourse secured oil securities in accordance with the provisions of the Trust Instrument and not to give any guarantee or indemnity in respect of indebtedness of any person, save in each case with the prior written consent of the Trustee;
- (b) other than as permitted under the applicable Security Deed, not to dispose of any of the applicable Secured Property or any interest therein, or to create any mortgage, pledge, charge, lien, or other form of encumbrance or security interest or right of recourse in respect thereof in favour of any person;
- (c) not to undertake any business in relation to the relevant Pool save for the issue and Redemption of Oil Securities of the relevant class, the acquisition and disposal of Oil Contracts of the relevant class and entering into the necessary documents and performing its obligations and exercising

its rights thereunder insofar as applicable to the relevant Pool and not otherwise to undertake any business other than the creation of additional Pools for the purposes of creating securities (“**Oil-Related Securities**”) based on different reference prices or having some other different characteristics or being based on some other oil or oil-related product or otherwise substantially similar to the Oil Securities;

- (d) to use reasonable endeavours to ensure that at all times there are at least two Authorised Participants;
- (e) not to issue any Oil Securities of the relevant class unless it has purchased or purchases at the same time Oil Contracts with corresponding terms and in aggregate matching Near Entitlement Next Entitlement and Multiplier;
- (f) not to maintain tax residence inside the UK nor to establish any permanent establishment in the UK;
- (g) to undertake any business in relation to the relevant Pool so as to minimise the impact of taxation thereon; and
- (h) to procure that the relevant Pool is at all times maintained in a manner such that it is readily distinguishable from other Pools.

## **12. FURTHER OIL SECURITIES**

12.1 Power is reserved to the Issuer (without the consent of the Security Holders) to create and issue further Brent-referenced Oil Securities of any class or WTI-referenced Oil Securities of any class or other classes of undated limited recourse secured oil securities (being “**Further Oil Securities**”) constituted by an instrument or deed supplemental to the Trust Instrument and ranking *pari passu* with the Oil Securities of any class and all (if any) other Further Oil Securities of the relevant class and either forming a single series with the Oil Securities of any class and such other Further Oil Securities or a single series therewith save for carrying such rights (including, without limitation, rights as to interest, Redemption and otherwise) as the Issuer may think fit.

12.2 Any additional class of securities may have recourse only to the Pool attributable to that class and not to the assets attributable to the any other Pool. In the event that the Issuer desires to create and issue any separate class of limited recourse secured oil securities (whether New Split Securities (as referred to in Condition 10) or Oil-Related Securities (as referred to in Condition 11(c)), the Trustee may (without the consent of the Security Holders) enter into a deed of priorities with the trustee for the holders of such separate class of limited recourse secured oil securities so that the proceeds of enforcement of the security granted to the Trustee under the Security Deeds would be available only to meet claims of the Security Holders of the relevant class and so that the Security Holders would not share in the proceeds of enforcement of any security granted to secure the obligations of the Issuer in respect of such separate class.

## **13. THE ISSUER’S ABILITY TO REPURCHASE OIL SECURITIES**

There is no restriction on the ability of the Issuer or any of its Affiliates to purchase or repurchase Oil Securities, New Split Securities or Oil-Related Securities.

## **14. LISTING**

The Issuer covenants in the Trust Instrument to use its best endeavours to obtain and, so long as any of the Oil Securities remain outstanding, maintain a listing for the Oil Securities on the official list of the UK Listing Authority and to obtain and maintain a trading facility for the Oil Securities on the London Stock Exchange or, if it is unable to do so having used such best endeavours or if the maintenance of such listing or facility is agreed by the Trustee to be unduly onerous, use its best endeavours to obtain and maintain the quotation or listing of the Oil Securities on such other stock exchange as it may (with the prior written approval of the Trustee) decide.

## **15. 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 Issuer of any of the covenants or provisions of the Trust Instrument or the Security Deeds, or determine that any Defaulted Obligation, Insolvency Event or Oil Company Default under the Trust Instrument or any Security Deed, as the case may be, 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 Oil Company Default or any other breach or proposed breach by the Issuer 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.

## **16. EXERCISE OF DISCRETIONS**

The Trustee may exercise its discretions under the Trust Instrument separately in respect of the Oil Securities of each class, any class of New Split Securities or any class of Oil-Related Securities in issue from time to time, and shall incur no liability for so doing.

## **17. PRESCRIPTION**

The Trust Instrument does not provide for any prescription periods.

## **18. REMOVAL, RETIREMENT AND REPLACEMENT OF TRUSTEE**

The Trustee may retire at any time without assigning any reason upon giving not less than three months' prior written notice to the Issuer. The Security Holders may by Extraordinary Resolution remove any trustee or trustees for the time being of the Trust Instrument.

The Issuer will use its reasonable endeavours to appoint a new Trustee as soon as reasonably practicable after the Trustee retires or is removed.

## **19. GOVERNING LAW AND JURISDICTION**

The Oil Securities, the Trust Instrument and the Security Deeds are governed by the laws of England. Notwithstanding the submission to the jurisdiction of the English courts contained in the Security Deeds, nothing prevents the Trustee from commencing proceedings in any other competent jurisdiction.

## **20. 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.

## **21. AMENDMENTS TO DOCUMENTS**

21.1 Pursuant to the Trust Instrument, the Issuer covenants that it will not amend, vary, modify or supplement any of the following documents without the prior written consent of the Trustee:

- (a) any Oil Purchase Agreement;
- (b) Oil Contracts;
- (c) each Authorised Participant Agreement; and
- (d) any Letter of Credit (together the "**Trustee Consent Documents**").

- 21.2 The Issuer may by supplemental agreement or supplemental deed as applicable, amend the Trust Instrument, the Security Deeds or (without the consent of the Trustee) any of the Trustee Consent Documents if one or more of the following applies:
- (a) in the opinion of the Issuer and the Trustee, the amendment is necessary or desirable and is not materially prejudicial to the rights of Security Holders;
  - (b) in the opinion of the Issuer and the Trustee, the amendment is necessary or desirable to enable the Oil Purchase Agreement to provide for the sale to the Issuer of oil and in the opinion of the Issuer such amendments and/or any related documents provide for adequate custody and settlement arrangements and will not materially prejudice the rights of Security Holders;
  - (c) if the amendment is to substitute as debtor under the Letter of Credit a Substitute Credit Provider;
  - (d) 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 Oil Securities outstanding;
  - (e) the terms of the amendment are necessary or desirable in the opinion of the Issuer and the Trustee to comply with any statutory or other requirement of law (including as modified or applied in any respect to the Oil Securities) or any rules applicable to the listing or trading of the Oil Securities or to rectify any inconsistency, technical defect, manifest error or ambiguity in the terms of such Document; and
  - (f) in the opinion of the Trustee, the amendment is of a formal, minor or technical nature or to correct a manifest or proven error.
- 21.3 The Issuer shall notify all Security Holders of any proposed amendment as referred to in Condition 21.2(a) by publishing a notice on a RIS at least 30 days prior to such amendment becoming effective. The Issuer shall notify all Security Holders of a proposed amendment as referred to in Condition 21.2(b) by publishing a notice on a RIS at least 30 days prior to such amendment becoming effective and by publishing a supplementary prospectus and/or supplementary listing particulars in accordance with section 81 or section 87G of FSMA. The Issuer shall notify all Security Holders of a proposed amendment as referred to in Condition 21.2 (c), (d) and (e) by publishing a notice on a RIS as soon as practicable after such amendment is proposed and, in any event, upon such amendment becoming effective.
- 21.4 Notwithstanding any provision of the Trust Instrument to the contrary, the power to assent to any modification or amendment to the provision of any Trustee Consent Document which modifies the power to amend such Trustee Consent Document shall require a unanimous resolution in writing of holders of the Oil Securities then outstanding.

## **22. NOTICES**

- 22.1 All notices required or permitted to be given to a Security Holder under the Trust Instrument or pursuant to any other Trustee Consent Document shall be made by publication through a RIS.
- 22.2 All notices required to be given by the Issuer to Security Holders under the Trust Instrument or otherwise shall be made in writing, except to the extent that the notice relates to a meeting of Security Holders where, in relation to any shares which are held in Uncertificated Form, the directors may from time to time permit notices of Security Holder meetings to be made by means of an electronic communication in the form of an Uncertificated Notice of Meeting in such form and subject to such terms and conditions as may, from time to time, be prescribed by the directors (subject always to facilities and requirements of CREST) and may in a similar manner permit supplements, or amendments, to any such Uncertificated Notice of Meeting to be made by like means.
- 22.3 All notices required or permitted to be given by Security Holders to the Issuer 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 Issuer by electronic mail to [info@etfsecurities.com](mailto:info@etfsecurities.com) (for the Issuer) or facsimile to +44 1534 825 335 (for the Issuer and/or the Registrar) (or both) and shall be treated as being duly given only upon being actually received by the Issuer or the Registrar, as the case may be.

## **23. PAYMENT PROVISIONS**

### **23.1 Currency**

All monies payable by the Issuer on the Oil Securities shall be paid in US Dollars in full cleared and immediately available funds.

### **23.2 No deduction or withholding**

All monies payable by the Issuer on the Redemption of any Oil Securities shall be paid in full, free and clear of and without any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction or any political subdivision thereof or any authority thereof having power to tax, unless such deduction or withholding is required by law to which the person making the payment is subject.

### **23.3 Payments due on Days other than Payment Business Days**

Where a Day on which a payment would otherwise be due and payable is not a Payment Business Day, such payment shall be due and payable by the payer on the next following Payment Business Day.



## **B. THE SECURITY DEEDS**

The Security Deeds contain, *inter alia*, provisions to the following effect:

### **1. Charge**

- (a) Charge: As continuing security for the payment or discharge of all sums and other liabilities owing by the Issuer to the Trustee as Trustee for the Security Holders or the Security Holders from time to time under each class of Oil Securities, the relevant Trust Instrument or Security Deed, including, without limitation, the Redemption Obligations ("the Secured Liabilities"), the Issuer with full title guarantee has agreed to charges by way of first floating charge to the Trustee for the benefit of the Trustee and the Security Holders all the Issuer's rights, title and interest, present and future, in and to the relevant Secured Property, provided that if the Secured Liabilities shall be irrevocably and unconditionally paid to and received by the Trustee in full, the Trustee shall at the request and cost of the Issuer release or discharge the relevant Secured Property from the Security.
- (b) Assignment by way of Security: The Issuer as further security for the Secured Liabilities has agreed to assign to the Trustee all its present and future rights, title and interest in each Oil Purchase Agreement, provided that unless and until the Security is exercised in accordance with the provisions of the Security Deed, the Issuer may continue to exercise all its powers under the relevant Oil Purchase Agreement in relation to the following matters:
- (i) operational matters expressed in the Oil Purchase Agreement to be at the option, or subject to the discretion, of the Issuer and the relevant Oil Major Company; and
  - (ii) operational matters relating to the day to day management of the creation or redemption of Oil Contracts under the Oil Purchase Agreement that require the agreement of the Oil Major Company and the Issuer, but which do not relate to the payment obligations of either party under the Oil Purchase Agreement,

save that, to the extent that the Trustee's consent is required, it shall be the responsibility of the Issuer to ensure that such consent is received prior to undertaking the matter in question.

### **2. Enforcement**

- (a) The whole of the Security shall become enforceable if (a) a Defaulted Obligation, (b) an Oil Company Default; or (c) 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, the Trustee may at any time:
- (i) after the occurrence of a Defaulted Obligation at its discretion, and shall if so directed in writing by a Security Holder to whom such Defaulted Obligation is owed, the Trustee having first been indemnified and/or secured to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any such obligation of the Issuer under the Trust Instrument and the Security constituted by the relevant Security Deed in respect of the Oil Securities to which the Defaulted Obligation relates;
  - (ii) if an (a) Insolvency Event and/or (b) an Oil Company Default 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 relevant class of Oil Securities then outstanding or an Extraordinary Resolution of the Security Holders of the Oil Securities of that class, the Trustee having first been indemnified and/or secured to its satisfaction, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce any obligations of the Issuer under the Trust Instrument and the Security constituted by the relevant Security Deed in respect of all outstanding Oil Securities of the relevant class; and
  - (iii) where an Insolvency Event and/or an Oil Company Insolvency is occurring at the same time as a Defaulted Obligation, a holder of Oil Securities to whom a Defaulted Obligation is owed will not be entitled to require the Trustee to take action as described in paragraph 2(b)(i) above until the expiry of 30 days from the occurrence of the Insolvency Event and/or Oil Company Insolvency Event, nor shall he be so entitled if, during such period of 30 days, the Trustee has elected, or been required, to take action as described in paragraph 2(b)(ii) above.

## PART 8

### GLOBAL BEARER CERTIFICATES

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

#### Global Bearer Certificate

(non-binding translation)

for

● registered [see Annex 1] [class of] Securities

of

ETFs Oil Securities Limited Ordnance House, 31 Pier Road, St Helier,  
Jersey, Channel Islands, JE4 8PW

divided into securities with a principal amount of USD 5.00 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 [see Annex 1] [class of] Securities (hereinafter referred to as "Notes"), of ETFs Oil Securities Limited, Jersey, Channel Islands, (hereinafter referred to as the "Company") constituted by a Trust Instrument dated 13 July 2005 between the Company and The Law Debenture Trust Corporation p.l.c. as amended (hereinafter referred to as the "Trust Instrument") and secured as described therein and divided into securities with a principal amount of USD 5.00 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 CERTIFICATES

### Conditions of the Certificate (non-binding translation)

1. This Global Bearer Certificate bears the signature of two managing directors, or one managing director and one holder of procuration, of the Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany, (hereinafter referred to as "Clearstream").
2. Each co-owner of this Global Bearer Certificate is entitled to demand at any time from Clearstream the delivery and the registration in the relevant Register of Security Holders in his name or in the name of a third party designated by him of such number of registered ● [see Annex 1] [class of] Securities (hereinafter referred to as "Notes") of ETFS Oil Securities Limited, Jersey, Channel Islands, (hereinafter referred to as the "Company") constituted by a Trust Instrument dated 13 July 2005 between the Company and The Law Debenture Trust Corporation p.l.c. as amended (hereinafter referred to as the "Trust Instrument") and secured as described therein and divided into securities with a principal amount of USD 5.00 each as corresponds to his co-ownership share in this Global Bearer Certificate. Such demand shall be made by the co-owner through his depositary bank to Clearstream, stating to whom the Notes shall be delivered, respectively, the address to which the certificate evidencing the registration shall be mailed by the Registrar.

In addition to the delivery, respectively, transfer fee determined by Clearstream pursuant to § 315 of German Civil Code, the co-owner shall bear any expenses, taxes, fees or duties arising from such delivery resp. transfer and registration.

The co-owners of this Global Bearer Certificate are not entitled to demand delivery of individual bearer certificates out of this Global Bearer Certificate.

3. As a rule, Clearstream shall convey to the co-owner, through his depositary bank and in proportion to his share in the Global Bearer Certificate, all rights arising from the Notes under the laws of England and Jersey Channel Islands.

Payments of capital, interests and/or other amounts due will be passed on by Clearstream to the co-owner. Furthermore, any terms and conditions announced by Clearstream shall apply.

All payments to the co-owner shall be made in EURO, in accordance with the foreign exchange control regulations prevailing at the time, unless the co-owner has in time before the due date demanded payment in USD (United States Dollars).

4. As a rule, Clearstream shall not exercise voting rights arising in a noteholder meeting. On demand, it shall cause a voting proxy to be issued to the co-owner or a third party indicated by him.

The Company has undertaken to publish the agenda of any noteholder meeting as well as the conditions for participating in the meeting and exercising the voting rights before each meeting.

5. Should the issuance of the Global Bearer Certificate be subject at any time to any taxes, fees or duties in the Federal Republic of Germany or in Jersey, Channel Islands, the co-owners shall bear such taxes, fees or duties in proportion to their shares in the Global Bearer Certificate.

Clearstream is entitled to divide among all co-owners in proportion to their co-ownership shares in the Global Bearer Certificate all taxes, fees and duties to which it may at any time be subject in the Federal Republic of Germany or in Jersey, Channel Islands, by the mere fact that it is holding the Notes.

6. If for any reason the Notes should be replaced by other notes or some other valuable, the co-owner's right to the Notes shall convert into a right to the relevant substitutes. In such event these Conditions shall apply *mutatis mutandis*.

7. Clearstream is entitled to substitute another entity for Citibank N.A., London, England, (hereinafter referred to as "Custodian") in its function as Custodian or Vidacos Nominees Limited, London, England, (hereinafter referred to as "Nominee") in its function as Nominee. In such

event, Clearstream shall not be responsible for more than careful selection. This does not affect Clearstream's right to assume itself the functions of the Custodian or the Nominee. In the case where the Custodian or the Nominee are replaced, any reference to the Custodian or the Nominee in these Conditions shall be deemed to refer to the new Custodian or Nominee.

8. Should the Notes become good delivery on German stock exchanges in a way which would not require Clearstream's assistance in the present form or should the admission of the Notes in the form of (co-ownership) shares in the Global Bearer Certificate to trading and official quotation on German stock exchanges be withdrawn, Clearstream shall request from the co-owners instructions, as provided for in Clause 2. paragraph 1 above. Should such instructions not be given within 3 months from the publication of the relevant request, Clearstream shall be entitled, at its discretion, to arrange for registration of the Notes in the name of the co-owner or a third party designated in its request and to deposit the relevant Notes at the co-owner's risk and expense with a 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.

#### **Annex 1**

Annex 1 may be amended from time to time if additional classes of Notes are issued by ETFS Oil Securities Limited under its multi-class Programme.

<b>Class</b>	<b>Original ISIN (of the Note)</b>	<b>Principal Amount</b>
Brent 1mth Oil	GB00B0CTWC01	USD 5.00
WTI 2mth Oil	GB00B0CTWK84	USD 5.00

#### **Global Bearer Certificates and Text of their Conditions**

Annex 1 to this document contains the model form of the Global Bearer Certificates and Annex 2 to this document contains the text of the Conditions of the Global Bearer Certificates which apply to each Global Bearer Certificate, in each case in the German language. The English version of the model form of the Global Bearer Certificates and the text of the Conditions of the Global Bearer Certificates set out above are direct translations of the German versions contained in Annexes 1 and 2 to this document.

## PART 9

### PARTICULARS OF SHELL TRADING SWITZERLAND AND SHELL TREASURY

#### Shell Trading Switzerland

Shell Trading Switzerland was incorporated in Switzerland with the name Shell Trading Switzerland AG in accordance with the provisions of the Swiss Code of Obligations on 11 April 2005 (with company number CH-170.3.028.260-0) and is a wholly owned subsidiary of Shell Overseas Holdings Limited which is itself a wholly owned member of the Shell Group. Shell Trading Switzerland's registered office is at Baarermatte, 6340 Baar, Switzerland (Tel: +41 41 769 4444) and it has a paid up share capital of 100,000 Swiss Francs. It currently has no holdings or interest in any other companies and carries on no activities other than the entering into of Oil Contracts with the Issuer and ancillary finance and hedging arrangements with other members of the Shell Group to facilitate the performance of its obligations under the Oil Purchase Agreement.

The directors of Shell Trading Switzerland are:

<b>Name and business address:</b>	<b>Function:</b>	<b>Other principal activities:</b>
Wolfgang Mende 80 Strand London WC2R 0ZA England	Director	Executive Vice President Finance Trading Shell International Trading and Shipping Company Limited
Iris Monteil Baarermatte 6340 Baar Switzerland	Director	Legal Adviser
Lorenz Burkart Baarermatte 6340 Baar Switzerland	Director	Country Controller

There has been no significant change in the financial or trading position or material adverse change in the prospects of Shell Trading Switzerland since 31 December 2007.

Shell Trading Switzerland is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Shell Trading Switzerland is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of Shell Trading Switzerland. Shell Trading Switzerland has no subsidiaries.

The following contracts (not being contracts entered into in the ordinary course of its business) have been entered into by Shell Trading Switzerland which could result in Shell Trading Switzerland being under an obligation or entitlement that is material to Shell Trading Switzerland's ability to meet its obligations to the Issuer:

- (a) the Oil Purchase Agreement dated 13 July 2005, amended and restated by agreement dated 24 April 2006 and amended and restated by further agreement dated 19 July 2007 between the Issuer and Shell Trading Switzerland;
- (b) a deed of undertaking dated 13 July 2005 and amended and restated by agreement dated 24 April 2006 between Shell Trading Switzerland, Shell Treasury and Citigroup Global Markets Limited;
- (c) a deed of undertaking dated 13 July 2005 and amended and restated by agreement dated 24 April 2006 between Shell Trading Switzerland, Shell Treasury and UBS AG, London Branch;
- (d) a deed of undertaking dated 18 May 2006 between Shell Trading Switzerland, Shell Treasury and Fortis Bank Global Clearing N.V.;

- (e) a deed of undertaking dated 14 July 2006 between Shell Trading Switzerland, Shell Treasury and Morgan Stanley & Co. International plc;
- (f) a deed of undertaking dated 15 January 2007 between Shell Trading Switzerland, Shell Treasury and Barclays Capital Securities Limited;
- (g) a deed of undertaking dated 9 February 2007 between Shell Trading Switzerland, Shell Treasury and ABN-AMRO Bank N.V., London Branch;
- (h) a deed of undertaking dated 3 April 2007 between Shell Trading Switzerland, Shell Treasury and Bayerische Hypo- und Vereinsbank AG.;
- (i) a deed of undertaking dated 7 April 2008 between Shell Trading Switzerland, Shell Treasury and Merrill Lynch International; and
- (j) two “Other Adjustment Agreements” between the Issuer and Shell Trading Switzerland dated 24 April 2006 described under the heading “Other Adjustment” in Part 1 (*General*) as amended by an Amendment and Restatement Agreement dated 20 July 2007.

In addition, Shell Trading Switzerland has entered into arrangements with other members of the Shell Group to assist with its financial liquidity and its exposure to the Oil market through the Oil Contracts. Amounts payable to Shell Trading Switzerland in respect of the creation of Oil Contracts are treated as liabilities of Shell Trading Switzerland to the Issuer on Shell Trading Switzerland’s balance sheet, but the cash is deposited by way of short term loans with Shell Finance Netherlands BV, and further lent by that entity to Shell Treasury. Upon each creation of an Oil Contract, Shell Trading Switzerland enters into a contract for differences with one or other of: (i) Shell International Trading and Shipping Company Limited acting on behalf of Shell Trading International Limited; or (ii) Shell Trading (US) Company, in respect of the entire Oil price risk generated by an Oil contract.

Upon redemption of an Oil Contract, Shell Trading Switzerland will source the necessary funds to meet its redemption payments from a combination of: (i) a working capital overdraft facility presently from Shell Treasury Centre Limited; and (ii) settlement of the corresponding contract for differences with Shell International Trading and Shipping Company Limited or Shell Trading (US) Company, as the case may be.

Each of these arrangements is subject to variation and/or replacement from time to time at the instigation of Shell Trading Switzerland and Shell Treasury.

#### *Conflicts of Interest*

There are no potential conflicts of interest between the duties which the directors and/or members of the administrative, management and supervisory bodies of Shell Trading Switzerland owe to Shell Trading Switzerland, and their private interests and/or other duties which they have.

#### **Shell Treasury**

Shell Treasury was incorporated and registered in England and Wales pursuant to the Companies Act 1985 on 17 November 1997 with company number 3469401 and is a wholly-owned subsidiary of The Shell Petroleum Company Limited which is itself a wholly-owned member of the Shell Group. Shell Treasury’s registered office is at Shell Centre, London, SE1 7NA (Tel: 020 7934 1234), and it has an authorised share capital of US\$1,600,001,000 of which US\$1,000,001,000 is paid up.

The directors of Shell Treasury are:

<b>Name and business address:</b>	<b>Function:</b>	<b>Other principal activities:</b>
K Dawson	Director	Managing Counsel, UK Finance and Treasury Legal
K Toh	Director	Head of Intra Group Financing, Shell Group
G Janssens	Director	VP Corporate and U.K. Country Controller
C Clabots	Director	Tax Manager Corporate Structure

The business address for each of which is:

Shell Centre  
London SE1 7NA  
England

Shell Treasury manages the Shell Group's US Dollar currency flows in the United Kingdom and makes long-term investments in companies in the Shell Group principally in the form of loans or the purchase of such members' debt securities. Shell Treasury holds the US Dollar element of the Shell Group central funds, including US Dollar surplus cash, and it provides US Dollar loans (or loans hedged into US Dollars) to other entities in the Shell Group; such loans may include a short-term element. It also provides US Dollar financing to other treasury companies in the Shell Group. Shell Treasury has agreed to provide credit support to Shell Trading Switzerland in respect of its rights and obligations under the Oil Purchase Agreement (see Part 5 (*Description of the Oil Purchase Agreement and Oil Contracts*) under the heading "Letter of Credit" for further details).

Shell Treasury takes long term US Dollar deposits (or deposits hedged in US Dollars) from other entities in the Shell Group, and short-term US Dollar deposits (or deposits hedged in US Dollars) that are not handled by other treasury companies in the Shell Group.

There are a number of entities in the Shell Group which perform treasury functions on behalf of the Shell Group as a whole. These treasury companies effectively act as an in-house bank for entities in the Shell Group and pursuant to this function have access to the Shell Group's committed banking facilities of US\$2.5 billion and to a total available amount of up to US\$45 billion through the Shell Group's commercial paper and medium term note programmes. Money raised by the treasury companies through these programmes is then on-lent to other entities in the Shell Group. Money raised by the relevant treasury companies through these programmes may then be on-lent to other entities in the Shell Group including the entities referred to above. Owing to the nature of Shell Treasury's role within the Shell Group, as mentioned above, it has a number of relationships with other companies in the Shell Group, including through loans or deposits from such companies, but does not have a dependence on any of them.

There has been no significant change in the financial or trading position or material adverse change in the prospects of Shell Treasury since 31 December 2006.

Shell Treasury is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Shell Treasury is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of Shell Treasury.

Shell Treasury has no subsidiaries.

The following contracts (not being contracts entered into in the ordinary course of its business) have been entered into by Shell Treasury which could result in Shell Treasury being under an obligation or entitlement that is material to Shell Treasury's ability to meet its obligations to the Issuer:

- (a) Letter of Credit dated 13 July 2005 issued in favour of the Issuer in support of Shell Trading Switzerland's obligations under the Oil Purchase Agreement as confirmed by deeds of confirmation executed by Shell Treasury dated 24 April 2006 and as further amended by a Deed of Confirmation dated 20 July 2007;
- (b) a deed of undertaking dated 13 July 2005 and amended and restated by agreement dated 24 April 2006 between Shell Trading Switzerland, Shell Treasury and Citigroup Global Markets Limited;
- (c) a deed of undertaking dated 13 July 2005 and amended and restated by agreement dated 24 April 2006 between Shell Trading Switzerland, Shell Treasury and UBS AG, London Branch;
- (d) a deed of undertaking dated 18 May 2006 between Shell Trading Switzerland, Shell Treasury and Fortis Bank Global Clearing N.V.;
- (e) a deed of undertaking dated 14 July 2006 between Shell Trading Switzerland, Shell Treasury and Morgan Stanley & Co. International Limited;

- (f) a deed of undertaking dated 15 January 2007 between Shell Trading Switzerland, Shell Treasury and Barclays Capital Securities Limited;
- (g) a deed of undertaking dated 9 February 2007 between Shell Trading Switzerland, Shell Treasury and ABN-AMRO Bank N.V., London Branch;
- (h) a deed of undertaking dated 3 April 2007 between Shell Trading Switzerland, Shell Treasury and Bayerische Hypo- und Vereinsbank AG; and
- (i) a deed of undertaking dated 7 April 2008 between Shell Trading Switzerland, Shell Treasury and Merrill Lynch International Limited.

#### *Conflicts of Interest*

All of the directors of Shell Treasury have directorships in other companies wholly-owned by the Shell Group. In particular, one of the directors is also a director of Shell Finance (Netherlands) B.V. It is possible that the duties which these directors owe to Shell Treasury may potentially conflict with their duties owed to other companies. In respect of potential conflicts of interest that may arise in the future, it is not expected that any actual conflict of interest would arise in practice. Other than as described above, there is no conflict of interest between any duties which the members of the board of directors of Shell Treasury owe to Shell Treasury, and their private interests or other duties.

#### **Shell Group**

Royal Dutch Shell plc ("RDS") became the single parent company of N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company) ("Royal Dutch") and the "Shell" Transport and Trading Company plc ("Shell Transport") as a result of the unification transaction described below. Since 1907, Royal Dutch and Shell Transport have been the parent companies of a group of companies known collectively as the Royal Dutch/Shell Group (now known as the Shell Group). The companies of the Shell Group are engaged worldwide in all the principal aspects of the oil and natural gas industry.

On 20 July 2005 RDS became the parent company of Royal Dutch and Shell Transport upon the consummation of (i) an exchange offer under Dutch law by RDS for the outstanding shares of Royal Dutch and (ii) a scheme of arrangement under English law involving Shell Transport and its shareholders.

RDS was incorporated in England and Wales under the Companies Act 1985 on 5 February 2002 as a private company limited by shares. On 27 October 2004 it re-registered as a public company limited by shares and changed its name to Royal Dutch Shell plc.

#### **The Shell Group and the Issuer**

The Shell Group have decided to consolidate the Issuer within the accounts for the Shell Group. In reaching such a decision, the Shell Group will rely solely on the circumstances of the relationship between members of the Shell Group and the Issuer as described in this Prospectus and upon no other fact or circumstance. Notwithstanding the previous statement, neither Shell Trading Switzerland nor any other member of the Shell Group exercises any form of control over the Issuer nor does any one of them hold any direct or indirect ownership interest in the Issuer.

#### **Financial Information on Shell Treasury**

##### *Basis of financial information*

PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors of 1 Embankment Place, London WC2N 6RH, UK has issued unqualified audit opinions on the financial statements of Shell Treasury which have been sent for filing to the Registrar of Companies for each of the two years ended 31 December 2005 and 2006.

The annual reports of Shell Treasury for the years ended 31 December 2005 and 2006, including the financial statements of Shell Treasury for those years and the directors' and auditors' reports thereon, are reproduced at the end of the 2007 Prospectus (under the heading "Financial Information on Shell Treasury") and incorporated herein by reference. References to page numbers therein are to the page numbers in the original signed reports.



## **Financial Information on Shell Trading Switzerland**

### *Basis of financial information*

PricewaterhouseCoopers AG, has issued an unqualified audit opinion on the financial statements of Shell Trading Switzerland for each of the periods ended 31 December 2006 and 31 December 2007.

The annual report of Shell Trading Switzerland for the period from 1 January 2007 to 31 December 2007, including the financial statements of Shell Trading Switzerland for that period and the report of the statutory auditors thereon, as published by the Issuer through the Regulatory News Service of the London Stock Exchange plc on 9 June 2008, is incorporated in this document by reference and is available at the Issuer's website at [www.etfsecurities.com/osl](http://www.etfsecurities.com/osl) and at the registered office of the Issuer as set out in paragraph 14 of Part 10 (Additional Information). The annual report of Shell Trading Switzerland for the period from 1 January 2006 to 31 December 2006, including the financial statements of Shell Trading Switzerland for that period and the report of the statutory auditors thereon, is reproduced at the end of the 2007 Prospectus (under the heading "Financial Information on Shell Trading Switzerland") and incorporated herein by reference.

The financial statements of Shell Trading Switzerland are prepared in accordance with Swiss statutory accounting law as prescribed by the Swiss Code of Obligations (the "Swiss Statutory Accounting Rules"). These accounting rules differ in significant respects from International Financial Reporting Standards (IFRS), which are the standards that are applied in the consolidated financial statements prepared by Royal Dutch Shell PLC, the parent company of the Shell Group of which Shell Trading Switzerland is a wholly owned subsidiary. Shell Trading Switzerland itself is not required to and does not produce its own consolidated financial statements. It should therefore be recognised that there are significant differences between the financial information contained in the financial statements of Shell Trading Switzerland and the consolidated financial statements of the Shell Group, which differences may be attributable to differences between the applicable Swiss Statutory Accounting Rules and IFRS, the effects of consolidation on the financial statements of the Shell Group or other factors. For a discussion of significant differences between the Swiss Statutory Accounting Rules and IFRS, see "Summary of Significant Differences between Swiss Statutory Accounting Rules and International Financial Reporting Standards (IFRS)" on pages 169 to 171 (inclusive) of the 2007 Prospectus, which is incorporated herein by reference. Investors should, however, be particularly aware that the Swiss Statutory Accounting Rules do not contain an equivalent requirement to the IFRS obligation for financial statements to provide a true and fair view of the relevant company's financial position. Consequently, the financial statements should not be read in isolation without awareness of the particular requirements of the Swiss Statutory Accounting Rules.

## PART 10

### ADDITIONAL INFORMATION

#### 1. INCORPORATION AND SHARE CAPITAL

- (a) The Issuer was incorporated as a private limited company in Jersey on 20 August 2004 under the Companies (Jersey) Law 1991 (as amended) (the “Law”) and changed status to a public company on 8 July 2005 pursuant to a written resolution of the Issuer dated 8 July 2005. The Issuer changed its name from Oil Securities Limited to ETFS Oil Securities Limited by a special resolution dated 14 July 2006. The Issuer operates under the Law and secondary legislation made thereunder. The Issuer is registered in Jersey under number 88371. The Issuer is authorised to issue an unlimited number of no par value shares of one class designated as Ordinary Shares of which 1,000 Ordinary Shares of no par value have been issued.
- (b) The Issuer does not have any subsidiary undertakings.
- (c) All of the Issuer’s issued ordinary shares are owned by ETFSL.
- (d) There has been no material adverse change in the financial or trading position or prospects of the Issuer since 31 December 2007.

#### 2. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer and are or may be material or have been entered into at any time by the Issuer and (not being contracts entered into in the ordinary course of business) contain provisions under which the Issuer has an obligation or entitlement which is or may be material to the Issuer as at the date of this document:

- (a) the Trust Instrument dated 13 July 2005, the supplemental Trust Instrument dated 24 April 2006 and the supplemental Trust Instrument dated 20 July 2007, a summary of the principal terms of which is set out in Part 7 (*Particulars of the Oil Securities*);
- (b) the following Security Deeds, a summary of the principal terms of which are set out in Part 7 (*Particulars of the Oil Securities*);
  - the Brent 1mth Security Deed dated 13 July 2005;
  - the Brent 1yr Security Deed dated 20 July 2007;
  - the Brent 2yr Security Deed dated 20 July 2007;
  - the Brent 3yr Security Deed dated 20 July 2007;
  - the WTI 2mth Security Deed dated 13 July 2005;
  - the WTI 1yr Security Deed dated 20 July 2007;
  - the WTI 2yr Security Deed dated 20 July 2007; and
  - the WTI 3yr Security Deed dated 20 July 2007.
- (c) the Oil Purchase Agreement dated 13 July 2005 as amended and restated by agreement dated 24 April 2006 and as further amended and restated by agreement dated 20 July 2007 between the Issuer and Shell Trading Switzerland, a summary of the principal terms of which are set out in Part 5 (*Description of the Oil Purchase Agreement and the Oil Contracts*);
- (d) an “Other Adjustment Agreement” dated 24 April 2006 as amended and restated by agreement dated 20 July 2007 between the Issuer and Shell Trading Switzerland, a summary of the principal terms of which are set out in Part 5 (*Description of the Oil Purchase Agreement and the Oil Contracts*);

- (e) eight Authorised Participant Agreements made between (i) the Issuer and Citigroup Global Markets Limited dated 24 April 2006; (ii) the Issuer and Fortis Bank Global Clearing N.V. dated 18 May 2006; (iii) the Issuer and Morgan Stanley & Co. International plc dated 7 June 2006; (iv) the Issuer and UBS AG, London Branch, dated 24 April 2006; (v) the Issuer and Barclays Capital Securities Limited, dated 11 December 2006; (vi) the Issuer and ABN-AMRO Bank N.V., London Branch, dated 29 January 2007; (vii) the Issuer and Bayerische Hypo- und Vereinsbank AG dated 19 February 2007; and (viii) the Issuer and Merrill Lynch International dated 1 February 2008, a summary of the principal terms of which is set out under the heading “*Authorised Participants*” in Part 4 (*Description of the Oil Securities*) and in paragraph 3 below;
- (f) the Business Development Agreement, a summary of the principal terms of which is set out in Part 5 (*Description of the Oil Purchase Agreement and the Oil Contracts*);
- (g) a Letter of Credit relating to Shell Trading Switzerland’s obligations under the Oil Purchase Agreement dated 13 July 2005 and issued by Shell Treasury in favour of the Issuer, a summary of the principal terms of which are set out in Part 5 (*Description of the Oil Purchase Agreement and the Oil Contracts*). Shell Treasury executed deeds of confirmation dated 24 April 2006 and 20 July 2007 irrevocably confirming that the Letter of Credit remained in full force and effect notwithstanding amendments to other documents;
- (h) a Service Agreement dated 13 July 2005 as amended by an amendment agreement dated 20 July 2007 between the Issuer and ETFSL, a summary of the principal terms of which is set out in Part 1 (*General*); and
- (i) the NYMEX Licence, a summary of the principal terms of which is set out in paragraph 4 below.

### **3. AUTHORISED PARTICIPANT AGREEMENTS**

The Authorised Participants, as at the date of this document, are the persons who have entered into an Authorised Participant Agreement with the Issuer as described in paragraph 2(e) above.

Pursuant to the terms of the Authorised Participant Agreements, each Authorised Participant has represented, warranted and undertaken to the Issuer that neither it nor any of its Affiliates (including any person acting on behalf of the Authorised Participant or any of its Affiliates):

- (a) has offered or sold and will not offer or sell Oil Securities within the United States or to US Persons, whether on or after the relevant Creation Date;
- (b) has engaged or will engage in any “directed selling efforts” (as defined by Regulation S under the United States Securities Act of 1933, as amended) with respect to Oil Securities; and
- (c) will permit Oil Securities to be offered to, sold to, or purchased by persons resident for income tax purposes in Jersey (other than financial institutions in the normal course of business).

Each Authorised Participant has further represented, warranted and undertaken that:

- (d) it will comply (and procure compliance) with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Oil Securities or has in its possession or distributes offering material, in all cases at its own expense;
- (e) in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), it has not made and will not make an offer of Oil Securities to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Oil Securities to the public in that Relevant Member State:
  - (i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a Prospectus in relation to those Oil Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

- (ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (iii) at any time to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, each as shown in its last annual or consolidated accounts; or
- (iv) at any time in any other circumstances which do not require the publication by the Issuer of a Prospectus pursuant to Article 3 of the Prospectus Directive;

and for the purposes of this provision, the expression an “offer of Oil Securities to the public” in relation to any Oil Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Oil Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Oil Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State;

- (f) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received by it in connection with the issue or sale of any Oil Securities in circumstances in which section 21(1) FSMA does not apply to the Issuer or any Affiliate of the Issuer;
- (g) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Oil Securities in, from or otherwise involving the United Kingdom; (subparagraphs 3(a) to 3(g) together shall be referred to as the “Selling Restrictions”); and
- (h) it is an Authorised Person, an Exempt Person or an Overseas Person and is a participant of CREST and will maintain any such registrations, qualifications and membership in good standing and in full force and effect throughout the terms of the Authorised Participant Agreement.

Each Authorised Participant has agreed to indemnify and hold the Issuer harmless if the Issuer, or its direct or indirect Affiliates, or their respective directors, officers, employees and agents suffers any loss, liability, damages, costs or expenses (including legal fees) incurred by such party, as a result of or in connection with any breach by the Authorised Participant of any of the Selling Restrictions.

The Authorised Participant Agreement of the Authorised Participants may be terminated by either party at any time upon thirty days’ prior written notice to the other parties.

The Issuer may enter into agreements with institutions to act as Authorised Participants and/or market-makers which may include commitments to make markets on varying terms, but which may include commitments to maintain particular maximum spreads and minimum lot sizes.

#### **4. NYMEX LICENCE**

The Issuer and ETFSL have entered into a licence agreement with NYMEX (the “Licence Agreement”) pursuant to which the Issuer and ETFSL have been granted the right to use, reproduce and publish the settlement prices for the WTI Relevant Month Contracts. The Issuer has entered into a market data agreement with NYMEX (the “Market Data Agreement”) pursuant to which it is permitted to post on its website delayed intra-day and settlement pricing for the WTI Contracts. A fee is payable by ETFSL to NYMEX under the Licence Agreement. The Licence Agreement has a minimum term of five years but may be terminated earlier for non-payment of the fee or other breaches of the agreement by the Issuer or ETFSL.

## 5. ISIN of the Oil securities

Eight classes of Oil Securities are offered pursuant to this Prospectus. The ISINs and Principal Amounts of the Oil Securities are:

Class of Oil Security	ISIN	Principal Amount
Brent 1mth	GB00B0CTWC01	US\$5.00
Brent 1yr	JE00B1YN4R61	US\$5.00
Brent 2yr	JE00B1YNWG12	US\$5.00
Brent 3yr	JE00B1YP7409	US\$5.00
WTI 2mth	GB00B0CTWK84	US\$5.00
WTI 1yr	JE00B1YYPB605	US\$5.00
WTI 2yr	JE00B1YYPB712	US\$5.00
WTI 3yr	JE00B1YYPB936	US\$5.00

## 6. UK TAXATION

### (a) General

The following paragraphs summarise certain limited aspects of the UK taxation treatment of holding Oil 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 (other than sub-paragraph (f) (*The European Savings Directive*)) relate only to Security Holders who are the absolute beneficial owners of their Oil Securities and within the charge to UK corporation tax. 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 one or more Oil Securities (whether or not pursuant to the Programme), particularly if that person is subject to taxation in any jurisdiction other than the UK, is strongly recommended to consult their independent professional advisers immediately.

### (b) The Issuer

The Directors intend that the affairs of the Issuer will be managed and conducted so that it is and will remain resident in Jersey at all times and that it will not become resident in the UK for UK taxation purposes. Accordingly, provided that the Issuer is so resident and provided that the Issuer does not carry on a trade in the UK through a permanent establishment situated therein for UK taxation purposes, the Issuer will not be subject to UK corporation tax on income and capital gains arising to it. The Directors intend that the affairs of the Issuer are conducted so that no such permanent establishment will arise insofar as this is within their control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment coming into being will at all times be satisfied.

### (c) Withholding Tax

No redemption payments made by the Issuer to Security Holders in respect of the Oil Securities are required to be made under deduction or withholding for or on account of UK tax.

### (d) Corporation Tax on income and gains

In general, a Security Holder which is subject to UK corporation tax will be treated for tax purposes as realising profits, gains or losses in respect of the Oil Securities on a basis reflecting the treatment in its statutory accounts, calculated in accordance with the Security Holder's authorised accounting method. These profits or losses (which will include any profits or losses on a disposal or redemption of Oil Securities and which may include fluctuations in value relating to foreign exchange gains and losses) will be treated as income profits or losses for the purposes of a Security Holder's corporation tax computation.

### (e) Stamp Duty and Stamp Duty Reserve Tax ('SDRT')

Provided the Register is not kept by or on behalf of the Issuer in the UK, neither UK stamp duty nor UK SDRT will be payable on the issue or the subsequent transfer of, or agreement to transfer, an Oil Security in Uncertificated Form.

In the case of Oil Securities held in Certificated Form, provided (i) the Register is not kept by or on behalf of the Issuer in the UK; (ii) any instrument of transfer is not executed in the UK; and (iii) any instrument of transfer does not relate to anything to be done in the UK, neither UK stamp duty nor UK SDRT will be payable on the redemption or transfer of an Oil Security.

The issue of an Oil Security will not give rise to UK stamp duty or UK SDRT.

#### **(f) The European Saving 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 in relation to Oil Securities include a UK broker effecting the sale of Oil Securities.

Oil Securities are undated secured limited recourse debt obligations of the Issuer. However, as no return in respect of Oil Securities (whether in the form of cash on 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.

## **7. JERSEY TAXATION**

### **(a) Current Position**

The Issuer has obtained “exempt company” status within the meaning of Article 123A of the Income Tax (Jersey) Law 1961 (the “**Jersey Income Tax Law**”) for the calendar year ended 31 December 2008.

The retention of exempt company status is conditional upon the Jersey Comptroller of Income Tax being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Jersey Comptroller of Income Tax, and disclosure of beneficial ownership being made to the Jersey Financial Services Commission.

While the Issuer remains an exempt company and such status continues to be available, it will be regarded as not resident in Jersey under the Jersey Income Tax Law, and accordingly:

- (i) the Issuer will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts);
- (ii) Security Holders (other than residents of Jersey) should not be subject to any tax in Jersey in respect of the holding, sale, redemption or other disposition of Oil Securities; and
- (iii) redemption payments will not be subject to withholding for or on account of Jersey tax.

### **(b) Position from 1 January 2009**

Amendments have been made to the Jersey Income Tax Law that will have the following effects from 1 January 2009:

- (i) exempt company status will cease to be available to the Issuer;
- (ii) the Issuer will be regarded as resident in Jersey under the Jersey Income Tax Law, but (being neither a financial services company nor a specified utility company under the Jersey Income Tax Law at the date of this Prospectus) will be subject in Jersey to income tax at a rate of 0 per cent.; and
- (iii) the treatment of Security Holders and redemption payments (as described in paragraphs (b)(ii) and (b)(iii) above) should not be affected by the amendments to the Jersey Income Tax Law.

### **(c) 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 Metal Securities. In the event of the death of an individual sole holder of Oil Securities, duty at rates of up to 0.75 per cent of the value of the Oil Securities held may be payable in Jersey on a grant of probate or letters of administration which may be required in order to transfer or otherwise deal with Oil Securities held by the deceased individual sole holder thereof.

### **(d) The European Saving Directive**

As part of an agreement reached in connection with the EU directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and the Issuer's understanding of the current practice of the Jersey tax authorities (and subject to the transitional arrangements described above), the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of redemption payments made by it.

## **8. NETHERLANDS TAXATION**

### **(a) General**

The information set out below is a summary of certain material Dutch tax consequences of the acquisition, ownership and disposition of Oil 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 Oil 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 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 Oil Securities should consult their own tax advisers as to the Dutch or other tax consequences of the purchase, holding and disposition of Oil 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. This summary assumes that the Issuer is not a tax resident nor deemed to be a tax resident of The Netherlands. This summary does not address the tax consequences for holders of Oil Securities that hold an interest of 5 per cent. or more of the Oil Securities or any class of the Oil Securities.

### **(b) Withholding tax**

Payments of the Issuer with regard to the Oil Securities will be free from Dutch withholding tax 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 Oil Securities, who:

- (i) is an individual and for whom the income or capital gains derived from Oil 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 not subject to or is exempt, in whole or in part, from Dutch corporate income tax;
- (iii) is an investment institution (beleggingsinstelling) as defined in the Dutch Corporate Income Tax Act 1969.

### *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 Oil Securities is subject to Dutch income tax on income and/or capital gains derived from Oil Securities at the progressive rate (up to 52 per cent.) if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise Oil Securities are attributable; or
- (ii) the holder derives income or capital gains from Oil Securities that are taxable as benefits from “miscellaneous activities” (*resultaat uit overige werkzaamheden*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Oil 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 Oil Securities. The deemed return amounts to 4 per cent. of the average value of the holder’s net assets in the relevant financial year (including Oil Securities) insofar as that average exceeds the exempt net asset amount (*heffingvrij vermogen*). The deemed return is taxed at a flat rate of 30 per cent.

#### 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 Oil Securities. The Dutch corporate income tax rate is 20 per cent. for the first Euro 40,000 of taxable income, 23.5 per cent. for the taxable income exceeding Euro 40,000 but not exceeding Euro 200,000 and 25.5 per cent. for the taxable income exceeding Euro 200,000 (rates for 2008).

### *Non-Residents of The Netherlands*

A person who is not a Dutch Resident Individual or Dutch Resident Entity (a “**Non-Dutch Resident**”) who holds Oil Securities is generally not subject to Dutch income or corporate income tax on income and capital gains derived from Oil 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, Oil 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 Oil Securities that are taxable as benefits from “miscellaneous activities” in The Netherlands (*resultaat uit overige werkzaamheden in Nederland*); 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 through an employment contract, to which enterprise Oil Securities or payments in respect of Oil Securities are attributable.

If a holder of an Oil 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 an Oil 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 an Oil 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 Oil Securities by way of gift by or on the death of a holder who neither is nor is deemed to be a resident of The Netherlands, for the purpose of the relevant provisions, unless:

- (i) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of The Netherlands for the purpose of the relevant provisions;
- (ii) Oil Securities are attributable to an enterprise or part of an enterprise which is carried on through a permanent establishment or a permanent representative in The Netherlands; or
- (iii) the holder of such Oil Securities is entitled to a share in the profits of an enterprise effectively managed in The Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise such Oil Securities are attributable.

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 who is not of Dutch nationality will 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.

For purposes of Dutch gift estate and inheritance tax, if an individual transfers Oil Securities by way of a gift while he is not and is not deemed to be a resident of The Netherlands and dies within 180 days after the date of such gift, while being resident or deemed to be resident in The Netherlands, such Oil Securities are construed as being transferred on the death of such holder.

**(e) Value added tax**

No Netherlands value added tax will be payable by a holder of Oil Securities in consideration for the issue of Oil Securities.

**(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 an Oil Security in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of The Netherlands) of rights under the Oil Securities.

**(g) 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 Oil Securities include a broker effecting the sale of Oil Securities on a stock exchange or market.

Oil Securities are undated secured limited recourse debt obligations of the Issuer. However, as no return in respect of Oil Securities (whether in the form of cash on redemption, or as a result of trading on the London Stock Exchange or Euronext Amsterdam or any other stock exchange or market) should constitute a payment of interest for the purposes of the Directive (save possibly in cases in which an amount received upon redemption or trading of an Oil Security would exceed the Price per Oil Security

on the applicable Pricing Day), it is not envisaged that Security Holders or their paying agents will be within the scope of the Directive.

## 9. TAXATION IN GERMANY

### (a) General

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

There is some uncertainty as to whether the German tax authorities and/or tax courts will treat the Oil Securities as debt instruments or as speculative certificates.

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

### (b) Taxation as speculative certificates

The issuer believes that the Oil Securities should be treated for German tax law purposes as speculative certificates rather than as debt instruments (financial innovation – *Finanzinnovation*). Treatment for German tax law purposes as financial innovations requires that either repayment of the investment or a capital income therefrom will be granted or carried out. Since the Oil Securities do not confer the right to any capital income and, in general a holder of Oil Securities is not entitled to require the redemption of Oil Securities (except where there are no Authorised Participants, only Authorised Participants have that right), these requirements are not satisfied and therefore the Issuer believes that the appropriate treatment of the Oil Securities for German tax law purposes should be as speculative certificates.

If the German tax authorities and/or tax courts do treat the Oil Securities as speculative certificates as the Issuer believes they should, any capital gains from the sale or redemption of the Oil Securities by German individual investors would be subject to German personal income tax and solidarity surcharge thereon only if the Oil Securities were redeemed or sold within one year after purchase thereof. If the investor has purchased more than one Oil Security at different times, the Oil Securities first purchased will be deemed to be first sold. Capital gains are fully subject to German income tax if solely or together with capital gains from other speculative instruments (*Gewinne aus privaten Veräußerungsgeschäften*) have reached an amount of EUR 512 or more in one calendar year. Capital gains from speculative investments below this threshold are tax-free. Tax losses realised in such one year period can be set off only against capital gains on other speculative instruments (*Gewinne aus privaten Veräußerungsgeschäften*). If German individual investors hold Oil Securities for longer than one year, capital gains from the sale or the redemption thereof are tax-free, but losses are not tax-deductible (please note that in this case capital gains might be subject to the flat tax described below).

If the Oil Securities are held as business assets (*Betriebsvermögen*), all capital gains from the sale or redemption of the Oil Securities by German investors 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.

German withholding tax should not be imposed on any income or gains arising on the Oil Securities.

### (c) Taxation as debt instruments

As referred to above, the Issuer believes the Oil Securities should be treated as speculative certificates. Nevertheless, the Issuer cannot be certain that the German tax authorities and/or tax courts will not treat the Oil Securities as debt instruments rather than as speculative certificates.

If the German tax authorities and/or tax courts do, notwithstanding the principles referred to above, treat the Oil Securities as debt instruments, German individual investors and German corporate investors would be subject to German personal or corporate income tax and solidarity surcharge on any payment made in respect of the Oil Securities. Such income would also be subject to German trade tax if the Oil Securities are held as assets of a German trade or business. If the Oil 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*), withholding tax on interest (*Zinsabschlag*) at a rate of 30 per cent. (plus 5.5 per cent. solidarity surcharge thereon which results in an overall tax charge of 31.65 per cent.) is deducted. In case of an “Over-The-Counter-Transaction” the tax rate is 35 per cent. (plus 5.5 per cent. solidarity surcharge thereon). The tax deduction should be credited against the investor’s final income tax or corporate income tax liability.

Any capital gains from the sale or the redemption of the Oil Securities by German individual investors or German corporate investors would be subject to German personal or corporate income tax and solidarity surcharge thereon. Where the Oil Securities are held as business assets, the gains will also be subject to trade tax. If the Oil 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*), withholding tax on interest is imposed at a rate of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) on the excess of the proceeds arising from the sale or redemption (including accrued and unpaid interest) over the purchase price paid for the Oil Securities. The tax deduction should be credited against the investor’s final income tax or corporate income tax liability.

**(d) Flat Tax (*Abgeltungssteuer*) on investment income and private capital gains**

As of the beginning of 2008, legislation for corporate income tax reform came into force. Under this legislation a flat tax (*Abgeltungssteuer*) on investment income and private capital gains will be introduced which will be levied by German withholding agents as a withholding tax, inter alia, on interest income, dividends and capital gains from the disposal of securities held as non-business assets, irrespective of any holding period. Payment of the flat tax would satisfy any income tax liability of the investor in respect of such investment income or private capital gains. The envisaged flat tax would be levied at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) on the relevant gross income. However, tax payers would be entitled to apply for a tax assessment on the basis of net taxable income. In this case the personal income tax will be levied on the gross investment income, no expenses related to the investment income except for a small lump-sum tax allowance will be deductible. The flat tax will take effect from 1 January 2009 but would only be imposed on private capital income or capital gains derived from assets acquired after 31 December 2008 unless the assets were to qualify as financial innovations (*Finanzinnovationen*) or as speculative certificates. If the assets qualify as financial innovations, the flat tax would be levied on private capital income or gains realised after 31 December 2008 even if the assets were to be acquired prior to 1 January 2009. If the assets qualify as speculative certificates, such as the Issuer believes they should be, and were purchased after 14 March 2007, the flat tax would be levied on capital gains realised after 30 June 2009.

If the flat tax applies payments on the Oil Securities are subject to withholding obligations and at tax rates as described above if the Oil 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*).

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

The Issuer believes that investors in Oil Securities will not be subject to the German Investment Tax Act. The Oil Securities do not constitute a participation of an investor in a foreign investment fund or a foreign unit of foreign investment funds.

**(f) Gift or inheritance tax**

A transfer of the Oil Securities by way of gift or on death will be subject to German inheritance or gift tax if the investor, 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 investor, 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 Oil Securities constitute business assets attributable to a permanent establishment or a permanent representation in Germany.

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

**(h) The European Savings Directive**

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

The Issuer believes that for German tax law purposes the Oil Securities should be treated as speculative certificates rather than debt instruments (financial innovation — *Finanzinnovation*) and therefore, the Directive should not apply to any gains investors receive resulting from their holdings in the Oil Securities. Nevertheless, the Issuer cannot be certain that the German tax authorities and/or tax courts will not take a different view. In such case gains resulting from the Oil Securities may be considered interest under the Directive resulting in the abovementioned obligations.

**10. TAXATION IN FRANCE**

**(a) General**

The following summary describes the principal French tax treatment applicable to the holding of the Oil Securities by a French investor residing in France or outside of France following an offer of the Oil 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 Oil 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 Oil 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 Oil 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 Oil Securities. Only a tax adviser is able to adequately assess the individual tax situation of a specific investor. It should be noted that the Oil Securities are intended for professional or institutional investors only.

**(b) Investors residing in France**

*Taxation of individuals*

Taxation of capital gains

Capital gains derived from the disposal of the Oil Securities are subject to capital gains tax at the rate of 18 per cent. plus 11 per cent. social contributions (i.e., a total rate of taxation of 29 per cent.).

However, gains realised in a given calendar year are only taxable if the total proceeds resulting from the disposal of securities realised by the taxpayer and his/her household exceeds a certain threshold in such year. For 2008, the threshold is Euro 25,000.

If a French investor disposes of the Oil 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 and provided that the above sales thresholds (i.e. currently Euro 25,000) was exceeded in the year in which the loss was realised.

#### 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 40 per cent. The above-mentioned social contributions of 11 per cent. are also applicable.

However, an individual residing in France may elect to be subject to a final withholding tax levied at the rate of 18 per cent. plus the above social contributions of 11 per cent., which gives a total rate of taxation of 29 per cent.

#### *Taxation of companies subject to French corporate income tax*

##### Taxation of capital gains

Capital gains from the disposal of the Oil Securities are subject to corporate income tax at the standard rate of 33 1/3 per cent., to which 3.3 per cent. surtax is added upon 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 the 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 Oil Securities are not subject to capital gains tax in France. The same applies to companies, provided that the Oil Securities are not booked in a permanent establishment or fixed base in France.

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

Bond redemption payments made under the Oil Securities shall be free of withholding tax or deduction of, for or on account of, any taxes of whatever nature imposed, levied, withheld or assessed in France.

### **(d) 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 Oil Securities include a French broker effecting the sale of Oil Securities.

Oil Securities are undated secured limited recourse debt obligations of the Issuer. However, as no return in respect of Oil Securities (whether in the form of cash on redemption, or as a result of trading on Euronext Paris) should constitute a payment of interest for the purposes of the Directive, it is not envisaged that holders or their paying agents will be within the scope of the Directive.

## 11. TAXATION IN ITALY

### (a) General

The information set out below is a summary of certain material Italian tax consequences of the acquisition, ownership and disposition of Oil 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 Oil 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 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 Oil Securities should consult their own tax advisors as to the Italian or other tax consequences of the purchase, holding and disposition of Oil Securities including, in particular, the application to their specific situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws. This summary assumes that the Issuer is not a tax resident nor deemed to be a tax resident of Italy.

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

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

- (i) proceeds from the sale or redemption of the Oil Securities received by a Security Holder which is (a) an Italian resident corporation or similar commercial entity, (b) an Italian individual engaged in entrepreneurial activities to which the Oil Securities are effectively connected, or (c) a permanent establishment in Italy of a non-Italian resident to which the Oil Securities are effectively connected, as well as unrealised gains reported in the statutory financial statements, must be included in the relevant holder's corporate income tax (*IRES*, currently applicable at 27.5 per cent., in case of a calendar year period) determination and, in certain cases, depending on the status of such holder, may also have to be included in its taxable base for regional tax (*IRAP*, currently applicable at rates between 3.9 per cent. and 4.8176 per cent. in case of a calendar statutory period) purposes 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) capital gains realised by Italian resident individuals, not engaged in entrepreneurial activities to which the Oil Securities are effectively connected, and by certain other non commercial entities upon the sale for consideration or redemption of the Oil 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 chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised in a fiscal year pursuant to all disposals of Oil 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 following tax years;
- (iii) as an alternative to the tax return regime, Italian resident individuals not engaged in entrepreneurial activities to which the Oil 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 Oil 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 Oil Securities being deposited with an Italian bank, a *società di intermediazione mobiliare* (SIM) or with one of certain other 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 Oil 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 Oil Securities (as well as in respect of capital gains realised at revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount of tax to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Oil Securities holder. Under the *Risparmio Amministrato* regime, where a sale or redemption of Oil 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 Oil Securities;

- (iv) also as an alternative to the tax return regime, the increase or decrease in the fair market value of the Oil 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 Oil Securities are effectively connected, and by certain other non commercial entities, who have elected for the *Risparmio Gestito* regime (namely, a regime managed by an intermediary providing discretionary management services), will be included in the computation of the annual Net Asset Value accrued appreciation or depreciation of the managed assets, 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 NAV loss reported at year end may be carried forward and deducted against future NAV increases in the four following 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 Oil Securities;
- (v) the increase or decrease in the fair market value of the Oil Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the same securities by Italian resident common funds and hedge funds are included in the determination of the yearly NAV accrued appreciation or depreciation of each fund that is subject to a substitute tax (*imposta sostitutiva*) currently at a rate of 12.5 per cent.;
- (vi) the increase or decrease in the fair market value of the Oil 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 articles 14, 14 ter and 14 quater, paragraph 1, of Legislative Decree 21 April 1993, no. 124 as further substituted by Legislative Decree no. 252 of 5 December 2005) are included in the determination of the yearly NAV accrued appreciation or depreciation of the assets under management that is subject to a substitute tax (*imposta sostitutiva*) currently at a rate of 11 per cent.;
- (vii) non-Italian resident Security Holders without a permanent establishment in Italy to which the Oil Securities are effectively connected are not subject to income tax in Italy on the proceeds realised on the sale of the Oil Securities, provided that:
  - the Oil Securities have not been deposited in Italy; or
  - the Oil Securities have been deposited in Italy and are traded on an official market; or
  - the Oil Securities have been deposited in Italy but are not traded on an official market and the beneficial owner of proceeds from the relevant Oil Securities complies with certain filing requirements and is a resident of a country which is included in the list of jurisdictions allowing exchange of information with the Italian tax authorities as provided under a Ministerial Decree of 4 September 1996 or, starting from the fiscal period following to the one of enactment of a specific Ministerial Decree to be issued under article 168-bis(1) of Presidential Decree no. 917 of 1986 (Italian Income Tax Code, IITC), will be included in the new list of qualifying jurisdictions as specified by the Decree to be enacted.

If, instead of being treated as derivative instruments as expected, the Oil Securities were to be characterised as debt instruments representing so-called “atypical securities” pursuant to Article 8 of Law Decree no. 512 of 30 September 1983 (and later amendments) a different tax treatment would apply. Interest and other proceeds received from “atypical securities” issued by non-Italian resident issuers are subject to a 27 per cent. withholding tax applied by an 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 (i) above. Even if it is not possible to exclude the characterisation as “atypical securities”, it is expected that the Oil Securities should qualify broadly as derivative instruments rather than as “atypical securities”.

### **(c) Inheritance and gift taxes**

Italian inheritance and gift taxes were abolished by Law no. 383 of 18 October 2001 in respect of gifts made or succession proceedings started after 25 October 2001 and then reintroduced by Law Decree no. 262 of 3 October 2006, converted with amendments into Law no. 286 of 24 November 2006, entered in force on 29 November 2006 and further modified by Law No. 296 of 27 December 2006, effective as of 1 January 2007.

Further to the above law amendments, the transfer by inheritance of the Oil Securities in respect of succession proceedings started from 3 October 2006 is currently subject to inheritance tax at the following rates:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Oil Securities transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent. rate;
- (ii) when the beneficiary is a brother or a sister, the value of the Oil Securities exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent. rate;
- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage, the value of the Oil Securities transferred to each beneficiary is subject to a 6 per cent. rate;
- (iv) in cases different from points (i), (ii) and (iii) the value of the Oil Securities transferred to each beneficiary is subject to an 8 per cent. rate.

The transfer of the Oil Securities by reason of a donation filed for registration from 29 November 2006 is broadly subject to gift tax at the following rates:

- (i) when the donee is the spouse or a relative in direct lineage, the value of the Oil Securities gifted to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent. rate;
- (ii) when the beneficiary is a brother or sister, the value of the Oil Securities exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent. rate;
- (iii) when the donee is a relative within the fourth degree or a relative-in-law in direct and collateral lineage, the value of the Oil Securities gifted to each beneficiary is subject to a 6 per cent. rate;
- (iv) when the donee is a person not listed under previous points (i), (ii) and (iii), the value of the Oil Securities gifted to each beneficiary is subject to an 8 per cent. rate.

If the beneficiary of the transfer for gift purposes or mortis causa is a qualifying heavily disabled individual under Law 5 February 1992, no. 104, the gift or inheritance tax is levied exclusively on the part of the net transferred value exceeding Euro 1,500,000.

### **(d) Value Added Tax**

No Italian Value Added Tax will be payable by a holder of Oil Securities in consideration for the issue or transfer of Oil Securities.



**(e) Securities Transfer Tax**

As of 31 December 2007, the securities transfer tax is no longer applicable to the purchase and sale of Oil Securities, following the provision of Law 31 December 2007, no. 248.

**(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 Oil Securities include an Italian broker effecting the sale of Oil Securities.

Oil Securities are undated secured limited recourse debt obligations of the Issuer. However, as no return in respect of Oil 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.

**12. SOURCES**

The statements under the heading “Overview” in Part 2 (*Crude Oil & Futures Markets*) that over the past several decades Oil has been the world’s foremost source of primary energy consumption and that North America has the highest global consumption of Oil per capita at approximately 3.2 gallons per capita per day compared to the world average of 0.5 gallons per capita per day, are derived from BP Statistical Review of World Energy June 2008.

The statement under the heading “Oil Supply and Demand” in Part 2 (*Crude Oil & Futures Markets*) that the largest OPEC producer is Saudi Arabia with production of 10.4 Mbl/day in 2007, has been sourced from the BP Statistical Review of World Energy June 2008.

The statements under the heading “Oil Supply and Demand” in Part 2 (*Crude Oil & Futures Markets*), that over the past twenty years, Oil has provided approximately 38 per cent. of the world’s energy with natural gas and coal providing approximately 25 per cent. each and that the EIA expects oil’s share of world energy will remain in the range of 34 per cent. to 36 per cent. are derived from the International Energy Outlook (2007), published by the Energy Information Administration.

The table under the heading “Oil Supply and Demand” in Part 2 (*Crude Oil & Futures Markets*), setting out global Oil production and Oil reserves between 2003 and 2007, has been sourced from the BP Statistical Review of World Energy June 2008.

The table under the heading “Oil Supply and Demand” in Part 2 (*Crude Oil & Futures Markets*) setting out global Oil consumption between 2003 and 2007, has been sourced from the BP Statistical Review of World Energy June 2008.

The graph under the heading “Oil Prices” in Part 2 (*Crude Oil & Futures Markets*), setting out average annual Oil prices during the period 1976 to 2008, has been created by ETFSL and based on figures derived from market data published by Bloomberg and the BP Statistical Review of World Energy June 2008.

The graph under the heading “Term Structure of Oil Futures” in Part 2 (*Crude Oil & Futures Markets*) showing the shape of the futures curve on 1 May 2008 and 1 May 2007, has been created by ETFSL and based on figures derived from market data published by the BP Statistical Review of World Energy June 2008 and Bloomberg.

The graph under the heading “Term Structure of Oil Futures — Backwardation and Contango” in Part 2 (*Crude Oil & Futures Market*) highlighting daily backwardation/contango, has been created by ETFSL and based on figures derived from market data published by Bloomberg.

The data in the table headed “Average Daily Volume (US\$ million) under the heading “Oil Futures” in Part 2 (*Crude Oil and Futures Markets*) is based on figures derived from market data published by Bloomberg.

The Oil Securities component returns included in the table under the heading “Simulated Historical Returns” in Part 3 (*Historical Simulations for Oil Securities*) have been calculated by ETFSL on the basis of figures derived from market data published by Bloomberg.

The information referred to in this paragraph 12 above has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information published by the referenced third party source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### 13. GENERAL

- (a) The Issuer’s auditors are Ernst & Young LLP of Unity Chambers, 28 Halkett Street, St. Helier, Jersey JE1 1EY, Channel Islands. The annual report of the Issuer for the period from 1 January 2007 to 31 December 2007 as published by the Issuer through the Regulatory News Service of the London Stock Exchange plc on 26 June 2008 is incorporated in this document by reference and is available at the Issuer’s website at [www.etfsecurities.com/osl](http://www.etfsecurities.com/osl) and at the registered office of the Issuer as set out in paragraph 14 of Part 10 (*Additional Information*). The annual report of the Issuer for the period ended 31 December 2006 is reproduced at the end of the 2007 Prospectus (under the heading “Reports and Financial Statements of the Issuer”) and incorporated herein by reference. References to page numbers therein are to the page numbers in the original signed reports.
- (b) There has been no significant change in the financial or trading position of the Issuer since 31 December 2007.
- (c) The Issuer 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 Issuer’s financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened by or against the Issuer.
- (d) All Oil Securities in issue at the date of this prospectus have been admitted to the Official List and have been admitted to trading on the London Stock Exchange’s Main Market Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List).

Applications have been made to the UK Listing Authority for all Oil 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 Oil 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.

- (e) The Brent 1mth Oil Securities are admitted to trading on the Global Market of the Bolsa Mexicana de Valores (Mexican Stock Exchange).
- (f) Brent 1mth Oil Securities and WTI 2mth Oil Securities have been admitted to listing on Euronext Amsterdam since 28 July 2006, on the Regulated Market (General Standard) (*Regulierter Markt [General Standard]*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 30 October 2006, on Euronext Paris since 12 February 2007 and on the ETF plus market of Borsa Italiana S.p.A. since 20 April 2007.

No application has been or is currently being made for the Forward Oil Securities to be admitted to listing or trading on any exchange or market outside the UK, but the Issuer may cause such application to be made in respect of the Oil Securities of any or all classes on any such exchange or market in its discretion.

The UK Financial Services Authority will remain the competent authority for the purposes of approving all Prospectuses published by the Issuer under the Prospectus Directive.

- (g) The Issuer intends to publish annual financial statements and Pricing Supplements as required by Listing Rules and to publish Prices and other information on its website, as described under the heading "Calculation and Publication of Prices" in Part 1 (*General*). Save as aforesaid, the Issuer does not intend to provide post-issuance information.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

For the duration of the Programme or so long as any Oil Securities remain outstanding, copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the Service Agreement;
- (c) the Oil Purchase Agreement;
- (d) the Letter of Credit (and any agreement entered into with a Substitute Credit Provider);
- (e) the Business Development Agreement;
- (f) the Authorised Participant Agreements;
- (g) the Trust Instrument;
- (h) the Security Deeds;
- (i) the Registrar Agreement;
- (j) the Corporate Administration Agreement;
- (k) the Licence Agreements;
- (l) the Articles of Incorporation of Shell Trading Switzerland;
- (m) the Memorandum and Articles of Association of Shell Treasury;
- (n) the published audited reports and accounts of Shell Treasury for the two years ended 31 December 2005 and 31 December 2006;
- (o) the published audited reports and account of Shell Trading Switzerland for the periods ended 31 December 2006 and 31 December 2007;
- (p) the published audited reports and accounts of the Issuer for the periods ended 31 December 2006 and 31 December 2007;
- (q) the agreement between the Issuer, Clearstream Banking Aktiengesellschaft and HSBC Trinkaus & Burkhardt AG dated 20 October 2006, including the form of the Global Bearer Certificates and the text of the conditions of the Global Bearer Certificates; and
- (r) the Other Adjustment Agreement; and
- (s) the 2007 Prospectus.

#### **15. 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 the circulation of this document.

The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order, 1958, to the Issuer to issue from time to time the Oil Securities. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

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

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

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

## DEFINITIONS

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

“2007 Prospectus”	means the base prospectus of the Issuer dated 20 July 2007
“Affiliate”	means, with respect to any person, entity or organisation, any other person, entity or organisation which directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, entity or organisation; and for this purpose, “control” means the direct or indirect ownership of fifty per cent. or more in aggregate of voting capital
“aggregate Entitlement”	means the sum of the Entitlement for each class of Oil Security multiplied by the number of Oil Securities of such class issued and outstanding
“Applicant”	means an Authorised Participant who makes an Application for Oil Securities
“Application”	means an offer by an Applicant to the Issuer to subscribe for Oil Securities, being an offer on terms referred to in an Application Form and this document and in accordance with the provisions of the relevant Authorised Participant Agreement
“Application Form”	means the application form to be used in connection with the Programme
“Application Moneys”	means, for an Application, all moneys paid or to be paid to or to the order of the Issuer by the Applicant in respect of the Application
“Authorised Participant”	means a person who has entered into an Authorised Participant Agreement and who is both (a) a securities house or other market professional approved by the Issuer and (b) an Authorised Person, an Exempt Person or an Overseas Person (c) and is not a UCITS Scheme
“Authorised Participant Agreement”	means an agreement between the Issuer, ETFSL and an Authorised Participant dealing with the creation of Oil Securities in connection with market making activities carried on by the Authorised Participant
“Authorised Person”	means a person authorised by the FSA for the purposes of FSMA
“Board”	means the board of directors of the Issuer
“Brent 1mth Oil Securities”	means Brent class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument
“Brent 1yr Oil Securities”	means Brent 1yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument
“Brent 2yr Oil Securities”	means Brent 2yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument
“Brent 3yr Oil Securities”	means Brent 3yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument

“Brent Contract”	means a futures contract for Brent blend crude oil which is a “Contract” for the purposes of the ICE Futures Regulations
“Brent 1mth Pool”	means the Pool created by the Issuer on the first issue of Brent 1mth Oil Securities and to which all the Brent 1mth Oil Securities are attributable
“Brent 1 yr Pool”	means the separate fund or pool created by the Company to which the Brent 1 yr Oil Securities are attributable
“Brent 2 yr Pool”	means the separate fund or pool created by the Company to which the Brent 2 yr Oil Securities are attributable
“Brent 3 yr Pool”	means the separate fund or pool created by the Company to which the Brent 3 yr Oil Securities are attributable
“Brent Oil Contract”	means an Oil Contract the Relevant Month Contracts for which are Brent Contracts
“Brent-referenced Oil Securities”	means Brent 1mth Oil Securities, Brent 1yr Oil Securities, Brent 2yr Oil Securities and Brent 3yr Oil Securities
“Business Day”	means a Day (other than a Saturday or a Sunday) on which banks are open for the transaction of general business in London
“Business Development Agreement”	means the business development agreement dated 13 July 2005 (as amended by an Amendment and Restatement Agreement dated 15 August 2007) between Shell Trading Switzerland, the Issuer, ETFSL and Shell Treasury
“Certificated” or “Certificated Form”	means not in Uncertificated Form
“class”	means a class of Oil Contract or a class of Oil Securities, the Price of which is determined by reference to, for Oil Contracts a particular Near Contract, Next Contract, Near Entitlement and Next Entitlement and includes the following classes: Brent 1mth class, Brent 1yr class, Brent 2yr class, Brent 3yr class, WTI 2mth class, WTI 1yr class, WTI 2yr class and WTI 3yr class
“Cleared Funds”	means immediately available funds
“Clearstream”	means Clearstream Banking Aktiengesellschaft
“Closing Range”	means, in respect of a Relevant Month Contract for a WTI Oil Contract on a Trading Day, the final two minutes of trading during the Regular Trading Hours trading session on the floor of NYMEX in New York in that Relevant Month Contract
“Company Secretary”	means R&H Fund Services (Jersey) Limited
“Conditions”	means the terms and conditions of the Oil Securities in the form set out in the Second Schedule ( <i>The Conditions</i> ) to the Trust Instrument and replicated in Part 7 ( <i>Particulars of the Oil Securities</i> )
“Controller”	means, in relation to any company, a person who: <ul style="list-style-type: none"> <li>(a) holds 10 per cent. or more of the shares in such company;</li> <li>(b) is able to exercise significant influence over the management of such company by virtue of his shareholdings in such company;</li> </ul>

- (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

“Corporate Administration Agreement”

means the corporate administration agreement dated 13 July 2005 between the Issuer and Computershare Investor Services (Channel Islands) Limited, the obligations of the latter under which were assumed by the Company Secretary by a Novation Agreement dated 11 July 2006 made between the Issuer, Computershare Investor Services (Channel Islands) Limited and R&H Fund Services (Jersey) Limited, described under the heading “Management and Administration” in Part 1 (*General*)

“Creation Date”

means, in respect of an Oil Contract, the Pricing Day on which the Issuer submits notice to an Oil Major Company, in accordance with the terms of the applicable Oil Purchase Agreement, for the creation of that Oil Contract

“Creation Day”

means, in respect of any Oil Contract, the Pricing Day on which the Creation Notice for that Oil Contract is given

“Creation Fee”

means the fee payable by an Applicant to the Issuer in respect of the creation of Oil Securities

“Creation Notice”

means a notice sent by the Issuer to an Oil Major Company which requests that such Oil Major Company create:

- (i) a whole number of Oil Contracts of a given class, as specified in such notice; or
- (ii) such whole number of Oil Contracts of a given class as would correspond as close as possible to, but not more than, an amount in US Dollars specified in such notice

“Creation Price”

means, for each Oil Security, the relevant Price (or such other price as may be agreed on any occasion between the relevant Applicant and the Issuer) and the Creation Price for a number of Oil Securities of a particular class means the Creation Price for a single Oil Security of that class multiplied by that number

“Credit Provider”

means, (a) in respect of Shell Trading Switzerland’s obligations to make payments under the Oil Purchase Agreement, Shell Treasury or any Substitute Credit Provider, and (b) in respect of any other Oil Major Company, a provider of credit under any Letter of Credit or Substitute Credit

“CREST”	means the system of paperless settlement of transfers and the holding of securities in Uncertificated Form administered by CRESTCo Limited
“Daily Adjustment”	means the adjustment to the Entitlement to be made on each Daily Adjustment Day as described and calculated in Part 4 ( <i>Description of Oil Securities</i> ) under the heading ‘Pricing of Oil Securities — Daily Adjustment and Multiplier’
“Daily Adjustment Day”	means, in respect of all classes of Oil Contracts, for any calendar year, a Trading Day as notified by ICE Futures to participants on the ICE Futures Market as at 1 January in that year
“December Contract”	means any Brent Contract or WTI Contract specified as maturing in December by the Relevant Exchange (and “ <b>December Brent Contract</b> ” and “ <b>December WTI Contract</b> ” shall be construed accordingly)
“Defaulted Obligation”	means the failure of the Issuer to make or procure payment in respect of the redemption of any Oil Securities when due, and such failure is not remedied within 48 hours of receipt of notice requiring remedy of the same
“Designated Event”	means that Shell Treasury consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets (or substantially all of the assets comprising the business conducted by Shell Treasury as of the date of the Letter of Credit) to, or reorganises, reincorporates, or reconstitutes into or as, another entity
“Directors”	means the directors of the Issuer, 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 Deeds, all Authorised Participant Agreements, the Oil Purchase Agreement, all contract confirmations evidencing Oil Contracts, the Registrar Agreement, the Service Agreement, the Business Development Agreement, the Licence Agreement and the Letter of Credit
“Entitlement”	means, in respect of any Oil Security of class i on Pricing Day t, the sum of the Near Entitlement and the Next Entitlement for such class on such day
“ETFSL”	means ETF Securities Limited, a company incorporated and registered in Jersey, with registered number 88370
“Exchange”	means ICE Futures or NYMEX, as the context may require
“Exempt Person”	means a person who, in entering into and performing the terms of an Authorised Participant Agreement, is acting in the course of a business comprising a regulated activity in relation to which it is exempt from the need to be an Authorised Person as a result of a provision of FSMA or associated secondary legislation
“Expert”	means an independent expert appointed by the President of the Energy Institute pursuant to the terms of an Oil Purchase Agreement
“Extraordinary Resolution”	means in respect of any one or more classes of Oil Securities of any class, a resolution passed at a meeting of the Security Holders of such class or classes duly convened and held in



	accordance with the provisions contained in the Trust Instrument and carried by a majority consisting of not less than three fourths of the persons voting on it upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three fourths of the votes given on such poll
“Forward Oil Securities”	means Brent 1yr Oil Securities, Brent 2yr Oil Securities, Brent 3yr Oil Securities, WTI 1yr Oil Securities, WTI 2yr Oil Securities and WTI 3yr Oil Securities
“FSA”	means the Financial Services Authority of the United Kingdom
“FSA Glossary”	means the glossary giving the meaning of the defined expressions used in the Handbook
“FSMA”	means the Financial Services and Market Act 2000 as amended
“Global Bearer Certificate”	means a Global Bearer Certificate issued by Clearstream as described under heading “Settlement — Settlement and Delivery on the Frankfurt Stock Exchange” in Part 6 (The Programme)
“Handbook”	means the FSA’s Handbook of Rules and Guidance as amended
“holding company”	has the meaning given to that term in the Companies Act 1985 (as amended)
“ICE Futures”	means ICE Futures or its successor
“ICE Futures Market”	means the market for Brent crude oil futures operated by ICE Futures
“ICE Futures Regulations”	means the rules, regulations, contract terms and conditions adopted by the ICE Futures Market from time to time
“Insolvency Event”	means in respect of a person, any proceedings being commenced or order being made by any competent court for, or any resolution being passed by that person to apply for, a winding-up or dissolution of that person (other than an amalgamation, merger, consolidation, reorganisation or other similar arrangement or proceedings for winding-up or dissolution which are being contested in good faith and are discharged within 20 Business Days) or any application being made or other steps being taken by or on behalf of that person for the appointment of an administrator or similar or analogous official in relation to that person, or any appointment being made of a receiver, administrative receiver, administrator or similar or analogous official in relation to that person or all or substantially all of its assets or any distress or execution being levied or enforced upon or sued out against, or any encumbrancer taking possession of, all or substantially all of the assets of that person and any other analogous or similar proceedings or events occurring in any jurisdiction, or that person ceasing or threatening to cease to carry on its business or being unable to pay its debts as they become due
“Issuer”	means ETFS Oil Securities Limited, a company incorporated and registered in Jersey with registered number 88371
“Jersey”	means the Island of Jersey, Channel Islands
“Last Remaining Trading Day”	means: <ul style="list-style-type: none"> <li>(a) for Brent 1mth and WTI 2mth Oil Securities, in respect of any Roll Period, the last Trading Day when the contract</li> </ul>

which was the Near Contract as at the first Trading Day of that Roll Period is permitted to be traded on the ICE Futures Market or NYMEX Market, as applicable; and

- (b) for all other classes of Oil Security, in respect of any Roll Year, the last Trading Day when the contract which was the Near Contract as at the first Trading Day of that Roll Year is permitted to be traded on the ICE Futures Market or NYMEX Market, as applicable

“Last Scheduled Roll Day”	means for Oil Securities of any class other than Brent 1mth and WTI 2mth, as of any Trading Day in a Roll Year, the Day which would be the last Roll Day in that Roll Year for such class if there were no Market Disruption Days after such Trading Day
“Letter of Credit”	means (a) in respect of Shell Trading Switzerland, (i) the letter of credit dated 13 July 2005 issued by Shell Treasury in favour of the Issuer, as initially confirmed on 24 April 2006 and as further confirmed on 19 July 2007, in respect of Shell Trading Switzerland’s obligations to make payments under the Oil Purchase Agreement, and (ii) any Substitute Credit; and (b) in respect of any other Oil Major Company means (i) a standby letter of credit issued by a Credit Provider, in favour of the Issuer in respect of an Oil Major Company’s obligations to the Issuer under the Oil Purchase Agreement, and (ii) any Substitute Credit
“Licence Agreement”	means together (i) the licence agreement dated 12 July 2005 between the Issuer, ETFSL and NYMEX and (ii) the market data agreement, dated 12 July 2005 (as amended on or about the date of this Prospectus) between the Issuer and NYMEX
“Listing”	means the admission of Oil Securities to the Official List becoming effective in accordance with the Listing Rules and admission of such securities to trading on the London Stock Exchange’s market for listed securities (or any of such markets if the London Stock Exchange has at any time more than one such market)
“Listing Rules”	means the listing rules of the UK Listing Authority from time to time, made under section 73A of the Financial Services and Markets Act 2000
“London Stock Exchange”	means London Stock Exchange plc or its market for listed securities (or any of such markets if the London Stock Exchange has at any time more than one such market), as the context may require
“Main Market”	means the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List)
“Management Expenses”	means the management fee payable by the Oil Major Companies to the Issuer pursuant to the relevant Oil Purchase Agreement, as described in Part 1 ( <i>General</i> ) under the heading “Management Expenses”
“Market Disruption Day”	means in respect of any Trading Day where any of the following occurs: <ul style="list-style-type: none"><li>(a) for Brent Oil Contracts of any class:<ul style="list-style-type: none"><li>(i) ICE Futures’ failing to determine, announce or publish the Settlement Price with respect to a</li></ul></li></ul>

Relevant Month Contract in respect of that class (or announcing that it will or expects to fail to do so) by midnight on that Trading Day; or

- (ii) there being no Pricing Window for any such Relevant Month Contract during that Trading Day; and

(b) for WTI Oil Contracts for any class:

- (i) NYMEX's failing to determine, announce or publish the Settlement Price with respect to a Relevant Month Contract (or announcing that it will or expects to fail to do so) by midnight on that Trading Day;
- (ii) NYMEX's failing to announce or to publish the time at which the Closing Range takes place before the occurrence of such Closing Range; and

(c) for WTI 2mth Oil Contracts only, NYMEX announcing or publishing on a Trading Day that the Settlement Price in respect of that Trading Day shall not be determined in accordance with or pursuant to NYMEX Rule 6.52(A)

"Moody's"

means Moody's Investors Service, Inc.

"Multiplier"

means the number calculated in accordance with Part 4 (*Description of Oil Securities*) under the heading "Pricing of Oil Securities — Daily Adjustment and Multiplier"

"Near Contract"

means:

(a) for Brent 1mth Oil Securities, in respect of any Trading Day in a month:

- (i) up to and including the end of the Roll Period in that month, the Brent Contract in which trading ceases in that month; and
- (ii) after such Roll Period, the Brent Contract in which trading ceases in the immediately following month

(b) for WTI 2mth Oil Securities, in respect of any Trading Day in a month:

- (i) up to and including the end of the Roll Period in that month, the WTI Contract in which trading ceases in the immediately following month (Second Month); and
- (ii) after such Roll Period, the WTI Contract in which trading ceases in the Second Month and

(c) for Brent 1yr and WTI 1yr Oil Contracts on any Trading Day, up to and including the end of the Roll Year in which that Trading Day falls, the shortest-dated December Brent Contract or, as the case may be, WTI Contract;

(d) for Brent 2yr and WTI 2yr Oil Contracts on any Trading Day, up to and including the end of the Roll Year in which that Trading Day falls, the second shortest-dated December Brent Contract or, as the case may be, WTI Contract; and

	(e) for Brent 3yr and WTI 3yr Oil Contracts on any Trading Day, up to and including the end of the Roll Year in which that Trading Day falls, the third shortest-dated December Brent Contract or, as the case may be, WTI Contract
“Near Contract Price”	means, for an Oil Security of any class the Settlement Price of the Near Contract for that class
“Near Entitlement”	means, for each Oil Security of class $i$ on Pricing Day $t$ , $E_1(i,r)$ calculated as described under the heading “Pricing of Oil Securities — Entitlement” in Part 4 ( <i>Description of Oil Securities</i> ) and in accordance with Conditions 5.5 for Brent 1mth and WTI 2mth Oil Securities and 5.6 for all other classes of Oil Securities subject in each case to the provisions of Condition 7 as set out in Part 7 ( <i>Particulars of the Oil Securities</i> )
“Next Contract”	means: <ul style="list-style-type: none"> <li>(a) for Brent 1mth Oil Securities and WTI 2mth Oil Securities, the Brent Contract or, as the case may be, WTI Contract in which trading ceases in the month immediately following the month in which the Near Contract ceases trading, and</li> <li>(b) for Oil Securities of any other class, the December Brent Contract or December WTI Contract specified by the relevant Exchange as maturing in December immediately following that in which the corresponding Near Contract matures</li> </ul>
“Next Contract Price”	means for an Oil Security of any class the Settlement Price of the Next Contract for that class
“Next Entitlement”	means, for each Oil Contract of class $i$ on Pricing Day $t$ , $E_2(i,r)$ calculated as described under the heading “Pricing of Oil Securities — Entitlement” in Part 4 ( <i>Description of Oil Securities</i> ) and in accordance with Conditions 5.5 for Brent 1mth and WTI 2mth Oil Securities and 5.6 for all other classes of Oil Securities subject in each case to the provisions of Condition 7 as set out in Part 7 ( <i>Particulars of the Oil Securities</i> )
“Notice Deadline”	means on a Trading Day in respect of an Exchange, the earlier of (i) 3.00 p.m. (London time) and, (ii) if in respect of that Trading Day the relevant Exchange has notified market participants that trading will close early on the ICE Futures Market or the NYMEX Market as the case may be, three hours before the commencement of the period by reference to which the relevant Settlement Price is to be calculated
“NYMEX”	means the New York Mercantile Exchange, Inc. of World Financial Center, One North End Avenue, New York, NY 10282-1101 or its successor
“NYMEX Market”	means the market for WTI contracts operated by NYMEX
“NYMEX Rules”	means the Rules of NYMEX
“Official List”	means the official list of the UK Listing Authority maintained in accordance with section 74(1) of FSMA
“Oil Company Default”	means: <ul style="list-style-type: none"> <li>(a) the occurrence of an Oil Company Insolvency Event,</li> </ul>

- (b) an Oil Major Company failing to make any payment when due under an Oil Purchase Agreement, where such failure is not rectified within five Business Days following the day on which the Oil Major Company receives notice of the failure from the Issuer in accordance with the terms of the Oil Purchase Agreement or
- (c) the expiration or termination of a Letter of Credit or Substitute Credit (other than where the Letter or Credit or Substitute Credit is replaced by a Substitute Credit) or the failing or ceasing of a Letter of Credit or Substitute Credit to be in full force and effect, in each case other than in accordance with its terms (other than where the Letter of Credit or Substitute Credit is replaced by another Substitute Credit in full force and effect for such purpose) prior to the satisfaction by the relevant Oil Major Company of all its obligations under the Oil Purchase Agreement to which such Letter of Credit or Substitute Credit relates, without the written consent of the Issuer

“Oil Company Insolvency Event”

means, in respect of any Oil Major Company with which the Oil Purchase Agreement has been entered into with the Issuer and Oil Contracts are outstanding, any proceedings being commenced or order being made by any competent court for, or any resolution being passed by such Oil Major Company to apply for, a winding-up or dissolution of that Oil Major Company (other than an amalgamation, merger, consolidation, reorganisation or other similar arrangement or proceedings for winding-up or dissolution which are being contested in good faith and are discharged within 20 Business Days) or any application being made or other steps being taken for the appointment of an administrator in relation to that Oil Major Company, or any appointment being made of a receiver, administrative receiver, administrator or similar official in relation to that Oil Major Company or its assets or any distress or execution being levied or enforced upon or sued out against, or any encumbrance taking possession of, the assets of that Oil Major Company and any other analogous or similar proceedings or events occurring in any jurisdiction or that Oil Major 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

“Oil Contract”

means an agreement purchased or to be purchased by the Issuer from an Oil Major Company under an the Oil Purchase Agreement entitling the Issuer on redemption thereof or resale back to the Oil Major Company to payment of an amount calculated by reference to the relevant Price on the relevant Pricing Day and includes Brent 1mth Oil Contracts, Brent 1yr Oil Contracts, Brent 2yr Oil Contracts, Brent 3yr Oil Contracts, WTI 2mth Oil Contracts, WTI 1yr Oil Contracts, WTI 2yr Oil Contracts and WTI 3yr Oil Contracts and **“Brent 1mth Oil Contract”, “Brent 1yr Oil Contract”, “Brent 2yr Oil Contract”, “Brent 3yr Oil Contract”, “WTI 2mth Oil Contract”, “WTI 1yr Oil Contract”, “WTI 2yr Oil Contract” and “WTI 3yr Oil Contract”** shall be construed accordingly

“Oil Major Company”

means a company which is any of:

- (a) a member of the Shell Group,

- (b) any of Exxon Mobil Corporation, BP p.l.c., Total S.A., Chevron Corporation, Eni S.p.A., or any subsidiary of any of them, and
- (c) any other company which (i) owns oil, the rights to oil or has assets linked to the oil price and (ii) has a long term senior debt credit rating of at least BBB- from Standard & Poor's and of at least Baa3 from Moody's, provided in the case of the Brent 1mth Pool, Brent 1yr Pool, Brent 2yr Pool, Brent 3yr Pool, WTI 2mth Pool, WTI 1yr Pool, WTI 2yr Pool and WTI 3yr Pool that the aggregate amount of Oil Contracts from such companies at the time of entering into an Oil Purchase Agreement is less than half the aggregate amount of Oil Contracts in any Pool

“Oil Purchase Agreement” means an agreement entered into by the Issuer with an Oil Major Company, pursuant to which any Oil Contracts may be purchased and sold and includes the Brent Oil Purchase Agreement between the Issuer and Shell Trading Switzerland dated 13 July 2005 as amended and restated by agreements between the Issuer and Shell Trading Switzerland dated 24 April 2006 and 20 July 2007

“Oil Securities” means undated limited recourse secured oil securities of any class of the Issuer issued pursuant to, and constituted by, the Trust Instrument and includes the Brent 1mth Oil Securities, Brent 1yr Oil Securities, Brent 2yr Oil Securities, Brent 3yr Oil Securities, WTI 2mth Oil Securities, WTI 1yr Oil Securities, WTI 2yr Oil Securities and WTI 3yr Oil Securities

“Other Adjustment” has the meaning set out in Part 4 (Description of the Oil Securities) under the heading “Pricing of Oil Securities — Daily Adjustment and Multiplier”

“outstanding” means in relation to the Oil Securities of any class, all the Oil Securities of that class issued and in respect of which there is for the time being an entry in the Register other than:

- (a) an Oil Security which has been redeemed and cancelled pursuant to the Trust Instrument, and
- (b) an Oil Security which has been purchased and cancelled pursuant to the Trust Instrument;

PROVIDED THAT for the purpose of the right to attend and vote at any meeting of the Security Holders or any of them and certain other purposes of the Trust Instrument, Oil Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, (A) the Issuer, (B) any Oil Major Company, (C) any holding company of the Issuer or an Oil Major Company, (D) any subsidiary of the Issuer or an Oil Major company, (E) any individual Controller of the Issuer or an Oil Major Company or (F) any person controlled by any such persons listed in (A) to (E) above, shall (unless and until ceasing to be so held) be deemed not to remain outstanding and accordingly the holders of such Oil Securities shall be deemed not to be Security Holders

“Overseas Person” means a person whose activities are not subject to the prohibition in section 19 FSMA by virtue of its not carrying on such activities in the United Kingdom, whose head office is situated outside the United Kingdom and whose ordinary business involves carrying on activities of the kind specified by

any of articles 14, 21, 25, 37, 40, 45, 51, 52 and 53 or, so far as relevant to any of those articles, article 64 of the RAO (or would do so apart from any exclusion from any of those articles made by the RAO)

“Pool”	means a separate fund or pool created by the Issuer in relation to the net proceeds of issue of any class of securities, of which the Brent 1mth Pool to which the Brent 1mth Oil Securities are attributable and the WTI 2mth Pool to which the WTI 2mth Oil Securities are attributable were the first two and includes the six separate Pools to which each class of Forward Oil Security is attributable
“Price”	means the price calculated as set out under the heading “Pricing of Oil Securities” in Part 4 ( <i>Description of the Oil Securities</i> ) under “Pricing of Oil Securities”
“Pricing Day”	means, for each class of Oil Security, a Trading Day for that class of Oil Security which is not a Market Disruption Day
“Pricing Parameter”	means in respect of a class of Oil Contract: <ul style="list-style-type: none"><li>(a) in respect of Brent 1mth or WTI 2mth, the relevant delivery months for the Near Contract and Next Contract for that class (up to the fourth available delivery month);</li><li>(b) in respect of Oil Contracts of any other class, the relevant delivery months for the Near Contract and Next Contract in respect of that class;</li><li>(c) the relevant Near Contract Price or Next Contract Price for that class;</li><li>(d) the timing and duration of the Roll Period for that class or, if applicable, Roll Year;</li><li>(e) where necessary or appropriate as a consequence of a change to any of the Pricing Parameters set out in subparagraph (a), (b) or (c) above, any terms, formulae or calculation methods to be applied for determining the Creation Amount, Redemption Amount, any Near Entitlement or Next Entitlement, or any Daily Adjustment or Multiplier; and</li><li>(f) the procedure or timetable for sending Pricing Notes</li></ul>
“Pricing Supplement”	means a pricing supplement in the form annexed hereto as Annex 3
“Pricing Window”	means an uninterrupted period of at least three minutes’ trading in a Relevant Month Contract on the ICE Futures Market published or announced by ICE Futures to participants on the ICE Futures Market: <ul style="list-style-type: none"><li>(a) as the official “designated settlement period” for the purposes of ICE Futures’ settlement price procedures for such Relevant Month Contract from time to time, or</li><li>(b) in advance, as an extraordinary replacement for such official “designated settlement period” on any Trading Day</li></ul>
“Principal Amount”	in respect of each Oil Security means initially the sum of US\$5.00, but this may be varied as provided for in Condition 10 as set out in Part 7 ( <i>Particulars of the Oil Securities</i> )

“Programme”	means the programme for the issuance of Oil Securities described in this document
“Prospectus”	means this base prospectus of the Issuer
“Prospectus Directive”	means EU Directive 2003/71/EC
“Prospectus Rules”	means the Prospectus Rules of the UK Listing Authority from time to time made under section 73A of FSMA
“RAO”	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended)
“Redemption Date”	means: <ul style="list-style-type: none"> <li>(a) in relation to a redemption of Oil Securities, at the request of a Security Holder, the date which is for a valid application lodged after 8.00 a.m. and before 3.00 p.m. (London time) (or, if earlier, before the applicable Notice Deadline) on a Business Day, three Business Days after that date; provided that a Redemption Date shall only occur at the request of a Security Holder who is not an Authorised Participant, if, at the time of such request, there are no Authorised Participants,</li> <li>(b) in relation to a compulsory redemption of Oil Securities as required by the Issuer, the date on which the payment is required to be made by the Issuer in respect of such redemption, as specified in its notice of redemption to Security Holders, which shall be a date not less than 30 days (or seven days in the event of termination of any Oil Purchase Agreement) following the Issuer giving notice of its intention to require such redemption to each Security Holder, and</li> <li>(c) in relation to a redemption of Oil Securities as required by the Trustee following the occurrence of an Insolvency Event, the date falling 20 Business Days following the Trustee giving the Issuer notice requiring such redemption</li> </ul>
“Redemption Day”	means, in respect of an Oil Security, in relation to a Redemption Notice the Pricing Day on which such Redemption Notice was given or, in respect of a Redemption following the Termination Redemption Date, the Pricing Day on which such Redemption is affected
“Redemption Fee”	means the fee payable by a Security Holder on the redemption of Oil Securities as described under the heading “Authorised Participants — Creation and Redemption Fees” in Part 4 ( <i>Description of the Oil Securities</i> )
“Redemption Instructions”	means the instructions provided by a Security Holder redeeming an Oil Security to the Registrar in a form approved by the Issuer
“Redemption Notice”	means a notice by a Security Holder, the Trustee or the Issuer exercising its right to require the redemption of all or (in the case of a notice by a Security Holder) any of the Oil Securities held by such Security Holder pursuant to the Conditions, which in the case of such notice by a Security Holder shall contain its Redemption Instructions (provided that a Security Holder who is not an Authorised Participant will only be permitted to submit a Redemption Notice if, on the relevant Pricing Day there are no Authorised Participants)



“Redemption Obligations”	means the obligation of the Issuer to redeem an Oil Security and make payment to the relevant Security Holder in accordance with the Conditions (provided that a Security Holder, who is not an Authorised Participant, will only be able to require redemption of the Oil Securities held by such Security Holder if, on the Redemption Day, there are no Authorised Participants)
“Redemption Price”	means, for each Oil Security, the relevant Price (or such other price as may be agreed on any occasion between the relevant Security Holder giving the Redemption Notice and the Issuer) and the Redemption Price for a number of Oil Securities of a particular class means the Redemption Price for a single Oil Security of that class multiplied by that number
“Register”	means the register of Security Holders kept and maintained by the Registrar
“Registered Address”	means, in relation to a Security Holder, the address recorded in the Register for that Security Holder or where there is more than one Security Holder registered in respect of that Oil Security, the address recorded in the Register for the first named Security Holder in respect of that Oil Security
“Registrar”	means Computershare Investor Services (Channel Islands) Limited, Ordnance House, 31 Pier Road, St. Helier, Jersey, Channel Islands, JE4 8PW or such other person as may be appointed by the Issuer from time to time to maintain the Register and to receive and process applications for and redemptions of Oil Securities
“Registrar Agreement”	means the registrar agreement dated 13 July 2005 (as amended on 20 July 2007) between the Registrar and the Issuer
“Regulated Market”	means a regulated market for the purposes of EU Directive 2004/39/EC (the Markets in Financial Instruments Directive)
“Relevant Month Contract”	means, for each class of Oil Security, on any Trading Day, the Near Contract and, unless the Next Entitlement is zero on that Trading Day, the Next Contract for that class
“RIS”	means a Regulatory Information Service (as defined for the purposes of the Listing Rules) from time to time chosen by the Issuer
“Roll Day”	means a Pricing Day during a Roll Period
“Roll Period”	means, subject to the provisions of Condition 7 in Part 7 ( <i>Particulars of the Oil Securities</i> ) <ul style="list-style-type: none"> <li>(a) for Brent 1mth Oil Securities and WTI 2mth Oil Securities, the first, second, third, fourth and fifth Pricing Days of each Month concluding on the earlier of the fifth Roll Day and the Last Remaining Trading Day, and</li> <li>(b) for all other classes of Oil Securities the first and second available Pricing Days of the relevant month</li> </ul>
“Secured Property”	means in respect of the Oil Securities of any class, all rights of the Issuer under the Oil Purchase Agreement, Oil Contracts, the Authorised Participant Agreements and the Letter of Credit, to the extent that they apply to payments due in respect of any Oil Contracts of that class and which is subject to the security

	created in favour of the Trustee pursuant to the Security Deed applicable to that class
“Security”	means, in respect of the Oil Securities of any class, the security constituted by the applicable Security Deed
“Security Deeds”	means in respect of any Pool, a security deed governed by English law between the Issuer and the Trustee assigning by way of security the contractual rights of the Issuer in relation to the Oil Purchase Agreement and creating a first-ranking floating charge over such other property of the Issuer as is attributable to such Pool, for the benefit of the Trustee and the holders of the securities attributable to such Pool
“Security Holder”	means the registered holder of an Oil Security
“sell” or “redeem”	in relation to an Oil Contract includes ‘terminate’ or ‘close out’ the position created by such Oil Contract
“Service Agreement”	means the Service Agreement dated 13 July 2005 (as amended on 20 July 2007) between ETFSL and the Issuer providing for certain services to be provided by ETFSL to the Issuer in relation to the Oil Securities
“Settlement Price”	means, in respect of a Pricing Day and a Brent Contract or WTI Contract, the official settlement price established and calculated by the Relevant Exchange in respect of that Pricing Day in respect of such Brent Contract or WTI Contract (as applicable)
“Shell Group”	means the group of companies comprising the Affiliates of Shell Trading Switzerland and Shell Treasury collectively
“Shell Trading Switzerland”	means Shell Trading Switzerland AG, a company incorporated and registered in Switzerland and which is a wholly-owned member of the Shell Group
“Shell Treasury”	means Shell Treasury Dollar Company Limited, a company incorporated and registered in England and which is a wholly-owned member of the Shell Group
“Standard & Poor’s”	means Standard & Poor’s, a Division of the McGraw-Hill Companies, Inc.
“subsidiary”	has the meaning given to that term in section 736 of the Companies Act 1985 (as amended)
“Substitute Credit”	means a valid and binding standby letter of credit issued by Shell Treasury or a Substitute Credit Provider on substantially the same terms as the initial Letter of Credit issued by Shell Treasury, <i>mutatis mutandis</i>
“Substitute Credit Provider”	(a) in respect of Shell Trading Switzerland, means any Affiliate of Shell Trading Switzerland provided that: <ul style="list-style-type: none"> <li>(i) such company has a credit rating (long term, foreign currency) with Standard &amp; Poor’s or with Moody’s which is at least equal or equivalent to the credit rating (long term, foreign currency) applied by Standard &amp; Poor’s or Moody’s (as the case may be) to an Ultimate Shell Parent Company as at the date of the substitution of a Letter of Credit with such Substitute Credit;</li> </ul>

- (ii) the obligations of such company in respect of the Substitute Credit are guaranteed pursuant to an instrument in favour of the Issuer by a company meeting the requirements in (a) above or by Shell Treasury;
  - (iii) such company (i) is solvent and will be able to meet in full the obligations of Shell Treasury under the relevant Letter of Credit as and when they may arise (each to be conclusively certified to the Issuer and the Trustee in writing by any two directors of such company) and (ii) will not, as a result of such substitution, cause a suspension or cessation of the listing of the Oil Securities on the Official List of the UK Listing Authority; or
  - (iv) such entity is the successor, surviving or transferee entity of Shell Treasury, as a result of a Designated Event
- (b) in respect of any other Oil Major Company, has the meaning given thereto in the corresponding Letter(s) of Credit

“Tax”	means any VAT, tax, income tax, capital gains tax, corporation tax, goods and services tax, withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax, import/export tax or tariff and any other taxes, levies, imposts, deductions, interest, penalties and charges imposed or levied by a government or government agency
“Termination Redemption Date”	means a date nominated in accordance with Condition 6.4 in Part 7 ( <i>Particulars of the Oil Securities</i> )
“Trading Day”	means a Day on which trading is permitted on the relevant Exchange
“Trustee”	means The Law Debenture Trust Corporation p.l.c. as trustee for the Security Holders and includes any subsequent trustee appointed in accordance with the Trust Instrument
“Trust Instrument”	means the Trust Instrument governed by English law to be dated 13 July 2005, the supplemental Trust Instrument dated 24 April 2006 and the second supplemental Trust Instrument dated 20 July 2007 between the Issuer and the Trustee constituting the Oil Securities
“UCITS Scheme”	means a scheme that falls within the definition of a “UCITS Scheme” contained in the FSA Glossary
“UK Listing Authority”	means the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FMSA or any successor enactment
“Ultimate Shell Parent Company”	means Royal Dutch Shell plc
“Uncertificated” or “Uncertificated Form”	means recorded on the Register as being held in uncertificated form, title to which may, by virtue of the Companies (Uncertificated Securities) (Jersey) Order 1999, be transferred by means of CREST
“United Kingdom” or “UK”	means the United Kingdom of Great Britain and Northern Ireland

“United States” or “USA”	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Dollars” or “US\$”	means United States dollars
“VAT”	means value added tax
“Weekly LIBOR”	<p>means, in respect of each Trading Day in a Week, the following rate per annum determined for the last Trading Day of the prior Week (rounded upwards, if necessary, to the nearest 1/100th of 1 per cent.):</p> <p>(a) the rate appearing on the Reuters LIBOR page as the London Interbank Offered Rate for deposits of US Dollars as at 11.00 a.m. on such Trading Day for a value date two Business Days following such Trading Day, and for the period commencing on such value date and ending on a date one month (or such other period as may be agreed between the Issuer and Shell Trading Switzerland from time to time) after such value date,</p> <p>(b) in the event of the unavailability of the Reuters Page, the rate appearing on Telerate Page 3750 (or any successor page) as the London Interbank Offered Rate for deposits in US Dollars as at 11.00 a.m. on such Trading Day for a value date two Business Days following such Trading Day, and for the period commencing on such value date and ending on a date one month (or such other period as may be agreed between the Issuer and Shell Trading Switzerland from time to time) after such value date, or</p> <p>(c) in the event of the unavailability of both the Reuters Page and the Telerate Page, the one month (or such other period as may be agreed between the Issuer and Shell Trading Switzerland from time to time) “LIBOR BBA Interbank Fixing Rate” for US Dollars as published in the World Interest Rates section of the Financial Times newspaper on such Trading Day</p>
“WTI 1yr Oil Securities”	means WTI 1yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument
“WTI 2mth Oil Securities”	means WTI class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument
“WTI 2yr Oil Securities”	means WTI 2yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument
“WTI 3yr Oil Securities”	means WTI 3yr class undated limited recourse secured oil securities of US\$5.00 each of the Issuer issued or to be issued pursuant to, and constituted by, the Trust Instrument
“WTI Contract”	means a futures contract for the purchase or sale of light “sweet” crude oil for future delivery in Cushing, Oklahoma which is subject to the rules of NYMEX
“WTI 2mth Pool”	means the Pool created by the Issuer on the first issue of WTI 2mth Oil Securities and to which all the WTI 2mth Oil Securities will be attributable

“WTI 1 yr Pool”	means the separate fund or pool created by the Company to which the WTI 1 yr Oil Securities are attributable
“WTI 2 yr Pool”	means the separate fund or pool created by the Company to which the WTI 2 yr Oil Securities are attributable
“WTI 3 yr Pool”	means the separate fund or pool created by the Company to which the WTI 3 yr Oil Securities are attributable
“WTI-referenced Oil Securities”	means WTI 2mth Oil Securities, WTI 1yr Oil Securities, WTI 2yr Oil Securities and WTI 3yr Oil Securities

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors of the Issuer</b>	Graham Tuckwell, Chairman Leanne Baker Ben Cukier Vince FitzGerald Graeme Ross Craig Stewart Jim Wiandt  All the Directors are non-executive.
<b>Secretary of the Issuer</b>	R&H Fund Services (Jersey) Limited
<b>Registered Office of the Issuer and address of directors and secretary of the Issuer</b>	The address of all the directors and secretary of the Issuer is the registered office of the Issuer, which is: Ordnance House 1 Pier Road St. Helier Jersey JE4 8PW Channel Islands Tel: +44 1534 825 230 <a href="http://www.etfsecurities.com/oil">http://www.etfsecurities.com/oil</a>
<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 Issuer</b>	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ
<b>Jersey Legal Advisers to the Issuer</b>	Mourant du Feu & Jeune 22 Grenville Street St. Helier Jersey JE4 8PX Channel Islands
<b>Dutch Legal Advisers to the Issuer</b>	Stibbe Strawinskylaan 2001 Postbus 75640 1070 AP Amsterdam The Netherlands
<b>Dutch Listing and Paying Agents</b>	Fortis Bank (Nederland) N.V. Rokin 55 1012 KK Amsterdam The Netherlands
<b>German Legal Advisers to the Issuer</b>	Dechert LLP Theresienstraße 6 80333 Munich Germany
<b>German Listing and Paying Agent</b>	HSBC Trinkaus & Burkhardt AG Königsallee 21/23 40212 Düsseldorf Germany

	<p>Simmons &amp; Simmons  5 boulevard de la Madeleine  75001 Paris  France</p>
<b>French Listing and Paying Agent</b>	<p>HSBC France  103 Avenue des Champs-Élysées  75008 Paris  France</p>
<b>Italian Legal Adviser to the Issuer</b>	<p>Studio Legale Cieri Crocenzi  Via A. Bertoloni, 41  00197 Roma  Italy</p>
<b>English Legal Advisers to the Trustee</b>	<p>Simmons &amp; Simmons  CityPoint  1 Ropemaker Street  London EC2Y 9SS</p>
<b>Jersey Legal Advisers to the Trustee</b>	<p>Ogier  Whiteley Chambers  Don Street  St. Helier  Jersey JE4 9WG</p>
<b>Auditors of the Issuer</b>	<p>Ernst &amp; Young LLP  Unity Chambers  28 Halkett Street  St. Helier  Jersey JE1 1EY</p> <p>Ernst &amp; Young LLP is authorised by the Jersey Financial Services Commission to be appointed as auditor of a Jersey incorporated company under Article 109 of the Companies (Jersey) Law 1991</p>
<b>Registrar</b>	<p>Computershare Investor Services (Channel Islands) Limited  Ordnance House  31 Pier Road  St. Helier  Jersey JE4 8PW  Channel Islands</p>

## ANNEX 1

### FORM OF THE GLOBAL BEARER CERTIFICATES

#### INHABER-SAMMELZERTIFIKAT

für

- [siehe Anhang1] [Klasse der] Namensschuldverschreibungen

der

#### **ETFFS Oil Securities Limited**

Ordnance House, 31 Pier Road, St Helier, Jersey, Channel Islands, JE4 8PW

eingeteilt in Teilschuldverschreibungen im Nennbetrag von je USD 5,00

Für dieses Inhaber-Sammelzertifikat hält die Clearstream Banking Aktiengesellschaft mit Sitz in Frankfurt am Main, Bundesrepublik Deutschland (im folgenden "Clearstream" genannt), als Deckung • [siehe Anhang 1] [Klasse der] Namensschuldverschreibungen (im folgenden "Schuldverschreibungen" genannt) der ETFFS Oil Securities Limited, Jersey, Channel Islands (im folgenden "Gesellschaft" genannt). Die durch den Treuhandvertrag vom 13. Juli 2005 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c., in seiner jeweiligen Fassung (im folgenden "Treuhandvertrag" genannt) begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert und in Namensteilschuldverschreibungen mit einem Nennbetrag von je USD 5,00 eingeteilt. Die Schuldverschreibungen sind auf Vidacos Nominees Limited, London, England, eingetragen und einem bei der Citibank N.A., London, England, unterhaltenen Sonderdepot verwahrt. Jeder Miteigentümer dieses Sammelzertifikats ist berechtigt, jederzeit von der Clearstream die Auslieferung und Registrierung einer seinem Miteigentumsanteil entsprechenden Stückzahl von [Klasse der] 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 CERTIFICATES

#### Zertifikatsbedingungen

1. Dieses Inhaber-Sammelzertifikat trägt die Unterschriften zweier Vorstandsmitglieder oder eines Vorstandsmitgliedes und eines Prokuristen der Clearstream Banking Aktiengesellschaft, Frankfurt am Main, Bundesrepublik Deutschland, (im folgenden "Clearstream" genannt).
2. Jeder Miteigentümer dieses Inhaber-Sammelzertifikats ist berechtigt, jederzeit von der Clearstream die Auslieferung und Registrierung einer seinem Miteigentumsanteil entsprechenden Stückzahl von • [siehe Anhang 1] [Klasse der] Namensschuldverschreibungen (im folgenden "Schuldverschreibungen" genannt) der ETFS Oil 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 13. Juli 2005 zwischen der Gesellschaft und der The Law Debenture Trust Corporation p.l.c., in seiner jeweiligen Fassung (im folgenden "Treuhandvertrag" genannt) begründeten Schuldverschreibungen sind, wie im Treuhandvertrag näher dargelegt, besichert und in Namensteilschuldverschreibungen mit einem Nennbetrag von je USD 5,00 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 bekannt zu gebenden 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 bekannt zu geben.

5. Sollte die Ausgabe des Inhaber-Sammelzertifikats zu irgendeinem Zeitpunkt in der Bundesrepublik Deutschland oder auf Jersey, Channel Islands, irgendwelchen Steuern, Gebühren oder Abgaben unterliegen, so haben die Miteigentümer diese Steuern, Gebühren oder Abgaben nach Maßgabe ihrer Anteile am Inhaber-Sammelzertifikat zu tragen.

Die Clearstream ist berechtigt, Steuern, Gebühren oder Abgaben, denen sie zu irgendeinem Zeitpunkt in der Bundesrepublik Deutschland oder auf Jersey, Channel Islands, allein auf Grund der Tatsache unterworfen wird, dass sie die Schuldverschreibungen hält, auf alle Miteigentümer nach Maßgabe ihrer Anteile am Inhaber-Sammelzertifikat umzulegen.

6. Treten aus irgendeinem Grunde an die Stelle der Schuldverschreibungen andere Schuldverschreibungen oder ein sonstiger Vermögenswert, so wandelt sich das Recht der Miteigentümer auf die Schuldverschreibungen in ein Recht auf den Ersatzgegenstand. Die Zertifikatsbedingungen gelten dann sinngemäß.
7. Die Clearstream ist berechtigt, die Citibank N.A., London, England, (im folgenden "Verwahrer" genannt) in ihrer Funktion als Verwahrer oder die Vidacos Nominees Ltd., London, England, (im folgenden "Nominee" genannt) in ihrer Funktion als Nominee durch eine andere Person zu ersetzen. Die Haftung der Clearstream beschränkt sich hierbei auf die sorgfältige Auswahl. Unberührt bleibt die Befugnis der Clearstream, die Funktion des Verwahrers oder des Nominees selbst wahrzunehmen. Im Fall der Ersetzung des Verwahrers oder des Nominees gelten alle Bezugnahmen auf den Verwahrer bzw. den Nominee in diesen Bedingungen als Bezugnahmen auf den neuen Verwahrer bzw. Nominee.
8. Werden die Schuldverschreibungen in einer die Mitwirkung der Clearstream in dieser Form nicht mehr erfordernden Weise an deutschen Wertpapierbörsen lieferbar oder wird die Zulassung der Schuldverschreibungen in Form von Miteigentumsanteilen am Inhaber-Sammelzertifikat zum Handel und zur amtlichen Notierung an deutschen Wertpapierbörsen zurückgenommen, so wird die Clearstream die Miteigentümer auffordern, ihr einen Auftrag gemäß Ziffer 2. Abs. 1 zu erteilen. Wird dieser Auftrag nicht innerhalb einer Frist von 3 Monaten seit Veröffentlichung der Aufforderung erteilt, so ist die Clearstream nach ihrem Ermessen berechtigt, die Eintragung der Schuldverschreibungen auf den Namen des Miteigentümers oder eines in der Aufforderung benannten Dritten zu veranlassen und die Schuldverschreibungen bei einer in der Aufforderung angegebenen Stelle für den Miteigentümer auf dessen Kosten und Gefahr zu hinterlegen. Damit erlöschen 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 oder undurchführbare Bestimmungen soll eine dem Sinn und Zweck dieses Vertragsverhältnisses entsprechende Regelung gelten.
12. Alle Rechtsbeziehungen zwischen dem Miteigentümer und der Clearstream unterliegen dem Recht der Bundesrepublik Deutschland. Ausschließlicher Gerichtsstand ist Frankfurt am Main.

13. Eine Änderung dieser Zertifikatsbedingungen ist nur zulässig, soweit durch sie die Rechte der Miteigentümer nicht beeinträchtigt werden, es sei denn, daß sie durch gesetzliche Vorschriften bedingt ist.

#### **Anhang 1**

Anhang 1 kann zu jeder Zeit ergänzt werden, sollten weitere Klassen von Schuldverschreibungen von ETFs Oil Securities Limited im Rahmen seines Multi-Klassen-Programms ausgegeben werden.

<b>Klasse</b>	<b>ursprüngliche ISIN (der Schuldverschreibung)</b>	<b>Nennbetrag</b>
Brent Oil	GB00B0CTWC01	USD 5.00
WTI Oil	GB00B0CTWK84	USD 5.00

## ANNEX 3

### FORM OF PRICING SUPPLEMENT

Pro Forma Pricing Supplement for an issue by ETFS Oil Securities Limited under the Programme for the Issue of Oil Securities

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#### PRICING SUPPLEMENT

Dated [•]

### ETFS Oil Securities Limited

*(Incorporated and registered in Jersey under  
the Companies (Jersey) Law 1991 (as amended) with registered number 88371)*

**(the “Company”)**

**Programme for the Issue of Oil Securities**

**Issue of  
[number] [class] Oil Securities  
(the “Oil Securities”)**

This Pricing Supplement (as referred to in the Prospectus (the “Prospectus”) dated 27 June 2008 in relation to the above Programme) relates to the issue of the Oil Securities referred to above. The Oil Securities have the terms provided for in the Trust Instrument dated 13 July 2005 (as amended) between the Company and The Law Debenture Trust Corporation p.l.c. as Trustee constituting the Oil Securities. Terms used in this Pricing Supplement bear the same meaning as in the Prospectus. The particulars in relation to this issue of Oil Securities are as follows:

Issuer: ETFS Oil Securities Limited

ISIN: [ ]

Issue Date: [ ]

Class: [ ]

Oil Major Company: [ ]

Near Entitlement: [ ]

Next Entitlement: [ ]

Near Contract Price: [ ]

Next Contract Price: [ ]

Multiplier: [ ]

Creation Price: US\$[ ]

Aggregate Number of Oil Securities to which this Pricing Supplement applies: [ ]

Following the issue of Oil Securities to which this Pricing Supplement applies, Oil Securities will be in issue corresponding to the following outstanding Oil Contracts with the following Oil Major Companies:

	<b>Shell Trading Switzerland AG</b>	<b>[Oil Major Company]</b>	<b>Total</b>
Brent 1mth	•	•	•
Brent 1yr	•	•	•
Brent 2yr	•	•	•
Brent 3yr	•	•	•
WTI 2mth	•	•	•
WTI 1yr	•	•	•
WTI 2yr	•	•	•
WTI 3yr	•	•	•