

Final Terms dated 1 April 2011

DB ETC PLC

Issue of 500,000 db Physical Gold GBP Hedged ETC Securities due 2061

being the Tranche Number 1 of Series 13 db Physical Gold GBP Hedged ETC Securities due 2061
issued under its Secured ETC Precious Metal Linked Securities Programme

This document constitutes final terms ("**Final Terms**") for the purposes of Article 5(4) of Directive 2003/71/EC (the "**Prospectus Directive**").

The Tranche of ETC Securities to which these Final Terms relate shall be consolidated and form a single series with Series 13 with effect from 1 April 2011. These Final Terms comprise the information relevant to the Tranche of ETC Securities specified below and information and sections from the Base Prospectus, extracted and amended so as to present only the information applicable to the Series of ETC Securities to which these Final Terms relate and information relating to the Tranche of ETC Securities being issued on the Issue Date specified below.

The Conditions of the ETC Securities are in the form of Integrated Conditions.

The Table of Contents relating to these Final Terms commence on the following page.

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1. KEY TERMS OF THE ETC SECURITIES

1.	Issuer:	DB ETC plc
2.	Series Number:	13
3.	Number of the Tranche of ETC Securities to which these Final Terms relate:	1
4.	Specified Currency of the ETC Securities:	GBP
5.	Series Issue Date:	1 April 2011
6.	(i) Issue Date of the Tranche of ETC Securities to which these Final Terms relate:	1 April 2011
	(ii) Subscription Trade Date of the Tranche of ETC Securities to which these Final Terms relate:	30 March 2011
7.	Maximum number of ETC Securities for this Series authorised for issue:	2,000,000,000
8.	Aggregate Number of ETC Securities comprising the Series as at Issue Date of the Tranche of ETC Securities to which these Final Terms relate:	(i) Prior to issue of the Tranche of ETC Securities to which these Final Terms relate: Not Applicable. (ii) Immediately following the issue of the Tranche of ETC Securities to which these Final Terms relate: 500,000.
9.	Number of ETC Securities comprising the Tranche of ETC Securities to be issued on the Issue Date to which these Final Terms relate:	500,000
10.	Initial Metal Entitlement per ETC Security:	(i) as at Series Issue Date: 0.01 fine troy ounces; (ii) of the ETC Securities comprising the Tranche of ETC Securities to which these Final Terms relate as at the Issue Date thereof: 0.01 fine troy ounces.
11.	Issue Price per ETC Security:	As defined in Condition 1
12.	Scheduled Maturity Date of the Series:	1 April 2061
13.	Metal to which this Series of ETC Securities relates:	Gold
14.	Date on which Board approval for issuance of this Tranche of ETC Securities was obtained:	30 March 2011
15.	Form of ETC Securities:	Uncertificated Registered Securities
16.	Listing and Admission to trading:	Application shall be made to list the ETC Securities on the regulated market of the London Stock Exchange and, following the provision by the FSA of a Notification to the competent

authorities of Member States which have implemented the Prospectus Directive, such regulated markets of such Member States of the European Economic Area as the Issuer may decide in its discretion (each regulated market to which the Issuer has made an application to list the ETC Securities a “**Relevant Stock Exchange**”). Each Relevant Stock Exchange will be a regulated market for the purposes of the Prospectus Directive. The total expenses relating to the admission of the ETC Securities to trading is GBP 30,000.

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| 17. Rating: | The ETC Securities have not been rated. |
| 18. ISIN Code: | GB00B68FL050 |
| 19. Common Code: | Not Applicable |
| 20. WKN: | A1KM72 |
| 21. Relevant Clearing System: | CREST |
| 22. Delivery: | Delivery free of payment |
| 23. ETC Securities intended to be held in a manner which would allow Eurosystem eligibility: | The ETC Securities are not intended to be held in a manner which would allow Eurosystem eligibility. |
| 24. Applicable TEFRA Exemption: | Not Applicable |
| 25. Non-exempt Offer: | An offer of the ETC Securities may be made by the Authorised Participant(s) other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom and any other Member States of the European Economic Area in respect of which the competent authority has been provided with a Notification (the “ Public Offer Jurisdictions ”). |

2. INTRODUCTORY SECTION

Under the Secured ETC Precious Metal Linked Securities Programme (the “**Programme**”) described in the base prospectus relating to the Programme dated 28 May 2010 (the “**Base Prospectus**”), DB ETC plc (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, and to the Programme Maximum Number of ETC Securities, may, from time to time issue secured precious metal linked securities (“**ETC Securities**”). The ETC Securities constitute secured, limited recourse obligations of the Issuer and are issued in Series.

The Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and for the purpose of giving information with regard to the Issuer and the ETC Securities which, according to the particular nature of the Issuer and the ETC Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

All capitalised terms used in this document have the meanings given to them in Condition 1 unless otherwise defined herein.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or any Transaction Party that any recipient of this document should purchase the ETC Securities. Prospective purchasers of ETC Securities should ensure that they understand the nature of the ETC Securities and the risks relating to an investment in the ETC Securities and should consider the suitability of the ETC Securities as an investment in the light of their own circumstances and financial condition. The ETC Securities involve a significant degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the ETC Securities and should not rely on receiving any advice from the Issuer, the Arranger, or any Transaction Party in that regard. See the section of this document headed “Risk Factors”.

Any person (an “investor”) intending to acquire or acquiring any ETC Securities from any 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 (the “FSMA”), the Issuer may only be responsible to the investor for the Base Prospectus under section 90 of the FSMA if the Issuer has authorised the offeror to make the offer to the investor. Each investor should therefore enquire whether the offeror is so authorised by the Issuer. If the offeror is not authorised by the Issuer, the investor should check with the offeror whether anyone is responsible for the Base Prospectus for the purposes of section 90 of the FSMA in the context of the offer to the public, and, if so, who that person is. If the investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents it should take legal advice. Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this document or the Base Prospectus, it will be the responsibility of the relevant offeror at the time of such offer to provide the investor with such information. This does not affect any responsibility which the Issuer may otherwise have under applicable laws.

The Base Prospectus has been approved as a base prospectus by the United Kingdom Financial Services Authority in its capacity as competent authority under the FSMA. The Issuer has requested or may also request the FSA to provide competent authorities in Austria, Belgium, Denmark, France, Finland, Germany, Greece, Italy, Luxembourg, the Netherlands, Norway, Spain and Sweden, with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive (a “**Notification**”). The Issuer may request the FSA to provide competent authorities in additional Member States within the European Economic Area with a Notification.

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 information in the section entitled "*Information Concerning the Lead Authorised Participant, the Secured Account Custodian, the Subscription Account Custodian, the Metal Agent and the Programme Counterparty*" consists only of extracts from, or summaries of, publicly available information. Such publicly available information was not prepared in connection with the offering of the ETC Securities. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by Deutsche Bank AG, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Deutsche Bank AG accepts responsibility for the information contained in the section entitled "*Information Concerning the Lead Authorised Participant, the Secured Account Custodian, the Subscription Account Custodian, the Metal Agent and the Programme Counterparty*". To the best of the knowledge and belief of Deutsche Bank AG (which has taken all reasonable care to ensure that such is the case), the information contained in the Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. To the fullest extent permitted by law, Deutsche Bank AG does not accept any responsibility (whether arising in tort, contract or otherwise) for the other contents of this document or Base Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Issuer or the issue and offering of the ETC Securities.

To the fullest extent permitted by law, no Authorised Participant (excluding, for this purpose, Deutsche Bank AG and any branch thereof) accepts any responsibility for the contents of the Base Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Issuer or the issue and offering of the ETC Securities. Each Authorised Participant (excluding, for this purpose, Deutsche Bank AG and any branch thereof) disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or Base Prospectus and/or any such statement.

The Authorised Participants may appoint distributors (which may include Deutsche Bank AG or any of its Affiliates) in connection with the offering of ETC Securities and may pay commissions or fees to such distributors in an amount not exceeding one-third of the Product Fee in relation to the relevant Series of ETC Securities. If any commissions or fees relating to the issue and sale of these ETC Securities have been paid or are payable by an Authorised Participant to a distributor, then such distributor may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such distributor, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**"), or as otherwise may apply in any non-EEA jurisdictions. Potential investors in these ETC Securities should ensure that they have been informed about the fee or commission arrangements by the distributor before making any purchase of the ETC Securities.

No person has been authorised to give any information or to make any representation other than those contained in this document and the Base Prospectus in connection with the issue or sale of the ETC Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Lead Authorised Participant, any Authorised Participant, the Determination Agent, any other Agent or the Programme Counterparty. Neither the delivery of this document, the Base Prospectus nor any sale made in connection with any of them shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of the Base Prospectus or the date upon which the Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the

Issuer since the date hereof or the date upon which the Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this document, the Base Prospectus and the offering or sale of the ETC Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document or the Base Prospectus comes are required by the Issuer, the Lead Authorised Participant, all Authorised Participants and the Arranger to inform themselves about and to observe any such restrictions.

THE ETC SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE ISSUER HAS NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE ETC SECURITIES INCLUDE ETC SECURITIES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. ETC SECURITIES MAY NOT BE LEGALLY OR BENEFICIALLY OWNED BY ANY U.S. PERSON AT ANY TIME NOR OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS.

ETC SECURITIES MAY NOT BE LEGALLY OR BENEFICIALLY OWNED BY ANY ENTITY THAT IS, OR THAT IS USING THE ASSETS OF, (A)(I) AN “**EMPLOYEE BENEFIT PLAN**” (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”)) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENTS OF TITLE I OF ERISA, (II) A “**PLAN**” TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), APPLIES, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE “**PLAN ASSETS**” (AS DETERMINED PURSUANT TO THE “**PLAN ASSETS REGULATION**” ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR AT 29 C.F.R. SECTION 2510.3-101 AS MODIFIED BY SECTION 3(42) OF ERISA) BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY (ANY SUCH PLAN OR ENTITY DESCRIBED IN (I), (II) OR (III), A “**BENEFIT PLAN INVESTOR**”) OR (B) A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT IS SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A “**SIMILAR LAW**”) UNLESS ITS ACQUISITION AND HOLDING AND DISPOSITION OF SUCH ETC SECURITY, OR ANY INTEREST THEREIN, HAS NOT AND WILL NOT CONSTITUTE A VIOLATION OF SUCH SIMILAR LAW. For a description of certain restrictions on offers and sales of ETC Securities and on the distribution of this document and/or the Base Prospectus, see the section of this document and/or the Base Prospectus entitled “*Subscription and Sale*”.

Save as discussed in the section entitled “*Subscription and Sale*”, so far as the Issuer is aware, no person involved in the offer of the ETC Securities has an interest material to the offer.

This document does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any Transaction Party to subscribe for, or purchase, any ETC Securities.

This document has been prepared on the basis that any offer of ETC Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of ETC Securities. Without prejudice to the immediately following sentence, any person making or intending to make an offer in that Relevant Member State of ETC Securities which are the subject of an offering contemplated in this document in relation to the offer of those ETC Securities may only do so in circumstances in which no obligation arises for the Issuer, the Lead Authorised Participant, any Authorised Participant or the

Arranger to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Authorised Participants may make an offer in a Relevant Member State of ETC Securities other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State if a prospectus for such offer 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 and (in either case) published, all in accordance with the Prospectus Directive and such prospectus has subsequently been completed by final terms which specify that offers may be made by Authorised Participants other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (and provided that if this document specifies any restriction on the period for which an Authorised Participant may make an offer, the Authorised Participants shall be bound by such restriction). Except to the extent the preceding sentence applies, none of the Issuer, the Lead Authorised Participant, any Authorised Participant or the Arranger have authorised, nor do they authorise, the making of any offer of ETC Securities in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

None of the Arranger or any Transaction Party has separately verified the information contained in this document (save as otherwise provided above) and accordingly none of them makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the ETC Securities or their distribution and none of them accepts any responsibility or liability therefor. None of the Arranger or any Transaction Party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this document or to advise any investor or potential investor in the ETC Securities of any information coming to their attention.

A copy of the Base Prospectus has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of the ETC Securities by the Issuer. 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 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.

The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission as suitable investments for any other type of investor.

Any individual intending to invest in any investment described in this document should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

If a prospective investor is in any doubt as to whether the ETC Securities are a suitable investment for it or it does not have experience in financial, business and investment matters sufficient to permit it to

make such determinations, it should consult with appropriate advisers prior to deciding whether or not to make an investment in the ETC Securities.

The ETC Securities are not units in an authorised collective investment scheme for the purposes of the FSMA.

In this document, unless otherwise specified or the context otherwise requires, references to “**dollars**”, “**U.S. dollars**”, “**USD**”, “**\$**” and “**U.S.\$**” are to the lawful currency of the United States of America, references to “**sterling**”, “**pounds sterling**”, “**GBP**” and “**£**” are to the lawful currency of the United Kingdom, and references to “**euro**”, “**EUR**” and “**€**” are to the lawful currency of those Member States of the European Union that have adopted the single currency of the European Union.

SUPPLEMENTARY PROSPECTUS

If, at any time, the Issuer shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to the Base Prospectus which, in respect of any subsequent issue of ETC Securities to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA.

The Issuer has given an undertaking to the Lead Authorised Participant and the other Authorised Participants that if, at any time during the duration of the Programme, there is a significant new factor, material mistake or inaccuracy relating to information contained in the Base Prospectus which is capable of affecting the assessment of any ETC Securities and whose inclusion in or removal from the Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the ETC Securities, the Issuer shall prepare an amendment or supplement to the Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the ETC Securities and shall supply to the Lead Authorised Participant and the Authorised Participants, the Trustee and the Agents such number of copies of such supplement hereto as they may reasonably request.

3. ECONOMIC OVERVIEW OF THE ETC SECURITIES

The following overview is qualified in its entirety by the Conditions of the ETC Securities and the remainder of this document.

The ETC Securities

The value and amount payable upon redemption of the ETC Securities is linked to the value of an amount of Metal equal to the Metal Entitlement per ETC Security.

Interest on the ETC Securities

The ETC Securities are non-interest bearing.

Amount payable on Maturity of the ETC Securities

On the Scheduled Maturity Date, each ETC Security will become due and payable at the greater of (i) the Final Metal Redemption Amount and (ii) 10 per cent. of the Issue Price per ETC Security as at the Series Issue Date (the "**Minimum Debt Amount**").

The Final Metal Redemption Amount is equal to the Metal Entitlement per ETC Security for the Final Redemption Valuation Date, multiplied by a price determined as the average sale price of the Underlying Metal held in respect of the Series of ETC Securities sold during the Final Redemption Disposal Period by the Metal Agent, net of associated deductions and Tax with respect to the Metal Agent and the Issuer. To the extent that the amount of Metal sold during the Final Redemption Disposal Period is lower than the Aggregate Final Metal Entitlement, for the purposes of determining the Final Metal Redemption Amount, such shortfall is deemed to have been sold at the last available Metal Reference Price as at the last day of the Final Redemption Disposal Period.

The Final Redemption Disposal Period is the period from (and including) the date falling four Scheduled Valuation Days after the Final Redemption Valuation Date (which is the day falling 45 calendar days prior to the Scheduled Maturity Date) to (but excluding) the date falling five Business Days prior to the Scheduled Maturity Date.

If the Final Metal Redemption Amount falls below the Minimum Debt Amount, then due to the limited recourse nature of the ETC Securities, Securityholders are unlikely to receive payment of the Final Redemption Amount in full and may receive zero.

Early Redemption

Following the occurrence of an Early Redemption Event or an Event of Default, the ETC Securities will become due and payable on the relevant Early Redemption Date at the Early Redemption Amount being the greater of (i) the Early Metal Redemption Amount and (ii) the Minimum Debt Amount.

Prospective investors are referred to Conditions 8(c) and 8(d) for a description of the Early Redemption Events and Condition 14 for a description of the Events of Default.

The Early Metal Redemption Amount is equal to the Metal Entitlement per ETC Security for the Early Redemption Valuation Date, multiplied by a price determined as the average sale price of the Underlying Metal held in respect of the Series of ETC Securities sold during the Early Redemption Disposal Period by the Metal Agent, net of associated deductions and Tax with respect to the Metal Agent and the Issuer. To the extent that the amount of Metal sold during the Early Redemption Disposal Period is lower than the Aggregate Final Metal Entitlement, for the purposes of determining the Early Metal Redemption Amount, such shortfall is deemed to have been sold at the last available Metal Reference Price as at the last day of the Early Redemption Disposal Period.

The Early Redemption Disposal Period is the period from (and including) the date falling four Scheduled Valuation Days after the Early Redemption Valuation Date to (but excluding) the date falling five

Business Days prior to the Scheduled Early Redemption Date (which is the 45th calendar day following the Early Redemption Valuation Date).

If the Early Metal Redemption Amount falls below the Minimum Debt Amount, then due to the limited recourse nature of the ETC Securities, Securityholders are unlikely to receive payment of the Early Redemption Amount in full and may receive zero.

Redemption Amounts

There can be no assurance that the Final Metal Redemption Amount or Early Metal Redemption Amount will be such that the Final Redemption Amount or Early Redemption Amount per ETC Security, as applicable, is greater than or equal to the amount invested per ETC Security by any Securityholder.

The Issuer will fund payment of any Final Redemption Amount or Early Redemption Amount per ETC Security, as applicable, under the ETC Securities from the proceeds of the sale of the Underlying Metal held by or on behalf of the Issuer in respect of the ETC Securities. Its ability to make the payments due under the Conditions on their final redemption or early redemption, as applicable, is entirely dependent on its receipt of the delivery of any Metal due from the Programme Counterparty under the Balancing Agreement as at the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable) and the proceeds of the disposal of the Underlying Metal from the Metal Agent. Accordingly, the Issuer and the Securityholders are exposed to the creditworthiness of the Metal Agent and to the Programme Counterparty (to the extent there is any amount deliverable by the Programme Counterparty under the Balancing Agreement as at the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable)). If the Metal Agent does not pay in full the amount payable under the Metal Agent Agreement when due in connection with the redemption of the ETC Securities the Security under the ETC Securities may become enforceable. However, if, following realisation in full of the Secured Property relating to the ETC Securities (whether by way of liquidation or enforcement) and application of available cash sums as provided in Condition 6, there are any outstanding claims against the Issuer in respect of such ETC Securities which remain unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances investors in the ETC Securities may not receive back their investment and may receive zero.

Metal Entitlement per ETC Security and the Product Fee Percentage

The Metal Entitlement per ETC Security of an ETC Security on its Series Issue Date is its Initial Metal Entitlement per ETC Security. On any Scheduled Valuation Day thereafter, subject to the adjusted formula which may be applicable following service of a Disruption Event Notice, the Metal Entitlement per ETC Security is equal to the Metal Entitlement per ETC Security for the immediately preceding Scheduled Valuation Day, plus (or minus) an amount representing the gain (or loss) (expressed in Trading Units of the relevant Metal) in the relevant foreign exchange forward contract between the Specified Currency and the Metal Currency for the period from the immediately preceding Scheduled Valuation Day to the relevant Scheduled Valuation Day, and with the portion of the Product Fee relating to the fraction of the calendar year from (and including) the immediately preceding Scheduled Valuation Day to (but excluding) the relevant Scheduled Valuation Day being deducted therefrom.

The Product Fee accrues on a daily basis and the Metal Entitlement per ETC Security for the relevant Scheduled Valuation Day reflects the deduction of the Product Fee accrued up to (but excluding) such Scheduled Valuation Day. The Product Fee in respect of a Scheduled Valuation Day is determined by reference to the Metal Entitlement per ETC Security in respect of the immediately preceding Scheduled Valuation Day and is based on the Product Fee Percentage.

The Product Fee Percentage is comprised of the Base Fee Percentage and the FX Hedging Fee Percentage. The Programme Counterparty may increase the Product Fee Percentage by increasing the Base Fee Percentage and/or the FX Hedging Fee Percentage. The Base Fee Percentage can be increased to an amount not higher than the Maximum Base Fee Percentage, provided that

Securityholders shall be given not less than 30 calendar days' prior notice of any such increase. The FX Hedging Fee Percentage can be increased to an amount not higher than the Maximum FX Hedging Fee Percentage, provided that Securityholders shall be given not less than 30 calendar days' prior notice of any such increase. An increase in the Product Fee Percentage will reduce the Metal Entitlement per ETC Security by more than would have been the case had such component not been increased. There can be no assurance that the Base Fee Percentage will not increase to any level up to the Maximum Base Fee Percentage or that the FX Hedging Fee Percentage will not increase to any level up to the Maximum FX Hedging Fee Percentage during the term of the ETC Securities or that the performance of the Metal will negate any increase in the Base Fee Percentage and/or the FX Hedging Fee Percentage.

The Value per ETC Security is determined on each Scheduled Valuation Day by multiplying the Metal Entitlement per ETC Security by the Metal Reference Price and the FX Spot Reference Level for the Specified Currency on the relevant Scheduled Valuation Day.

Factors affecting the value of the ETC Securities

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 the ETC Securities.

The market price of the ETC Securities will be affected by a number of factors, including, but not limited to:

- (i) the value and volatility of the Metal referenced by the ETC Securities;
- (ii) the value and volatility of precious metals in general;
- (iii) market perception, interest rates, yields and foreign exchange rates;
- (iv) the nature and value of the Balancing Agreement;
- (v) the creditworthiness of the Metal Agent, Programme Counterparty, Secured Account Custodian, Subscription Account Custodian, any applicable Sub-Custodian and the Authorised Participants;
and
- (vi) liquidity in the ETC Securities.

The Value per ETC Security and the secondary market price of the ETC Securities can go down as well as up throughout the term of the ETC Securities. Precious metals prices are generally more volatile than prices in other asset classes and the secondary market price of the ETC Securities may demonstrate similar volatility. The Value per ETC Security and market price of the ETC Securities on any Scheduled Valuation Day may not reflect their prior or future performance. There can be no assurance as to the future value and market price of the ETC Securities.

Precious metals markets have historically displayed recurring periods of rising prices (bull markets) and falling prices (bear markets). These periods have tended to last for a significant period of time. For example, the last lengthy bear market persisted for approximately 25 years. In 1998, prices in a number of precious metals were at, or near, all-time lows. Since 1998, precious metals markets have generally experienced a period of rising prices. However, no assurance can be given that such period of rising prices will persist, whether for a number of years or at all. Precious metals markets may at any time enter a period of falling prices, which would have a negative effect on the Value per ETC Security and the market price of the ETC Securities, and any such period may persist for the remaining term of the ETC Securities. Any such price fall may be rapid.

Taxation and No Gross-up

Each Securityholder will assume and be solely responsible for any and all Taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local Taxes or other like

assessment or charges that may be applicable to any payment to it in respect of the ETC Securities. In the event that any withholding or deduction for or on account of any Tax is imposed on payments on the ETC Securities, the Securityholders will be subject to such tax or deduction and will not be entitled to receive amounts to compensate for such withholding or deduction. No Event of Default will occur as a result of any such withholding or deduction.

Exchange Rates and Exchange Controls

The Issuer will make payments in respect of the ETC Securities in the Specified Currency. This will present certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent return on the ETC Securities, (ii) the Investor's Currency-equivalent value of the amount(s) payable on the ETC Securities and (iii) the Investor's Currency-equivalent market value of the ETC Securities.

4. SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to the Programme as described in the Base Prospectus and any decision to invest in any ETC Securities should be based on a consideration of the Base Prospectus as a whole, including the relevant Final Terms and the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an “EEA State”), no civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus. Where a claim relating to the information contained in the Base Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

The Issuer

The Issuer was registered and incorporated on 6 August 2009 as a public limited company in Jersey under the Companies (Jersey) Law 1991 (registration number 103781).

The Programme

The Issuer has established a programme for the issue of ETC Securities whose return is linked to the performance of a specified precious metal.

The ETC Securities

The ETC Securities are secured, limited recourse obligations of the Issuer and rank equally without any preference among themselves. The ETC Securities are obligations solely of the Issuer. They are not guaranteed by, or the responsibility of, any other entity. ETC Securities in bearer form and the Trust Deed constituting them are governed by English law. ETC Securities in registered form and the Trust Deed constituting them are governed by Jersey law. All other Transaction Documents (including the relevant Security Deed) are governed by English law. For the purposes of Annexes VII, VIII and XII of the EC Commission Regulation EC/809/2004 the ETC Securities have a minimum denomination of less than €50,000.

ETC Securities may be listed on a Stock Exchange and, if listed, may also (but not necessarily) be exchange-traded. Unlisted and/or non exchange-traded ETC Securities may also be issued.

Purchase and sale of ETC Securities

The ETC Securities may have a long term and investors can only realise value from an ETC Security prior to its Scheduled Maturity Date by selling it to an Authorised Participant or in the secondary market. Whilst the Authorised Participants intend to make a market, they are under no obligation to do so and there can be no assurance that Authorised Participants would purchase ETC Securities on any day or at any particular price. If the ETC Securities are listed and exchange-traded, prospective investors may also be able to purchase and sell ETC Securities on the Relevant Stock Exchange(s) without involving an Authorised Participant. No assurance can be given that any secondary market will arise.

Security in respect of a Series of ETC Securities and limited recourse

The Security primarily comprises English law charges and assignments in favour of the Trustee over:

- (i) the rights of the Issuer against the Secured Account Custodian, the Subscription Account Custodian and any relevant Sub-Custodian relating to the Underlying Metal in respect of the relevant Series of ETC Securities under the Custody Agreement for Secured Accounts, the Custody Agreement for the Subscription Account and any Sub-Custody Agreements (if any);
- (ii) the Underlying Metal in respect of the relevant Series and all sums or assets derived therefrom;

- (iii) the rights of the Issuer under the Balancing Agreement, Metal Agent Agreement and certain Transaction Documents relating to the relevant Series;
- (iv) all sums and other property held or received by the Metal Agent relating to the sale of Underlying Metal; and
- (v) all sums and assets held by the Issuing and Paying Agent and/or the Registrar (if applicable) and/or the Secured Account Custodian to meet payments due in respect of any Secured Issuer Obligation or Other Issuer Obligation relating to the ETC Securities.

The Securityholders of a specific Series of ETC Securities shall have recourse only to the Secured Property for that Series, subject always to the Security, and no other assets of the Issuer will be available to pay any claims with respect to the ETC Securities of such Series.

No Securityholder or any person acting on its behalf may bring, institute, or join with any other person in bringing, instituting or joining any insolvency or similar proceedings in relation to the Issuer or any of its assets, and no Securityholder shall have any claim arising with respect to the assets and/or property attributable to any other Series of ETC Securities issued by the Issuer.

Metal Entitlement per ETC Security and Value per ETC Security

The Metal Entitlement per ETC Security on the Series Issue Date is the Initial Metal Entitlement per ETC Security. Thereafter, the Metal Entitlement per ETC Security for a Scheduled Valuation Day is equal to the Metal Entitlement per ETC Security for the immediately preceding Scheduled Valuation Day, less the aggregate Product Fee Percentage accrued up to such Scheduled Valuation Day and, if such ETC Security is an FX Hedged ETC Security, adjusted for gains or losses in the currency hedging component of such FX Hedged ETC Security, which relate to movements in the foreign exchange rate between the Specified Currency and the Metal Currency.

The Value per ETC Security on a Scheduled Valuation Day is the Metal Entitlement per ETC Security, multiplied by the Metal Reference Price and, if the ETC Securities are FX Hedged ETC Securities, the FX Spot Reference Level for such Scheduled Valuation Day.

The Product Fee Percentage is comprised of the Base Fee Percentage and, in the case of FX Hedged ETC Securities, the FX Hedging Fee Percentage. The Programme Counterparty may increase the Base Fee Percentage to an amount not higher than the Maximum Base Fee Percentage and, if applicable, the FX Hedging Fee Percentage to an amount not higher than the Maximum FX Hedging Fee Percentage, provided that Securityholders shall be given not less than 30 calendar days' prior notice of any such increase. An increase in the Product Fee Percentage will reduce the Metal Entitlement per ETC Security by more than would have been the case had such fee not been increased.

If the ETC Securities are FX Hedged ETC Securities and the value of the Specified Currency, expressed in units of the Metal Currency increases, the Metal Entitlement per ETC Security will decrease and *vice versa*, assuming all other factors remain constant.

Amounts payable during the life of the ETC Securities

The ETC Securities are non-interest bearing. No amounts are payable under the ETC Securities prior to their Scheduled Maturity Date unless the ETC Securities redeem early. Securityholders can only realise value from an ETC Security prior to its Scheduled Maturity Date by selling it at its then market price in an available secondary market.

Amount payable on the Scheduled Maturity Date of the ETC Securities

On the Scheduled Maturity Date, each ETC Security will become due and payable at the greater of (i) the Final Metal Redemption Amount and (ii) 10 per cent. of the Issue Price per ETC Security as at the Series Issue Date (the "**Minimum Debt Amount**").

The Final Metal Redemption Amount is determined by multiplying (i) the Metal Entitlement per ETC Security as at the Final Redemption Valuation Date; and (ii) the weighted average prices at which the Metal Agent is able to sell the Underlying Metal during the Final Redemption Disposal Period.

There can be no assurance that the Final Redemption Amount will be greater than or equal to the amount invested by any Securityholder.

If the Final Metal Redemption Amount falls below the Minimum Debt Amount, then due to the limited recourse nature of the ETC Securities, Securityholders are unlikely to receive payment of the Final Redemption Amount in full and may receive zero.

Early redemption of the ETC Securities

Issuer Call Option

The Issuer may elect to redeem a Series of ETC Securities early on giving not less than 60 calendar days' notice to Securityholders.

Programme Counterparty Optional Termination

The Programme Counterparty may, on giving not less than 60 calendar days' prior notice, terminate the Balancing Agreement relating to a Series of ETC Securities. Termination of the Balancing Agreement will result in an early redemption of the relevant ETC Securities.

Events of Default and other Early Redemption Events

The ETC Securities of a Series may also redeem early if:

- (i) certain legal or regulatory changes occur in relation to the Issuer and the Issuer gives a notice of redemption;
- (ii) the Balancing Agreement is terminated in connection with a Balancing Agreement Event of Default or Balancing Agreement Termination Event;
- (iii) the Determination Agent, the Issuing and Paying Agent, the Secured Account Custodian, the Subscription Account Custodian, the Registrar (in the case of ETC Securities in registered form), the Lead Authorised Participant and/or all the Authorised Participants, as applicable, resign or their appointment is terminated and the Issuer gives notice that no successor or replacement has been appointed within a 60 calendar day period;
- (iv) the Metal Entitlement per ETC Security or the Value per ETC Security is not published for 14 consecutive Scheduled Valuation Days and the Trustee gives the relevant notice as directed by the requisite number of Securityholders;
- (v) the Value per ETC Security is less than or equal to 20 per cent. of the Issue Price as at the Series Issue Date for two consecutive Scheduled Valuation Days and the Determination Agent gives the relevant notice;
- (vi) the Issuer will, or there is a substantial likelihood that it will, be required to make a payment in respect of VAT or be required to account for VAT in respect of a delivery of Metal from or to an Authorised Participant (whether or not such VAT is recoverable);
- (vii) a Securityholder does not, upon request, receive a firm bid price for its ETC Securities from an Authorised Participant for five consecutive Scheduled Valuation Days and following the requisite notices being given does not receive a firm bid price during a further 20 consecutive Scheduled Valuation Day period and the Issuer gives the relevant notice;
- (viii) a Balancing Agreement Event of Default occurs and is continuing with respect to the Programme Counterparty and the Trustee is directed by Securityholders to give the relevant notice;

- (ix) the Issuer becomes entitled to serve a VAT Redemption Event Notice or a termination notice under the Balancing Agreement following a Balancing Agreement Tax Event or a Balancing Agreement Illegality and the Trustee gives the relevant notice as directed by the requisite number of Securityholders; or
- (x) an Event of Default occurs under Condition 14 of the ETC Securities and the Trustee gives the relevant notice.

Following the occurrence of an Early Redemption Event or the delivery by the Trustee of an Event of Default Redemption Notice in respect of an Event of Default in respect of a Series of ETC Securities, such Series will become due and payable on the relevant Early Redemption Date at the Early Redemption Amount per ETC Security being the greater of (i) the Early Metal Redemption Amount and (ii) the Minimum Debt Amount.

The Early Metal Redemption Amount is determined by multiplying (i) the Metal Entitlement per ETC Security as at the Early Redemption Valuation Date; and (ii) the weighted average prices at which the Metal Agent is able to sell the Underlying Metal during the Early Redemption Disposal Period.

There can be no assurance that the Early Redemption Amount will be greater than or equal to the amount invested by any Securityholder.

If the Early Metal Redemption Amount falls below the Minimum Debt Amount, then due to the limited recourse nature of the ETC Securities, Securityholders are unlikely to receive payment of the Early Redemption Amount in full and may receive zero.

Exposure to the Programme Counterparty

The Balancing Agreement between the Programme Counterparty and the Issuer broadly seeks to account for the Product Fee and, in respect of FX Hedged ETC Securities, any currency hedging gains or losses by requiring deliveries of unallocated metal to be made between the Issuer and the Programme Counterparty so that, as a result of such deliveries, the amount of Underlying Metal should equal the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of the relevant Series on specified Observation Dates. However, as a result of such settlement only taking place on a periodic basis this means that the Issuer might at times hold an amount of Underlying Metal that is more or less than the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of such Series and therefore, Securityholders will have an unsecured credit exposure to the Programme Counterparty to the extent of any shortfall in Underlying Metal.

Exposure to the Metal Agent

Following a Final Redemption Valuation Date or Early Redemption Valuation Date, the Metal Agent will dispose of Underlying Metal during the Redemption Disposal Period and shortly before the Scheduled Maturity Date or the Early Redemption Date (as applicable) pay the aggregate proceeds of such disposals (converted, if necessary, into the currency of the ETC Securities) to the Issuer (or the Issuing and Paying Agent on the Issuer's behalf). The Issuer's ability to pay the Final Redemption Amount or the Early Redemption Amount on the Scheduled Maturity Date or Early Redemption Date (as applicable) is dependent on its receipt of the disposal proceeds of the Underlying Metal from the Metal Agent. Therefore, Securityholders of a Series are exposed to the creditworthiness of the Metal Agent in respect of the disposal proceeds of the Underlying Metal.

Risk Factors

An investment in the ETC Securities involves a significant degree of risk and prospective investors should read carefully and ensure they understand the section entitled "*Risk Factors*". Risk factors include:

- (i) The Issuer is a special purpose vehicle with no assets other than its paid-up share capital, and the assets on which the ETC Securities are secured.

- (ii) Any investment in ETC Securities will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme.
- (iii) The Value per ETC Security and market price of ETC Securities may go down as well as up and future performance is not linked to past performance. The Value per ETC Security, secondary market price and the redemption amount of ETC Securities will primarily be affected by the performance and level of the relevant Metal, rate movements, market perception, the performance and price of foreign exchange futures contracts in the case of FX Hedged ETC Securities, the creditworthiness of the Metal Agent and the Programme Counterparty, the creditworthiness of the Secured Account Custodian, the Subscription Account Custodian and any applicable Sub-Custodian and liquidity in the ETC Securities.
- (iv) The Metal Entitlement per ETC Security is subject to the deduction of the Product Fee.
- (v) Investing in ETC Securities will not make an investor the owner of the relevant Metal.
- (vi) Prices of precious metals are generally more volatile than prices in other asset classes.
- (vii) The Issuer and Securityholders are exposed to the credit risk of the Metal Agent, the Programme Counterparty, the Secured Account Custodian, the Subscription Account Custodian and any Sub-Custodian and the Authorised Participants.
- (viii) The secondary market price (if any) for ETC Securities may be substantially less than the price paid by the investor.
- (ix) In the event that any withholding tax or deduction is imposed on payments on the ETC Securities, the Securityholders will be subject to such tax or deduction and not be entitled to receive compensation. No Event of Default will occur as a result of any such withholding or deduction.
- (x) Any disruption to a Price Source or Relevant Association may affect the Value per ETC Security of the ETC Securities and in the case of FX Hedged ETC Securities, the Metal Entitlement per ETC Security.
- (xi) Certain events, such as where there is a disruption to the trading of the relevant Metal or, for FX Hedged ETC Securities, foreign exchange futures contracts or where the Programme Counterparty is not able to adequately protect itself in respect of its risk under the Balancing Agreement, may lead to a delay or use of an adjusted method in the calculation and publication of the Metal Entitlement per ETC Security and the Value per ETC Security and/or result in the early redemption of the ETC Securities.
- (xii) Conflicts of interest may exist or arise between the Deutsche Bank AG entities acting in various capacities in relation to the ETC Securities and the Issuer and/or Securityholders.
- (xiii) Transaction Parties may engage in trading and market-making activities that may adversely affect the market price of and/or the Value per ETC Security of the ETC Securities.
- (xiv) Any recharacterisation of the ETC Securities as units in a collective investment scheme or a fund may have adverse consequences (including adverse tax consequences) for investors.

5. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the ETC Securities issued under the Programme. Some of these factors describe potential events which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with ETC Securities issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in ETC Securities issued under the Programme, but the inability of the Issuer to pay any amounts on or in connection with any ETC Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any ETC Securities are exhaustive. Before making an investment decision, prospective purchasers of ETC Securities should consider carefully, in the light of their own financial circumstances and investment objectives, all the detailed information set out elsewhere in this document (including any documents incorporated by reference herein) and, in particular, the considerations set forth below and in the relevant Final Terms in order to reach their own views prior to making any investment decision.

General

This document identifies in general terms certain information that a prospective investor should consider prior to making an investment in the ETC Securities. However, a prospective investor should, without any reliance on the Issuer, the Arranger, any Transaction Party or any of their Affiliates, conduct its own thorough analysis (including its own accounting, legal, regulatory, financial and tax analysis) prior to deciding whether to invest in any ETC Securities issued under the Programme. Any evaluation of the suitability for an investor of an investment in ETC Securities issued under the Programme depends upon that prospective investor's particular financial and other circumstances, as well as on the specific terms of the relevant ETC Securities. An investment in ETC Securities is only suitable for investors who:

- (i) are financially sophisticated in that they either (a) have the requisite knowledge and experience in financial, business and investment matters and of investing in investments offering a similar economic exposure to the relevant ETC Securities, and access to, and knowledge of, appropriate resources, to evaluate the information contained in this document and the relevant Final Terms and the merits and risks of an investment in the ETC Securities in the context of such investors' financial position and circumstances; or (b) if they do not have such knowledge, experience and access, have consulted with appropriate advisors who do have such knowledge, experience and access;
- (ii) are capable of bearing the economic risk of an investment in the ETC Securities for an indefinite period of time; and
- (iii) have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of an investment in the relevant ETC Securities and have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant ETC Securities including, without limitation, any currency exposure arising from the currency for payments being different to the prospective investor's currency.

If a prospective investor is in any doubt as to whether the ETC Securities are a suitable investment for it, it should consult with appropriate advisers prior to deciding whether or not to make an investment in the ETC Securities.

This document is not, and does not purport to be, investment advice, and none of the Issuer, the Arranger or any Transaction Party makes any recommendation as to the suitability of the ETC Securities as an investment. The provision of this document to prospective investors is not based on any prospective investor's individual circumstances and should not be relied upon as an assessment of suitability for any prospective investor of the ETC Securities. Even if the Issuer, the Arranger or a Transaction Party possesses information as to the objectives of any prospective investor in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for such person of the ETC Securities. Any trading or investment decisions a prospective investor takes are in reliance on its own analysis and judgement and/or that of its advisers and not in reliance on the Issuer, the Arranger, any Transaction Party or any of their respective Affiliates.

None of the Issuer, the Arranger, any Transaction Party nor any Affiliate of such persons has or assumes responsibility for the lawfulness of the acquisition of the ETC Securities by a prospective purchaser of the ETC Securities (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or any jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

Investment activities of certain investors are subject to investment laws and regulations or review or regulation by certain authorities. Each prospective investor in the ETC Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the ETC Securities:

- (i) is fully consistent with its (or, if it is acquiring the ETC Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition;
- (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (and, if it is acquiring the ETC Securities in a fiduciary capacity, the beneficiary);
- (iii) is not a breach of any legal, contractual or regulatory restrictions applicable to it; and
- (iv) is a fit, proper and suitable investment for it (or, if it is acquiring the ETC Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the ETC Securities.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of ETC Securities under any applicable risk-based capital or similar rules.

Tax consequences of an investment in the ETC Securities

None of the Issuer, the Arranger or any Transaction Party makes any representation or warranty as to the tax consequences to any investor of the acquisition, holding or disposal of the ETC Securities. The tax consequences for each investor in the ETC Securities can be different and therefore investors are advised to consult with their tax advisers as to their specific consequences. Prospective investors' attention is also drawn to the section entitled "*Taxation*" of the Base Prospectus.

Market price of the ETC Securities

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 the ETC Securities. Investors should note that general movements in markets and factors that affect the investor climate and investor sentiment may have different effects on each Series of ETC Securities.

The market price of the ETC Securities will be affected by a number of factors, including, but not limited to:

- (i) the value and volatility of the Metal referenced by the ETC Securities;

- (ii) the value and volatility of precious metals in general;
- (iii) market perception, interest rates, yields and foreign exchange rates;
- (iv) the creditworthiness of the Metal Agent, the Programme Counterparty, the Secured Account Custodian, the Subscription Account Custodian, any applicable Sub-Custodian and the Authorised Participants; and
- (v) liquidity in the ETC Securities.

Prospective investors should be aware that the Value per ETC Security and the secondary market price of the ETC Securities can go down as well as up throughout the term of the ETC Securities. Precious metal prices are generally more volatile than prices in other asset classes and the secondary market price of the ETC Securities may demonstrate similar volatility. Prospective investors should be aware that the Value per ETC Security and market price of the ETC Securities on any Scheduled Valuation Day may not reflect their prior or future performance. There can be no assurance as to the future value and market price of the ETC Securities.

Precious metals markets have historically displayed recurring periods of rising prices (bull markets) and falling prices (bear markets). These periods have tended to last for a significant period of time. For example, the last lengthy bear market persisted for approximately 25 years. In 1998, prices in a number of precious metals were at, or near, all-time lows. Since 1998, precious metals markets have generally experienced a period of rising prices. However, no assurance can be given that such period of rising prices will persist, whether for a number of years or at all. Prospective investors should be aware of the risk that precious metals markets may at any time enter a period of falling prices, which would have a negative effect on the Value per ETC Security and the market price of the ETC Securities, and which period may persist for the remaining term of the ETC Securities. Prospective investors should be aware that any such price fall may be rapid.

Metal Entitlement per ETC Security and Value per ETC Security

Subject to the determination and notification of a Disruption Event by the Programme Counterparty or the Determination Agent relating to a Series of ETC Securities, the Determination Agent will determine the Metal Entitlement per ETC Security and the Value per ETC Security of a Series of ETC Securities in respect of each Scheduled Valuation Day during the term up to (but excluding) the earlier to occur of the Early Redemption Valuation Date and the Final Redemption Valuation Date of the ETC Securities and the Issuer will publish the Metal Entitlement per ETC Security and the Value per ETC Security notified to it by the Determination Agent in respect of a Scheduled Valuation Day by no later than 16:00 London time on the immediately following Scheduled Valuation Day on the website maintained on behalf of the Issuer at www.etc.db.com (or such other website as may be notified to Securityholders in accordance with Condition 19).

A Metal Entitlement per ETC Security and Value per ETC Security may not be published if the Programme Counterparty or the Determination Agent determines that a Disruption Event occurs or exists in respect of a Business Day and the relevant Series of ETC Securities and the Programme Counterparty or the Determination Agent notifies the Issuer of its determination (rendering such Business Day a non-Scheduled Valuation Day).

The Metal Entitlement per ETC Security of an ETC Security on its Series Issue Date will be its Initial Metal Entitlement per ETC Security. Thereafter, the Metal Entitlement per ETC Security for a Scheduled Valuation Day is equal to the Metal Entitlement per ETC Security for the immediately preceding Scheduled Valuation Day, less the Product Fee accrued up to such Scheduled Valuation Day and, if such ETC Security is an FX Hedged ETC Security, adjusted for gains or losses in the currency hedging component of such FX Hedged ETC Security, which relate to movements in the foreign exchange rate between the Specified Currency and the Metal Currency. Following the determination and notification of Disruption Events by the Programme Counterparty or the Determination Agent, an adjusted method for

determining the Metal Entitlement per ETC Security in respect of the first Scheduled Valuation Day following such Disrupted Day(s) may apply.

The Value per ETC Security of an ETC Security on a Scheduled Valuation Day is the Metal Entitlement per ETC Security multiplied by the Metal Reference Price and, if the ETC Securities are FX Hedged ETC Securities, the FX Spot Reference Level for such Scheduled Valuation Day.

The Product Fee accrues on a daily basis, is deducted in determining the Metal Entitlement per ETC Security on each Scheduled Valuation Day and is based on the Product Fee Percentage. The Product Fee Percentage is comprised of the Base Fee Percentage and, in the case of FX Hedged ETC Securities, the FX Hedging Fee Percentage, both as determined by the Programme Counterparty. In respect of any Scheduled Valuation Day, the Base Fee Percentage may be less than or equal to the Maximum Base Fee Percentage and the FX Hedging Fee Percentage (if applicable) may be less than or equal to the Maximum FX Hedging Fee Percentage, as specified in the relevant Final Terms. Securityholders will be given not less than 30 calendar days' prior notice in accordance with the Conditions of any change to the Base Fee Percentage or the FX Hedged Fee Percentage. The applicable Base Fee Percentage and FX Hedged Fee Percentage (as applicable) and any proposed change thereto will be published on the website maintained on behalf of the Issuer at www.etc.db.com (or such other website as may be notified to Securityholders in accordance with the Conditions from time to time).

An increase in the Product Fee Percentage will reduce the Metal Entitlement per ETC Security of the ETC Securities by more than would have been the case had such fee not been increased. There can be no assurance that the Product Fee Percentage will not increase during the term of the ETC Securities or that the performance of the Metal to which the ETC Securities are linked will negate any increase in the Performance Fee Percentage.

If the ETC Securities are FX Hedged ETC Securities and the value of the Specified Currency, expressed in units of the Metal Currency increases, the Metal Entitlement per ETC Security will decrease and *vice versa*, assuming all other factors remain constant.

The secondary market and limited liquidity

The ETC Securities do not accrue and pay interest. Investors will not receive any payments under the Conditions in respect of the ETC Securities prior to the Scheduled Maturity Date unless the ETC Securities redeem early. The ETC Securities may have a long term and the only means through which an investor can realise value from an ETC Security prior to its Scheduled Maturity Date is to sell it at its then market price in a secondary transaction. While each Authorised Participant appointed in respect of the Programme and/or a Series of ETC Securities intends to make a market for the relevant Series of ETC Securities in respect of which it is appointed as an Authorised Participant, no Authorised Participant is obliged to make a market for any Series of ETC Securities (including Series in respect of which it is appointed as an Authorised Participant) and Authorised Participants may discontinue making a market at any time. Furthermore, any market in the ETC Securities may not be liquid.

Prospective investors should be aware that the liquidity in Series of ETC Securities which are not listed and exchange-traded may be less than for Series of ETC Securities which are exchange-traded as a Securityholder will only be able to sell ETC Securities to the Authorised Participant(s) for the relevant Series or in off-exchange secondary market transactions and will not be able to sell such ETC Securities in secondary market transactions on an exchange.

The price at which an investor may be able to sell ETC Securities at any time prior to their Scheduled Maturity Date may be substantially less than the price paid by the investor. This may occur (amongst other reasons) as a result of there being limited liquidity for the ETC Securities, the Value per ETC Security being less than the Value per ETC Security of the ETC Securities at the time the investor purchased the ETC Securities, the Metal not having performed sufficiently to increase or maintain the

Value per ETC Security of the ETC Securities by such amount as is necessary to negate the Product Fee deducted since the time the investor purchased the ETC Securities or, in respect of FX Hedged ETC Securities, any losses suffered by the Issuer in respect of the currency hedging component of such ETC Securities since the time the investor purchased the ETC Securities. The Value per ETC Security and/or market price of the ETC Securities may be volatile and may fall rapidly and investors may not be able to sell their ETC Securities quickly and/or at a price such that the investor is able to prevent or minimise any loss of their investment.

The price (if any) provided by an Authorised Participant for the purchase or sale of ETC Securities in the secondary market (whether in an on-exchange or off-exchange transaction) will be determined at the absolute discretion of that Authorised Participant by reference to such factors as it sees fit. The Authorised Participant(s) may maintain such bid/offer spread as it determines in its absolute discretion. The bid/offer spread is the difference between the bid price (i.e. the price at which a holder can sell ETC Securities to the Authorised Participant) and the offer price (i.e. the price at which a holder can buy ETC Securities from the Authorised Participant). Any price provided by an Authorised Participant or other secondary market price may take into account fees, charges, duties, taxes, commissions and/or other factors. Any price given by an Authorised Participant will be quoted as of a particular date and time and will not therefore reflect any subsequent changes in the market price of the ETC Securities and/or any other factors relevant to the determination of the price.

Prospective investors should note that:

- (i) the number of ETC Securities subject to any offer made by an Authorised Participant or otherwise in the secondary market may be affected by market demand for the ETC Securities, the number of ETC Securities in issue, whether subscriptions can be processed and prevailing market conditions;
- (ii) there can be no assurance that the bid or offer price offered by an Authorised Participant or any other seller or purchaser, or the average of the two, will be equal to the current Value per ETC Security of the ETC Securities. In addition, any such price may be subject to fees, charges, duties, taxes and/or commissions;
- (iii) they may not be able to sell their ETC Securities quickly, easily or at prices that will provide them with a yield comparable to other investments;
- (iv) any price at which the ETC Securities may be sold prior to the Scheduled Maturity Date may be at a discount, which could be substantial, to the price at which the ETC Securities were acquired by the relevant investor; and
- (v) illiquidity may have a severely adverse effect on the market price of ETC Securities.

Prospective investors should be aware that not all market participants and Authorised Participants will determine the price of the ETC Securities in the same manner, and the variation between such valuations and prices quoted may be substantial. Accordingly, any prices provided by an Authorised Participant may not be representative of prices that may be provided by other market participants.

Prospective investors should be aware that ETC Securities requested for issue and subscribed for by an Authorised Participant may be held on an inventory basis by such Authorised Participant and offered for sale and/or sold over a period of time. Investors should not assume that ETC Securities will automatically be placed with investors by the relevant Authorised Participant(s) immediately upon issue. To the extent that the Authorised Participants hold ETC Securities at any time, they may exercise their rights under them in such manner as they see fit in their own interests and need not have regard to the interests of other holders of ETC Securities or any other person. In particular, the Authorised Participants may vote at any meeting of holders of ETC Securities or approve any resolution as they see fit (including with respect to any changes to the terms of the ETC Securities proposed by the Issuer).

VAT might become chargeable on transfers of Metal

Were VAT to be due on transfers of Metal to or by the Issuer (on a subscription, buy-back, redemption or on a transfer under the relevant Balancing Agreement), this might mean that the Issuer would have to register for VAT and that the Issuer would be required to make payments in respect of VAT or be required to account for VAT in respect of transfers of Metal. If the Issuer is required to make payments in respect of VAT or required to account for VAT in respect of transfers of Metal, this in turn could adversely affect the Issuer's ability to meet its obligations under the Securities in full.

In respect of ETC Securities where the relevant Metal is investment gold (as defined for VAT purposes), the Issuer will not be required to charge UK VAT on any transfers by it of investment gold and may accept delivery of investment gold without attracting a VAT liability.

In respect of ETC Securities where the relevant Metal is gold (other than investment gold) or is silver, on the basis of the "black box" agreement that HM Revenue & Customs ("HMRC") have entered into with the London Bullion Market Association ("LBMA") transfers of gold (other than investment gold) or silver by and to the Issuer will be treated as zero rated supplies for UK VAT purposes, provided that the gold (other than investment gold) or silver remains in the vault of an LBMA member firm.

In the case of platinum and palladium, the London Platinum and Palladium Market ("LPPM") has informally agreed with HMRC that the terms of the LBMA black box agreement can be applied to dealings in platinum and palladium and that transfers to or from an LPPM member firm can be treated as zero rated supplies, provided that the platinum or palladium does not leave the vault of the LPPM member firm.

The Secured Account Custodian and the Subscription Account Custodian is Deutsche Bank AG, London Branch, a member firm of the LPPM and LBMA and the Custody Agreement for Secured Accounts provides that any Sub-Custodian must be a member of the Relevant Association. In addition, (i) each Authorised Participant represents under the relevant Authorised Participant Agreement that it is a member of the Relevant Association and that (provided that the Secured Account Custodian, the Subscription Account Custodian and any Sub-Custodian are members of the Relevant Association) the relevant Metal will not cease to be held in the vault of a member of the Relevant Association as a result of transfers between the Issuer and the Authorised Participant and (ii) the Programme Counterparty represents under the relevant Balancing Agreement that it is a member of the Relevant Association and that (provided that the Secured Account Custodian and any Sub-Custodian are members of the Relevant Association) the relevant Metal will not cease to be held in the vault of a member of the Relevant Association as a result of transfers between the Issuer and the Programme Counterparty. Any transfers of Metal required in relation to the ETC Securities should therefore not result in Metal leaving the vault of a member of the Relevant Association, prior to the occurrence of an Early Redemption Valuation Date or the Final Redemption Valuation Date.

Following the occurrence of an Early Redemption Valuation Date or the Final Redemption Valuation Date, provided that the Metal Agent sells the Underlying Metal to a member of the Relevant Association, the Metal should not leave the vault of a member of the Relevant Association.

Provided that there is no change in law or in HMRC practice, the Issuer should not be required to register for UK VAT and the Issuer should not be required to make a payment in respect of VAT nor be required to account for VAT in respect of transfers of Metal.

Risks relating to the Issuer and the Legal Structure

The Issuer is a special purpose vehicle

The Issuer is not an operating company. Its sole business is the issuing of ETC Securities. The contracts which may be entered into by the Issuer (such as the Balancing Agreement and Metal Agent Agreement entered into by the Issuer in relation to a Series of ETC Securities) and the payments and/or deliveries of

the Issuer and the parties thereunder are structured to have the capacity to provide the Issuer with funds and/or the Metal to service payments and/or deliveries of Metal due and payable and/or deliverable in respect of the ETC Securities and on any buy-back by the Issuer of the ETC Securities. The Issuer has agreed not to take certain actions including, without limitation, not to have any subsidiaries or employees, not to purchase, own or otherwise acquire any real property and not to consolidate or merge with any other person or issue any shares (other than such shares as were issued at the time of its incorporation). As such, the Issuer has, and will have, no assets other than (i) the small sums of money raised by issuing shares on the date of its incorporation, (ii) such fees (if any) as are payable to it in connection with the issue of any Series of ETC Securities from time to time, (iii) any amounts standing to the credit of the Reserve Trust Account and (iv) any rights, property, sums or other assets on which Series of ETC Securities issued under the Programme are secured.

Limited recourse obligations, non-petition and related risks

In respect of a Series of ETC Securities, the Transaction Parties and the Securityholders will have recourse only to the Secured Property in respect of the relevant Series of ETC Securities, subject always to the Security, and not to any other assets of the Issuer. If, following realisation in full of the Secured Property relating to the relevant Series of ETC Securities (whether by way of liquidation or enforcement) and application of available cash sums as provided in Condition 6, any outstanding claim against the Issuer in respect of such Series of ETC Securities remains unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. Following such extinguishment, none of the Transaction Parties, the Securityholders or any other person acting on behalf of any of them will be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt will be owed to any such persons by the Issuer in respect of such further sum.

None of the Transaction Parties, the Securityholders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them will have any claim arising with respect to the assets and/or property attributable to any other securities issued by the Issuer (save for any further securities which form a single series with the ETC Securities).

Assets held in relation to any particular Series of ETC Securities are not available to satisfy the claims of holders of a different Series of ETC Securities. For the avoidance of doubt, any amounts standing to the credit of the Reserve Trust Account are provided to the Issuer by the Arranger to be applied towards the costs, charges, fees or expenses incurred or to be incurred by the Issuer (including, without limitation, operating costs and expenses of the Issuer and the fees of the directors and corporate administrator and legal, accounting, audit, advisory or management fees and expenses) following the occurrence of an Arranger Bankruptcy Event. Such sums are held on trust for the Arranger and are not available to the Securityholders, Secured Creditors or Other Creditors of any Series of ETC Securities or to any general creditors of the Issuer.

There is also the risk that the Issuer may become subject to claims or other liabilities (whether in respect of the ETC Securities) which are not themselves subject to limited recourse or non-petition limitations.

No person other than the Issuer will be obliged to make payments on the ETC Securities of any Series and the ETC Securities issued under the Programme will not be guaranteed by, or be the responsibility of, any other entity. In particular, the ETC Securities (i) do not represent an interest in and will not be obligations of, or insured or guaranteed by, the Arranger, any Transaction Party or any Affiliate or any company associated with any of them, (ii) will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme and (iii) are not insured or guaranteed by any government, government agency or other body.

No regulation of the Issuer by any regulatory authority

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There can be no assurance, however, that regulatory authorities in one or more other jurisdictions will not determine that the Issuer is required to be licensed, registered or authorised under the securities, commodities or banking laws of that jurisdiction or that legal or regulatory requirements with respect thereto will not change in the future. Any such requirement or change could have an adverse impact on the Issuer or the holders of ETC Securities.

Collective investment scheme

The ETC Securities are debt securities with a minimum repayment amount and do not take the form of a collective investment scheme or fund. The ETC Securities described in this document are not units in an authorised collective investment scheme for the purposes of the FSMA. The ETC Securities described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended. The Jersey Financial Services Commission makes no representation or warranty that the ETC Securities are a suitable investment for any particular investor.

There can be no assurance that the courts or regulatory authorities in any jurisdiction would not recharacterise the ETC Securities as units in a collective investment scheme or a fund. Any recharacterisation of the ETC Securities as units in a collective investment scheme or a fund may have adverse consequences (including, without limitation, adverse tax consequences) for an investor.

Prospective investors should consult their professional advisers on the implications, and in particular the tax implications, of investment in the ETC Securities and any recharacterisation of the ETC Securities.

Undertakings for Collective Investment in Transferable Securities (UCITS)

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

Contracts for differences

Prospective investors should note that the ETC Securities, in particular FX Hedged ETC Securities, may constitute contracts for differences and should consult their professional advisers on the implications (including, without limitation, the tax and accounting implications) of an investment in the ETC Securities.

Redemption of the ETC Securities at maturity

Unless previously redeemed in whole or purchased, each ETC Security of a Series will become due and payable on its Scheduled Maturity Date at its Final Redemption Amount, being an amount per ETC Security determined by the Determination Agent as being equal to the greater of (i) the Final Metal Redemption Amount and (ii) 10 per cent. of the Issue Price per ETC Security of the ETC Securities as at the Series Issue Date (the “**Minimum Debt Amount**”).

If the Final Metal Redemption Amount falls below the Minimum Debt Amount, then due to the limited recourse nature of the ETC Securities, Securityholders are unlikely to receive payment of the Final Redemption Amount in full and may receive zero.

The Final Metal Redemption Amount is determined by multiplying (i) Metal Entitlement per ETC Security at the Final Redemption Valuation Date; and (ii) the weighted average prices at which the Metal Agent is able to sell the Underlying Metal during the Final Redemption Disposal Period (converted, if necessary, into the currency of the ETC Securities at the relevant spot foreign exchange rate on or about the day of

each sale), provided that if the total amount of Metal sold during the Final Redemption Disposal Period does not equal the Aggregate Final Metal Entitlement, for the purposes of calculating the Final Metal Redemption Amount any shortfall will be deemed to have been sold at the last available Metal Reference Price as at the last day of the Final Redemption Disposal Period.

The Final Redemption Disposal Period is the period from (and including) the date falling four Scheduled Valuation Days after the Final Redemption Valuation Date (which is the day falling 45 calendar days prior to the Scheduled Maturity Date) to (but excluding) the date falling five Business Days prior to the Scheduled Maturity Date.

Prospective investors should note that there can be no assurance that the Final Metal Redemption Amount will be such that the Final Redemption Amount is greater than or equal to the amount invested by such investor in the ETC Securities.

In accordance with the Conditions and the relevant Balancing Agreement, following the Final Redemption Valuation Date, an amount of unallocated Metal will be transferred between the Issuer and the Programme Counterparty to cause the Underlying Metal held by the Issuer to equal the Aggregate Final Metal Entitlement (provided that if a shortfall of Underlying Metal is caused by loss or theft of, or damage to, the Underlying Metal, or a transfer of the Underlying Metal by the Issuer out of the Secured Accounts in breach of the Conditions or the Transaction Documents, the Programme Counterparty's obligation to transfer may be reduced accordingly). The Metal Agent will then, in accordance with the Conditions and the relevant Metal Agent Agreement, dispose of the Underlying Metal during the Final Redemption Disposal Period. The proceeds of such disposals, net of the deductions of the Metal Agent permitted under Condition 6(d) and converted, if necessary, into the currency of the ETC Securities using the spot foreign exchange rate on or about the date of each disposal, will be paid by the Metal Agent to the Issuing and Paying Agent on behalf of the Issuer on the day falling two Business Days prior to the Scheduled Maturity Date. Therefore, the Issuer's ability to make the payments due under the Conditions in respect of the ETC Securities on their Scheduled Maturity Date is entirely dependent on its receipt of (i) any amount of unallocated Metal outstanding from the Programme Counterparty pursuant to the relevant Balancing Agreement; and (ii) disposal proceeds of the Underlying Metal from the Metal Agent. Accordingly, the Issuer and the Securityholders of a Series are exposed to the creditworthiness of (A) the Programme Counterparty to the extent of any shortfall of the Underlying Metal compared to the Aggregate Final Metal Entitlement; and (B) the Metal Agent in respect of the disposal proceeds of the Underlying Metal. If the Issuer does not pay the Final Redemption Amount in full on the Scheduled Maturity Date of the ETC Securities, the Trustee may (subject to the terms of the relevant Security Deed) enforce the security under the Security Deed relating to the relevant ETC Securities. However, if, following realisation in full of the Secured Property relating to the relevant Series of ETC Securities (whether by way of liquidation or enforcement) and application of available cash sums as provided in Condition 6, there are any outstanding claims against the Issuer in respect of such Series of ETC Securities which remain unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances investors in the ETC Securities may not receive back their investment and may receive zero.

Issuer call option

The Issuer may at any time elect to redeem all the ETC Securities of a Series and designate an Early Redemption Valuation Date for such purposes, provided that the date designated as the Early Redemption Valuation Date may not be earlier than the 60th calendar day following the date of the relevant notice from the Issuer. In such circumstances the ETC Securities of such Series will be redeemed at their Early Redemption Amount per ETC Security on the relevant Early Redemption Date. There can be no assurance that the Early Metal Redemption Amount determined following any such exercise will be such that the Early Redemption Amount is greater than or equal to the amount invested by an investor in the ETC Securities.

Programme Counterparty termination option

The Programme Counterparty relating to a Series of ETC Securities may, on giving not less than 60 calendar days' notice to the Issuer, elect to terminate the Balancing Agreement relating to such Series of ETC Securities. Such notice may only be delivered if no Balancing Agreement Event of Default with respect to the Programme Counterparty has occurred and is continuing under the Balancing Agreement and provided that no notice of termination of the relevant Balancing Agreement has already been given. In connection with such election, upon the termination of the Balancing Agreement an Early Redemption Event will occur and the ETC Securities of that Series will become due and payable at their Early Redemption Amount per ETC Security on the relevant Early Redemption Date. The Programme Counterparty shall not and is not required to consider the interests of Securityholders when exercising any such termination right. There can be no assurance that the Early Metal Redemption Amount determined in connection with the exercise of such termination right will be such that the Early Redemption Amount is greater than or equal to the amount invested by a Securityholder in the ETC Securities.

Events of Default and other Early Redemption Events

In addition, the ETC Securities of a Series may become due and payable prior to their Scheduled Maturity Date as further described in Conditions 8 and 14 in connection with the occurrence of any of the following events:

- (i) certain legal or regulatory changes occur in relation to the Issuer and the Issuer gives a notice of redemption;
- (ii) the Balancing Agreement is terminated in connection with a Balancing Agreement Event of Default or a Balancing Agreement Termination Event. See Condition 8(d)(ii) for a description of the circumstances in which the Balancing Agreement may be terminated;
- (iii) the Determination Agent, the Issuing and Paying Agent, the Secured Account Custodian, the Subscription Account Custodian, the Registrar (in the case of ETC Securities in registered form), the Lead Authorised Participant and/or all the Authorised Participants, as applicable, resign or their appointment is terminated for any reason and the Issuer gives notice that no successor or replacement has been appointed within 60 calendar days of the date of the relevant notice of resignation or termination or the date of any automatic termination, as applicable;
- (iv) the Metal Entitlement per ETC Security or the Value per ETC Security for such Series is not published for 14 consecutive Scheduled Valuation Days and the Trustee is notified in writing of such event and gives the relevant notice as directed by the requisite number of Securityholders;
- (v) the Value per ETC Security is less than or equal to 20 per cent. of the Issue Price as at the Series Issue Date for two consecutive Scheduled Valuation Days and the Determination Agent gives the relevant notice;
- (vi) the Issuer will, or there is a substantial likelihood that it will, be required to make a payment in respect of VAT or be required to account for VAT in respect of a delivery of Metal from or to an Authorised Participant (whether or not such VAT is recoverable);
- (vii) a Securityholder does not, upon request, receive a firm bid price from an Authorised Participant for five consecutive Scheduled Valuation Days and, following the requisite notices being given, such Securityholder does not receive a firm bid price for the relevant ETC Securities during a further 20 consecutive Scheduled Valuation Day period and the Issuer gives the relevant notice;
- (viii) a Balancing Agreement Event of Default occurs and is continuing with respect to the Programme Counterparty and the Trustee gives the relevant notice as directed by the requisite number of Securityholders;

- (ix) the Issuer becomes entitled to serve a VAT Redemption Event Notice or a termination notice under the Balancing Agreement following a Balancing Agreement Tax Event or a Balancing Agreement Illegality and the Trustee gives the relevant notice as directed by the requisite number of Securityholders; or
- (x) an Event of Default occurs under the ETC Securities and the Trustee gives the relevant notice.

Consequences of an Early Redemption Event or an Event of Default

Following the occurrence of an Early Redemption Event or the delivery by the Trustee of an Event of Default Redemption Notice in respect of an Event of Default under the Conditions of the relevant Series of ETC Securities, such Series of ETC Securities will become due and payable on the relevant Early Redemption Date at the Early Redemption Amount per ETC Security, being the greater of (i) the Early Metal Redemption Amount and (ii) the Minimum Debt Amount.

If the Early Metal Redemption Amount falls below the Minimum Debt Amount, then due to the limited recourse nature of the ETC Securities, Securityholders are unlikely to receive payment of the Early Redemption Amount in full and may receive zero.

The Early Metal Redemption Amount is determined by multiplying (i) the Metal Entitlement per ETC Security at the Early Redemption Valuation Date; and (ii) the weighted average prices at which the Metal Agent is able to sell the Underlying Metal during the Early Redemption Disposal Period (converted, if necessary, into the currency of the ETC Securities at the relevant spot foreign exchange rate on or about the day of each sale), provided that if the total amount of Metal sold during the Early Redemption Disposal Period does not equal the Aggregate Final Metal Entitlement, any shortfall will be deemed to have been sold at the last available Metal Reference Price as at the last day of the Early Redemption Disposal Period.

The Early Redemption Disposal Period is the period from (and including) the date falling four Scheduled Valuation Days after the Early Redemption Valuation Date to (but excluding) the date falling five Business Days prior to the Scheduled Early Redemption Date. The Scheduled Early Redemption Date is the 45th calendar day following the Early Redemption Valuation Date.

Prospective investors should note that there can be no assurance that the Early Metal Redemption Amount will be such that the Early Redemption Amount per ETC Security is greater than or equal to the amount invested by any Securityholder.

In accordance with the Conditions and the relevant Balancing Agreement, following the Early Redemption Valuation Date, an amount of unallocated Metal will be transferred between the Issuer and the Programme Counterparty to cause the Underlying Metal held by the Issuer to equal the Aggregate Final Metal Entitlement (provided that if a shortfall of Underlying Metal is caused by loss or theft of, or damage to, the Underlying Metal, or a transfer of the Underlying Metal out of the Secured Accounts in breach of the Conditions or the Transaction Documents, the Programme Counterparty's obligation to transfer may be reduced accordingly). The Metal Agent will then, in accordance with the Conditions and the relevant Metal Agent Agreement, dispose of the Underlying Metal during the Early Redemption Disposal Period. The proceeds of such disposals, net of the deductions of the Metal Agent permitted under Condition 6(d) and converted, if necessary, into the currency of the ETC Securities using the spot foreign exchange rate on or about the date of each disposal, will be paid by the Metal Agent to the Issuing and Paying Agent on behalf of the Issuer on the day falling two Business Days prior to Early Redemption Date. Therefore, the Issuer's ability to make the payments due under the Conditions relating to the ETC Securities on their early redemption is entirely dependent on its receipt of (i) any amount of unallocated Metal outstanding from the Programme Counterparty pursuant to the relevant Balancing Agreement; and (ii) disposal proceeds of the Underlying Metal from the Metal Agent. Accordingly, the Issuer and the Securityholders of a Series are exposed to the creditworthiness of (A) the Programme Counterparty to the extent of any shortfall of the Underlying Metal compared to the Aggregate Final Metal

Entitlement; and (B) the Metal Agent in respect of the disposal proceeds of the Underlying Metal. If the Issuer does not pay the Early Redemption Amount in full on the Early Redemption Date of the ETC Securities, the Trustee may (subject to the terms of the relevant Security Deed) enforce the security under the Security Deed relating to the relevant ETC Securities. However, if, following the realisation in full of the Secured Property relating to the relevant Series of ETC Securities (whether by way of liquidation or enforcement) and application of available cash sums as provided in Condition 6, there are any outstanding claims against the Issuer in respect of such Series of ETC Securities which remain unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances investors in the ETC Securities may not receive back their investment and may receive zero.

Disruption Events

If the Programme Counterparty and/or the Determination Agent gives a Disruption Event Notice in respect of a Business Day, then the Metal Entitlement per ETC Security and the Value per ETC Security will not be published in respect of such Business Day.

A Disruption Event Notice may be given in connection with the following events:

- (i) the Metal Price Source fails to calculate and announce the Metal Reference Price;
- (ii) the material suspension of, or material limitation imposed on, trading in the Metal;
- (iii) the relevant market, exchange or trading facility in respect of the Metal is closed for any reason;
- (iv) the permanent discontinuation of trading in the Metal; the disappearance of, or of trading in, the Metal; or the disappearance or permanent discontinuance or unavailability of the Metal Reference Price; and/or
- (v) an event in connection with which the Issuer, the Programme Counterparty or any of its Affiliates is (or would be) unable to hold, acquire or dispose of Metal.

In addition, for FX Hedged ETC Securities, a Disruption Event Notice may be given in connection with the following events:

- (a) the FX Forward Reference Level Source fails to calculate and announce the FX Forward Reference Level;
- (b) the FX Spot Reference Level Source fails to calculate and announce the FX Spot Reference Level;
- (c) the material suspension, limitation, illiquidity or disruption of trading in foreign exchange contracts between the Specified Currency and the Metal Currency;
- (d) it becomes impossible or impracticable to convert the Specified Currency into the Metal Currency or *vice versa*; and/or
- (e) an event in connection with which the Programme Counterparty or any of its Affiliates is (or would be) unable to hold, acquire or dispose of foreign exchange forward contracts between the Specified Currency and the Metal Currency or *vice versa*.

The Determination Agent may give Disruption Event Notices in respect of the events listed in paragraphs (i) and (a) above and the Programme Counterparty may give Disruption Event Notices in respect of the events listed in paragraphs (ii) to (v) and (b) to (e) above. If the Programme Counterparty or the Determination Agent determines that a Disruption Event has occurred or exists with respect to the Early Redemption Valuation Date or the Final Redemption Valuation Date, such date may be postponed for up to 10 Business Days (after which, if no Scheduled Valuation Day has occurred, the Programme Counterparty may determine the Metal Entitlement per ETC Security as at the Early Redemption Valuation Date or the Final Redemption Valuation Date (as applicable)).

The determination of the occurrence or existence of a Disruption Event by the Programme Counterparty or the Determination Agent may also result in the extension of a Redemption Disposal Period and will result in the postponement of the acceptance of Subscription Orders and Buy-Back Orders. The occurrence of 10 consecutive Disrupted Days may also lead to the early redemption of the ETC Securities.

In respect of FX Hedged ETC Securities, the Metal Entitlement per ETC Security on the first Scheduled Valuation Day following the determination of the occurrence or existence of a Disruption Event may also be calculated in accordance with an adjusted method in accordance with Condition 9(e).

Therefore, Securityholders should be aware that the delivery of a Disruption Event Notice by the Programme Counterparty or the Determination Agent may have an adverse effect on the quantum and on the timing of the calculation and publication of the Metal Entitlement per ETC Security and the Value per ETC Security of the ETC Securities and may result in the early redemption of the ETC Securities.

Insolvency

The Issuer has agreed not to engage in activities other than the issue of ETC Securities and related and incidental matters. Any issue of ETC Securities must be on terms that provide for the claims of the Securityholders and Transaction Parties in respect of such ETC Securities to be limited to the proceeds of the assets on which such ETC Securities are secured (see "*Limited recourse obligations, non-petition and related risks*" above). In addition, there are restrictions on the Securityholders and Transaction Parties bringing insolvency proceedings against the Issuer (see "*Limited recourse obligations, non-petition and related risks*" above). If such provisions are upheld, it would be unlikely that the Issuer could become insolvent.

However, notwithstanding the restrictions described in Condition 7 and the limited recourse and non-petition provisions, should the Issuer have outstanding liabilities to third parties which it is unable to discharge or should the limited recourse or non-petition provisions be found to be non-enforceable in a particular jurisdiction and as a result the Issuer becomes or is declared insolvent according to the law of any country having jurisdiction over it or any of its assets, the insolvency laws of that country may determine the validity of the claims of Securityholders and may prevent Securityholders from enforcing their rights or delay such enforcement. In particular, depending on the jurisdiction concerned and the nature of the assets and security, the Security created in favour of the Trustee may be set aside or ranked behind certain other creditors and the assets subject to such security may be transferred to another person free of such Security.

In addition, certain jurisdictions have procedures designed to facilitate the survival of companies in financial difficulties. In such jurisdictions the rights of the Trustee to enforce the Security may be limited or delayed by such procedures.

Taxation and no gross-up

Each Securityholder will assume and be solely responsible for any and all Taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local Taxes or other like assessment or charges that may be applicable to any payment to it in respect of the ETC Securities. In the event that any withholding or deduction for or on account of Tax is imposed on payments on the ETC Securities, the Securityholders will be subject to such tax or deduction and will not be entitled to receive amounts to compensate for such withholding or deduction. No Event of Default will occur as a result of any such withholding or deduction.

Transfers of Metal to or from the Issuer under the Balancing Agreement or the Authorised Participant Agreement or transfers of the sale proceeds of Underlying Metal to the Issuer under the Metal Agent Agreement in relation to a Series of ETC Securities may be subject to charges, withholding or deduction for, or on account of, Taxes (including VAT). In such circumstances the sums available to the Issuer (and/or the Trustee) to pay the Final Redemption Amount or the Early Redemption Amount may not be

sufficient to satisfy in full the claims of the Securityholders and all creditors whose claims rank in priority to those of the Securityholders.

The Issuer may become liable for Tax charges or be required to account for Tax whether by direct assessment or withholding. If any such event occurs as a result of a change in law or regulation that materially increases the cost to the Issuer of performing its obligations under the ETC Securities and/or the Balancing Agreement or makes it illegal for the Issuer to do the same or to hold, acquire or dispose of the Metal, the ETC Securities may become subject to early redemption.

Meetings of Securityholders, resolutions, modification, waivers and substitution

The Trust Deed contains provisions for calling meetings of Securityholders to consider matters affecting their interests generally. It should also be noted that a meeting may be convened at any time by the Trustee following receipt of a written request by Securityholders holding at least 5 per cent. in number of the ETC Securities of the relevant Series for the time being outstanding. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting or in respect of the relevant resolution and Securityholders who voted in a manner contrary to the majority.

To the extent that the consent of the Trustee is required under the Conditions or the Trust Deed, the Trustee may, in certain circumstances and without the consent of Securityholders, (i) agree to certain modifications of, or the waiver or authorisation of any breach or proposed breach of, the Conditions or any of the provisions of the Trust Deed, the Security Deed, the Balancing Agreement and/or any other Transaction Document to which the Trustee is a party, (ii) determine that any Event of Default or Potential Event of Default will not be treated as such or (iii) agree to the substitution of another company as principal obligor under any ETC Securities in place of the Issuer provided that such waiver or substitution is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders. To the extent that the consent of the Trustee is required under the Conditions or the relevant Trust Deed, the Trustee may also agree, without the consent of the Securityholders, to any modification to the Conditions, the Trust Deed, the Security Deed and/or the Balancing Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error.

Prospective investors should note that in certain circumstances the Issuer and the relevant Transaction Party may take certain actions and certain amendments may be made to the terms of the ETC Securities and/or the relevant Transaction Documents without the requirement for the approval of Securityholders by way of an Extraordinary Resolution of Securityholders or the consent of the Trustee.

These include (without limitation):

- (i) the transfer of Metal to the Programme Counterparty under the Balancing Agreement and to an Authorised Participant under the Authorised Participant Agreement and the related release of Security provided such transfer and release is effected in accordance with the terms of the Balancing Agreement and the Authorised Participant Agreement (as applicable);
- (ii) changes to the Product Fee Percentage at any time (whether due to a change in the Base Fee Percentage or the FX Hedging Fee Percentage);
- (iii) the appointment of an additional or replacement Transaction Party provided such appointment or replacement is effected in accordance with the Conditions and the applicable Transaction Document(s);
- (iv) the substitution of the relevant Price Source with a Successor Price Source pursuant to Condition 10;
- (v) the transfer, novation or assignment of the relevant Balancing Agreement pursuant to Condition 11(b),

- (vi) the increase of the Programme Maximum Number of ETC Securities;
- (vii) the amendment of either of Annexes 2 or 3 to the Conditions; and
- (viii) the amendment(s) to any term of the Conditions or any Transaction Document which relate(s) to an operational or procedural issue.

Such actions or amendments may, in certain circumstances, have adverse consequences for investors. Prospective investors should recognise that such actions or amendments can take place without any requirement for consent from them or the Trustee and should ensure that they accept and are aware of the potential consequences of such actions or amendments.

Securityholder directions

The Conditions of the ETC Securities permit the holders of one-fifth or more of the outstanding number of ETC Securities of a Series following the occurrence of an Event of Default, a Publication Failure Event, a Balancing Agreement Event of Default with respect of the Programme Counterparty, the Issuer becoming entitled to serve a VAT Redemption Event Notice or a termination notice under the Balancing Agreement following a Balancing Agreement Tax Event or a Balancing Agreement Illegality and at any time after the Security has become enforceable to direct the Trustee to deliver a notice or take such other action in accordance with the Conditions, whereupon that Series of ETC Securities will become due and payable at their Early Redemption Amount on the relevant Early Redemption Date and/or the Security will be enforced by the Trustee, as applicable. The Trustee will not however be obliged to take any step or action or to act in accordance with any such direction unless the Trustee has been pre-funded and/or secured and/or indemnified to its satisfaction by one or more Securityholders.

Exchange rates and exchange controls

The Issuer will make payments in respect of the relevant Series of ETC Securities in the Specified Currency. This will present certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent return on the ETC Securities, (ii) the Investor's Currency-equivalent value of the amount(s) payable on the ETC Securities and (iii) the Investor's Currency-equivalent market value of the ETC Securities.

Risks relating to the Balancing Agreement

The Issuer will, in respect of each Series of ETC Securities, enter into an English law governed Balancing Agreement with the Programme Counterparty. The Balancing Agreement will provide for the settlement on a periodic basis of the Product Fee and, in respect of FX Hedged ETC Securities, the gains or losses in the currency hedging component of such FX Hedged ETC Securities based on the accrued level of the Product Fee and foreign exchange gains or losses as at periodic Observation Dates.

The Observation Dates in respect of a Series of ETC Securities will be specified in the Final Terms for that Series but are expected to occur on a monthly basis. Settlement will take place in respect of an Observation Date by the Issuer transferring Metal to the Programme Counterparty or *vice versa*, in each case as provided in the Balancing Agreement entered into between the Issuer and the Programme Counterparty. In respect of each Observation Date, the Balancing Agreement broadly seeks to account for the Product Fee and any currency hedging gains or losses by requiring deliveries of unallocated metal to be made between the Issuer and the Programme Counterparty so that, as a result of such deliveries, the amount of Underlying Metal should equal the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of the relevant Series.

However, as a result of such settlement only taking place on a periodic basis this means that the Issuer might at times hold an amount of Underlying Metal that is more or less than the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of such Series.

In addition, it should be noted that the deliveries required under the Balancing Agreement are not adjusted to reflect subscriptions and buy-backs of ETC Securities that are pending but have not settled at the relevant Observation Date. Such subscriptions and buy-backs would only be taken into account on the next following Observation Date. As a result, this might also cause the amount of Underlying Metal held by the Issuer to be more or less than the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of such Series.

Where the amount of Underlying Metal held by the Issuer is less than the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of such Series (which is primarily expected to occur in respect of FX Hedged ETC Securities where the Issuer has made a gain on the currency hedging component but which may also occur as a result of buy-backs that are pending but which have not settled at the relevant Observation Date) then the Issuer and, therefore the Securityholders, will have an unsecured credit exposure to the Programme Counterparty. Any failure by the Programme Counterparty to deliver the amounts of unallocated Metal required by the Balancing Agreement may lead to the early redemption of the Notes and may also result in the Issuer not being able to pay the Final Redemption Amount or Early Redemption Amount in full.

Additionally, as the transfers contemplated under the Balancing Agreement require the transfer of Metal in unallocated form, this may require the Issuer to de-allocate Underlying Metal held in allocated form in advance of a settlement of a transfer required to be made by the Issuer, or result in the Issuer holding Underlying Metal in unallocated form (prior to allocation by the Secured Account Custodian) after receipt of a transfer from the Programme Counterparty. Holdings of Underlying Metal in unallocated form are subject to the risks described in the risk factor entitled "*Metal held in unallocated accounts is not segregated from the Secured Account Custodian's or the Subscription Account Custodian's other assets in the case of insolvency*" below.

Transfer of Balancing Agreement

At any time prior to the occurrence of a Balancing Agreement Event of Default or a Balancing Agreement Termination Event with respect to the Programme Counterparty, the Programme Counterparty may transfer the Balancing Agreement to a single Eligible Counterparty, subject to certain conditions. In such circumstances the Issuer and therefore the Securityholders will be exposed to the creditworthiness of the transferee rather than the creditworthiness of the Programme Counterparty. However, a transferee will only be an Eligible Counterparty if it has a rating equal to or higher than the lower of the long-term issuer ratings given to the Programme Counterparty as at the relevant Series Issue Date by the Rating Agencies as specified in the relevant Final Terms (or the equivalent rating from any other Rating Agency).

Risks relating to the Metals and Foreign Exchange Hedging

Precious Metal linked securities

The ETC Securities are precious metal linked securities. Prospective investors should note that the amount payable in respect of the ETC Securities, the Metal Entitlement per ETC Security and the Value per ETC Security is linked to the performance of the underlying Metal specified in the relevant Final Terms. Before investing in the ETC Securities, prospective investors should carefully consider whether an investment linked to the performance of the price of the Metal is suitable for them.

Prospective investors should be aware that the price of a Metal can go down as well as up and that the performance of a Metal in any future period may not mirror its past performance. There can be no assurance as to the future performance of any Metal to which the ETC Securities are linked.

The Value per ETC Security of the ETC Securities incorporate a deduction for Product Fees and, in the case of FX Hedged ETC Securities, a currency hedging component, both of which affect how closely the ETC Securities track the price of the relevant Metal. Due to this and other factors, the ETC Securities may trade differently from the performance of the Metal to which the ETC Securities are linked and changes in the market price of the Metal may not result in a comparable change in the market price or in the Value per ETC Security of the ETC Securities.

The performance of a precious metal is dependent upon macroeconomic factors such as supply and demand, liquidity, natural disasters, direct investment costs, location and changes in tax rates and changes in laws, regulations and the activities of governmental or regulatory bodies. See "*Risks related to Precious Metals Generally*" below. Investors will need to take appropriate advice as to how an investment in the ETC Securities fits into their investment portfolio.

An investment in the ETC Securities linked to a Metal is not the same as investing directly and physically holding the relevant Metal. This is because while holding an inventory of physical precious metals may have certain economic benefits (for example, a jewellery firm could use a reserve of gold for the continuation of its operations), it also poses administrative burdens and costs, including those arising from the need to store, arrange security for or transport physical precious metals. These requirements and costs may prove unattractive to investors who are interested solely in the price movement of precious metals. Each Series of ETC Securities permits an investor to obtain exposure to the prices of precious metals without directly incurring these requirements and costs (although an investor in ETC Securities will incur a fee represented by the deduction of the Product Fee in determining the Metal Entitlement per ETC Security). However, an investor in a product linked to precious metals can be indirectly exposed to these costs, which may be reflected in the prices at which the precious metals can be bought and therefore in the price of the ETC Securities.

Shortage of Physical Metal

Metal markets, particularly in platinum and palladium, have the potential to suffer from market disruption or volatility caused by shortages of physical metal. Such events could result in sudden increases in Metal prices for a short period (also known as price spikes). Price spiking can also result in volatile forward rates and lease rates which could result in the bid/offer spread (the difference between the bid price (i.e. the price at which a holder can sell ETC Securities to the Authorised Participant) and the offer price (i.e. the price at which a holder can buy ETC Securities from the Authorised Participant)) on any stock exchange or market where the ETC Securities are traded to widen, reflecting short-term forward rates in the Metal.

The recent growth of investment products offering investors an exposure to precious metals (including products similar to the ETC Securities and the ETC Securities themselves) may significantly change the supply and demand profile of the market from that which has traditionally prevailed. Changes in supply and demand for such investment products will directly impact on the supply and demand in the market for the underlying precious metals. This may have the effect of increasing volatility in the price and supply of the relevant previous metals. Such products require the purchase and sale of the relevant precious metal, and, depending on the success of such products, this may lead to a substantial increase in the volume of transactions.

Liquidity Risk

The market price of the ETC Securities will be a function of the supply and demand amongst investors wishing to buy and sell the ETC Securities and the bid/offer spread that market-makers are willing to quote for the ETC Securities on any relevant stock exchange or market. If there is a high level of demand for a relevant Series of ETC Securities then, other things remaining equal, those ETC Securities are likely to trade at a premium. Authorised Participants have the right (but not the obligation) to require the Issuer to issue further ETC Securities of a Series. If the Authorised Participants exercise such right, this

will increase supply and would reduce any such premium. Investors who buy ETC Securities at a premium risk losing such premium if demand for such Series of ETC Securities abates, when new ETC Securities of an existing Series of ETC Securities are issued or new Metal is sold into the open market.

Product Fee reduces the Metal Entitlement per ETC Security

Each ETC Security has an Initial Metal Entitlement on the Series Issue Date for such Series of ETC Securities. Assuming all other factors remain constant, the Metal Entitlement for each ETC Security will decrease over time as the Product Fee is deducted.

Redemption Amounts and Early Redemption Amounts are calculated and paid irrespective of the current Metal price

The Metal Agent will sell Underlying Metal during the Redemption Disposal Period and the prices obtained in such sales will affect the determination of the Final Redemption Amount or Early Redemption Amount (as applicable). During the Redemption Disposal Period, the Metal Agent will sell the Underlying Metal at the then-current Metal prices. Assuming all other factors remain constant, lower Metal prices during the Redemption Disposal Period will lead to a lower Redemption Amount and Early Redemption Amount.

Crises may precipitate large-scale sell-offs of Metal which could lead to a fall in the Metal price and consequently decrease in the Value per Security of the ETC Securities

The possibility of large-scale distressed sales of Metal in times of crisis may have a short to medium term effect on the price of the Metal and adversely affect the Value per Security of the ETC Securities. For example, the 1998 Asian financial crisis led to individuals selling gold which in turn caused the gold price to become depressed. Similar events could occur in the future.

Sales of Metal by national and supranational organisations could adversely affect the Value per Security of the ETC Securities

Central banks, other government agencies and supranational organisations, such as the International Monetary Fund, that buy, sell and hold precious metals as part of their reserve assets may decide to sell a portion of their assets, which are not normally subject to use in the open market via swaps or leases or mobilised in other ways. A number of central banks, including the Bank of England, have sold significant portions of their gold over the last ten to fifteen years, which has meant that governmental and supranational organisations have generally been a net supplier to the open market. If there are sales of gold or other precious metals by the public sector to the private sector there may be a glut of supply over demand, leading to a lower price on the open market for a relevant precious metal and consequently a decrease in the Value per ETC Security of a relevant Series of ETC Securities.

Further, as the price of some precious metals are correlated to some extent (i.e. there is some linkage in the prices of the precious metals – for example, an increase in the price of gold might also lead to an increase in the price of platinum as they are both seen by the financial markets as ways to hedge against inflation), a significant sale, for instance, of gold by central banks, other government agencies or supranational organisations could lead to a decline in the market price of other precious metals.

The Central Bank Gold Agreement may not be renewed

As of the date of the Base Prospectus, the Central Bank Gold Agreement (the “**CBGA**”) dated 7 August 2009 is in place between the European central banks who signed the previous CBGA, the European Central Bank and several other central banks whose governments are currently looking to adopt the Euro as their national currency, and is in effect from 27 September 2009 for a period of five years. The CBGA binds the central banks who signed the CBGA to a limit on (i) annual disposals of gold and (ii) disposals of gold over the five year period on a collective basis. There can be no guarantee that such an agreement will be renewed in 2014 when the current agreement expires. Any lack of renewal may lead to

substantial sales of gold on the open market, a decrease in the price of gold (and possibly other precious metals) and consequently a decrease in the Value per Security of the ETC Securities in respect of which the Metal is Gold (and possibly ETC Securities in respect of which the Metal is Silver, Platinum or Palladium).

The current CBGA does not bind any central banks outside of Europe, such as the Federal Reserve of the United States, and so may only have a limited effect on governmental and supranational sales of gold that influence the market price for gold and other precious metals.

No confirmation of the fineness or weight required by the standards of the LBMA or the LPPM

None of the Trustee, the Determination Agent, the Secured Account Custodian or any applicable Sub-Custodian independently confirms the fineness or weight of the Underlying Metal held in allocated form in the Secured Allocated Account. Such Underlying Metal may be different from the reported fineness or weight required by the relevant standards of the LBMA or the LPPM, as the case may be, for Metal to be delivered in settlement of a trade in such Metal, and any shortfall in the required fineness or weight of allocated Underlying Metal may adversely affect the value of the ETC Securities.

No right to Underlying Metal

Investing in the ETC Securities will not make an investor the owner of the Underlying Metal. Any amounts payable on the ETC Securities will be in cash, and the holders of the ETC Securities will have no right to receive delivery of any Underlying Metal at any time.

Purchasing or selling activity in the market may cause temporary increases or decreases in the price of Metal, which may have an adverse effect on the value of the ETC Securities

Purchasing activity associated with acquiring Metal required for the Authorised Participant to subscribe for ETC Securities of a relevant Series may temporarily increase the market price for the relevant Metal, which may result in a higher Value per ETC Security for certain periods of time. Other market participants may attempt to benefit from an increase in the market price of the relevant Metal due to increased purchasing activity of the relevant Metal connected with the issuance of new securities of a Series of ETC Securities which could result in a temporarily higher Value per ETC Security.

Conversely, selling activity by the Issuer following the Final Redemption Valuation Date or, where relevant, an Early Redemption Valuation Date, may be observed and or predicted by other market participants who may attempt to benefit by purchasing any relevant Metal at artificially lower prices than would have occurred had no such Final Redemption Valuation Date or Early Redemption Valuation Date occurred or by short selling the relevant Metal (selling borrowed Metal with the intention of buying it back at a later date at a lower price), which may have the effect of lowering the price of the Metal.

Impact of Foreign Exchange Hedging

If a Series of ETC Securities is denominated in a currency other than the Metal Currency, the Metal Entitlement per ETC Security of such ETC Securities will include a currency hedging component to convert the value of the Metal denominated in the Metal Currency into the same currency as that in which the ETC Securities are denominated. For the purposes of the Conditions, such ETC Securities are FX Hedged ETC Securities. The formula for calculation of the Metal Entitlement per ETC Security of FX Hedged ETC Securities will reflect the effect of a rolling currency hedge generally entered into on each Scheduled Valuation Day. Such currency hedge typically involves the notional forward sale of the Metal Currency and purchase of the currency in which the ETC Securities are denominated and is designed to reduce the exposure of the Metal (and, therefore, the ETC Securities) to exchange rate fluctuations between such currencies. However, such hedges do not fully eliminate exchange rate risks or fluctuations and, depending on movements in exchange rates, such currency hedging might have a negative impact on the Value per ETC Security.

Metal held in unallocated accounts is not segregated from the Secured Account Custodian's or the Subscription Account Custodian's other assets in the case of insolvency

Underlying Metal which is held as part of the subscription, redemption or buy-back process for any time in the Secured Unallocated Account or the Subscription Account will not give the Issuer proprietary rights to specific Metal bars, ingots or other metal shapes and the Issuer will be an unsecured creditor of the Secured Account Custodian (with respect to the amount of Underlying Metal held in the Secured Unallocated Account) or the Subscription Account Custodian (with respect to the amount of Underlying Metal held in the Subscription Account). In addition, if the Secured Account Custodian fails to allocate any Underlying Metal in a timely manner, in the proper amounts or otherwise in accordance with the terms of the Custody Agreement for Secured Accounts or if the Sub-Custodian of the Secured Account Custodian fails to segregate Underlying Metal held on behalf of the Secured Account Custodian, then such Underlying Metal would be in unallocated form, and the Issuer would be an unsecured creditor of the Secured Account Custodian with respect to the amount of Underlying Metal so held in the event of an insolvency of the Secured Account Custodian. In the event that the Secured Account Custodian or the Subscription Account Custodian becomes insolvent, the Secured Account Custodian's assets or the Subscription Account Custodian's assets (as applicable) may not be sufficient to satisfy a claim by the Issuer or the Trustee for the amount of Underlying Metal held in the Secured Unallocated Account or Subscription Account (as applicable).

In the event of an insolvency of the Secured Account Custodian or any Sub-Custodian, a liquidator may seek to freeze access to any allocated Metal held by the Issuer via the Secured Account Custodian or any such Sub-Custodian, and even though title could be properly ascertained to belong to the Issuer, the Issuer could incur expenses in connection with asserting such claims.

Certain metal held in the Subscription Account is not secured in favour of the Trustee in respect of a Series of ETC Securities

In advance of an issue of ETC Securities to an Authorised Participant, such Authorised Participant will deliver Metal to the Issuer's Subscription Account in satisfaction of its obligation to transfer the Initial Metal Entitlement per ETC Security to the Issuer in respect of each ETC Security to be issued. Upon the issue of such ETC Securities to the relevant Authorised Participant, such Metal will form part of the Secured Property with respect to such Series of ETC Securities and upon notification to the Subscription Account Custodian of such issue of ETC Securities, shall be transferred by the Subscription Account Custodian to the Secured Accounts. Unallocated Metal credited to the Subscription Account only forms part of the Secured Property with respect to such Series of ETC Securities following the issue of ETC Securities in respect of the Subscription Order to which such Metal relates and prior to such issue of ETC Securities, will not be available to the Trustee on behalf of the Securityholders of such Series of ETC Securities upon any enforcement of the Security with respect to such Series of ETC Securities.

Reliance on the records of the Secured Account Custodian and the Subscription Account Custodian

The definitive records of the Secured Account Custodian in respect of the Secured Unallocated Account and the Secured Allocated Account and of the Subscription Account Custodian in respect of the Subscription Account are prepared by members of their bullion operations teams and their computer systems which track the amount of Underlying Metal in each account for each relevant Series of ETC Securities. In the event that there are computer system failures or human error making any relevant entries to the records, then in the event of an insolvency of the Secured Account Custodian or the Subscription Account Custodian it may be difficult to determine the accuracy of any entries and such determination may take significant time.

Diversification

Diversification is generally considered to reduce the amount of risk associated with generating returns. However, each Series of ETC Securities is linked to a single Metal. Prospective investors who are

subject to the requirements of the UCITS Directive should ensure that any purchase of ETC Securities conforms to the eligibility criteria required in accordance with the UCITS Directive.

Disruption of markets on which precious metals are traded

Any disruption to the over-the-counter market of the LBMA or the LPPM (as relevant) or the primary exchange or trading facility for trading of the relevant Metal can affect the price of such Metal and the Value per ETC Security of the ETC Securities. Markets, exchanges and trading facilities have the potential to suffer from market disruption, due to trading failures or other events. Such events could result in a failure to price the Metal and this may result in non-calculation and non-publication of the Metal Entitlement per ETC Security and/or the Value per ETC Security of the ETC Securities. If such ETC Securities are FX Hedged ETC Securities, such disruption may also lead to the Metal Entitlement per ETC Security being calculated in accordance with an adjusted method which reflects the effect of the rolling currency hedge during such disruption of trading in the relevant Metal.

Disruption of foreign exchange markets

In respect of FX Hedged ETC Securities, any disruption to the trading in foreign exchange contracts between the currency of the Metal and the currency in which the Series of ETC Securities are denominated or the non-publication of foreign exchange rates can affect the price of such foreign exchange contracts and the Value per ETC Security of the ETC Securities. Such disruption could result in non-calculation and non-publication of the Metal Entitlement per ETC Security and/or the Value per ETC Security of the ETC Securities for the period of disruption.

Risks related to Precious Metals Generally

The performance of a precious metal is dependent upon various factors, including (without limitation) supply and demand, liquidity, natural disasters, direct investment costs, location, changes in tax rates and changes in laws, regulations and the activities of governmental or regulatory bodies, each as set out in more detail below. Precious metal prices tend to be more volatile than most other asset categories, making investments in precious metals riskier and more complex than other investments. Some of the factors affecting the price of precious metals are:

- (i) ***Supply and demand.*** Precious metals are typically considered a finite rather than a renewable resource. If supplies of a precious metal increase the price of the precious metal will typically fall and *vice versa* if all other factors remain constant. Similarly if demand for a precious metal increases the price of the precious metal will typically increase and *vice versa* if all other factors remain constant. The planning and management of precious metal supplies is very time-consuming. This means that the scope for action on the supply side is limited and it is not always possible to adjust production swiftly to take account of demand. Demand can also vary on a regional basis. Transport costs for precious metals in regions where they are needed also affect their prices. In relation to the use of precious metals in jewellery and/or for other non-industrial uses, substitutes may become more accepted over time. In relation to the use of precious metals in industrial processes, alternatives or substitutes may be identified, become cheaper and/or more readily available. In both cases, this may result in a decrease in the demand for such precious metal and a decrease in the price thereof.
- (ii) ***Liquidity.*** Not all markets in precious metals are liquid and able to quickly and adequately react to changes in supply and demand. The fact that there are only a few market participants in the precious metals markets means that speculative investments can have negative consequences and may distort prices.
- (iii) ***Natural disasters.*** The occurrence of natural disasters can influence the supply of certain precious metals. This kind of supply crisis can lead to severe and unpredictable price fluctuations.

- (iv) **Direct investment costs.** Direct investments in precious metals involve storage, security, insurance and tax costs. Moreover, no interest or dividends are paid on precious metals. The returns from investments in precious metals are therefore influenced by these factors.
- (v) **Location.** Precious metals are often produced in emerging market countries, with demand coming principally from industrialised nations. The political and economic situation is, however, far less stable in many emerging market countries than in the developed world. They are generally much more susceptible to the risks of rapid political change and economic setbacks. Political crises can affect purchaser confidence, which can, as a consequence, affect precious metal prices. Armed conflicts can also impact on the supply and demand for certain precious metals. It is also possible for industrialised nations to impose embargos on imports and exports of goods and services. This can directly and indirectly impact precious metal prices. Furthermore, precious metal producers may establish organisations or cartels in order to regulate supply and influence prices.
- (vi) **Changes in tax rates.** Changes in tax rates and customs duties may have a positive or a negative impact on the profit margins of precious metal producers. When these costs are passed on to purchasers, these changes will affect prices.
- (vii) **Changes in exchange rates and interest rates.** Changes in exchange rates and interest rates may have a positive or negative impact on the price, demand, production costs, direct investment costs of precious metals and the returns from investments in precious metals are therefore influenced by and may be correlated to these factors.
- (viii) **Laws, regulation and action of regulatory bodies.** Changes in law and regulation and/or the action of any applicable government or regulatory body may have a positive or a negative impact on precious metal prices and on any of the factors listed above.

The Value per ETC Security of the ETC Securities will be affected by movements in precious metal prices generally and by the way in which those prices affect the Metal to which the ETC Securities are linked.

Risks relating to the Metal Agent, the Secured Account Custodian, the Subscription Account Custodian and relevant Sub-Custodians

The ability of the Issuer to meet its obligations under the ETC Securities depends on the receipt by it (or the Issuing and Paying Agent on its behalf) of the net proceeds of the liquidation of Underlying Metal by the Metal Agent shortly before the Scheduled Maturity Date or the Early Redemption Date (as applicable). Therefore, Securityholders of a Series are exposed to the creditworthiness of the Metal Agent in respect of the disposal proceeds of the Underlying Metal. The obligations of the Metal Agent to the Issuer under the Conditions and the relevant Metal Agent Agreement are secured pursuant to the related Security Deed.

The Issuer will hold any Underlying Metal owned by it and held for a Series of ETC Securities with the Secured Account Custodian on the terms of the relevant Custody Agreement for Secured Accounts (and, following an issue of ETC Securities but prior to the transfer of unallocated Metal equal to the Subscription Settlement Amount to the Secured Accounts, with the Subscription Account Custodian on the terms of the relevant Custody Agreement for the Subscription Account). The Secured Account Custodian is permitted to hold property delivered or received by it for the Issuer in custody accounts with one or more Sub-Custodians provided they satisfy certain eligibility criteria. Metal transferred to the Issuer and held in the Subscription Account does not form part of the Secured Property in respect of such Series of ETC Securities until the settlement of the related subscription of ETC Securities.

The Issuer's ability to meet its obligations with respect to the ETC Securities will be dependent upon receipt by the Issuer of deliveries from the Secured Account Custodian (and of the deliveries from the Subscription Account Custodian to the Secured Account Custodian) and performance by the Secured

Account Custodian of its obligations under the relevant Custody Agreement for Secured Accounts and the Subscription Account Custodian of its obligations under the relevant Custody Agreement for the Subscription Account. Consequently, the Securityholders are also relying on the creditworthiness of the Secured Account Custodian, the Subscription Account Custodian (and/or any relevant Sub-Custodian). In the event of a bankruptcy or insolvency of the Secured Account Custodian or the Subscription Account Custodian (or any relevant Sub-Custodian), there can be no assurance that the Issuer will be able to obtain delivery of and/or realise the property held with the Secured Account Custodian, Subscription Account Custodian or relevant Sub-Custodian on a timely basis. In addition, although in the accounts of the Secured Account Custodian maintained for the Issuer the Secured Account Custodian is required to segregate any allocated Metal with respect to one Series of ETC Securities from any Metal held for any other Series of ETC Securities and from any assets held in other client accounts or for their own account, Securityholders will be at risk if the Secured Account Custodian does not, in practice, maintain such a segregation. Similar issues may arise with respect to any Sub-Custodian used.

Custody and Insurance

All Underlying Metal held in allocated form will be held by the Secured Account Custodian or applicable Sub-Custodian in each case in its vaults in London. Access to such Underlying Metal could be restricted by, without limitation, natural events, such as earthquakes, or human activities, such as political protests or terrorist attacks.

None of the Secured Account Custodian, the Subscription Account Custodian or any relevant Sub-Custodian will have any duty or obligation to insure any Metal held or received by it against any risk (including the risk of theft, loss, damage, destruction or misdelivery). Neither the Secured Account Custodian nor the Subscription Account Custodian will be liable to the Issuer or any Securityholder or any other person for any loss or destruction or depreciation in the value of any Metal held or received by it, or (in the case of Underlying Metal in allocated form) held by a Sub-Custodian for it, unless such loss, destruction or depreciation is the direct result of the Secured Account Custodian's or the Subscription Account Custodian's negligence, fraud, bad faith or wilful misconduct. Neither the Secured Account Custodian nor the Subscription Account Custodian is responsible for the acts, omissions, defaults or insolvency of any third party including in the case of the Secured Account Custodian (but not limited to), any Sub-Custodian. The Secured Account Custodian will only be responsible for losses suffered by the Issuer as a direct result of its negligence, fraud, bad faith or wilful default in the appointment and monitoring of any non-affiliated Sub-Custodian. Otherwise, the Secured Account Custodian is not liable for any act or omission, or for the solvency, of any non-affiliated Sub-Custodian. The Trustee shall not be responsible for ensuring that adequate insurance arrangements have been made and in particular for insuring any Metal in any unallocated or allocated accounts, or making any enquiry regarding such matters.

Therefore, there is a risk that Underlying Metal held in allocated form could be lost, damaged or stolen and the Issuer would not be able to fully satisfy its obligations in respect of the ETC Securities, all other factors remaining constant. The Issuer cannot expect to receive an amount of unallocated Metal equal to this shortfall from the Programme Counterparty under the Balancing Agreement. The Securityholders do not have the right under the Conditions to assert a direct claim of the Issuer against the Secured Account Custodian, the Subscription Account Custodian or any applicable Sub-Custodian, and such claims may only be asserted by the Issuer (subject to any applicable assignment of the rights of the Issuer under any relevant Transaction Document). The Issuer is likely to have no, or only extremely limited direct rights against any Sub-Custodian, as the Sub-Custodian effectively acts for the Secured Account Custodian.

The relevant Sub-Custodian may, but is not obliged to, have such insurance as is considered customary for its business but neither the Issuer nor the Secured Account Custodian will be a beneficiary of any insurance policy held by the relevant Sub-Custodian in respect of any Metal held in its custody.

Conflicts of Interest

Deutsche Bank AG

As at the date of the Base Prospectus, Deutsche Bank AG acting through its London branch is the Arranger, and the Issuer intends to appoint Deutsche Bank AG acting through its London branch as Issuing and Paying Agent, Secured Account Custodian, Subscription Account Custodian and Metal Agent and to appoint Deutsche International Corporate Services (Ireland) Limited, an Affiliate of Deutsche Bank AG, as Determination Agent, Deutsche International Corporate Services Limited, an Affiliate of Deutsche Bank AG, as Registrar and Transfer Agent (in respect of Uncertificated Registered Securities) and Deutsche Trustee Company Limited, an Affiliate of Deutsche Bank AG, as Trustee on the issue of any Series of ETC Securities. Deutsche Bank AG acting through its London branch is also intended to be the Programme Counterparty in relation to any Series of ETC Securities. Deutsche Bank AG acting through any of its branches, or Affiliates (including its London branch) may also be an Authorised Participant in relation to a Series of ETC Securities.

Conflicts of interest may exist or arise between Deutsche Bank AG and any Affiliate of Deutsche Bank AG ("**Deutsche Bank entities**" and each a "**Deutsche Bank entity**") acting in other capacities and the interests of the Issuer and/or Securityholders.

Subject always to their regulatory obligations in performing each or any of these roles, Deutsche Bank entities do not act on behalf of, or accept any duty of care or any fiduciary duty to, any Securityholder. Each relevant Deutsche Bank entity will pursue actions and take steps that it deems appropriate to protect its interests without regard to the consequences for the investors in the ETC Securities or any other person.

A Deutsche Bank entity and/or its Affiliates may engage in trading and market-making activities and may hold long or short positions in any Metal, other instruments or derivative products based on or related to the Metal, Metal for their proprietary accounts or for other accounts under their management. Deutsche Bank entities may also issue securities or enter into financial instruments in relation to any Metal. To the extent that any Deutsche Bank entity, directly or through its Affiliates, serves as issuer, agent, manager, sponsor or underwriter of such securities or other instruments, its interests with respect to such products may be adverse to those of the Securityholders. Such activities may have an adverse effect on the Value per ETC Security of the ETC Securities and/or the value of the Underlying Metal relating to the ETC Securities.

Deutsche Bank entities may be entitled to receive fees or other payments pursuant to products linked to the Metal to which the ETC Securities relate or otherwise and to exercise all rights, including rights of termination or resignation, which they may have, even though so doing may have a detrimental effect on investors in the ETC Securities.

Deutsche Bank entities may, from time to time, by virtue of their activities, possess or have access to information relating to the Metal and/or the other Transaction Parties. For example, Deutsche Bank AG is at the date of the Base Prospectus one of the five members of the LBMA involved in the fixing of the Gold price, one of the three members of the LBMA involved in the fixing of the silver price and a full member of the LPPM and an employee of Deutsche Bank AG, London Branch, Matthew Keen, is a Vice Chairman of the Management Committee of the LPPM. There is no obligation on any Deutsche Bank entity to disclose to any investor in the ETC Securities any such information.

Any relevant research carried out by a Deutsche Bank entity may or may not be considered by Deutsche Bank AG when Deutsche Bank AG is trading for its own account or those of its customers, as the case may be. These, or other transactions in which Deutsche Bank AG engages for its account, may be conducted in a manner inconsistent with the research related to the Metal.

Any Deutsche Bank entity may, as an issuer or counterparty of precious metal linked obligations or transactions, engage in activities designed to reduce its exposure to the risk of adverse price movements

that may impact on the price of the Metal on any particular day, meaning it may be different from the price which it would otherwise have been, whether directly or indirectly. Such activities may have an adverse effect on the Value per ETC Security of the ETC Securities.

As the Determination Agent is a Deutsche Bank entity, potential conflicts of interest may exist between the Determination Agent and the Securityholders, including with respect to the exercise of the Determination Agent of its duties and obligations under the relevant Determination Agent Agreement and the Conditions and the exercise of discretion (if any) that is inherent in such duties and obligations. Prospective investors should be aware that any determination made by the Determination Agent may have an impact on the Value per ETC Security of the ETC Securities. Determinations made by the Determination Agent (in the absence of manifest error) will be binding on the Issuer and all relevant Securityholders.

Other Transaction Parties

Transaction Parties and/or their respective Affiliates may engage in trading and market-making activities and may hold long or short positions in the Metal and other financial instruments or products based on or related to the Metal for their own accounts or for other accounts under their management. Transaction Parties and their affiliates may also issue securities or enter into financial instruments in relation to the Metal. Such activities could present certain conflicts of interest, could adversely affect the price and liquidity of any component of the Metal Entitlement per ETC Security and may have an adverse effect on the Value per ETC Security of the ETC Securities.

A Transaction Party and/or its Affiliates may be entitled to receive fees or other payments under or in connection with other products linked to the Metal to which the ETC Securities relate or otherwise and to exercise all rights, including rights of termination or resignation, which they may have, even though so doing may have a detrimental effect on investors in the ETC Securities.

A Transaction Party and/or its Affiliates may, from time to time, by virtue of such activities and their status as underwriter, adviser or otherwise, possess or have access to information relating to the Metal and/or the other Transaction Parties. There is no obligation on any Transaction Party to disclose to any investor in the ETC Securities any such information.

A Transaction Party and/or its Affiliates may, as an issuer or counterparty of precious metal linked obligations or transactions, engage in activities designed to reduce its exposure to the risk of adverse price movements that may impact on the prices of the Metal on any particular day, meaning it may be different from the level which it would otherwise have been, whether directly or indirectly. Such activities may have an adverse effect on the Value per ETC Security of the ETC Securities.

Risks relating to the Authorised Participants

If an Authorised Participant fails to settle a buy-back and does not deliver the relevant ETC Securities in circumstances where the Issuer has instructed the Secured Account Custodian to de-allocate a portion of the Underlying Metal in anticipation of settling such buy-back, until the settlement or cancellation of such buy-back, a greater proportion of the Underlying Metal would be held in unallocated form than would have been the case had the settlement of the buy-back occurred on the scheduled settlement day. Underlying Metal held in unallocated form is subject to the risks described in the risk factor entitled "*Metal held in unallocated accounts is not segregated from the Secured Account Custodian's or the Subscription Account Custodian's other assets in the case of insolvency*" above.

6. CONDITIONS

References in these terms and conditions to “ETC Securities” are to the ETC Securities of one Series only, not to all ETC Securities that may be issued under the Programme. The below Conditions shall constitute the Conditions of the ETC Securities.

Italicised wording contained in these Conditions is included as instructions, guidance or disclosure only and does not form part of the Conditions of the ETC Securities.

A non-binding translation of the following text of the terms and conditions may be prepared in relation to this Series of ETC Securities. The English language version of the terms and conditions shall be binding and prevail in all circumstances. Any such translations will not be reviewed and approved by the FSA or the UK Listing Authority or any another similar body in any other jurisdiction.

Copies of the relevant Issue Deed, the Master Trust Terms, the Master Security Terms, the Master Terms and Conditions, the Master Balancing Terms, the Master Custody Terms for Secured Accounts, the Master Custody Terms for the Subscription Account, the Master Agency Terms, the Master Determination Agent Terms, the Master Metal Agent Terms and the Master Authorised Participant Terms referred to in these terms and conditions are available for inspection during normal business hours at the specified office of the Issuer, the Trustee, the Issuing and Paying Agent, the Registrar and at the specified offices of each of the Paying Agents and will be sent to a prospective or current Securityholder on request to the Issuer, the Issuing and Paying Agent, the Registrar or a Paying Agent.

References to any time in the Conditions or any Transaction Document are expressed using the 24-hour-clock convention. References in the Conditions or any Transaction Document to a party publishing any value, rate, level, notice or other information shall be deemed to include any agent, delegate or appointee of such party publishing such value, rate, level, notice or other information on behalf of that party.

1 Definitions

In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Affiliate**” means, in relation to any person or entity, any other person or entity controlled, directly or indirectly, by the person or entity, any other person or entity that controls, directly or indirectly, the person or entity or any other person or entity directly or indirectly under common control with the person or entity. For these purposes, “**control**” of any entity or person means the power, directly or indirectly, either to (a) vote 10 per cent. or more of the securities having ordinary voting power for the election of directors of the relevant person or entity or (b) direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

“**Agency Agreement**” means the agency agreement dated on or about the Series Issue Date of the ETC Securities entered into by the Issuer, the Trustee, the Issuing and Paying Agent, the Paying Agents and the Registrar and any other parties thereto by the execution of the Issue Deed and in the form of the Master Agency Terms (as amended and/or supplemented by the Issue Deed) and as such Agency Agreement is amended, supplemented, novated or replaced from time to time.

“**Agent Redemption Event**” has the meaning given to it in Condition 8(d)(iii).

“**Agent Redemption Event Notice**” has the meaning given to it in Condition 8(d)(iii).

“**Agents**” means the Determination Agent, the Issuing and Paying Agent, the Secured Account Custodian, the Subscription Account Custodian, the Paying Agents, the Registrar, the Transfer Agents and the Metal Agent and such other agent(s) as may be appointed from time to time in relation to the ETC Securities under the Agency Agreement by acceding to the Issue Deed and the Agency Agreement

or the Custody Agreement for Secured Accounts or the Custody Agreement for the Subscription Account or the Determination Agent Agreement or the Metal Agent Agreement or any other agreement with the Issuer under which such agent is appointed from time to time in relation to the ETC Securities, as applicable, and any successor or replacement thereto and “**Agent**” means any of them.

“**Aggregate Final Metal Entitlement**” has the meaning given to it in Condition 8.

“**Aggregate Metal Sold**” has the meaning given to it in Condition 8.

“**amount**” with respect to (i) an amount of Metal; (ii) an amount of unallocated Metal; and (iii) an amount of Underlying Metal, means a quantity of Metal, unallocated Metal and Underlying Metal (respectively) expressed as a number of Trading Units.

“**AP Bid Price Event**” has the meaning given to it in Condition 8(d)(viii).

“**AP Redemption Event**” has the meaning given to it in Condition 8(d)(viii).

“**AP Redemption Event Notice**” has the meaning given to it in Condition 8(d)(viii).

“**Appointee**” has the meaning given to it in Condition 20(y).

“**Arranger**” means Deutsche Bank AG, London Branch in its capacity as arranger under the Programme and any successor and/or replacement thereto.

“**Arranger Bankruptcy Event**” means (i) the Arranger becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation, and/or (ii) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions (as supplemented from time to time)) has occurred with respect to the Arranger.

“**Authorised Participant**” means (i) Deutsche Bank AG, London Branch; and (ii) any Eligible Authorised Participant that is appointed as an Authorised Participant for this Series of ETC Securities under the Authorised Participant Agreement by acceding to the Issue Deed and the Authorised Participant Agreement, and any successor or replacement thereto.

“**Authorised Participant Agreement**” means the authorised participant agreement dated on or about the Series Issue Date of the ETC Securities entered into by the Issuer, the Programme Counterparty, the Lead Authorised Participant, each Authorised Participant and any other parties thereto by the execution of the Issue Deed and in the form of the Master Authorised Participant Terms (as amended and/or supplemented by the Issue Deed) and as such Authorised Participant Agreement is amended, supplemented, novated or replaced from time to time.

“**Authorised Participant Bankruptcy Event**” means with respect to an Authorised Participant (i) such Authorised Participant becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or

suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator, or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation, and/or (ii) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions (as supplemented from time to time)) has occurred with respect to such Authorised Participant.

“**Average Metal Sale Price**” has the meaning given to it in Condition 8.

“**Balancing Agreement**” means the balancing agreement dated as of the Series Issue Date of the ETC Securities entered into by the Issuer and the Programme Counterparty by execution of the Issue Deed, as such Balancing Agreement is amended, supplemented, novated or replaced from time to time.

“**Balancing Agreement Early Termination Date**” has the meaning given to it in Condition 8(d)(ii).

“**Balancing Agreement Event of Default**” has the meaning given to it in Condition 8(d)(ii)(A).

“**Balancing Agreement Illegality**” has the meaning given to it in Condition 8(d)(ii)(B)(I).

“**Balancing Agreement Optional Termination Notice**” has the meaning given to it in Condition 8(d)(ii)(C).

“**Balancing Agreement Redemption Event**” has the meaning given to it in Condition 8(d)(ii).

“**Balancing Agreement Tax Event**” has the meaning given to it in Condition 8(d)(ii)(B)(II).

“**Balancing Agreement Termination Event**” has the meaning given to it in Condition 8(d)(ii)(B).

“**Balancing Agreement Termination Notice**” has the meaning given to it in Condition 8(d)(ii).

“**Bank**” has the meaning given to it in Condition 12(b)(i).

“**Base Fee Percentage**” has the meaning given to it in Condition 5.

“**Bearer Securities**” means ETC Securities issued in bearer form.

“**Bid Price Request Event**” has the meaning given to it in Condition 8(d)(viii).

“**Bid Price Request Notice**” has the meaning given to it in Condition 8(d)(viii).

“**Bid Price Request Period End Date**” has the meaning given to it in Condition 8(d)(viii).

“**Business Day**” means each day that is a London Business Day.

“**Buy-Back Order**” means a request from an Authorised Participant delivered to the Issuer for the Issuer to buy back from the Authorised Participant ETC Securities and which the Determination Agent determines is valid in accordance with the Authorised Participant Agreement.

“**Buy-Back Redemption Amount**” means, in respect of a purchase of ETC Securities by the Issuer and the related Buy-Back Settlement Date, an amount of unallocated Metal determined by the Determination Agent as being equal to the product of the Metal Entitlement per ETC Security in respect of the relevant Buy-Back Trade Date and the aggregate number of ETC Securities to be purchased pursuant to the relevant Buy-Back Order.

“**Buy-Back Settlement Date**” means, subject to Condition 9(d), the third Business Day after the related Buy-Back Trade Date.

“Buy-Back Trade Date” means, subject to Condition 9(d), a Business Day on which a Buy-Back Order is determined to be valid and accepted by or on behalf of the Issuer in accordance with the terms of the Authorised Participant Agreement.

“Clearing System” means (i) CREST, (ii) Euroclear, (iii) Clearstream, Frankfurt, (iv) Clearstream, Luxembourg or (v) any other recognised clearing system in which ETC Securities of a Series may be cleared.

“Clearing System Business Day” has the meaning given to it in Condition 12(b).

“Clearstream, Frankfurt” means Clearstream Banking AG, Frankfurt and any successor thereto.

“Clearstream, Luxembourg” means Clearstream Banking, société anonyme, Luxembourg and any successor thereto.

“Commodity Futures Trading Commission” means the Commodity Futures Trading Commission created by the United States congress in 1974 as an independent agency with the mandate to regulate commodity futures and option markets in the United States and any successor or similar body thereto.

“Commodity Regulatory Body” means any government, commission, regulatory body or agency that has authority to regulate any of the following: commodities, commodity futures contracts, commodity options and/or transactions on or relating to commodities, commodity futures contracts, commodity options and commodity indices in any relevant jurisdiction.

“Conditions” means these terms and conditions as completed (whether by the inclusion of information for blanks and/or the deletion of non-applicable provisions (including any instructions, explanatory notes and text)) and set out in the Final Terms for this Series of ETC Securities.

“Corporate Administrator” means, with respect to the Issuer, Deutsche International Corporate Services Limited whose registered office is at St. Paul's Gate, New Street, St. Helier, Jersey, JE4 8ZB, Channel Islands and any successor or replacement thereto.

“CREST” means the system for the paperless settlement of trades and the holding of uncertificated securities operated by EUI in accordance with the Uncertificated Regulations, as amended from time to time.

“Custody Agreement for Secured Accounts” means the custody agreement for secured accounts dated on or about the Series Issue Date of the ETC Securities entered into by the Issuer and the Secured Account Custodian and any other parties thereto by the execution of the Issue Deed and in the form of the Master Custody Terms for Secured Accounts (as amended and/or supplemented by the Issue Deed) and as such Custody Agreement for Secured Accounts is amended, supplemented, novated or replaced from time to time.

“Custody Agreement for the Subscription Account” means the custody agreement for the Subscription Account dated on or about the Series Issue Date of the ETC Securities entered into by the Issuer and the Subscription Account Custodian and any other parties thereto by the execution of the Issue Deed and in the form of the Master Custody Terms for the Subscription Account (as amended and/or supplemented by the Issue Deed) and as such Custody Agreement for the Subscription Account is amended, supplemented, novated or replaced from time to time.

“Day Count Fraction” has the meaning given to it in Condition 5.

“Definitive Securities” means Bearer Securities in definitive form and includes any replacement ETC Security issued pursuant to these Conditions.

“Determination Agent” means Deutsche International Corporate Services (Ireland) Limited and any successor or replacement thereto.

“Determination Agent Agreement” means the determination agent agreement dated on or about the Series Issue Date of the ETC Securities entered into by the Issuer, the Determination Agent, the Programme Counterparty and any other parties thereto by the execution of the Issue Deed and in the form of the Master Determination Agent Terms (as amended and/or supplemented by the Issue Deed) and as such Determination Agent Agreement is amended, supplemented, novated or replaced from time to time.

“Determination Agent Bankruptcy Event” means (i) the Determination Agent becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof or, if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation, and/or (ii) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions (as supplemented from time to time)) has occurred with respect to the Determination Agent.

“Determination Agent Bankruptcy Event Notice” has the meaning given to it in Condition 12(d)(iii).

“Determination Agent Breach” has the meaning given to it in Condition 12(f)(ii).

“Deutsche Bank AG, London Branch” means Deutsche Bank AG acting through its London branch and any successor thereto.

“Disrupted Daily FX Percentage” has the meaning given to it in Condition 9(e)(ii)(B).

“Disrupted Day” means a Business Day in respect of which a Disruption Event Notice has been delivered by the Programme Counterparty and/or the Determination Agent.

“Disrupted FX Percentage” has the meaning given to it in Condition 9(e)(ii)(C).

“Disruption Event” has the meaning given to it in Condition 9(a).

“Disruption Event Notice” has the meaning given to it in Condition 9(b).

“Early Metal Redemption Amount” has the meaning given to it in Condition 8.

“Early Redemption Amount” has the meaning given to it in Condition 8(b).

“Early Redemption Date” has the meaning given to it in Condition 8.

“Early Redemption Disposal Period” has the meaning given to it in Condition 8.

“Early Redemption Event” has the meaning given to it in Condition 8(d).

“Early Redemption Valuation Date” has the meaning given to it in Condition 8.

“Eligible Authorised Participant” means any bank or financial institution (which for these purposes shall include any leading dealer or broker in instruments similar to the ETC Securities) incorporated, domiciled and regulated in an OECD country with a rating equal to the Eligible Authorised Participant Threshold Rating or higher (or the equivalent rating from any other Rating Agency).

“Eligible Authorised Participant Threshold Rating” means A+/A-1 long and short-term counterparty credit ratings as assigned by S&P.

“Eligible Counterparty” means any bank or financial institution (which for these purposes shall include any leading dealer or broker in precious metals and foreign exchange transactions) incorporated, domiciled and regulated in an OECD country with a rating equal to the Eligible Counterparty Threshold Rating or higher (or the equivalent rating from any other Rating Agency) or having the benefit of an enforceable guarantee from an Affiliate with a rating equal to the Eligible Counterparty Threshold Rating or higher (or the equivalent rating from any other Rating Agency).

“Eligible Counterparty Threshold Rating” means A+/A-1 long and short-term counterparty credit ratings as assigned by S&P.

“Eligible Custodian” means any bank or financial institution whose business includes the provision of custodial services and which (i) is incorporated, domiciled and regulated as a custodian in an OECD country, (ii) has a rating equal to the Eligible Custodian Threshold Rating or higher (or the equivalent rating from any other Rating Agency) and (iii) is a member of the Relevant Association.

“Eligible Custodian Threshold Rating” means A+/A-1 long and short-term counterparty credit ratings as assigned by S&P.

“Eligible Metal Agent” means any bank or financial institution (which for these purposes shall include any leading dealer or broker in precious metals and foreign exchange transactions) incorporated, domiciled and regulated in an OECD country with a rating equal to the Eligible Metal Agent Threshold Rating or higher (or the equivalent rating from any other Rating Agency) or having the benefit of an enforceable guarantee from an Affiliate with a rating equal to the Eligible Metal Agent Threshold Rating or higher (or the equivalent rating from any other Rating Agency).

“Eligible Metal Agent Threshold Rating” means A+/A-1 long and short-term counterparty credit ratings as assigned by S&P.

“ETC Securities” has the meaning given to it in Condition 2.

“ETC Securities Balancing Agreement Redemption Event” has the meaning given to it in Condition 8(d)(ix).

“EUI” means Euroclear UK & Ireland Limited (formerly known as CRESTCO Limited) incorporated in England and Wales under number 2878738 and whose registered office as at the Series Issue Date is at 33 Cannon Street, London EC4M 5SB and any successor thereto.

“Euroclear” means Euroclear Bank S.A./N.V. and any successor thereto.

“Event of Default” has the meaning given to it in Condition 14.

“Event of Default Redemption Notice” has the meaning given to it in Condition 14.

“Extraordinary Resolution” means a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast, provided that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate number of the ETC Securities who for the time being are entitled to receive notice of a meeting held in accordance with the Trust Deed shall, for all purposes, be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Securityholders duly convened and held in accordance with the relevant provisions of the Trust Deed.

“Final Metal Redemption Amount” has the meaning given to it in Condition 8.

“Final Observation Date” means the Final Redemption Valuation Date in respect of the relevant Series of ETC Securities or, if earlier, the Early Termination Date of the relevant Balancing Agreement or any other date that is also an Early Redemption Valuation Date in respect of the relevant Series of ETC Securities.

“Final Redemption Amount” has the meaning given to it in Condition 8(a).

“Final Redemption Disposal Period” has the meaning given to it in Condition 8.

“Final Redemption Valuation Date” has the meaning given to it in Condition 8.

“Final Terms” means the final terms issued specifying the relevant issue details of the ETC Securities, in the form set out in the Issue Deed relating to such ETC Securities or such other form as may be agreed between the Issuer and the Arranger.

“Fitch” means Fitch Ratings Limited and any successor thereto.

“FSA” means the United Kingdom Financial Services Authority in its capacity as competent authority under the FSMA and any successor thereto.

“FSMA” means the United Kingdom Financial Services and Markets Act 2000 as amended and/or supplemented from time to time.

“FX Disruption Event” has the meaning given to it in Condition 9(a).

“FX Factor” has the meaning given to it in Condition 5.

“FX Forward Reference Level” has the meaning given to it in Condition 5.

“FX Forward Reference Level Source” has the meaning given to it in Condition 5.

“FX Hedged ETC Securities” means, in respect of a Series of ETC Securities, that the Metal Entitlement per ETC Security is hedged against movements in the exchange rate between the currency of such Series and the currency of the Metal Reference Price.

“FX Hedging Fee Percentage” has the meaning given to it in Condition 5.

“FX Level Source Disruption” has the meaning given to it in Condition 9(a).

“FX Percentage” has the meaning given to it in Condition 5.

“FX Spot Reference Level” has the meaning given to it in Condition 5.

“FX Spot Reference Level Source” has the meaning given to it in Condition 5.

“General Business Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

“Gold” means (i) allocated gold bars complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect; and (ii) a contractual obligation against the Secured Account Custodian or the Subscription Account Custodian (as applicable) to transfer an amount of gold complying with the rules of the LBMA relating to good delivery and fineness from time to time in effect not including Gold included under (i) above.

“holder” has the meaning given to it in Condition 2.

“Initial Early Redemption Event” has the meaning given to it in Condition 8(b).

“Initial Metal Entitlement per ETC Security” means:

- (i) on the Series Issue Date, the Initial Metal Entitlement per ETC Security is 0.01 fine troy ounces; and
- (ii) in relation to any subsequent Tranche of the ETC Securities issued after the Series Issue Date, the Metal Entitlement per ETC Security (as determined by the Determination Agent and published on the website maintained on behalf of the Issuer at www.etc.db.com or such other website notified by the Issuer for such Series of ETC Securities from time to time) in respect of the

Subscription Trade Date relating to such Tranche as specified in the Final Terms relating to such Tranche.

“Investor’s Currency” has the meaning given to it in Annex 3 to the Conditions.

“Issue Date” means the issue date of the relevant Tranche of ETC Securities being in respect of this Tranche 1 April 2011.

“Issue Deed” means the issue deed in respect of this Series of ETC Securities dated on or about the Series Issue Date made between, *inter alios*, the Issuer, the Trustee and the other parties specified therein as amended, supplemented, novated or replaced from time to time.

“Issue Price per ETC Security” means:

- (i) on the Series Issue Date, the Issue Price per ETC Security is an amount equal to the product of (A) the Initial Metal Entitlement per ETC Security; (B) the Metal Reference Price with respect to the Series Issue Date; and (C) the FX Spot Reference Level with respect to the Series Issue Date; and
- (ii) in relation to any subsequent Tranche of the ETC Securities issued after the Series Issue Date, the Value per ETC Security (as determined by the Determination Agent and published on the website maintained on behalf of the Issuer at www.etc.db.com or such other website notified by the Issuer for such Series of ETC Securities from time to time) in respect of the Subscription Trade Date relating to such Tranche as specified in the Final Terms relating to such Tranche.

“Issuer” means DB ETC plc, a public limited liability company incorporated in Jersey with registration number 103781.

“Issuer Administration Agreement” means the administration agreement in respect of the Programme dated on or about 26 May 2010 entered into by the Issuer and the Corporate Administrator as amended, supplemented, novated or replaced from time to time.

“Issuer Call Redemption Event” has the meaning given to it in Condition 8(c).

“Issuer Call Redemption Notice” has the meaning given to it in Condition 8(c).

“Issuer Change in Law or Regulation Redemption Event” has the meaning given to it in Condition 8(d)(i).

“Issuer Delegation Agreement” means the delegation agreement relating to the Issuer Administration Agreement dated on or about 26 May 2010 entered into by the Issuer, the Corporate Administrator and Ogier SPV Services Limited as amended, supplemented, novated or replaced from time to time.

“Issuer Redemption Notice” has the meaning given to it in Condition 8(d)(i).

“Issuer Series Fees and Expenses” means the Series Overheads, the Series Fee and, without duplication, the Series’ *pro rata* share of the general operating costs and expenses of the Issuer accrued and unpaid as at the date of redemption of the ETC Securities which shall include, without limitation, the fees, costs and expenses of the directors of the Issuer and the Corporate Administrator, in each case to the extent not paid by the Arranger when due and payable in accordance with the Programme Proposal Agreement following the occurrence of an Arranger Bankruptcy Event.

“Issuing and Paying Agent” means Deutsche Bank AG, London Branch and any successor or replacement thereto.

“LBMA” means The London Bullion Market Association and any successor thereto.

“Lead Authorised Participant” means Deutsche Bank AG, London Branch and any successor or replacement thereto.

“London Business Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

“Loss” means any loss, liability, cost, claim, damages, expense (including, but not limited to, legal costs and expenses) or demand (or actions in respect thereof), judgment, interest on any judgment, assessment, fees or amounts paid in settlement of any action or claim.

“LPPM” means The London Platinum and Palladium Market and any successor thereto.

“Master Agency Terms” means the master agency terms version number 1 dated 1 June 2010 relating to the Programme.

“Master Authorised Participant Terms” means the master authorised participant terms version number 1 dated 1 June 2010 relating to the Programme.

“Master Balancing Terms” means the master balancing terms version number 1 dated 1 June 2010 relating to the Programme.

“Master Custody Terms for Secured Accounts” means the master custody terms for secured accounts version number 1 dated 1 June 2010 relating to the Programme.

“Master Custody Terms for the Subscription Account” means the master custody terms for the subscription account version number 1 dated 1 June 2010 relating to the Programme.

“Master Determination Agent Terms” means the master determination agent terms version number 1 dated 1 June 2010 relating to the Programme.

“Master Metal Agent Terms” means the master metal agent terms version number 1 dated 1 June 2010 relating to the Programme.

“Master Security Terms” means the master security terms version number 1 dated 1 June 2010 relating to the Programme.

“Master Terms and Conditions” means the master terms and conditions version number 1 dated 1 June 2010 relating to the Programme.

“Master Trust Terms” means the master trust terms version number 1 dated 1 June 2010 relating to the Programme.

“Maturity Postponement Notice” has the meaning given to it in Condition 9(c)(iii).

“Maximum Base Fee Percentage” has the meaning given to it in Condition 5 (in the definition of Base Fee Percentage).

“Maximum FX Hedging Fee Percentage” has the meaning given to it in Condition 5 (in the definition of FX Hedging Fee Percentage).

“Metal” means Gold.

“Metal Agent” means Deutsche Bank AG, London Branch and any successor or replacement thereto.

“Metal Agent Agreement” means the metal agent agreement dated on or about the Series Issue Date of the ETC Securities entered into by the Issuer and the Metal Agent and any other parties thereto by the execution of the Issue Deed and in the form of the Master Metal Agent Terms (as amended and/or supplemented by the Issue Deed) and as such Metal Agent Agreement is amended, supplemented, novated or replaced from time to time.

“Metal Agent Bankruptcy Event” means (i) the Metal Agent becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for

the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation and/or (ii) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions (as supplemented from time to time)) has occurred with respect to the Metal Agent.

“Metal Currency” means, in relation to this Series of ETC Securities USD.

“Metal Disrupted Day” has the meaning given to it in Condition 9(e)(ii).

“Metal Disruption Event” has the meaning given to it in Condition 9(a).

“Metal Entitlement per ETC Security” has the meaning given to it in Condition 5(b).

“Metal Price Adjustment Factor” has the meaning given to it in Condition 5.

“Metal Reference Price” has the meaning given to it in Condition 5.

“Metal Reference Price Source” has the meaning given to it in Condition 5.

“Metal Reference Price Source Disruption” has the meaning given to it in Condition 9(a).

“Minimum Debt Amount” has the meaning given to it in Condition 8(a).

“Moody’s” means Moody’s Investors Service and any successor thereto.

“Net Sale Proceeds” has the meaning given to it in Condition 8.

“Obligor” means each person that has an obligation to the Issuer pursuant to the Secured Property.

“Observation Date” means each Scheduled Observation Date, but with the last Observation Date being the Final Observation Date, provided that if any such date is not a Scheduled Valuation Day, the related Observation Date shall be the next following Scheduled Valuation Day.

“OECD” means the Organisation for Economic Cooperation and Development and any successor thereto.

“Ogier” means Ogier, a legal partnership in Jersey whose business address is at Ogier House, The Esplanade, St. Helier, Jersey JE4 9WG, Channel Islands.

“Operator” means EUI or any successor thereto and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Uncertificated Regulations and notified to the relevant Securityholders in accordance with Condition 19.

“Other Creditor” means each person that is entitled to the benefit of Other Issuer Obligations.

“Other Issuer Obligations” means the obligations and duties of the Issuer owed to any party under the Transaction Documents other than the Secured Issuer Obligations and **“Other Issuer Obligation”** means any of them.

“outstanding” means, in relation to the ETC Securities and a Scheduled Valuation Day, (i) on the Series Issue Date, the ETC Securities issued on such date, and (ii) on any Scheduled Valuation Day thereafter, all the ETC Securities issued on or prior to such Scheduled Valuation Day except (a) those that have

been redeemed in accordance with Condition 8(a), 8(b) or 8(c); (b) those that have been cancelled for any reason; (c) those in respect of which the date for redemption has occurred and the redemption moneys have been duly paid to the Trustee or to the Issuing and Paying Agent; (d) those that have become void or in respect of which claims have become prescribed; (e) those which have been issued and which are pending settlement to an Authorised Participant but in respect of which the relevant Authorised Participant(s) has not delivered in full the relevant subscription amount under the Authorised Participant Agreement; (f) those that have been purchased, settled and cancelled as provided in Condition 8(e); and (g) any Global Security to the extent that it shall have been exchanged for one or more Definitive Securities pursuant to its provisions provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Securityholders, (2) the determination of how many Securities are outstanding for the purposes of the Conditions, the Balancing Agreement, the Trust Deed and the Security Deed and (3) the exercise of any discretion, power or authority that the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Securityholders, those ETC Securities that are beneficially held by or on behalf of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding. For the avoidance of doubt, ETC Securities (if any) which the Issuer has agreed on or prior to such Scheduled Valuation Day to issue but in respect of which delivery of the relevant subscription amount has not been received in full from the relevant Authorised Participant(s) and settlement to such relevant Authorised Participant(s) has not yet occurred shall not be deemed to be “outstanding” on such Scheduled Valuation Day.

“**participating securities**” shall have the meaning given to it in the Uncertificated Regulations.

“**Paying Agents**” means the Issuing and Paying Agent and any successor or replacement thereto.

“**Payment Business Day**” means: in relation to a payment, a day (other than a Saturday or Sunday) on which (i) commercial banks and foreign exchange markets settle payments in London and in the principal financial centre for the currency of the relevant payment and (ii) the Relevant Clearing System is open.

“**Potential Event of Default**” means an event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate become an Event of Default.

“**Price Source**” means with respect to (a) the Metal Reference Price, the Metal Reference Price Source; (b) the FX Spot Reference Level, the FX Spot Reference Level Source; or (c) the FX Forward Reference Level, the FX Forward Reference Level Source.

“**Price Source Disruption**” means the occurrence of a Metal Reference Price Source Disruption or an FX Level Source Disruption.

“**Principal**” means the Final Redemption Amount or Early Redemption Amount, as applicable.

“**Proceedings**” has the meaning given to it in Condition 23(b).

“**Product Fee**” means a fee payable to the Programme Counterparty in respect of the relevant Series of ETC Securities and which is equal to the Product Fee Percentage which accrues on a daily basis and is applied to the aggregate Metal Entitlement per ETC Security of the Series of ETC Securities on each Scheduled Valuation Day.

“**Product Fee Deduction Factor**” has the meaning given to it in Condition 5.

“**Product Fee Percentage**” has the meaning given to it in Condition 5.

“**Programme**” means the Secured ETC Precious Metal Linked Securities Programme of DB ETC plc.

“**Programme Counterparty**” means Deutsche Bank AG, London Branch and any successor or replacement thereto.

“**Programme Counterparty Breach**” has the meaning given to it in Condition 12(d)(v).

“Programme Counterparty Default Redemption Notice” has the meaning given to it in Condition 8(d)(ix).

“Programme Maximum Number of ETC Securities” means 2,000,000,000.

“Programme Proposal Agreement” means the programme proposal agreement dated on or about 28 May 2010 entered into by the Issuer and the Arranger as amended, supplemented, novated or replaced from time to time pursuant to which the Arranger agrees to pay to the Issuer certain fees payable by the Issuer and certain other overheads of the Issuer in connection with the establishment of the Programme and the issue of Series of ETC Securities thereunder.

“Publication Event Redemption Notice” has the meaning given to it in Condition 8(d)(iv).

“Publication Failure Event” has the meaning given to it in Condition 8(d)(iv).

“Publication Redemption Event” has the meaning given to it in Condition 8(d)(iv).

“Rating Agency” means any of Fitch, Moody’s and S&P and **“Rating Agencies”** means each of them.

“Redemption Disposal Period” has the meaning given to it in Condition 8.

“Register” means the register of persons holding the ETC Securities maintained by the Registrar on behalf of the Issuer.

“Registrar” means Deutsche International Corporate Services Limited and any successor or replacement thereto.

“Relevant Association” means the LBMA.

“Relevant Clearing System” means CREST.

“Relevant Date” has the meaning given to it in Condition 13.

“Relevant Disrupted Day” has the meaning given to it in Condition 9(c)(iii).

“Relevant Metal Disrupted Day” has the meaning given to it in Condition 9(e)(ii)(A).

“Relevant Price” has the meaning given to it in Condition 10.

“Relevant Provisions” means, with respect to the Determination Agent, the provisions of the Determination Agent Agreement (including, without limitation, the duties and obligations of the Determination Agent under Clause 2.5 of the Determination Agent Agreement), the Issue Deed, the Balancing Agreement, the Authorised Participant Agreement and the Conditions.

“Relevant Stock Exchange” means the London Stock Exchange and each other regulated market to which the Issuer has made an application to list the ETC Securities.

“Reserve Trust Account” means an account in the name of the Issuer with Ogier referencing the Programme.

“RIS” means a regulated information service for the purposes of giving information relating to the ETC Securities and/or the rules of the Relevant Stock Exchange chosen by the Issuer from time to time, including but not limited to the Regulatory News Service (the **“RNS”**) of the London Stock Exchange and the Business Wire Regulatory Disclosure provided by Business Wire Europe Ltd, a Berkshire Hathaway Company.

“S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

“Scheduled Early Redemption Date” has the meaning given to it in Condition 8 (in the definition of Early Redemption Date).

“Scheduled Maturity Date” has the meaning given to it in Condition 8(a).

“Scheduled Observation Date” means the 10th Business Day of each calendar month.

“Scheduled Valuation Day” means the Series Issue Date and each day thereafter that is a Business Day and is not a Disrupted Day.

“Secondary Early Redemption Event” has the meaning given to it in Condition 8(b).

“Secured Account” means the Secured Unallocated Account and the Secured Allocated Account held in the name of the Issuer with the Secured Account Custodian in respect of this Series of ETC Securities.

“Secured Account Custodian” means Deutsche Bank AG, London Branch and any successor or replacement thereto.

“Secured Account Custodian Bankruptcy Event” means (i) the Secured Account Custodian becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof or, if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation, and/or (ii) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions (as supplemented from time to time)) has occurred with respect to the Secured Account Custodian.

“Secured Agent Rights” means the rights and interest of the Issuer in and under the Agency Agreement, the Metal Agent Agreement, the Custody Agreement for Secured Accounts, the Custody Agreement for the Subscription Account, any Sub-Custody Agreements (if any), the Determination Agent Agreement, the Authorised Participant Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from such agreements.

“Secured Allocated Account” means the allocated Metal account held in the name of the Issuer with the Secured Account Custodian in respect of this Series of ETC Securities.

“Secured Assets” means (i) the Underlying Metal; (ii) all property, assets and sums held by the Issuing and Paying Agent or, as the case may be, the Registrar and/or the Secured Account Custodian and/or the Metal Agent in connection with the ETC Securities and/or any Transaction Document (for the avoidance of doubt, not including any unallocated Metal standing to the credit of the Subscription Account which does not form part of the Underlying Metal), and (iii) any other property, assets and/or sums which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to the Security Deed.

“Secured Balancing Agreement Rights” means the rights and interest of the Issuer in and under the Balancing Agreement.

“Secured Creditor” means each person that is entitled to the benefit of Secured Issuer Obligations.

“Secured Issuer Obligations” means the obligations and duties of the Issuer (i) under the Trust Deed, each ETC Security and the Balancing Agreement, (ii) to pay all Taxes (other than any income, corporation or similar tax), fees, costs, charges, expenses, liabilities and other amounts properly payable to the Metal Agent, and (iii) to pay the Taxes (other than any income, corporation or similar tax), fees, expenses or other amounts due to the Issuing and Paying Agents, the Paying Agents, the Registrar and

the Transfer Agents pursuant to the Agency Agreement, due to the Secured Account Custodian pursuant to the Custody Agreement for Secured Accounts, due to the Subscription Account Custodian pursuant to the Custody Agreement for the Subscription Account, and due to the Determination Agent and/or to the Programme Counterparty pursuant to the Determination Agent Agreement, in each case to the extent such amounts relate to this Series of ETC Securities and **“Secured Issuer Obligation”** means any of them.

“Secured Property” means the Secured Balancing Agreement Rights, the Secured Agent Rights and the Secured Assets. For the avoidance of doubt, any amount standing to the credit of the Reserve Trust Account shall not constitute Secured Property.

“Secured Unallocated Account” means the unallocated Metal account held in the name of the Issuer with the Secured Account Custodian in respect of this Series of ETC Securities (which for the avoidance of doubt is not the Subscription Account).

“Securities Act” means The United States Securities Act of 1933 as amended.

“Security” means the security constituted by the Security Deed.

“Security Deed” means the security deed dated on or about the Series Issue Date of the ETC Securities entered into as a deed by the Issuer, the Trustee and any other parties thereto by the execution of the Issue Deed and in the form of the Master Security Terms (as amended and/or supplemented by the Issue Deed) and as such Security Deed is amended, supplemented, novated or replaced from time to time.

“Securityholder” has the meaning given to it in Condition 2.

“Securityholder Notice and Direction” has the meaning given to it in Condition 8(d)(iv).

“Series” means, in respect of ETC Securities, all ETC Securities having the same ISIN, WKN or other similar identifier.

“Series Fee” means the fee agreed between the Issuer and the Arranger in connection with the issue of the ETC Securities payable by the Arranger to the Issuer in accordance with the terms of the Programme Proposal Agreement.

“Series Issue Date” means 1 April 2011, being the issue date of the first Tranche of this Series of ETC Securities.

“Series Overheads” means:

- (i) the costs of printing any ETC Securities or any publication or advertising in respect of such ETC Securities;
- (ii) any fees, costs and expenses payable by the Issuer pursuant to the Transaction Documents in relation to any ETC Securities;
- (iii) any legal fees and disbursements payable to the legal advisers in Jersey to the Issuer and/or any other legal advisers properly appointed by the Issuer (subject to the prior written approval of the Arranger prior to the occurrence of an Arranger Bankruptcy Event);
- (iv) any fees payable to any Relevant Stock Exchange in respect of the listing of the ETC Securities on such Relevant Stock Exchange; and
- (v) any other fee, cost, expense or disbursement properly incurred by the Issuer in relation to the issue of the ETC Securities which is not to be reimbursed by any other person.

“Specified Currency” means, in relation to this Series of ETC Securities GBP.

“specified office” means, in relation to any Agent, the office identified in respect of such Agent in the Issue Deed or any other office approved by the Trustee and notified to Securityholders in accordance with Condition 19.

“Stock Exchange” means the London Stock Exchange, Euronext Paris, Euronext Amsterdam, the Frankfurt Stock Exchange, the Hong Kong Exchanges and Clearing Limited, the Bolsa de Madrid, the Borsa Italiana, the OMX Nordic Exchange, the SGX Singapore Stock Exchange, the SIX Swiss Exchange, the Tokyo Stock Exchange and/or any other recognised stock exchange on which a Series of ETC Securities may be listed or to which an application for listing of the ETC Securities of a Series may be made.

“Sub-Custodian” means any sub-custodian appointed by the Secured Account Custodian in connection with the Custody Agreement for Secured Accounts relating to the ETC Securities.

“Sub-Custody Agreement” means an agreement between the Issuer, the Secured Account Custodian and a Sub-Custodian to which the Issuer is a party pursuant to which the Sub-Custodian is appointed to act as sub-custodian in connection with the duties and obligations of the Secured Account Custodian under the Custody Agreement for Secured Accounts relating to the ETC Securities as amended, supplemented, novated or replaced from time to time.

“Subscription Account” means the unallocated Metal account held in the name of the Issuer with the Subscription Account Custodian in respect of this Series of ETC Securities holding unallocated Metal deposited by Authorised Participants with respect to Subscription Orders in respect of which the related issue of ETC Securities to the relevant Authorised Participant has not yet occurred.

“Subscription Account Custodian” means Deutsche Bank AG, London Branch and any successor or replacement thereto.

“Subscription Account Custodian Bankruptcy Event” means (i) the Subscription Account Custodian becomes incapable of acting, is dissolved (other than pursuant to a consolidation, amalgamation or merger), is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof or, if a resolution is passed or an order made for the winding-up, official management, liquidation or dissolution of such entity (other than pursuant to a consolidation, amalgamation or merger), a receiver, administrator, liquidator or other similar official of either the entity or all or substantially all of its assets is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the entity or its property or affairs for the purpose of liquidation, and/or (ii) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions (as supplemented from time to time)) has occurred with respect to the Subscription Account Custodian.

“Subscription Order” means a request from an Authorised Participant delivered to the Issuer to issue further ETC Securities and which the Determination Agent determines is valid in accordance with the Authorised Participant Agreement.

“Subscription Settlement Amount” means, in respect of a subscription for ETC Securities and the related Subscription Settlement Date, an amount of unallocated Metal determined by the Determination Agent as being equal to the product of the Initial Metal Entitlement per ETC Security in respect of the relevant Subscription Trade Date and the aggregate number of ETC Securities to be issued pursuant to the relevant Subscription Order.

“Subscription Settlement Date” means, subject to Condition 9(d), the third Business Day after the Subscription Trade Date.

“Subscription Trade Date” means, subject to Condition 9(d), a Business Day on which a Subscription Order is determined to be valid and accepted by or on behalf of the Issuer in accordance with the Authorised Participant Agreement.

“Substituted Obligor” has the meaning given to it in Condition 16(c).

“Successor Price Source” has the meaning given to it in Condition 10.

“Suspension Event” means that (i) the Issuer has delivered a notice in writing to the Determination Agent, the Issuing and Paying Agent, the Lead Authorised Participant and each Authorised Participant (copied to each other Transaction Party) stating that with effect from the date specified in such notice subscriptions of the ETC Securities shall be suspended; and (ii) the effective date of such suspension has occurred, provided that the effective date of any such suspension so specified shall be a day not earlier than the Business Day following the date of such notice.

“Tax” means any tax, duty, assessment or charge of whatsoever nature (including, without limitation, any tax on income, profits, gains, net wealth, asset values or turnover, value added tax, stamp duty, stamp duty reserve tax, excise, severance, sales, use, transfer, documentary, recording tax or duty or any other similar tax, duty or charge) imposed, levied, collected, withheld or assessed by any government, applicable tax authority or jurisdiction.

“Termination Event Redemption Event” has the meaning given to it in Condition 8(d)(x).

“Termination Event Redemption Notice” has the meaning given to it in Condition 8(d)(x).

“Termination for Breach” means, with respect to the Determination Agent, the termination of the appointment of the Determination Agent where (a) the Determination Agent commits a material breach of its obligations under the Determination Agent Agreement and to the extent such breach is capable of being remedied the Determination Agent fails to cure such breach within 15 calendar days of its becoming aware of, or its receiving notice from the Issuer, the Trustee or the Programme Counterparty of, such breach or (b) the Determination Agent commits any breach of its obligations under the Determination Agent Agreement and to the extent such breach is capable of being remedied the Determination Agent fails to cure such breach within 30 calendar days of its becoming aware of, or its receiving notice from the Issuer, the Trustee or the Programme Counterparty of, such breach.

“Termination for Cause” means, with respect to the Determination Agent, each of a Termination for Breach and a termination of the appointment of the Determination Agent in connection with the occurrence of a Determination Agent Bankruptcy Event.

“Trading Unit” has the meaning given to it in Condition 8.

“Tranche” means, in relation to ETC Securities of this Series issued on any date, the ETC Securities that are issued on the same Issue Date at the same Issue Price per ETC Security.

“Transaction Document” means each of the Issue Deed, the Trust Deed, the Security Deed, the Issuer Administration Agreement, the Issuer Delegation Agreement, the Agency Agreement, the Determination Agent Agreement, the Custody Agreement for Secured Accounts, the Custody Agreement for the Subscription Account, the Authorised Participant Agreement, the Balancing Agreement and the Metal Agent Agreement in each case as amended, supplemented, novated and/or replaced from time to time and **“Transaction Documents”** means all such documents.

“Transaction Party” means a party to a Transaction Document (other than the Issuer).

“Transfer Agent” means Deutsche International Corporate Services Limited and any successor or replacement thereto.

“Trust Deed” means the trust deed dated on or about the Series Issue Date of the ETC Securities entered into as a deed by the Issuer, the Trustee and any other parties thereto by the execution of the

Issue Deed and in the form of the relevant Master Trust Terms (as amended and/or supplemented by the Issue Deed) and as such Trust Deed is amended, supplemented, novated or replaced from time to time.

“**Trustee**” means Deutsche Trustee Company Limited and any successor or replacement thereto.

“**UK Listing Authority**” means the Financial Services Authority in its capacity as competent authority under the FSMA and any successor or replacement thereto.

“**Uncertificated Registered Securities**” means ETC Securities issued in dematerialised uncertificated registered form.

“**Uncertificated Regulations**” means the Companies (Jersey) Law 1991 Companies (Uncertificated Securities) (Jersey) Order 1999 (No. 9462) and such other regulations having force within Jersey as are applicable to EUI and/or the CREST relevant system as amended, supplemented or replaced from time to time.

“**Underlying Metal**” means (i) all Metal recorded and identified in the Secured Allocated Account and recorded in the Secured Unallocated Account; and (ii) any Metal recorded in the Subscription Account in relation to a Subscription Settlement Amount in respect of which the Subscription Order has been settled by the issue of ETC Securities to the relevant Authorised Participant but which has not yet been transferred to the Secured Accounts.

“**Value per ETC Security**” has the meaning given to it in Condition 5(c).

“**Value per ETC Security Threshold Level**” has the meaning given to it in Condition 8(d)(v).

“**Value per ETC Security Threshold Level Notice**” has the meaning given to it in Condition 8(d)(v).

“**Value per ETC Security Threshold Redemption Event**” has the meaning given to it in Condition 8(d)(v).

“**VAT**” means value added tax chargeable in accordance with (but subject to derogations from) Council Directive 2006/112/EC, any other tax of a similar fiscal nature and any other form of tax levied by reference to added value or sales, and any similar tax charged from time to time in substitution for or in addition to any of the above.

“**VAT Redemption Event**” has the meaning given to it in Condition 8(d)(vii).

“**VAT Redemption Event Notice**” has the meaning given to it in Condition 8(d)(vii).

2 Form and Title

The Series 13 db Physical Gold GBP Hedged ETC Securities (the “**ETC Securities**”) are issued in dematerialised uncertificated registered form and shall not be exchangeable for Bearer Securities. The ETC Securities shall be held in uncertificated registered form in accordance with the Uncertificated Regulations and as such are dematerialised and not constituted by any physical document of title. The ETC Securities shall be cleared through CREST and are participating securities for the purposes of the Uncertificated Regulations. Title to the ETC Securities is recorded on the Register and shall pass by registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any ETC Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, and no person shall be liable for so treating the holder. In the Conditions, “**Securityholder**” and “**holder**” means the person in whose name an Uncertificated Registered Security of this Series is registered in the Register. Notwithstanding anything to the contrary in the Conditions, for so long as the ETC Securities are participating securities: (i) the Register shall be maintained in Jersey and at all times outside of the United Kingdom, (ii) the ETC Securities may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Regulations and (iii) for the avoidance of doubt, the Conditions

in respect of the ETC Securities shall remain applicable notwithstanding that they are not endorsed on any certificate or document of title.

3 Transfers

(a) Transfers

Title to the ETC Securities will pass upon registration of the transfer in the Register. All transactions in respect to the ETC Securities (including, without limitation, transfers of the ETC Securities) in the open market or otherwise must be effected through an account with EUI. All transfers of the ETC Securities shall be subject to and made in accordance with the Uncertificated Regulations and the rules, procedures and practices in effect of the Registrar and CREST. The Uncertificated Regulations and such rules, procedures and practices may change from time to time.

No provision of the Conditions shall (notwithstanding anything to the contrary herein) apply or have effect to the extent that it is in any respect inconsistent with: (i) the holding of title to the ETC Securities in uncertificated form, (ii) the transfer of title to the ETC Securities by means of registration in the Register or (iii) the Uncertificated Regulations.

If at any time the ETC Securities cease to be held in uncertificated form and/or accepted for clearance through CREST, or notice is received by or on behalf of the Issuer that the ETC Securities will cease to be held in uncertificated form and cleared through CREST and/or CREST is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or CREST announces an intention permanently to cease business or does in fact do so, the ETC Securities shall continue to be in registered form and the Issuer, the Registrar, the Issuing and Paying Agent and any other relevant Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant) may agree such procedures as they determine necessary in relation to the transfer of ETC Securities and shall as soon as reasonably practicable give notice thereof to the Securityholders in accordance with Condition 19 and to the Authorised Participant(s) and the Lead Authorised Participant.

(b) Transfer Free of Charge

Transfers of ETC Securities shall be effected without charge by or on behalf of the Issuer, the Operator, the Registrar or the Transfer Agents, but upon payment by the relevant holder of any Tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer, the Registrar, the Operator or the relevant Transfer Agent may require).

(c) Closed Periods

If the rules and procedures of the Registrar and/or for so long as the ETC Securities are held in CREST the rules and procedures of CREST include any closed period in which no Securityholder may require the transfer of an ETC Security to be registered in the Register, such closed periods shall apply to the ETC Securities. Details of any such closed period are available from the Registrar and the Transfer Agents.

4 Constitution and Status

This Series of ETC Securities is constituted by the Trust Deed and secured by the Security Deed. The ETC Securities are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in Condition 6 and recourse in respect of which is limited in the manner described in Condition 6(g) and Condition 15.

5 Metal Entitlement per ETC Security and Value per ETC Security

For the purposes of this Condition 5, the following terms have the meanings as set out below:

“Base Fee Percentage” means 1.5 per cent. per annum (the **“Maximum Base Fee Percentage”**), or such lower amount as may be determined by the Programme Counterparty and notified to the Issuer, the Transaction Parties and the Securityholders from time to time, provided that the Issuer shall procure (and the Programme Counterparty has agreed) that Securityholders shall be given not less than 30 calendar days’ prior notice in accordance with Condition 19 of any change to the Base Fee Percentage and if the scheduled day notified for any such change is not a Scheduled Valuation Day, the change to the Base Fee Percentage shall take effect on the first following Scheduled Valuation Day. The current Base Fee Percentage and any proposed change to the Base Fee Percentage shall be published on the website maintained on behalf of the Issuer at www.etc.db.com (or such other website as may be notified to Securityholders in accordance with Condition 19 from time to time). The Base Fee Percentage as at the Series Issue Date is 0.29 per cent. per annum.

“Day Count Fraction” means, in respect of a Scheduled Valuation Day, an amount equal to:

- (i) the number of calendar days from (and including) the immediately preceding Scheduled Valuation Day to (but excluding) the relevant Scheduled Valuation Day; divided by
- (ii) 360.

“FX Factor” means, in respect of a Scheduled Valuation Day, an amount calculated by the Determination Agent equal to:

- (i) one; plus
- (ii) the FX Percentage multiplied by the Metal Price Adjustment Factor.

“FX Forward Reference Level” means, in respect of any calendar day, the forward rate, expressed in the Specified Currency, and displayed on the FX Forward Reference Level Source on or about 15:00 London time on that day as being the rate for a forward exchange of an amount of the Specified Currency for one unit of the Metal Currency (or, if the currency exchange rate is expressed as the rate for the exchange of an amount of the Metal Currency per one unit of the Specified Currency, the inverse of such rate), as determined by the Determination Agent and notified to the Issuer and the Programme Counterparty.

“FX Forward Reference Level Source” means Bloomberg Page BFIX under the heading GBPUSD and term S/N, or, if the FX Forward Reference Level is not available on this page on any calendar day, the website maintained on behalf of the Issuer at www.etc.db.com.

“FX Hedging Fee Percentage” means 1.5 per cent. per annum (the **“Maximum FX Hedging Fee Percentage”**), or such lower amount as may be determined by the Programme Counterparty and notified to the Issuer, the Transaction Parties and the Securityholders from time to time, provided that the Issuer shall procure (and the Programme Counterparty has agreed) that Securityholders shall be given not less than 30 calendar days’ prior notice in accordance with Condition 19 of any change to the FX Hedging Fee Percentage and if the scheduled day notified for any such change is not a Scheduled Valuation Day, the change to the FX Hedging Fee Percentage shall take effect on the first following Scheduled Valuation Day. The current FX Hedging Fee Percentage and any proposed change to the FX Hedging Fee Percentage shall be published on the website maintained on behalf of the Issuer at www.etc.db.com (or such other website as may be notified to Securityholders in accordance with Condition 19 from time to time). The FX Hedging Fee Percentage as at the Issue Date is 0.40 per cent. per annum.

“FX Percentage” means, subject to Condition 9(e), in respect of a Scheduled Valuation Day, an amount calculated by the Determination Agent equal to:

- (i) (A) the FX Forward Reference Level in respect of the Scheduled Valuation Day immediately preceding the relevant Scheduled Valuation Day; divided by
 - (B) the FX Spot Reference Level in respect of the relevant Scheduled Valuation Day,
- minus
- (ii) one.

“FX Spot Reference Level” means, in respect of a Scheduled Valuation Day, the currency exchange rate, expressed in the Specified Currency, and displayed on the FX Spot Reference Level Source on or about 15:00 London time on such Scheduled Valuation Day as being the rate for the exchange of an amount of the Specified Currency per one unit of the Metal Currency (or, if the currency exchange rate is expressed as the rate for the exchange of an amount of the Metal Currency per one unit of the Specified Currency, the inverse of such rate), as determined by the Determination Agent and notified to the Issuer and the Programme Counterparty.

“FX Spot Reference Level Source” means Bloomberg Page BFIX under the heading GBPUSD and term SPOT, or, if the FX Spot Reference Level is not available on this page on any calendar day, the website maintained on behalf of the Issuer at www.etc.db.com.

“Metal Price Adjustment Factor” means, in respect of a Scheduled Valuation Day, an amount calculated by the Determination Agent equal to:

- (i) the Metal Reference Price in respect of the Scheduled Valuation Day immediately preceding the relevant Scheduled Valuation Day; divided by
- (ii) the Metal Reference Price on the relevant Scheduled Valuation Day.

“Metal Reference Price” means, in respect of a Scheduled Valuation Day, the price of the Metal displayed on the Metal Reference Price Source on or about 15:00 London time on such Scheduled Valuation Day, as determined by the Determination Agent and notified to the Issuer and the Programme Counterparty.

“Metal Reference Price Source” means Bloomberg Page BBG under the heading GOLDLNP.

“Product Fee Deduction Factor” is an amount calculated by the Determination Agent equal to:

- (i) one; minus
- (ii) the Product Fee Percentage multiplied by the Day Count Fraction.

“Product Fee Percentage” means the sum of the Base Fee Percentage and the FX Hedging Fee Percentage.

(a) *Determination and Publication of Metal Entitlement per ETC Security and Value per ETC Security*

Subject to Condition 9(e), the Determination Agent shall determine the Metal Entitlement per ETC Security in accordance with Condition 5(b) in respect of each Scheduled Valuation Day during the term of the ETC Securities up to (and including) the earlier to occur of the Early Redemption Valuation Date and the Final Redemption Valuation Date and notify its determination of the Metal Entitlement per ETC Security in respect of a Scheduled Valuation Day to the Issuer, the Trustee, the Programme Counterparty and the Issuing and Paying Agent by no later than 14:00 London time on the immediately following Scheduled Valuation Day.

Subject to Condition 9(e), the Determination Agent shall determine the Value per ETC Security in accordance with Condition 5(c) in respect of each Scheduled Valuation Day during the term of the ETC Securities up to (but excluding) the earlier to occur of the Early Redemption Valuation Date

and the Final Redemption Valuation Date and notify its determination of the Value per ETC Security in respect of a Scheduled Valuation Day to the Issuer, the Trustee, the Programme Counterparty and the Issuing and Paying Agent by no later than 14:00 London time on the immediately following Scheduled Valuation Day.

Subject to Condition 9(e), the Issuer shall publish the Metal Entitlement per ETC Security and the Value per ETC Security notified to it by the Determination Agent in respect of a Scheduled Valuation Day by no later than 16:00 London time on the immediately following Scheduled Valuation Day on the website maintained on behalf of the Issuer at www.etc.db.com (or such other website as may be notified to Securityholders in accordance with Condition 19 from time to time).

(b) Metal Entitlement per ETC Security

The “**Metal Entitlement per ETC Security**” in respect of a Scheduled Valuation Day shall be an amount per ETC Security determined by the Determination Agent as follows:

- (i) if the Scheduled Valuation Day is the Series Issue Date, the Metal Entitlement per ETC Security in respect of the Series Issue Date shall be equal to the Initial Metal Entitlement per ETC Security;
- (ii) subject to Condition 9(e), in relation to any other Scheduled Valuation Day, the Metal Entitlement per ETC Security in respect of such Scheduled Valuation Day shall be an amount calculated by the Determination Agent equal to:
 - (A) the Metal Entitlement per ETC Security in respect of the immediately preceding Scheduled Valuation Day; multiplied by
 - (B) the Product Fee Deduction Factor; multiplied by
 - (C) the FX Factor.

For illustration purposes only, a formulaic expression of the determination of Metal Entitlement per ETC Security is set out below:

$$E_t = E_{t-1} \times \left[1 + \left(\frac{F(t-1,t)}{S_t} - 1 \right) \times \frac{M_{t-1}}{M_t} \right] \times (1 - PFP \times YF(t))$$

Where:

“**E_t**” means Metal Entitlement per ETC Security in respect of the relevant Scheduled Valuation Day;

“**E_{t-1}**” means Metal Entitlement per ETC Security in respect of the Scheduled Valuation Day immediately preceding the relevant Scheduled Valuation Day;

“**F(t-1,t)**” means an amount equal to the FX Forward Reference Level in respect of the Scheduled Valuation Day immediately preceding the relevant Scheduled Valuation Day;

“**M_t**” means the Metal Reference Price on the relevant Scheduled Valuation Day;

“**M_{t-1}**” means the Metal Reference Price in respect of the Scheduled Valuation Day immediately preceding the relevant Scheduled Valuation Day;

“**S_t**” means an amount equal to the FX Spot Reference Level in respect of the relevant Scheduled Valuation Day;

“**PFP**” means the Product Fee Percentage; and

“**YF(t)**” means an amount equal to:

- (i) the number of calendar days from (and including) the immediately preceding Scheduled Valuation Day to (but excluding) the relevant Scheduled Valuation Day; divided by
- (ii) 360.

(c) Value per ETC Security

The “**Value per ETC Security**” in respect of a Scheduled Valuation Day shall be an amount per ETC Security expressed in the Specified Currency and determined by the Determination Agent as being equal to:

- (i) the Metal Entitlement per ETC Security in respect of the relevant Scheduled Valuation Day (the Value per ETC Security as of the Issue Date is equal to the Issue Price per ETC Security); multiplied by
- (ii) the Metal Reference Price in respect of the relevant Scheduled Valuation Day; multiplied by
- (iii) the FX Spot Reference Level for the Specified Currency on the relevant Scheduled Valuation Day.

For illustration purposes only, a formulaic expression of the determination of Value per ETC Security is set out below:

$$VpS_t = E_t \times M_t \times S_t$$

Where:

“**VpS_t**” means the Value per ETC Security in respect of the relevant Scheduled Valuation Day (the Value per ETC Security of the Issue Date is equal to the Issue Price per ETC Security);

“**E_t**” means Metal Entitlement per ETC Security in respect of the relevant Scheduled Valuation Day;

“**M_t**” means the relevant Metal Reference Price on the relevant Scheduled Valuation Day; and

“**S_t**” means the relevant FX Spot Reference Level for the Specified Currency on the relevant Scheduled Valuation Day.

6 Security

(a) Security

- (i) The Secured Issuer Obligations are secured in favour of the Trustee, pursuant to the Security Deed, by:
 - (A) an assignment by way of security of all the Issuer's rights, title, interest and benefit present and future against the Secured Account Custodian, the Subscription Account Custodian and any Sub-Custodian relating to the Underlying Metal in respect of this Series of ETC Securities under the Custody Agreement for Secured Accounts, the Custody Agreement for the Subscription Account and any Sub-Custody Agreements (if any);
 - (B) a first fixed charge over all of the Underlying Metal in respect of this Series of ETC Securities and all sums or assets derived therefrom;
 - (C) an assignment by way of security of all of the Issuer's rights, title, interest and benefit present and future in, to and under the Balancing Agreement, Metal Agent

Agreement, Agency Agreement, the Determination Agent Agreement and the Authorised Participant Agreement; and

- (D) a first fixed charge over (a) all sums and any other property held or received by the Metal Agent relating to the sale of Underlying Metal; and (b) all sums held now or in the future by the Issuing and Paying Agent and/or the Registrar and/or the Secured Account Custodian to meet payments due in respect of any Secured Issuer Obligation or Other Issuer Obligation relating to the ETC Securities.
- (ii) The Security is granted to the Trustee as continuing Security for the Secured Issuer Obligations. In accordance with the Security Deed, prior to any enforcement of the Security, the Trustee will be deemed to release from such Security without the need for any notice or other formalities:
- (A) sums held by the Issuing and Paying Agent, the Registrar, the Secured Account Custodian and/or the Metal Agent, as applicable, to the extent required for payment of any sum or delivery of any Metal in respect of the ETC Securities and/or under the Transaction Documents which is due and payable to be duly made or immediately deliverable (which for the avoidance of doubt shall include, without limitation, amounts payable in respect of Principal to Securityholders in accordance with these Conditions, amounts which the Metal Agent is permitted to deduct pursuant to Condition 6(d) and Buy-Back Redemption Amounts deliverable to any Authorised Participant by the Issuer);
 - (B) any part of the Secured Property to the extent required to comply with and subject to the provisions of Conditions 6(d), 6(g) and 6(h); and
 - (C) a *pro rata* amount of the Secured Property in connection with the purchase and cancellation of any ETC Securities by the Issuer.

(b) Money Received by the Trustee Prior to Enforcement of Security

- (i) Pursuant to the terms of the Trust Deed, the Issuer agrees, on any date on which a payment of Principal under these Conditions in respect of any ETC Securities becomes due, unconditionally to pay the Trustee (or to the order of the Trustee) in same day funds, in accordance with the Trust Deed, the Final Redemption Amount or Early Redemption Amount, as applicable, in respect of the ETC Securities which is due and payable on that date. Notwithstanding anything to the contrary in these Conditions or the Trust Deed, (1) payment of Principal due under the ETC Securities pursuant to the Conditions made to the Issuing and Paying Agent in accordance with the terms of the Agency Agreement shall, to that extent, satisfy the Issuer's obligation to make payments of Principal in respect of the ETC Securities to the Trustee for the account of the Securityholders except to the extent that there is failure by the Issuing and Paying Agent to pass such payment to the relevant Securityholders (whether via payment through the Relevant Clearing System or otherwise) and (2) a payment of Principal made after the due date or as a result of the ETC Securities becoming repayable following an Event of Default or the occurrence of an Early Redemption Event shall be deemed to have been made when the full amount due has been received by the Issuing and Paying Agent or the Trustee and notice to that effect has been given to the Securityholders, except to the extent that there is failure by the Issuing and Paying Agent to pass such payment to the relevant Securityholders (whether via payment through the Relevant Clearing System or otherwise). Under the terms of the Trust Deed, the Trustee holds the benefit of this covenant on trust for itself and the Securityholders according to their respective interests.

- (ii) Save for any moneys received in connection with the realisation or enforcement of all or part of the Security, all moneys received by or on behalf of the Trustee in relation to the Issuer's covenant to pay Principal pursuant to Condition 6(b)(i) will, despite any appropriation of all or part of them by the Issuer, be held by the Trustee on trust to apply them, subject to Conditions 20(kk) and 20(ll):
 - (A) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by or payable to the Trustee under or pursuant to the Transaction Documents (including, without limitation, any Taxes (other than any income, corporation or similar tax in respect of the Trustee's remuneration) required to be paid by the Trustee in connection with the performance of its obligations under the Transaction Documents and the Trustee's remuneration);
 - (B) secondly, in payment of any amounts owing to the holders of ETC Securities *pari passu* and rateably; and
 - (C) thirdly, in payment of any balance to the Issuer for itself.

If the Trustee holds any moneys in respect of ETC Securities that have become void or in respect of which claims have become prescribed, the Trustee will hold them on the trusts described above.

(c) Application of Proceeds of Enforcement of Security

Pursuant to the terms of the Security Deed, subject to Condition 6(d)(ii), and Conditions 20(kk) and 20(ll), the Trustee will apply the proceeds derived from the realisation of the Secured Property (whether by way of liquidation or enforcement and after taking account of (x) any Taxes incurred, withheld or deducted by or on behalf of the Issuer and (y) any amounts which the Metal Agent is permitted to deduct from the proceeds of the realisation of the Underlying Metal in accordance with Condition 6(d) properly incurred by the Metal Agent prior to the enforcement of the Security by the Trustee (which shall have been certified (including the amounts due to the Metal Agent) by the Issuer and the Metal Agent to the Trustee which certificate shall be conclusive and binding)) as follows:

- (i) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable to the Trustee or any receiver under or pursuant to the Security Deed and/or the Trust Deed and/or any other Transaction Document (which for the purpose of this Condition 6(c) and the Security Deed shall include, without limitation, any Taxes required to be paid by the Trustee (other than any income, corporation or similar tax in respect of the Trustee's remuneration), the costs of enforcing or realising all or some of the Security and the Trustee's remuneration);
- (ii) secondly, in payment or satisfaction of the Issuer Series Fees and Expenses in respect of the ETC Securities (to the extent not paid to the Issuer or direct to the ultimate payee by the Arranger following the occurrence of an Arranger Bankruptcy Event);
- (iii) thirdly, in payment of any amounts owing to the Issuing and Paying Agent or the Registrar for reimbursement in respect of proper payment of Principal made to the relevant holders of ETC Securities;
- (iv) fourthly, on a *pari passu* basis, in payment of any fees, expenses or other amounts due to (I) the Issuing and Paying Agent, any other Paying Agent(s), the Registrar and the Transfer Agents pursuant to the Agency Agreement, (II) the Secured Account Custodian pursuant to the Custody Agreement for Secured Accounts and the Subscription Account Custodian pursuant to the Custody Agreement for the Subscription Account, (III) the Determination

Agent and the Programme Counterparty pursuant to the Determination Agent Agreement and (IV) the Metal Agent pursuant to the Metal Agent Agreement;

- (v) fifthly, in payment of any amounts owing to the Securityholders *pari passu* and rateably;
- (vi) sixthly, in payment of any amounts owing to the Programme Counterparty under the Balancing Agreement; and
- (vii) seventhly, in payment of the balance (if any) to the Securityholders.

(d) *Liquidation of Underlying Metal following an Early Redemption Event or Final Redemption Event*

- (i) Following the Early Redemption Valuation Date or the Final Redemption Valuation Date, upon the occurrence of the first day of the related Redemption Disposal Period, the Metal Agent shall, acting as agent of the Issuer (x) realise the Underlying Metal in a timely fashion during the Redemption Disposal Period in accordance with the terms of the relevant Metal Agent Agreement and applicable laws; and (y) convert proceeds from the realisation of Underlying Metal into the Specified Currency.

The Issuer has authorised and directed the Secured Account Custodian to deliver the Underlying Metal held by the Secured Account Custodian or Sub-Custodian to, or to the order of, the Metal Agent upon the occurrence of the first day of a Redemption Disposal Period, to the extent necessary to effect the realisation of the Underlying Metal. Pursuant to the terms of the Security Deed, the Security described in Condition 6(a) shall automatically be released without further action on the part of the Trustee to the extent necessary to effect the realisation of the Underlying Metal; provided that nothing in this Condition 6(d) shall operate to release the charges and other security interests over the proceeds of the realisation of the Underlying Metal.

In realising the Underlying Metal, the Metal Agent may take such steps as it, acting in a commercially reasonable manner, considers appropriate in order to effect an orderly realisation in a timely fashion (so far as is practicable in the circumstances and taking into account the amount of the Underlying Metal to be realised) during the Redemption Disposal Period, and may effect such realisation at any time or from time to time during the Redemption Disposal Period and may do so in one transaction or in multiple transactions, provided that the proceeds of the Underlying Metal from each such transaction shall be converted into the Specified Currency using the FX Spot Reference Level on or about the day of such sale. The Metal Agent will not be liable to the Issuer or to the Trustee, the Securityholders or any other person merely because a higher price could have been obtained had all or part of the realisation been delayed or taken place at a different time or had the realisation not been effected in stages.

The Metal Agent may charge a bid/offer spread in respect of each realisation of the Underlying Metal, provided that such bid/offer spread is representative of the bid/offer spread that would generally arise on a realisation by the Metal Agent of a similar type and for a similar amount of Metal. The Metal Agent shall be permitted to deduct such bid/offer spread and any Taxes arising from or connected with any such realisation from the actual proceeds of the realisation and shall not be liable to account for anything except the actual proceeds of any such realisation received by it after such deductions. The Issuer shall indemnify the Metal Agent for any Taxes arising from or connected with any such realisation which are borne by the Metal Agent and which the Metal Agent has not deducted from the actual proceeds of such realisation.

Subject as provided above, in carrying out any realisation, the Metal Agent will act in good faith and a commercially reasonable manner and will sell at a price which it reasonably believes to be representative of the fair market price of Underlying Metal being disposed of in the relevant transaction. Without prejudice to anything in this Condition 6(d)(i), the Metal Agent shall use reasonable efforts to realise the Underlying Metal in such a way as to minimise any VAT which may be charged, withheld or deducted on the realisation thereof which would reduce the net realisation proceeds (as compared to the position if no VAT were due), save that nothing in this Condition 6(d)(i) shall require the Metal Agent to minimise any such VAT in a manner which would itself reduce the net realisation proceeds.

Subject as provided above, in carrying out any realisation, the Metal Agent may sell (A) to itself, or any Affiliate of it, provided that the Metal Agent shall sell at a price which it believes to be a fair market price; and (B) to a member of a Relevant Association, to the extent that a sale to a member of the Relevant Association would minimise the VAT which may be charged, withheld or deducted on the relevant sale as provided above (and thus maximise net realisation proceeds after deduction for the VAT (if any) due thereon) and one or more members of the Relevant Association are willing to purchase the Underlying Metal at a fair market price.

The Metal Agent shall pay the Net Sale Proceeds to the Issuing and Paying Agent on behalf of the Issuer on or around the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Date, as applicable and in any event by not later than 17:00 London time (or such later time as the Issuing and Paying Agent may agree) on the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Date, as applicable, (or by such other time and/or on such other date as may be specified for this purpose in the relevant Issue Deed or as otherwise agreed by the parties to the relevant Metal Agent Agreement).

- (ii) Prior to the enforcement of the Security constituted under the Security Deed, the Issuer (or its agent) shall apply the proceeds of the realisation of the Underlying Metal after taking account of (x) any Taxes incurred, withheld or deducted by or on behalf of the Issuer and (y) any amounts which the Metal Agent is permitted to deduct from the proceeds of the realisation of the Secured Property in accordance with Condition 6(d)(i), as follows:
- (A) first, in payment or satisfaction of all Taxes and other amounts properly incurred by or payable to the Metal Agent (which for the purpose of this Condition 6(d) shall include, without limitation, any Taxes (other than any income, corporation or similar tax in respect of the Metal Agent's remuneration) required to be paid by the Metal Agent in connection with the performance of its obligations under these Conditions and/or by the Metal Agent on behalf of the Issuer in connection with the realisation of any Underlying Metal and the bid/offer spread charged by the Metal Agent in realising the Underlying Metal), provided that in no circumstance shall the amount payable to the Metal Agent in accordance with this Condition 6(d)(ii)(A) duplicate any amounts which the Metal Agent has deducted from the proceeds of the realisation of the Secured Property in accordance with Condition 6(d)(i);
 - (B) secondly, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable to the Trustee or any receiver under or pursuant to the Security Deed and/or the Trust Deed and/or the other Transaction Documents (including, without limitation, any Taxes required to be paid by the Trustee in connection with the performance of its obligations under the Trust Deed and/or the Security Deed and/or the other Transaction Documents and the Trustee's remuneration);

- (C) thirdly, in payment or satisfaction of the Issuer Series Fees and Expenses in respect of the ETC Securities (to the extent not paid to the Issuer or direct to the ultimate payee by the Arranger following the occurrence of an Arranger Bankruptcy Event);
- (D) fourthly, in payment of any amounts owing to the Issuing and Paying Agent, or the Registrar for reimbursement in respect of proper payment of Principal made to the relevant holders of ETC Securities;
- (E) fifthly, on a *pari passu* basis, in payment of any fees, expenses or other amounts due to (I) the Issuing and Paying Agent, any other Paying Agent(s), the Registrar and the Transfer Agents pursuant to the Agency Agreement, (II) the Secured Account Custodian pursuant to the Custody Agreement for Secured Accounts and Subscription Account Custodian pursuant to the Custody Agreement for the Subscription Account, and (III) the Determination Agent and the Programme Counterparty pursuant to the Determination Agent Agreement;
- (F) sixthly, in payment of any amounts owing to the Securityholders *pari passu* and rateably;
- (G) seventhly, in payment of any other amounts owing to the Programme Counterparty under the Balancing Agreement; and
- (H) eighthly, in payment of the balance (if any) to the Securityholders.

(e) Enforcement of Security Constituted Under the Security Deed

The Security over the Secured Property shall become enforceable if payment of Principal in respect of the ETC Securities is not made when due on the Scheduled Maturity Date or the relevant Early Redemption Date (if applicable).

(f) Realisation of Security

At any time after the Security has become enforceable, the Trustee may, at its discretion, and shall, if so directed in writing by holders of at least one-fifth in number of the ETC Securities then outstanding or by an Extraordinary Resolution of the Securityholders, in each case subject to it having been pre-funded and/or secured and/or indemnified to its satisfaction by the Securityholders, enforce the Security constituted under the Security Deed.

To do this, it may, at its discretion, (i) enforce, terminate and/or realise any relevant Transaction Document relating to the ETC Securities in accordance with its or their terms, and/or take action against the relevant Obligor(s) and/or (ii) take possession of and/or realise all or part of the Secured Property over which the Security shall have become enforceable and may in its discretion, sell, call in, collect and convert into money all or part of the Secured Property, in such manner and on such terms as it thinks fit, in each case without any liability as to the consequence of such action and without having regard to the effect of such action on individual Securityholders and the Trustee will not be obliged or required to take any action or step which may involve it in incurring any personal liability or expense unless pre-funded and/or secured and/or indemnified to its satisfaction.

The Trustee may, in writing, appoint a receiver of all or part of the Secured Property relating to the ETC Securities over which any Security shall have become enforceable and may remove any receiver so appointed and appoint another in its place. No delay or waiver of the right to exercise these powers shall prejudice their future exercise.

Neither the Trustee nor any receiver appointed by it or any attorney or agent of the Trustee will, by reason of taking possession of any Secured Property relating to the ETC Securities or any other reason and whether or not as mortgagee in possession, be liable to account for anything except

actual receipts or be liable for any loss or damage arising from the realisation of such Secured Property or from any act or omission to such Secured Property or otherwise unless such loss or damage shall be caused by its own fraud.

The Trustee shall not be required to take any action in relation to the enforcement of the Security that would involve any personal liability or expense without first being indemnified and/or secured and/or pre-funded to its satisfaction.

(g) *Shortfall after Application of Proceeds*

In respect of the ETC Securities, the Transaction Parties and the Securityholders shall have recourse only to the Secured Property in respect of the ETC Securities, subject always to the Security, and not to any other assets of the Issuer. If, following realisation in full of the Secured Property (whether by way of liquidation or enforcement) and application of available cash sums as provided in this Condition 6, the Trust Deed and the Security Deed, as applicable, any outstanding claim against the Issuer in respect of the Secured Issuer Obligations remains unpaid, then such outstanding claim shall be extinguished and no debt shall be owed by the Issuer in respect thereof. Following the extinguishment of any such claim in accordance with this Condition 6(g), none of the Transaction Parties, the Securityholders or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum.

None of the Transaction Parties, the Securityholders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them shall have any claim arising with respect to the sums, assets and/or property attributable to any other securities issued by the Issuer (save for any further securities which form a single series with the ETC Securities).

The provisions of this Condition 6(g) shall survive notwithstanding any redemption of the ETC Securities or the termination or expiration of any Transaction Document.

(h) *Issuer's Rights as Beneficial Owner of Secured Property*

Without prejudice to Condition 16(a), at any time before any Security in respect of the ETC Securities becomes enforceable, the Issuer may, with the sanction of an Extraordinary Resolution or with the prior written consent of the Trustee:

- (i) take such action in relation to the Secured Property relating to the ETC Securities as it may think expedient; and
- (ii) exercise any rights incidental to the ownership of the Secured Property which are exercisable by the Issuer and, in particular (but, without limitation, and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any such ownership interests in respect of such property.

The Issuer shall not exercise any rights with respect to the Secured Property, unless it has the consents referred to above or is directed to do so by an Extraordinary Resolution and, if such direction or consent is given, the Issuer shall act only in accordance with such direction or consent, provided that, prior to the enforcement of the Security, the Issuer may release or modify the rights and assets which are comprised in the Secured Property without any further action or consent being required on the part of the Trustee to the extent necessary in connection with any

of the circumstances described in Condition 6(a) in relation to which the Security over such Secured Property is released.

7 Restrictions

So long as any of the ETC Securities remain outstanding, the Issuer shall not, without the prior written consent of the Trustee and, other than in respect of paragraphs (ii), (iii) and (vi), the Arranger and the Programme Counterparty:

- (i) engage in any business activities, save that the Issuer may without consent engage in any of the following activities (or any other business activity which relates to or is incidental thereto):
 - (A) issue, enter into, amend, exchange or repurchase and cancel or reissue or resell all or some only of the ETC Securities of any Series under the Programme as may be provided in these Conditions and the Trust Deed and the Transaction Documents and in connection therewith enter into or amend Transaction Documents accordingly;
 - (B) acquire and own rights, property or other assets which are to comprise Secured Property for a Series of ETC Securities issued under the Programme so as to enable it to discharge its obligations under such Series, and any relevant Transaction Document relating to such Series;
 - (C) perform its respective obligations under any ETC Securities issued under the Programme, and any relevant Transaction Document entered into in connection with such Series, and any agreements incidental to the granting of Security relating to any such Series of ETC Securities or incidental to the issue and constitution of any Series of ETC Securities issued under the Programme;
 - (D) engage in any activity in relation to the Secured Property, the Balancing Agreement or any Transaction Document contemplated by the Conditions or such Transaction Document relating to any Series of ETC Securities;
 - (E) subject as provided in the relevant Trust Deed, the relevant Security Deed and in the Conditions relating to any Series of ETC Securities enforce any of its rights whether under the relevant Trust Deed, the relevant Security Deed, any other Transaction Document or otherwise under any agreement entered into in relation to any Series of ETC Securities or any Secured Property relating to any such Series; and
 - (F) perform any other act incidental to or necessary in connection with any of the above (which shall include, without limitation, the appointment of auditors and any other administrative or management functions necessary to maintain the Issuer and/or to keep it operating and/or to comply with any laws, regulations or rules applicable to it);
- (ii) cause or permit the Balancing Agreement or the terms of the Security granted under the Security Deed and the order of priority specified in the Conditions, the Trust Deed and the Security Deed, as applicable, to be amended, terminated or discharged (other than as contemplated by the relevant Trust Deed, Security Deed, Balancing Agreement and/or the Conditions relating to such Series of ETC Securities);
- (iii) release any party to the Balancing Agreement, the relevant Trust Deed, the relevant Security Deed or any other relevant Transaction Document relating to a Series of ETC Securities from any existing obligations thereunder (other than as contemplated by the relevant Trust Deed, Security Deed, Balancing Agreement and/or the Conditions relating to such Series of ETC Securities);
- (iv) have any subsidiaries;

- (v) sell, transfer or otherwise dispose of the Secured Property in respect of any Series of ETC Securities or any right or interest therein or thereto or create or allow to exist any charge, lien or other encumbrance over such Secured Property (to the extent it relates to the Issuer) except in accordance with the Conditions of the relevant ETC Securities of any such Series and any other Transaction Document relating to any such Series as may be applicable;
- (vi) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the terms of the Balancing Agreement, the Conditions, the relevant Trust Deed, the relevant Security Deed or any other Transaction Document relating to any Series of ETC Securities (other than as contemplated by the Conditions and the relevant Transaction Documents);
- (vii) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person (other than as contemplated by the relevant Trust Deed and the Conditions for any Series of ETC Securities);
- (viii) have any employees;
- (ix) issue any shares (other than such shares in the capital of the Issuer as were issued at the time of its incorporation and which are held on charitable trust by the subscribers currently being Ogier Nominees (Jersey) Limited and Reigo Nominees (Jersey) Limited) or make any distribution to its shareholders;
- (x) open or have any interest in any account with a bank or financial institution other than the Reserve Trust Account unless such account (A) relates to a Series of ETC Securities, a Custody Agreement for Secured Accounts or Custody Agreement for the Subscription Account, the Balancing Agreement or any Secured Property relating to a Series of ETC Securities or any party thereto and the Issuer's interest in such account is simultaneously charged in favour of the relevant Trustee so as to form part of the relevant Secured Property relating to such Series of ETC Securities or (B) is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it;
- (xi) declare any dividends, other than an annual dividend payable to the shareholder(s) of the Issuer in the aggregate amount of GBP 1,000;
- (xii) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);
- (xiii) guarantee, act as surety for or become obligated for the debts of any other entity or person or enter into any agreement with any other entity or person whereby it agrees to satisfy the obligations of such entity or person or any other entity or person;
- (xiv) acquire any securities or shareholdings whatsoever from its shareholders or enter into any agreements whereby it would be acquiring the obligations and/or liabilities of its shareholders;
- (xv) except as contemplated by any relevant Transaction Document and/or the Conditions relating to a Series of ETC Securities, advance or lend any of its moneys or assets, including, but not limited to, the rights, property or other assets comprising the Secured Property for any such Series of ETC Securities, to any other entity or person;
- (xvi) subject as provided in (i) above, incur any other indebtedness for borrowed moneys, other than (subject to Conditions 6 and 18) issuing further ETC Securities under the Programme (which may or may not form a single series with the ETC Securities of any Series and may or may not be guaranteed by a third party) and creating or incurring further obligations relating to such ETC Securities, provided that:

- (A) such further ETC Securities and obligations are secured on assets of the Issuer other than (I) the Secured Property relating to any other Series of ETC Securities and (II) the Issuer's share capital;
 - (B) such further ETC Securities and obligations are secured *pari passu* upon the Secured Property relating to the Series of ETC Securities with which such ETC Securities are to form a single series (as such Secured Property may be increased in connection with the issue of such further securities), all in accordance with Condition 18 of the relevant Series of ETC Securities; and
 - (C) if further ETC Securities which are to form a single series with the ETC Securities are being issued, the relevant Authorised Participant has transferred to or to the order of the Issuer an amount of Metal in respect of each further ETC Security equal to the Metal Entitlement per ETC Security on the relevant Subscription Trade Date; or
- (xvii) permit or cause any Underlying Metal to be transferred out of a Secured Account other than a transfer made (1) in accordance with the Issuer's obligations under the Balancing Agreement; (2) to an Authorised Participant in connection with the settlement of a Buy-Back Order; or (3) to the Metal Agent following an Early Redemption Valuation Date or Final Redemption Valuation Date in accordance with Condition 6(d) and the relevant Metal Agent Agreement,

provided that the Issuer shall not take any action (even where the prior written consent of the Trustee, the Arranger and the Programme Counterparty is obtained) if such action is, in the opinion of the Issuer, inconsistent with the objects of the Issuer as specified in its Memorandum and Articles of Association.

8 Redemption, Purchase and Options

For the purposes of this Condition 8, the following terms have the meanings as set out below:

"Aggregate Final Metal Entitlement" means, in respect of a Final Redemption Valuation Date or Early Redemption Valuation Date, the product of (i) the Metal Entitlement per ETC Security as of such Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be; and (ii) the total number of ETC Securities outstanding, in each case as at such date.

"Aggregate Metal Sold" means, in respect of a Redemption Disposal Period, the aggregate number of Trading Units of Underlying Metal sold by the Metal Agent during the Redemption Disposal Period. The Metal Agent will notify the Issuer, the Determination Agent, the Issuing and Paying Agent and the Trustee of the number of Trading Units of Underlying Metal sold by the Metal Agent as soon as reasonably practicable following each sale, and in any event no later than the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Date, as applicable, of Underlying Metal during the Redemption Disposal Period and will notify the Issuer, the Determination Agent, the Issuing and Paying Agent and the Trustee of the Aggregate Metal Sold as soon as reasonably practicable following the last day during the Redemption Disposal Period on which Underlying Metal is sold, and in any event no later than the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Date, as applicable.

"Average Metal Sale Price" means a price denominated in the Specified Currency determined by the Determination Agent as being equal to:

- (i) Net Sale Proceeds; divided by
- (ii) Aggregate Metal Sold,

provided that if the Aggregate Final Metal Entitlement exceeds the Aggregate Metal Sold, then for the purposes of calculating the Average Metal Sale Price only, such excess shall be deemed to have been sold by the Metal Agent at the last available Metal Reference Price as at the last day of the Redemption

Disposal Period and converted into the Specified Currency at the FX Spot Reference Level with respect to such day (or, if no FX Spot Reference Level is available with respect to such day, the last available FX Spot Reference Level), as determined by the Determination Agent.

“Early Metal Redemption Amount” means an amount determined by the Determination Agent as being equal to the product of (i) the Metal Entitlement per ETC Security as at the Early Redemption Valuation Date; and (ii) the Average Metal Sale Price.

“Early Redemption Date” means, subject to postponement in accordance Condition 9(c), the earlier of: (a) five Business Days after the first day on which all Underlying Metal held by or on behalf of the Issuer in respect of Series of the ETC Securities has been sold by the Metal Agent in accordance with the terms of the Metal Agent Agreement; and (b) the 45th calendar day following the Early Redemption Valuation Date (with such 45th calendar day being the **“Scheduled Early Redemption Date”**).

“Early Redemption Disposal Period” means, subject to Condition 9(c), the period from (and including) the date falling four Scheduled Valuation Days after the Early Redemption Valuation Date to (but excluding) the date falling five Business Days prior to the Scheduled Early Redemption Date.

“Early Redemption Valuation Date” means, subject to Condition 9(c):

- (i) in relation to an Early Redemption Event the date of the occurrence of the Early Redemption Event as specified in Condition 8(c) or 8(d), as applicable; and
- (ii) in relation to an Event of Default, the date of the notice from the Trustee given to the Issuer and the Programme Counterparty pursuant to Condition 14;

or if such day is not a Business Day, the next following Business Day.

“Final Metal Redemption Amount” means an amount determined by the Determination Agent as being equal to the product of (i) the Metal Entitlement per ETC Security as at the Final Redemption Valuation Date; and (ii) the Average Metal Sale Price.

“Final Redemption Disposal Period” means, subject to Condition 9(c), the period from (and including) the date falling four Scheduled Valuation Days after the Final Redemption Valuation Date to (but excluding) the date falling five Business Days prior to the Scheduled Maturity Date.

“Final Redemption Valuation Date” means, subject to Condition 9(c), the day falling 45 calendar days prior to the Scheduled Maturity Date being 1 April 2061, provided that if such day is not a Business Day, the Final Redemption Valuation Date shall be the immediately following Business Day.

“FX Forward Reference Level” has the meaning given to it in Condition 5.

“FX Spot Reference Level” has the meaning given to it in Condition 5.

“Metal Entitlement per ETC Security” has the meaning given to it in Condition 5(b).

“Metal Reference Price” has the meaning given to it in Condition 5.

“Net Sale Proceeds” means an amount notified by the Metal Agent to the Issuer, the Determination Agent, the Issuing and Paying Agent and the Trustee as soon as reasonably practicable following the last day during the Redemption Disposal Period on which Underlying Metal is sold, and in any event no later than the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Date, as applicable, which is denominated in the Specified Currency and equal to (i) the proceeds of the sale of Underlying Metal in accordance with Condition 6(d) (for the avoidance of doubt, converted into the Specified Currency) less (ii) all amounts which the Metal Agent is entitled to deduct from the proceeds of sale in accordance with Condition 6(d). The Metal Agent will also notify the Issuer, the Determination Agent, the Issuing and Paying Agent and the Trustee of the sale proceeds of each sale of Underlying Metal as soon as reasonably practicable following each sale and in any event no later

than the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Date, as applicable.

“Redemption Disposal Period” means in respect of a determination of (i) the Final Metal Redemption Amount, the Final Redemption Disposal Period; or (ii) the Early Metal Redemption Amount, the Early Redemption Disposal Period.

“Specified Currency” has the meaning given to it in Condition 1.

“Trading Unit” means one fine troy ounce.

(a) Final Redemption

Unless previously redeemed in whole or purchased and cancelled by the Issuer as provided below, subject to Condition 9(c), each ETC Security shall become due and payable on 1 April 2061 (unless such date is (x) postponed pursuant to a Maturity Postponement Notice, in which case that date will be postponed by the number of days specified in such Maturity Postponement Notice; or (y) not a Business Day, in which case that date will be the first following day that is a Business Day) (the **“Scheduled Maturity Date”**) at its final redemption amount (the **“Final Redemption Amount”**), being an amount per ETC Security determined by the Determination Agent equal to the greater of:

- (i) the Final Metal Redemption Amount; and
- (ii) 10 per cent. of the Issue Price per ETC Security as at the Series Issue Date (the **“Minimum Debt Amount”**).

The Issuer will, on or prior to the Scheduled Maturity Date, publish the determination of the Final Redemption Amount (which shall include publication of the price, volume and date of each sale of Underlying Metal during the Redemption Disposal Period and the determination of the Average Metal Sale Price) on the website maintained on behalf of the Issuer at www.etc.db.com or such other website notified by the Issuer for such Series of ETC Securities from time to time.

The ability of the Issuer to make payment of the Final Redemption Amount is dependent on (A) the Final Metal Redemption Amount being at least equal to the Minimum Debt Amount; and (B) each of the Metal Agent and the Programme Counterparty fulfilling their obligations under the Metal Agent Agreement and Balancing Agreement (respectively).

Provided that the Final Metal Redemption Amount is at least equal to the Minimum Debt Amount, the ability of the Issuer to make payment of the Final Redemption Amount will be dependent on (I) its receipt in full from the Metal Agent of the proceeds of the disposal of the Underlying Metal in accordance with Condition 6(d); (II) the Metal Agent having sold all of the Underlying Metal on or prior to the last day of the Redemption Disposal Period; and (III) the Underlying Metal held by the Issuer as at the first day of the Redemption Disposal Period being at least equal to the Aggregate Final Metal Entitlement.

To the extent any of (I), (II) or (III) above are not satisfied, the provisions of Condition 6 shall apply with respect to the enforcement of the Issuer’s rights against the Metal Agent and/or the Programme Counterparty and the payment of any proceeds of any such enforcement shall be made in accordance with Condition 6. If the Issuer’s inability to pay the Final Redemption Amount on the Scheduled Maturity Date is solely due to the Final Metal Redemption Amount falling below the Minimum Debt Amount, the Issuer may not have any further rights against the Metal Agent and/or the Programme Counterparty which could be enforced and therefore there may not be any proceeds of enforcement of the Security.

All such payments are also subject to the limited recourse provisions of Condition 6(g). As a result of the application of Condition 6(g), the Securityholders may not receive in full the Final Redemption Amount payable in respect of an ETC Security.

(b) Early Redemption Amount

If any of the Early Redemption Events listed in Condition 8(d) occur, subject to Condition 9(c), each ETC Security shall become due and payable on the related Early Redemption Date at its early redemption amount (the “**Early Redemption Amount**”) being an amount per ETC Security determined by the Determination Agent equal to the greater of:

- (i) the Early Metal Redemption Amount; and
- (ii) the Minimum Debt Amount (as defined in Condition 8(a)(ii)).

The Issuer will, on or prior to the Early Redemption Date, publish the determination of the Early Redemption Amount (which shall include publication of the price, volume and date of each sale of Underlying Metal during the Redemption Disposal Period and the determination of the Average Metal Sale Price) on the website maintained on behalf of the Issuer at www.etc.db.com or such other website notified by the Issuer for such Series of ETC Securities from time to time.

The ability of the Issuer to make payment of the Early Redemption Amount is dependent on (A) the Early Metal Redemption Amount being at least equal to the Minimum Debt Amount; and (B) each of the Metal Agent and the Programme Counterparty fulfilling their obligations under the Metal Agent Agreement and Balancing Agreement (respectively).

Provided that the Early Metal Redemption Amount is at least equal to the Minimum Debt Amount, the ability of the Issuer to make payment of the Early Redemption Amount will be dependent on (I) its receipt in full from the Metal Agent of the proceeds of the disposal of the Underlying Metal in accordance with Condition 6(d); (II) the Metal Agent having sold all of the Underlying Metal on or prior to the last day of the Redemption Disposal Period; and (III) the Underlying Metal held by the Issuer as at the first day of the Redemption Disposal Period being at least equal to the Aggregate Final Metal Entitlement.

To the extent any of (I), (II) or (III) above are not satisfied, the provisions of Condition 6 shall apply with respect to the enforcement of the Issuer’s rights against the Metal Agent and/or the Programme Counterparty and the payment of any proceeds of any such enforcement shall be made in accordance with Condition 6. If the Issuer’s inability to pay the Early Redemption Amount on the Early Redemption Date is solely due to the Early Metal Redemption Amount falling below the Minimum Debt Amount, the Issuer may not have any further rights against the Metal Agent and/or the Programme Counterparty which could be enforced and therefore there may not be any proceeds of enforcement of the Security.

All such payments are also subject to the limited recourse provisions of Condition 6(g). As a result of the application of Condition 6(g), the Securityholders may not receive in full the Early Redemption Amount payable in respect of an ETC Security.

Notwithstanding anything to the contrary in the Conditions or any Transaction Document, if at any time following notice being given that an Early Redemption Event is to occur (the “**Initial Early Redemption Event**”) a notice is given that an event or circumstance which would otherwise constitute or give rise to an Early Redemption Event occurs (the “**Secondary Early Redemption Event**”) in respect of which the Early Redemption Valuation Date relating thereto occurs (or would occur) prior to the date that would have been the Early Redemption Valuation Date in respect of the Initial Early Redemption Event, the Secondary Early Redemption Event shall prevail and all references to the “Early Redemption Event” in the Conditions and the Transaction Documents shall be construed accordingly.

The Issuer shall give notice to the Securityholders of the Early Redemption Valuation Date and the Early Redemption Date of the ETC Securities as soon as reasonably practicable in accordance with Condition 19.

(c) Issuer Call Redemption Event

The Issuer may, on giving an irrevocable notice to the Programme Counterparty and the Securityholders in accordance with Condition 19, elect to redeem all the ETC Securities of this Series and designate an Early Redemption Valuation Date for such purposes, provided that the date designated as the Early Redemption Valuation Date shall not be earlier than the 60th calendar day following the date of the relevant notice and shall not be on or after the Final Redemption Valuation Date (such notice an “**Issuer Call Redemption Notice**”). For the purposes of Condition 8(b), an Early Redemption Event in the form of an “**Issuer Call Redemption Event**” will occur on the Early Redemption Valuation Date designated in the Issuer Call Redemption Notice (save that if such day is not a Business Day the Early Redemption Valuation Date shall be the first following Business Day). The Issuer shall give a copy of the Issuer Call Redemption Notice to each of the Transaction Parties on the same date as such notice is given to the Programme Counterparty and the Securityholders.

(d) Early Redemption Events

Each of the following events shall be an early redemption event (each an “**Early Redemption Event**”):

- (i) on or after the Series Issue Date due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, applicable market association, tax authority and/or any exchange) or due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction (including, without limitation, the Commodity Futures Trading Commission, any Commodity Regulatory Body, the LBMA, the LPPM or any relevant exchange or trading facility) of any applicable law or regulation (including any action taken by a taxing authority), the Issuer may give the Trustee, the Secured Account Custodian, the Subscription Account Custodian, the Determination Agent, the Lead Authorised Participant, the Authorised Participants, the Issuing and Paying Agent, the Registrar, the Programme Counterparty, the Metal Agent and the Securityholders in accordance with Condition 19 notice that all the ETC Securities of this Series are to be redeemed and designate an Early Redemption Valuation Date for such purposes, provided that the date designated as the Early Redemption Valuation Date shall not be earlier than the 30th calendar day following the date of the relevant notice and shall not be later than the Final Redemption Valuation Date (such notice an “**Issuer Redemption Notice**”), because:
 - (A) it has (or reasonably expects that it will) become illegal for the Issuer to (x) hold, acquire or dispose of all or some only of the Underlying Metal, and/or (y) perform its obligations under the ETC Securities and/or the Balancing Agreement; or
 - (B) the Issuer would (or would expect to) incur a materially increased cost in performing its obligations under the ETC Securities and/or the Balancing Agreement (including, without limitation, any increase in any applicable Taxes, any decrease in any applicable tax benefit and/or any other costs or liability to Tax of the Issuer relating to any change in any applicable tax law or regulation).

For the purposes of Condition 8(b), an Early Redemption Event in the form of an “**Issuer Change in Law or Regulation Redemption Event**” will occur on the Early Redemption

Valuation Date designated in the Issuer Redemption Notice (save that if such day is not a Business Day, the Early Redemption Valuation Date shall be the first following Business Day);

- (ii) a notice of termination (other than a Balancing Agreement Optional Termination Notice) is validly delivered by the Issuer or the Programme Counterparty, as applicable, under the Balancing Agreement following which the Balancing Agreement is to terminate in whole prior to the Scheduled Maturity Date of the ETC Securities (such notice being the “**Balancing Agreement Termination Notice**” and the date of termination being the “**Balancing Agreement Early Termination Date**”). For the purposes of Condition 8(b), an Early Redemption Event in the form of a “**Balancing Agreement Redemption Event**” will occur on such Balancing Agreement Early Termination Date. Set out below is a description of the circumstances and events in which a Balancing Agreement Early Termination Date may be designated or occur.
 - (A) Pursuant to the terms of the Balancing Agreement (to which the Issuer and the Programme Counterparty are the only parties), if one of the following events occurs and is then continuing with respect to a party (each a “**Balancing Agreement Event of Default**”), the other party may deliver a Balancing Agreement Termination Notice to such party and a Balancing Agreement Early Termination Date will occur on the fourth Business Day following the day on which such Balancing Agreement Termination Notice was validly delivered, provided that a Balancing Agreement Termination Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date:
 - (I) *Failure to Pay or Deliver*: failure by the party to make, when due, any delivery or payment required under the Balancing Agreement if such failure is not remedied on or before the 10th calendar day after notice of such failure is given to the party;
 - (II) *Breach of Agreement*: failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any delivery or payment under the Balancing Agreement) to be complied with or performed by the party in accordance with the Balancing Agreement if such failure is not remedied within 30 calendar days after notice of such failure is given to the party;
 - (III) *Misrepresentation*: a representation made in the Balancing Agreement proves to have been incorrect or misleading in any material respect when made;
 - (IV) *Bankruptcy*: the party (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) in the case of the Programme Counterparty only, becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors (in the case of the Programme Counterparty) or its Securityholders (in the case of the Issuer); (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it

(other than, in the case of the Issuer, by the Programme Counterparty or any of its Affiliates) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (X) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (Y) is not dismissed, discharged, stayed or restrained in each case within 15 calendar days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks (in the case of the Programme Counterparty only) or (in the case of both the Issuer and the Programme Counterparty) becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, in respect of the Issuer, the appointment of a trustee, custodian or similar person for the purpose of an issue of notes or other securities by the Issuer); (7) has a secured party (other than, in the case of the Issuer, the Trustee) take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets (in the case of the Programme Counterparty) or the assets on which the liabilities of the Issuer under the relevant Balancing Agreement are secured pursuant to the Security Deed (in the case of the Issuer) and such secured party (other than, in the case of the Issuer, the Trustee) maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 calendar days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

- (V) *Metal Loss or Unauthorised Transfer*: either (x) the Issuer has permitted or caused any Underlying Metal to be transferred out of a Secured Account other than a transfer made (1) in accordance with the Issuer's obligations under the Balancing Agreement; (2) to an Authorised Participant in connection with the settlement of a Buy-Back Order; or (3) to the Metal Agent following an Early Redemption Valuation Date or Final Redemption Valuation Date in accordance with Condition 6(d) and the relevant Metal Agent Agreement; or (y) the Issuer's holdings of Underlying Metal are reduced due to theft, loss, damage, destruction or misdelivery (unless such theft, loss, damage, destruction or misdelivery is the direct result of the negligence, fraud, bad faith or wilful misconduct of the Programme Counterparty acting in any capacity). The occurrence of such an event shall be a Balancing Agreement Event of Default with respect to the Issuer only.

The party delivering a Balancing Agreement Termination Notice in relation to a Balancing Agreement Event of Default shall deliver a copy of such notice to each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant).

The Issuer shall give notice thereof to the Securityholders in accordance with Condition 19 and to the Authorised Participant(s) and the Lead Authorised Participant.

- (B) Pursuant to the terms of the Balancing Agreement (to which the Issuer and the Programme Counterparty are the only parties), if one of the following events occurs and is then continuing with respect to a party (each a “**Balancing Agreement Termination Event**”), such party (or in respect of a Balancing Agreement Tax Event, either party) may deliver a Balancing Agreement Termination Notice to the other party and a Balancing Agreement Early Termination Date will occur on the fourth Business Day following the day on which such Balancing Agreement Termination Notice was validly delivered, provided that a Balancing Agreement Termination Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date:
- (I) *Illegality*: due to an event or circumstance (other than any action taken by a party) occurring after the Series Issue Date, it becomes unlawful under any applicable law (including without limitation the laws of any country in which delivery or compliance is required by either party), on any day, or it would be unlawful if the relevant delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of the requirement under the Balancing Agreement for such party to maintain in full force and effect or obtain all consents of any governmental or other authority that are required to be obtained by it with respect to the Balancing Agreement) for a party to make a delivery required by the Balancing Agreement or to comply with any other material provision of the Balancing Agreement (a “**Balancing Agreement Illegality**”);
 - (II) *Tax Event*: A party will, or there is a substantial likelihood that it will, on the next date on which a delivery is (1) due to it under the Balancing Agreement, receive a delivery from which an amount is required to be deducted or withheld for or on account of a Tax; or (2) due from or to it under the Balancing Agreement, be liable to account for VAT on such delivery (whether such VAT is recoverable or not) (a “**Balancing Agreement Tax Event**”); or
 - (III) *Market Disruption*: With respect to the Programme Counterparty only, if (i) 10 consecutive Business Days are Disrupted Days or (ii) any event in connection with which the Programme Counterparty or any of its Affiliates is (or would be) (X) unable, after using commercially reasonable efforts to: (1) hold, acquire or dispose of Metal or (2) realise, recover or remit the proceeds of Metal; or (Y) required pursuant to a ruling, direction or other instruction of (1) any applicable government, governmental or regulatory body or other relevant institution (including, without limitation, the Commodity Futures Trading Commission, any Commodity Regulatory Body or any Relevant Association) or (2) the board or internal management of the Programme Counterparty or any relevant Affiliate to cease holding, acquiring or disposing of Metal.

The party delivering a Balancing Agreement Termination Notice in relation to a Balancing Agreement Termination Event shall deliver a copy of such notice to each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant).

The Issuer shall give notice thereof to the Securityholders in accordance with Condition 19 and to the Authorised Participant(s) and the Lead Authorised Participant.

- (C) Pursuant to the terms of the Balancing Agreement, provided that no Balancing Agreement Event of Default with respect to the Programme Counterparty has occurred and is continuing and provided that no notice of termination of the relevant Balancing Agreement has already been given in respect of a Balancing Agreement Event of Default or a Balancing Agreement Termination Event, the Programme Counterparty may opt to terminate the Balancing Agreement by delivering a notice to the Issuer stating that it is electing to terminate the Balancing Agreement and specifying the Balancing Agreement Early Termination Date (a “**Balancing Agreement Optional Termination Notice**”). The date designated as the Balancing Agreement Early Termination Date must be on or later than the 60th calendar day after the date of the relevant Balancing Agreement Optional Termination Notice but not later than the Final Redemption Valuation Date (and if the date specified as the Balancing Agreement Early Termination Date is not a Business Day then the Balancing Agreement Early Termination Date shall be the next day that is a Business Day).

If the Programme Counterparty opts to deliver a Balancing Agreement Optional Termination Notice, the Programme Counterparty shall deliver a copy of such notice to each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant).

The Issuer shall, as soon as reasonably practicable upon receipt of any such Balancing Agreement Optional Termination Notice, give notice thereof and of the scheduled Balancing Agreement Early Termination Date to the Securityholders in accordance with Condition 19 and to the Authorised Participant(s) and the Lead Authorised Participant.

- (iii) any of the Determination Agent, the Issuing and Paying Agent, the Secured Account Custodian, the Subscription Account Custodian, the Registrar, the Lead Authorised Participant and/or all of the Authorised Participants in relation to the ETC Securities resign or their appointment in relation to this Series of ETC Securities is terminated for any reason and no successor or replacement has been appointed within 60 calendar days of the date of notice of resignation or termination or the date the appointment was automatically terminated in accordance with the Determination Agent Agreement, the Agency Agreement, the Custody Agreement for Secured Accounts or the Custody Agreement for the Subscription Account as applicable, and the Issuer gives notice (an “**Agent Redemption Event Notice**”) to the Transaction Parties and the Securityholders in accordance with Condition 19. For the purposes of Condition 8(b), an Early Redemption Event in the form of an “**Agent Redemption Event**” will occur on the fourth Business Day following the date of the Agent Redemption Event Notice. An Agent Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;
- (iv) if the Metal Entitlement per ETC Security or the Value per ETC Security in respect of the ETC Securities has not been published by or on behalf of the Issuer for 14 consecutive Scheduled Valuation Days (a “**Publication Failure Event**”) and the Trustee is notified in writing of such Publication Failure Event and directed in writing by holders of at least one-fifth in number of the ETC Securities then outstanding (a “**Securityholder Notice and Direction**”) to give a notice under this Condition 8(d)(iv) to the Issuer, the Trustee shall, provided that the Trustee has been pre-funded and/or secured and/or indemnified to its satisfaction, give such notice (a “**Publication Event Redemption Notice**”) to the Issuer,

copied to each of the Transaction Parties. Any such notice and direction given to the Trustee pursuant to this Condition 8(d)(iv) by Securityholders must be substantially in the form set out in the Agency Agreement which is available from the Issuing and Paying Agent, any Paying Agent and/or the Trustee. For the purposes of Condition 8(b), an Early Redemption Event in the form of a **“Publication Redemption Event”** will occur on the fourth Business Day following the date of the Publication Event Redemption Notice. A Publication Event Redemption Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. The Trustee shall not be responsible for or liable to the Issuer, any Securityholder or any Transaction Party for investigating, verifying, determining or monitoring whether a Publication Failure Event has occurred or exists and, unless and until the Trustee receives a Securityholder Notice and Direction, the Trustee shall be entitled to assume that no such event has occurred. The Issuer shall, as soon as reasonably practicable after receipt of a Publication Event Redemption Notice, give notice thereof to the Securityholders in accordance with Condition 19, specifying in such notice the scheduled Early Redemption Valuation Date;

- (v) if the Value per ETC Security on two consecutive Scheduled Valuation Days is less than or equal to 20 per cent. of the Issue Price per ETC Security as at the Series Issue Date (the **“Value per ETC Security Threshold Level”**), the Determination Agent shall give notice (a **“Value per ETC Security Threshold Level Notice”**) to the Issuer, copied to each of the Transaction Parties. For the purposes of Condition 8(b), an Early Redemption Event in the form of a **“Value per ETC Security Threshold Redemption Event”** will occur on the fourth Business Day following the date of the Value per ETC Security Threshold Level Notice. A Value per ETC Security Threshold Redemption Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. The Issuer shall, as soon as reasonably practicable after receipt of a Value per ETC Security Threshold Level Notice, give notice thereof to the Securityholders in accordance with Condition 19, specifying in such notice the scheduled Early Redemption Valuation Date;
- (vi) an Issuer Call Redemption Event occurs pursuant to Condition 8(c);
- (vii) if the Issuer will, or there is a substantial likelihood that it will, on the next date on which a delivery of Metal is due in respect of a Subscription Order or Buy-Back Order, be required to make a payment in respect of VAT or be required to account for VAT on such delivery of Metal from or to an Authorised Participant (whether or not such VAT is recoverable); the Issuer may give the Trustee, the Secured Account Custodian, the Subscription Account Custodian, the Determination Agent, the Lead Authorised Participant, the Authorised Participants, the Issuing and Paying Agent, the Registrar, the Programme Counterparty, the Metal Agent and the Securityholders in accordance with Condition 19 notice that all the ETC Securities of this Series are to be redeemed (a **“VAT Redemption Event Notice”**) and an Early Redemption Event in the form of a **“VAT Redemption Event”** will occur on the fourth Business Day following the date of the VAT Redemption Event Notice, provided that such VAT Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;
- (viii) if a Securityholder requests a firm bid price from one or more Authorised Participants for its ETC Securities on each of five consecutive Scheduled Valuation Days and no Authorised Participant provides the Securityholder with a firm bid price for such ETC Securities (a **“Bid Price Request Event”**), the Securityholder may deliver a notice in writing to the Issuer, each Authorised Participant and the Lead Authorised Participant notifying them of the occurrence of such Bid Price Request Event (a **“Bid Price Request Notice”**). If the Securityholder delivers a Bid Price Request Notice to such persons and none of the Lead Authorised Participant or any of the Authorised Participants provides a firm bid price to the

relevant Securityholder on any of the 20 consecutive Scheduled Valuation Days from (and including) the date of the relevant Bid Price Request Notice (such 20th Scheduled Valuation Day, the “**Bid Price Request Period End Date**”), an “**AP Bid Price Event**” shall be deemed to have occurred on such Bid Price Request Period End Date and such Securityholder may give notice thereof to the Issuer and the Lead Authorised Participant. Upon receipt of any such notice by the Issuer, and provided that any such notice is accompanied by evidence to the satisfaction of the Issuer that an AP Bid Price Event has so occurred, the Issuer shall, once satisfied of the occurrence of such AP Bid Price Event (for which purposes the Issuer may consult with the Lead Authorised Participant and the Authorised Participants), give notice to the Transaction Parties and the Securityholders in accordance with Condition 19 that the ETC Securities are to be redeemed prior to their Scheduled Maturity Date (an “**AP Redemption Event Notice**”) and, for the purposes of Condition 8(b), an Early Redemption Event in the form of an “**AP Redemption Event**” will occur on the fourth Business Day following the date of such AP Redemption Event Notice. An AP Redemption Event Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date;

- (ix) if a Balancing Agreement Event of Default with respect to the Programme Counterparty occurs and is continuing, and the Trustee is notified in writing of such Balancing Agreement Event of Default and directed in writing by holders of at least one-fifth in number of the ETC Securities then outstanding to give a notice under this Condition 8(d)(ix), the Trustee shall, provided that the Trustee has been pre-funded and/or secured and/or indemnified to its satisfaction, give such notice (a “**Programme Counterparty Default Redemption Notice**”) to the Issuer and each of the Transaction Parties. For the purposes of Condition 8(b) an Early Redemption Event in the form of an “**ETC Securities Balancing Agreement Redemption Event**” will occur on the fourth Business Day following the date of the Programme Counterparty Default Redemption Notice. A Programme Counterparty Default Redemption Notice may not be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date. Any direction given to the Trustee pursuant to this Condition 8(d)(ix) by Securityholders must be substantially in the form set out in the Agency Agreement which is available from the Issuing and Paying Agent, any Paying Agent and the Trustee. The Trustee shall not be responsible for or liable to the Issuer, any Securityholder or any Transaction Party for investigating, verifying, determining or monitoring whether a Balancing Agreement Event of Default with respect to the Programme Counterparty has occurred or exists and, unless and until the Trustee receives notice from the requisite number of Securityholders and is directed in each case as aforementioned, the Trustee shall be entitled to assume that no such event has occurred. The Issuer shall, as soon as reasonably practicable after receipt of a Programme Counterparty Default Redemption Notice, give notice thereof to the Securityholders in accordance with Condition 19, specifying in such notice the scheduled Early Redemption Valuation Date; or
- (x) if the Issuer becomes entitled to serve a VAT Redemption Event Notice or a termination notice under the Balancing Agreement following a Balancing Agreement Tax Event or a Balancing Agreement Illegality, and the Trustee is notified in writing of such entitlement and directed in writing by holders of at least one-fifth in number of the ETC Securities then outstanding to give a notice under this Condition 8(d)(x), the Trustee shall, provided that the Trustee has been pre-funded and/or secured and/or indemnified to its satisfaction, give such notice (a “**Termination Event Redemption Notice**”) to the Issuer and each of the Transaction Parties. For the purposes of Condition 8(b), an Early Redemption Event in the form of a “**Termination Event Redemption Event**” will occur on the fourth Business Day following the date of the Termination Event Redemption Notice. A Termination Event Redemption Notice may not be delivered on or after the fourth Business Day prior to the

Final Redemption Valuation Date. Any direction given to the Trustee pursuant to this Condition 8(d)(x) by Securityholders must be substantially in the form set out in the Agency Agreement which is available from the Issuing and Paying Agent, any Paying Agent and the Trustee. The Trustee shall not be responsible for or liable to the Issuer, any Securityholder or any Transaction Party for investigating, verifying, determining or monitoring whether a Balancing Agreement Tax Event or Balancing Agreement Illegality has occurred or exists and, unless and until the Trustee receives notice from Securityholders and is directed in each case as aforementioned, the Trustee shall be entitled to assume that no such event has occurred. The Issuer shall, as soon as reasonably practicable after receipt of a Termination Event Redemption Notice, give notice thereof to the Securityholders in accordance with Condition 19, specifying in such notice the scheduled Early Redemption Valuation Date.

(e) Purchases

The Issuer may (without the consent of the Trustee or any Securityholder), from time to time, buy back all or some of the ETC Securities. Only an Authorised Participant may request that the Issuer buy back ETC Securities by delivering a valid Buy-Back Order subject to and in accordance with the terms of the Authorised Participant Agreement. The Issuer will only accept a Buy-Back Order and buy back ETC Securities if a valid Buy-Back Order is given by an Authorised Participant and all conditions precedent to a purchase of the ETC Securities are satisfied.

In accordance with the terms of the Authorised Participant Agreement the Issuer will not be obliged to accept any Buy-Back Order and/or buy back ETC Securities if (i) an Early Redemption Event has occurred and/or (ii) a Determination Agent Bankruptcy Event Notice has been delivered (until such time as a replacement Determination Agent is appointed in accordance with the Determination Agent Agreement or the Programme Counterparty is making the requisite determinations and calculations in place of the Determination Agent pursuant to Condition 12(d) and the relevant Determination Agent Agreement) and/or (iii) a Balancing Agreement Termination Notice, Agent Redemption Event Notice, VAT Redemption Event Notice, Publication Event Redemption Notice, Value per ETC Security Threshold Level Notice, AP Redemption Event Notice, Programme Counterparty Default Redemption Notice or Termination Event Redemption Notice has been delivered. If an Issuer Call Redemption Notice, Issuer Redemption Notice or a Balancing Agreement Optional Termination Notice is delivered, the last day on which the Issuer is required to accept a valid Buy-Back Order shall be the fourth Business Day preceding the related Early Redemption Valuation Date or Balancing Agreement Early Termination Date (as applicable).

ETC Securities purchased by the Issuer from an Authorised Participant will be purchased on such terms as may be agreed between the Issuer and the Authorised Participant on a delivery free of payment basis. All ETC Securities purchased by or on behalf of the Issuer shall be cancelled. Any ETC Securities so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such ETC Securities shall be discharged. In accordance with the Security Deed, the Trustee will and will be deemed to release without the need for any notice or other formalities from such Security the relevant portion of the Secured Property relating to the ETC Securities so purchased and cancelled.

Any Buy-Back Order in respect of which the Buy-Back Settlement Date occurs after an Early Redemption Valuation Date or Final Redemption Valuation Date shall automatically be cancelled with effect from the Early Redemption Valuation Date or the Final Redemption Valuation Date, as applicable (for the avoidance of doubt, notwithstanding the acceptance of such Buy-Back Order prior to such date) and any ETC Securities which have been surrendered for cancellation in respect of any such Buy-Back Order shall be returned to the relevant Authorised Participant.

9 Disruption Events and Postponement

(a) **Disruption Events**

The Determination Agent (in relation to Price Source Disruptions only) shall and the Programme Counterparty (in relation to Disruption Events other than Price Source Disruptions) may (but is not obliged to), with respect to any Business Day, determine that one or more Metal Disruption Events or FX Disruption Events has occurred or exists (each such event a “**Disruption Event**”).

For these purposes:

“**Metal Disruption Event**” means the occurrence or existence of any of the following events:

- (i) the Metal Reference Price Source fails to calculate and announce the Metal Reference Price on the relevant Business Day (a “**Metal Reference Price Source Disruption**”);
- (ii) trading in the Metal is subject to a material suspension or material limitation on the over-the-counter market of the Relevant Association or the primary exchange or trading facility for trading of such Metal or such market, exchange or trading facility is not open for trading for any reason (including a scheduled closure);
- (iii) the permanent discontinuation of trading in the Metal on the over-the-counter market of the Relevant Association or the primary exchange or trading facility for trading of such Metal; the disappearance of trading in the Metal; or the disappearance or permanent discontinuance or unavailability of the Metal Reference Price, notwithstanding the availability of the publication (or such other origin of reference, including an exchange or reference dealers) containing (or reporting) the relevant Metal Reference Price (or prices from which the relevant Metal Reference Price is calculated) as determined by the Programme Counterparty; or
- (iv) any event in connection with which the Issuer, the Programme Counterparty or any of its Affiliates is (or would be) unable, after using commercially reasonable efforts to hold, acquire or dispose of Metal.

“**FX Disruption Event**” means the occurrence or existence of any of the following events:

- (i) the FX Forward Reference Level Source fails to calculate and announce the FX Forward Reference Level or the FX Spot Reference Level Source fails to calculate and announce the FX Spot Reference Level on the relevant Business Day (a “**FX Level Source Disruption**”); or
- (ii) trading in foreign exchange contracts between the Specified Currency and the Metal Currency is subject to a material suspension, limitation, illiquidity or disruption; it becomes impossible or impracticable to convert the Specified Currency into the Metal Currency or *vice versa*; or any event in connection with which the Programme Counterparty or any of its Affiliates is (or would be) unable, after using commercially reasonable efforts to hold, acquire or dispose of foreign exchange forward contracts between the Metal Currency and the Specified Currency or *vice versa*.

(b) **Disruption Event and Determination of Disrupted Days**

- (i) If the Determination Agent determines that a Price Source Disruption has occurred or exists with respect to any Business Day, the Determination Agent shall give notice of its determination to the Issuer (copied to each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant)) no later than 11:00 London time on the immediately following Business Day, specifying the Price Source Disruption which has occurred or is existing on the relevant Business Day (such notice a “**Disruption Event**”).

Notice”). The Determination Agent is not under any obligation to monitor whether or not a Disruption Event other than a Price Source Disruption has occurred or is continuing with respect to any Business Day and shall have no liability to the Issuer, any Securityholder or any other person for any determination or non-determination that it makes under the Determination Agent Agreement.

- (ii) If the Programme Counterparty determines that a Disruption Event other than a Price Source Disruption has occurred or exists with respect to any Business Day, the Programme Counterparty may (but is not obliged to) give notice of its determination to the Issuer (copied to each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant)) no later than 11:00 London time on the immediately following Business Day, specifying the Disruption Event or Disruption Events which have occurred or are existing on such Business Day (such notice a “**Disruption Event Notice**”). The Programme Counterparty is not under any obligation to monitor whether or not a Disruption Event has occurred or is continuing with respect to any Business Day and shall have no liability to the Issuer, any Securityholder or any other person for any determination or non-determination that it makes under the Balancing Agreement.
- (iii) The Issuer shall, as soon as reasonably practicable after receipt by it of a Disruption Event Notice, give notice thereof to the Securityholders in accordance with Condition 19 and to the Authorised Participant(s) and the Lead Authorised Participant.

(c) *Postponement of Final Redemption Valuation Date or Early Redemption Valuation Date and Payment of Final Redemption Amount or Early Redemption Amount*

- (i) If the Final Redemption Valuation Date or Early Redemption Valuation Date, as applicable, is a Disrupted Day, then the Final Redemption Valuation Date or Early Redemption Valuation Date (as applicable) shall be deemed to have been postponed until the first following Scheduled Valuation Day; provided that if no such Scheduled Valuation Day has occurred on or before the 10th Business Day following the Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, then that 10th Business Day shall be deemed to be the Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, and the Programme Counterparty will determine the Metal Entitlement per ETC Security in respect of such Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, by applying the relevant formula for the determination thereof but using such estimates of any component for which a value is not available as it deems fit and making such adjustments as it, in good faith and a commercially reasonable manner, deems necessary to take into account the economic effect of the Disrupted Days on and since the scheduled Early Redemption Valuation Date or scheduled Final Redemption Valuation Date, as the case may be. If the Programme Counterparty has not notified such Metal Entitlement per ETC Security to the Issuer and the Determination Agent by no later than 11:00 London time on the Business Day following such postponed Early Redemption Valuation Date or Final Redemption Valuation Date, as the case may be, then the Metal Entitlement per ETC Security for the Early Redemption Valuation Date or Final Redemption Valuation Date, as the case may be, shall be deemed to be the last determined Metal Entitlement per ETC Security.
- (ii) The Issuer shall publish the Metal Entitlement per ETC Security for the Final Redemption Valuation Date or the Early Redemption Valuation Date (as applicable) determined in accordance with Condition 9(c)(i) by no later than 16:00 London time on the Business Day immediately following the date on which such Metal Entitlement per ETC Security is determined on the website maintained on behalf of the Issuer at www.etc.db.com (or such other website as may be notified to Securityholders in accordance with Condition 19 from time to time).

- (iii) If any day in the period from (and including) the Final Redemption Valuation Date or Early Redemption Valuation Date, as the case may be, to (and including) the fourth Business Day prior to the Scheduled Maturity Date (in the case of the Final Redemption Valuation Date) or the Scheduled Early Redemption Date (in the case of the Early Redemption Valuation Date) is a Disrupted Day (each, a **“Relevant Disrupted Day”**), then the Programme Counterparty may, by notice (a **“Maturity Postponement Notice”**) to the Determination Agent on such fourth Business Day prior to the Scheduled Maturity Date or Scheduled Early Redemption Date, as the case may be, postpone the Scheduled Maturity Date or Early Redemption Date by the number of days specified in such Maturity Postponement Notice, which number of days may not exceed the total number of Relevant Disrupted Days. In such case the Final Redemption Disposal Period or Early Redemption Disposal Period, as the case may be, shall be deemed extended by the same number of days as the Scheduled Maturity Date or Early Redemption Date have been postponed by.
- (iv) The Issuer shall, as soon as reasonably practicable following receipt of a Maturity Postponement Notice, notify Securityholders of such postponement in accordance with Condition 19. No additional amount shall be payable to Securityholders in connection with any postponement of the payment of the Final Redemption Amount or Early Redemption Amount, as applicable.

(d) Postponement of Subscriptions and Buy-Backs

If a Subscription Trade Date or a Buy-Back Trade Date is a Disrupted Day, then the Subscription Trade Date or Buy-Back Trade Date shall be deemed to be postponed until the first following Scheduled Valuation Day and settlement of the related subscription or buy-back, as applicable, shall be postponed accordingly, provided that if such Scheduled Valuation Day does not occur by the earlier of (i) the 10th Business Day following the Business Day in respect of which the relevant Subscription Order or Buy-Back Order was delivered and (ii) the fourth Business Day prior to the Early Redemption Valuation Date or Final Redemption Valuation Date, the relevant Subscription Order to Buy-Back Order shall automatically be deemed to have been cancelled. No additional amount shall be payable to any Authorised Participant (or any Securityholder acquiring ETC Securities from, or selling ETC Securities to, an Authorised Participant) in connection with the postponement of the Subscription Trade Date or Buy-Back Trade Date, as applicable.

(e) Modification of Calculation and Publication of Value per ETC Security and Metal Entitlement per ETC Security

In respect of each Disrupted Day:

- (i) in accordance with Condition 5, no Metal Entitlement per ETC Security or Value per ETC Security will be determined or published on such Disrupted Day; and
- (ii) if the Disruption Event Notice relating to such Disrupted Day specifies only Metal Disruption Events (and no FX Disruption Events) (such Disrupted Day, a **“Metal Disrupted Day”**), the Determination Agent will determine the Metal Entitlement per ETC Security in respect of the first Scheduled Valuation Day following such Metal Disrupted Day in accordance with Condition 5(b), except that the FX Percentage shall be deemed to be the Disrupted FX Percentage, calculated by the Determination Agent as follows:
 - (A) the Determination Agent shall identify each Metal Disrupted Day in respect of which it has received a Disruption Event Notice or, in the case of a Price Source Disruption, it has issued a Disruption Event Notice pursuant to Condition 9(b)(i) falling prior to the relevant Scheduled Valuation Day, but after the immediately prior Scheduled Valuation Day (each such Metal Disrupted Day, a **“Relevant Metal Disrupted Day”**);

- (B) in respect of (I) each Relevant Metal Disrupted Day and (II) the relevant Scheduled Valuation Day, the Determination Agent shall calculate an amount (a “**Disrupted Daily FX Percentage**”), being equal to:
- (I) the FX Forward Reference Level in respect of the immediately prior Relevant Metal Disrupted Day (or, in the case of the first Relevant Metal Disrupted Day, the immediately prior Scheduled Valuation Day); divided by
 - (II) the FX Spot Reference Level in respect of such day; and
- (C) the “**Disrupted FX Percentage**” shall be an amount equal to:
- (I) the result of the multiplication of all Disrupted Daily FX Percentages relating to the relevant Scheduled Valuation Day; minus
 - (II) one.

For illustration purposes only, a formulaic expression of the determination of the Metal Entitlement per ETC Security on the first Scheduled Valuation Day following such Metal Disrupted Day is set out below:

$$E_t = E_{t-1} \times \left[1 + \left(\prod_{k=1}^T \frac{F(k-1,k)}{S_k} - 1 \right) \times \frac{M_{t-1}}{M_t} \right] \times (1 - PFP \times YF(t))$$

Where:

“**t**” means the relevant Scheduled Valuation Day;

“**E_t**” means Metal Entitlement per ETC Security in respect of the relevant Scheduled Valuation Day;

“**E_{t-1}**” means Metal Entitlement per ETC Security in respect of the Scheduled Valuation Day immediately preceding the relevant Scheduled Valuation Day;

“**M_t**” means the Metal Reference Price on the relevant Scheduled Valuation Day;

“**M_{t-1}**” means the Metal Reference Price in respect of the Scheduled Valuation Day immediately preceding the relevant Scheduled Valuation Day;

“**k**” is a series of whole numbers from one to T, each representing the relevant Reference Calculation Days in chronological order during the Reference Period;

“**Reference Period**” means the period from (but excluding) the Scheduled Valuation Day immediately preceding the Scheduled Valuation Day in respect of which E_t is being calculated to (and including) the Scheduled Valuation Day in respect of which E_t is being calculated;

“**T**” means the number of Reference Calculation Days in the relevant Reference Period.

“**Reference Calculation Day**” means any day which is either a Metal Disrupted Day or the Scheduled Valuation Day in respect of which E_t is being calculated;

“**F(k-1,k)**” means an amount equal to the FX Forward Reference Level in respect of the Reference Calculation Day immediately preceding the relevant Reference Calculation Day;

“**S_k**” means an amount equal to the FX Spot Reference Level in respect of the relevant Reference Calculation Day;

“**PFP**” means the Product Fee Percentage; and

“**YF(t)**” means an amount equal to:

- (i) the number of calendar days from (and including) the immediately preceding Scheduled Valuation Day to (but excluding) the relevant Scheduled Valuation Day; divided by
- (ii) 360.

10 Successor Price Source

If on any Scheduled Valuation Day the Programme Counterparty determines that the Relevant Price has not been calculated and announced by the Price Source but has been calculated and announced by a successor price source acceptable to the Programme Counterparty, then the Programme Counterparty will notify the Issuer of such determination (each such notice will be copied to each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant)) and, with effect from the first Scheduled Valuation Day following date of such notice, such successor price source (the “**Successor Price Source**”) shall be deemed to be the Price Source for the purposes of the ETC Securities and the Balancing Agreement. The Issuer shall notify the Securityholders in accordance with Condition 19 and the Authorised Participant(s) and the Lead Authorised Participant as soon as reasonably practicable after receipt of any such notice from the Programme Counterparty of the replacement of the Price Source with a Successor Price Source.

For these purposes:

“**Relevant Price**” means the Metal Reference Price, the FX Spot Reference Level or the FX Forward Reference Level (as applicable).

11 Balancing Agreement

(a) *Balancing Agreement*

In connection with the issue of the ETC Securities, the Issuer will on the Series Issue Date enter into the Balancing Agreement with the Programme Counterparty. The Balancing Agreement will provide for the balancing, following periodic Observation Dates, of the quantity of Underlying Metal held by the Issuer in respect of the Series of ETC Securities with the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of such Series.

Pursuant to the Balancing Agreement, the Issuer may transfer (or receive) Underlying Metal in unallocated form to (or from) the Programme Counterparty in an amount equal to the difference between the quantity of Underlying Metal held by the Issuer (as adjusted to take into account reductions in the quantity of such Underlying Metal due to unauthorised transfers or loss, theft and similar events) in respect of the Series of ETC Securities and the aggregate Metal Entitlement per ETC Security in respect of all outstanding ETC Securities of such Series as at an Observation Date under the Balancing Agreement. Such difference may be caused by the deduction of the Product Fee in the calculation of the Metal Entitlement per ETC Security since the previous Observation Date. Additionally, such difference may be caused by the effect of the FX Factor in the calculation of the Metal Entitlement per ETC Security, which relates to movements in foreign exchange rates between the Specified Currency and the Metal Currency.

(b) *Transfer of Balancing Agreement*

At any time prior to the occurrence of a Balancing Agreement Event of Default or a Balancing Agreement Termination Event with respect to the Programme Counterparty, the Programme Counterparty may transfer the Balancing Agreement to a single Eligible Counterparty, provided that (i) the Programme Counterparty and such Eligible Counterparty provide such authorisations, consents, legal opinions and/or such other documents as the Issuer may reasonably require, (ii) following such transfer the Balancing Agreement will be subject to the Security on the same terms *mutatis mutandis* as prior to such transfer and shall form part of the Secured Property, as

applicable and (iii) not less than 60 calendar days' prior notice of any such transfer is given to Securityholders in accordance with Condition 19. The Security to the extent that it relates to the Balancing Agreement shall be released in connection with any such transfer.

12 Payments, Calculations, Agents and Records

(a) *Payments Net of Taxes*

All payments in respect of the ETC Securities shall be made net of and after allowance for any withholding or deduction for, or on account of, any Taxes. In the event that any withholding or deduction for, or on account of, any Tax applies to payments in respect of the ETC Securities, the Securityholders will be subject to such Tax or deduction and shall not be entitled to receive amounts to compensate for any such Tax or deduction. No Event of Default shall occur as a result of any such withholding or deduction.

(b) *Payments*

The Issuer or the Issuing and Paying Agent on behalf of the Issuer shall pay or cause to be paid all payments under the Conditions in respect of the ETC Securities to the relevant Securityholder's cash memorandum account (as shown in the records of the Registrar at the close of business on, for so long as the Uncertificated Registered Securities are held in a Clearing System, the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January) for value on the relevant payment date, such payment to be made subject to and in accordance with the rules and procedures of the Registrar and/or the Relevant Clearing System, as applicable. Each of the persons shown in the Register as owning ETC Securities must look solely to the settlement bank or institution at which its cash memorandum account is held for each such payment so made by or on behalf of the Issuer.

If the Uncertificated Registered Securities are not held in a Clearing System, payments on each Uncertificated Registered Security shall be made in the relevant currency by cheque drawn on a Bank on the relevant payment date and mailed to the holder (or to the first named of joint holders) of such Uncertificated Registered Security at its address appearing in the Register at the close of business on the General Business Day in Jersey immediately prior to such relevant payment date. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the relevant date for payment subject to and in accordance with the rules and procedures of the Registrar, such payment may be made by transfer to an account in the relevant currency maintained by the payee with a Bank). "**Bank**" means a bank in London.

(c) *Payments Subject to Fiscal Laws*

All payments in respect of the ETC Securities are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Securityholders in respect of such payments.

(d) *Calculations and Determinations*

- (i) The Determination Agent shall, as soon as practicable on such date and/or at such time as the Determination Agent is required in accordance with the Determination Agent Agreement and the Conditions and any other Relevant Provisions, perform such duties and obligations as are required to be performed by it in accordance therewith.
- (ii) If (I) the appointment of the Determination Agent is terminated in connection with a Determination Agent Bankruptcy Event or (II) the Determination Agent resigns or its appointment is terminated and the Determination Agent fails to perform its duties and obligations under the Determination Agent Agreement in the period prior to the effective

date of such resignation or termination, the Issuer shall as soon as reasonably practicable after becoming aware of the foregoing notify the Programme Counterparty thereof. As soon as reasonably practicable after receipt of such notice (taking into account the time required for the Programme Counterparty to put in place the relevant systems and procedures), the Programme Counterparty has agreed in the Determination Agent Agreement to act as agent of the Issuer (or, if the Trustee so requests following the occurrence of an Event of Default or Potential Event of Default or after the Security has become enforceable, as agent for the Trustee) on a temporary basis, provided that no Balancing Agreement Event of Default or Balancing Agreement Termination Event has occurred or is continuing with respect to the Programme Counterparty, until such time as a replacement Determination Agent is appointed in accordance with the terms of the Determination Agent Agreement, and will make the determinations and calculations which the Determination Agent is required to make pursuant to the Determination Agent Agreement, the Conditions and the other Relevant Provisions, and the Conditions and any relevant Transaction Documents shall be construed accordingly. In doing so, the Programme Counterparty shall apply the provisions of the Determination Agent Agreement and the Conditions and the other Relevant Provisions, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in the circumstances.

- (iii) Under the Determination Agent Agreement, the Programme Counterparty has agreed to give notice of the occurrence of a Determination Agent Bankruptcy Event to the Issuer and each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant) as soon as reasonably practicable after it becomes aware of the occurrence of such event. The Issuer shall give notice of the occurrence of a Determination Agent Bankruptcy Event to each Transaction Party and to the Securityholders in accordance with Condition 19 as soon as reasonably practicable after it becomes aware of the occurrence of such event. Any notice of the occurrence of a Determination Agent Bankruptcy Event given by the Issuer or the Programme Counterparty shall constitute a **"Determination Agent Bankruptcy Event Notice"**.
- (iv) Under the Determination Agent Agreement, the Issuer has authorised the Programme Counterparty in its capacity as the Issuer's agent to (A) vary the appointment of the Determination Agent on giving the Determination Agent at least 60 calendar days' prior notice to that effect (or such shorter notice period as the Issuer, the Programme Counterparty and the Determination Agent may agree from time to time) provided that such variation is of an operational nature and which is, in the reasonable determination of the Programme Counterparty, necessary to enable the Determination Agent to properly perform its duties and obligations under the Relevant Provisions. Any variation in the appointment of the Determination Agent will not be effective unless the Determination Agent has consented to such variation; and (B) to terminate the appointment of the Determination Agent in accordance with the Determination Agent Agreement.
- (v) Without prejudice to Condition 12(d)(v)(D), the Programme Counterparty shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any Securityholder, any other Transaction Party or any other person for any Loss incurred by any such person that arises out of or in connection with the performance by the Programme Counterparty of its obligations under the Determination Agent Agreement, the Conditions or any other Transaction Document to which it is a party, provided that nothing shall relieve the Programme Counterparty from any Loss arising by reason of acts or omissions constituting bad faith, fraud or gross negligence of the Programme Counterparty (any such act or omission, a **"Programme Counterparty Breach"**).

- (A) If the Programme Counterparty would, but for the operation of this Condition 12(d)(v)(A), be held liable for any Loss arising as the result of a Programme Counterparty Breach, the Programme Counterparty shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Programme Counterparty Breach results from the Programme Counterparty complying with any specific instruction or express direction from any director of the Issuer (whether received in electronic form or otherwise).
 - (B) If the Programme Counterparty would, but for the operation of this Condition 12(d)(v)(B), be held liable for any Loss arising as the result of a Programme Counterparty Breach, the Programme Counterparty shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Programme Counterparty Breach results solely and directly from either the failure by any other Transaction Party to provide any notice, instruction or direction which such Transaction Party is required or permitted to give under the Conditions or any relevant Transaction Document or a delay in the delivery by any other Transaction Party of any notice, instruction or direction which such Transaction Party is required or permitted to give to the Determination Agent and/or the Programme Counterparty under the Conditions or any relevant Transaction Document.
 - (C) If the Programme Counterparty would, but for the operation of this Condition 12(d)(v)(C), be held liable for any Loss arising as the result of a Programme Counterparty Breach, the Programme Counterparty shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Programme Counterparty Breach results solely and directly from the reliance by the Programme Counterparty upon a rate, amount, quotation, value, other calculation or determination or other information which is made or provided by another Transaction Party in accordance with the Conditions and the terms of any relevant Transaction Document and notified to the Programme Counterparty pursuant to the Conditions and the relevant Transaction Document.
 - (D) Notwithstanding anything to the contrary in the relevant Determination Agent Agreement, these Conditions or any other Transaction Document, the Programme Counterparty shall not be liable to the Issuer, the Securityholders, any Transaction Party or any other person for any calculations, determinations (or any delay in making any calculation or determination), actions or omissions made by the Programme Counterparty in connection with the performance of the duties and obligations of the Determination Agent pursuant to Condition 12(d)(ii) unless fraudulent or made in bad faith. Without prejudice to anything in this Condition 12(d)(v), the Programme Counterparty shall have the benefit of the provisions of Condition 12(f) relating to the Determination Agent in respect of any calculations, determinations, actions or omissions made by the Programme Counterparty in connection with the performance by the Programme Counterparty of the duties and obligations of the Determination Agent pursuant to Condition 12(d)(ii).
- (vi) The determination by the Determination Agent or the Programme Counterparty, as applicable, of any amount, rate, value or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Determination Agent under the Relevant Provisions in the case of the Determination Agent and under the Conditions, the Determination Agent Agreement and any other Transaction Documents to which it is a party in the case of the Programme Counterparty are required under the terms of the

Determination Agent Agreement to be made in good faith and shall (in the absence of manifest error) be final and binding on the Issuer, the Securityholders and the Transaction Parties.

(e) Determination or Calculation by Trustee

If at any time after the Security has become enforceable pursuant to Condition 6(e) and (i) the Determination Agent does not make any determination or calculation relating to the Metal Entitlement per ETC Security, Value per ETC Security, Final Metal Redemption Amount, Early Metal Redemption Amount, Final Redemption Amount or Early Redemption Amount when required pursuant to the Conditions and the Transaction Documents and (ii) the Programme Counterparty has not made any determination or calculation relating thereto or a Balancing Agreement Event of Default or Balancing Agreement Termination Event has occurred and is continuing with respect to the Programme Counterparty, then the Trustee may make any determination or calculation in place of the Determination Agent (or may appoint an agent on its behalf to do so) provided that the Trustee shall have been pre-funded and/or secured and/or indemnified to its satisfaction. Any such determination or calculation made by the Trustee shall for the purposes of the Conditions and the Transaction Documents be deemed to have been made by the Determination Agent. In doing so, the Trustee shall apply the provisions of the Conditions and/or the relevant Transaction Document(s), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in the circumstances. The Trustee shall not be liable to the Issuer, the Securityholders or any Transaction Party for any calculations and determinations (or any delay in making any calculation or determination) so made unless fraudulent or made in bad faith.

(f) Determination Agent

A8.3.7

- (i) Subject as provided in the Conditions and the Determination Agent Agreement, the Issuer shall use all reasonable efforts to procure that there shall at all times be a Determination Agent for so long as any of the ETC Securities of this Series are outstanding. If the Determination Agent resigns or its appointment is terminated for any reason, the Issuer shall use all reasonable efforts to appoint a reputable entity that provides administration services of a similar type to those required of the Determination Agent under the Relevant Provisions or a leading bank or investment banking firm (acting through its principal London office or any other office actively involved in such market) engaged in the interbank market (or, if appropriate, money, precious metals or foreign exchange market) that the Issuer reasonably determines is capable of making the calculation(s) and/or determination(s) required to be made by the Determination Agent under the Relevant Provisions to act as such in its place.
 - (ii) The Determination Agent shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any Securityholder, any other Transaction Party or any other person for any Loss incurred by any such person that arises out of or in connection with the performance by the Determination Agent of its obligations under the Determination Agent Agreement, the Conditions and the other Relevant Provisions provided that nothing shall relieve the Determination Agent from any Loss arising by reason of acts or omissions constituting bad faith, fraud or gross negligence of the Determination Agent (any such act or omission, a **"Determination Agent Breach"**).
- (A) If the Determination Agent would, but for the operation of this Condition 12(f)(ii)(A), be held liable for any Loss arising as the result of a Determination Agent Breach, the Determination Agent shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Determination

Agent Breach results from the Determination Agent complying with any specific instruction or express direction from any director of the Issuer (whether received in electronic form or otherwise).

- (B) If the Determination Agent would, but for the operation of this Condition 12(f)(ii)(B), be held liable for any Loss arising as the result of a Determination Agent Breach, the Determination Agent shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Determination Agent Breach results solely and directly from either (i) the failure by any other Transaction Party to provide any notice, instruction or direction which such Transaction Party is required or permitted to give under the Conditions or any relevant Transaction Document or (ii) a delay in the delivery by any other Transaction Party of any notice, instruction or direction which such Transaction Party is required or permitted to give to the Determination Agent under the Conditions or any relevant Transaction Document.
 - (C) If the Determination Agent would, but for the operation of this Condition 12(f)(ii)(C), be held liable for any Loss arising as the result of a Determination Agent Breach, the Determination Agent shall nevertheless incur no liability to the Issuer, any Securityholder, any other Transaction Party or any other person if such Determination Agent Breach results solely and directly from the reliance by the Determination Agent upon a rate, amount, quotation, value, other calculation or determination or other information notified to the Determination Agent pursuant to the Conditions and/or any relevant Transaction Document which is made or provided by another Transaction Party in accordance with the Conditions and the terms of any relevant Transaction Document.
- (iii) The Determination Agent has no obligation towards or relationship of agency or trust with any Securityholder.
 - (iv) The Determination Agent has no duties or responsibilities except those expressly set forth in the Conditions, the Determination Agent Agreement and the other Relevant Provisions and no implied or inferred duties or obligations of any kind will be read into the Determination Agent Agreement against or on the part of the Determination Agent. The Determination Agent will not, and will not be deemed to, assume or be liable for the obligations or duties of the Issuer or any other person under the Conditions, the Trust Deed or any other Transaction Document unless otherwise agreed pursuant to the Relevant Provisions.
 - (v) The Determination Agent may consult, on any legal matter which it believes in good faith requires such consultation, any legal or other professional advisers reasonably selected by it, who may be employees of or advisers to the Issuer, and it will not be liable in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with the opinion of such adviser(s).
 - (vi) The Determination Agent will not incur any liability to any person in acting upon any signature, or other document or information from any electronic or other source reasonably believed by it to be genuine and believed by it to have been signed or otherwise given or disseminated by the proper party or parties, in each case received by it in connection with the performance of its duties under the Determination Agent Agreement.
 - (vii) The Determination Agent and the Programme Counterparty, respectively, whether or not acting for themselves, may acquire, hold or dispose of any ETC Security or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person, and may act on, or as depositary, trustee

or agent for, any committee or body of holders of securities of any such person, in each case with the same rights as it would have had if that Determination Agent or Programme Counterparty, as applicable, were not a Determination Agent or the Programme Counterparty, as applicable, under the Determination Agent Agreement and need not account for any profit.

- (viii) Save as otherwise provided in the Determination Agent Agreement and the other Relevant Provisions, the Determination Agent shall not be required to expend or risk its own funds or otherwise to incur any liability, financial or otherwise (other than such costs and expenditure contemplated by the Relevant Provisions and/or incurred in the ordinary performance of the Determination Agent's duties and obligations under the Determination Agent Agreement and any ordinary office expenses, remuneration of directors or employees or general operating costs of the Determination Agent (whether incurred in connection with the performance of its obligations under the Relevant Provisions or otherwise)) if it shall have reasonable grounds for believing that repayment of such funds or the provision of an indemnity satisfactory to it against such risk or liability is not assured to it.
- (ix) The Determination Agent is not bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document received by it from the Issuer or any other Transaction Party.
- (x) To the extent that the Determination Agent requires clarification of its duties pursuant to the Relevant Provisions, the Determination Agent is entitled to seek instructions from, and to rely entirely and act on the instructions received from, the Issuer and, without prejudice to the standard of care, limitation of liability and indemnity provisions in the Determination Agent Agreement, the Determination Agent will not be responsible for any action it takes in accordance with such instructions.
- (xi) If the Issuer expressly instructs the Determination Agent to take any action not contemplated by the Relevant Provisions, the Determination Agent will, without prejudice to the standard of care, limitation of liability and indemnity provisions in the Determination Agent Agreement, not be responsible for any action it takes on behalf of the Issuer in accordance with such instructions.
- (xii) The Determination Agent will have no responsibility or liability for any Loss resulting from its being unable to perform any functions or obligations under the Determination Agent Agreement if the same results from any law, regulation or requirement (whether or not having the force of law) of any central bank or governmental or other regulatory authority affecting it. Nothing in the Determination Agent Agreement or in any other Transaction Document may require the Determination Agent to take any action or refrain from taking any action if the same would be contrary to any applicable law, regulation or requirement of any central bank or government or other regulatory authority affecting it.
- (xiii) The Determination Agent shall have no obligation to notify anyone of the execution of the relevant Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, or a Potential Event of Default or an Early Redemption Event (or any event which with the passing of time or the giving of a notice would constitute an Early Redemption Event) has occurred in relation to the relevant Series of ETC Securities (other than as required pursuant to Condition 8(d)(v) with respect to a Value per ETC Security Threshold Redemption Event) or if the Security under the relevant Security Deed has become enforceable. Until the Determination Agent has actual knowledge or express notice to the contrary, it may assume that no such event has occurred and that the Issuer and all other Transaction Parties are performing all their respective obligations under the ETC

Securities of the relevant Series of ETC Securities and the other Transaction Documents. The Determination Agent shall not be responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being so performed unless and until it has actual knowledge to the contrary. The Determination Agent shall not be responsible for any errors made by the Issuer, the Trustee, the Programme Counterparty, the Metal Agent or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of any of them.

(g) Custodian

If the Secured Account Custodian or the Subscription Account Custodian resigns or its appointment is terminated for any reason, the Issuer shall use all reasonable efforts to appoint an Eligible Custodian to act as the Secured Account Custodian or the Subscription Account Custodian (as applicable) in its place within 60 calendar days of the date of the notice of resignation or the notice of termination or the date the appointment was automatically terminated in accordance with the Custody Agreement for Secured Accounts or the Custody Agreement for the Subscription Account (as relevant). Neither the Secured Account Custodian or the Subscription Account Custodian may resign its duties without a successor Eligible Custodian having been appointed as aforesaid.

(h) Metal Agent

If the Metal Agent resigns or its appointment is terminated for any reason, the Issuer shall use all reasonable efforts to appoint an Eligible Metal Agent to act as the Metal Agent in its place within 60 calendar days of the date of the notice of resignation or the notice of termination or the date the appointment was automatically terminated in accordance with the Metal Agent Agreement. The Metal Agent may not resign its duties without a successor Eligible Metal Agent having been appointed as aforesaid.

(i) Appointment of Agents

Save as provided below, the Agents act solely as agents of the Issuer. The Agents do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time with the prior written approval of the Trustee and in accordance with the provisions of the relevant Agency Agreement, Metal Agent Agreement, Determination Agent Agreement, Custody Agreement for Secured Accounts and/or Custody Agreement for the Subscription Account, as applicable, to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, the Metal Agent, the Secured Account Custodian, the Subscription Account Custodian or the Determination Agent and to appoint additional or other Paying Agents or Registrar or Transfer Agents. Without prejudice to the provisions for the automatic termination of the appointment of an Agent in connection with the occurrence of an insolvency or similar event or proceedings in the relevant Transaction Documents, the Issuer shall use reasonable endeavours to at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Determination Agent, (v) a Secured Account Custodian, (vi) a Subscription Account Custodian, (vii) a Metal Agent, (viii) a Paying Agent having its specified office in a major European city (which shall be London so long as the ETC Securities are listed on the London Stock Exchange), (ix) such other agents as may be required by any other stock exchange on which the ETC Securities may be listed, in each case, as approved by the Trustee, and (x) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct any tax pursuant to any law implementing Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any change of Agent or any change

to the specified office of an Agent shall promptly be given to the Securityholders by the Issuer in accordance with Condition 19.

Pursuant to the terms of the Trust Deed, at any time after an Event of Default or a Potential Event of Default has occurred in relation to a particular Series of ETC Securities, the Trustee may: (i) by notice in writing to the Issuer and the Issuing and Paying Agent and any other Paying Agents, require the Issuing and Paying Agent and all or any of the other Paying Agent(s), until notified by the Trustee to the contrary, so far as permitted by applicable law to (a) act as agent of the Trustee under the Trust Deed and the ETC Securities of such Series *mutatis mutandis* on the terms of the relevant Agency Agreement (with consequential amendments as necessary and except that the Trustee's liability for the indemnification, remuneration and all other expenses of the Issuing and Paying Agent and such other Paying Agents (if any) will be limited to the amounts for the time being held by the Trustee in respect of the ETC Securities on the terms of the Trust Deed and which are available (after application in accordance with the relevant order of priority set out in Condition 6) to discharge such liability), or (b) deliver all moneys, documents and records held by them in respect of the ETC Securities to or to the order of the Trustee or as the Trustee directs in such notice; and (ii) by notice in writing to the Issuer require it to make all subsequent payments in respect of the ETC Securities to or to the order of the Trustee and not to the Issuing and Paying Agent with effect from the receipt of any such notice by the Issuer; and from then until such notice is withdrawn, sub-paragraph (1) of Condition 6(b)(i) shall cease to have effect.

Pursuant to the terms of the Security Deed, at any time after the Security has become enforceable, the Trustee may: (i) by notice in writing to the Issuer and the Agents, require the Agents or any of them, until notified by the Trustee to the contrary, so far as permitted by applicable law to (a) act as agent of the Trustee under the Security Deed *mutatis mutandis* on the terms of the relevant Agency Agreement, Metal Agent Agreement, Custody Agreement for Secured Accounts, Custody Agreement for the Subscription Account, Determination Agent Agreement and Authorised Participant Agreement, as applicable (with consequential amendments as necessary and except that the Trustee's liability for the indemnification, remuneration and all other expenses of the Agents or such Agent will be limited to the amounts for the time being held by the Trustee in respect of the ETC Securities on the terms of the Security Deed and which are available (after application in accordance with the relevant order of priority set out in Condition 6) to discharge such liability), and thereafter to hold all ETC Securities, moneys, assets, documents and records held by them in respect of the ETC Securities and in the case of the Secured Account Custodian or the Subscription Account Custodian or any Sub-Custodian (where applicable) assets forming part of, or documents evidencing or representing, the Secured Property, to the order of the Trustee, or (b) deliver all ETC Securities, moneys, assets, documents and records held by them in respect of the ETC Securities and in the case of the Secured Account Custodian or the Subscription Account Custodian or any Sub-Custodian (where applicable) assets forming part of, or documents evidencing or representing, the Secured Property, to the Trustee or as the Trustee directs in such notice; and (ii) by notice in writing to the Issuer require it to make all subsequent payments in respect of the ETC Securities to or to the order of the Trustee and not to the Issuing and Paying Agent with effect from the receipt of any such notice by the Issuer.

(j) *Business Day Convention and Non-Payment Business Days*

If any date for payment in respect of any ETC Security is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day or to any interest or other sum in respect of such postponed payment.

13 Prescription

Claims against the Issuer for payment under the Conditions in respect of the ETC Securities shall be prescribed and become void unless made within 10 years from the date on which the payment of

Principal in respect of the ETC Securities first became due or (if any amount of the money payable was improperly withheld or refused) the date on which payment in full of the amount outstanding was made or (if earlier) the date seven days after that on which notice is duly given to the Securityholders that, upon further presentation of the ETC Security being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation (such date the “**Relevant Date**”).

14 Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, or shall, if so directed in writing by holders of at least one-fifth in number of the ETC Securities then outstanding or if so directed by an Extraordinary Resolution (provided that in each case the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer (copied to each Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant)) (such notice an “**Event of Default Redemption Notice**”) that the ETC Securities are, and they shall immediately become, due and payable at their Early Redemption Amount on the Early Redemption Date:

- (a) the Issuer does not perform or comply with any one or more of its obligations (other than a payment obligation) under the ETC Securities, the Security Deed or the Trust Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 calendar days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee (and, for these purposes, a failure to perform or comply with an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time);
- (b) any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- (c) an examiner is appointed in respect of the Issuer.

The Issuer shall, as soon as reasonably practicable after receipt of any Event of Default Redemption Notice, give notice thereof to the Securityholders in accordance with Condition 19 and to the Authorised Participant(s) and the Lead Authorised Participant.

The Issuer has undertaken in the Trust Deed that, on each anniversary of the issue date of the first series of securities issued under the Programme and also within 14 calendar days after any request by the Trustee, it will send to the Trustee a certificate signed by a Director of the Issuer to the effect that as at a date not more than five calendar days prior to the date of the certificate no Event of Default, or event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate become an Event of Default, has occurred.

15 Enforcement

Pursuant to the terms of the Trust Deed, only the Trustee may, at its discretion and without further notice, take such action or step or institute such proceedings against the Issuer as it may think fit to enforce the rights of the holders of the ETC Securities against the Issuer whether the same arise under general law, the Trust Deed or the ETC Securities, but it need not take any such action or step or institute proceedings unless (a) in accordance with the terms of the Trust Deed, the Trustee is so directed by an Extraordinary Resolution or in writing by holders of at least one-fifth in number of the ETC Securities then outstanding and (b) it is secured and/or pre-funded and/or indemnified to its satisfaction. None of the

holders of the ETC Securities shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable time and such failure is continuing.

Pursuant to the terms of the Security Deed, only the Trustee may enforce the Security over the Secured Property in accordance with the Security Deed and (other than as permitted by the Trust Deed and the Conditions) only the Trustee may, at its discretion and without further notice, take such action or step or institute such proceedings against the Issuer as it may think fit to enforce the Security over the Secured Property, but it need not take any such action or step or institute such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or in writing by holders of at least one-fifth in number of the relevant Series of ETC Securities then outstanding (in accordance with the Security Deed) and (b) it shall have been secured and/or pre-funded and/or indemnified to its satisfaction. None of the Secured Creditors, the Other Creditors, the Securityholders or the other Transaction Parties shall be entitled to proceed directly against the Issuer in respect of the Security Deed unless the Trustee, having become bound to proceed in accordance with the terms of the Security Deed, fails or neglects to do so within a reasonable time and such failure is continuing. The Trustee, the Securityholders and the Transaction Parties acknowledge and agree that only the Trustee may enforce the Security over the Secured Property in accordance with, and subject to the terms of, the Security Deed.

The Trustee shall in no circumstances be obliged to take any action, step or proceeding that would involve any personal liability or expense without first being indemnified and/or secured and/or pre-funded to its satisfaction whether pursuant to the Trust Deed, the Security Deed or otherwise.

16 Meetings of Securityholders, Modification, Waiver, Substitution and Restrictions

(a) Meetings of Securityholders

In accordance with the terms of the Trust Deed, a meeting of Securityholders may be convened as described in Annex 1 to these Conditions by the Issuer or the Trustee at any time during the term of the ETC Securities. The quorum requirement for a meeting and the voting arrangements pursuant to the Trust Deed are described in Annex 1 to these Conditions.

The special quorum provisions described in Annex 1 to these Conditions and in the Trust Deed shall apply to any meeting and Extraordinary Resolution relating to any proposal: (i) to amend the dates of maturity or redemption of the ETC Securities; (ii) to vary any method of, or basis for, calculating the Final Redemption Amount or Early Redemption Amount, as applicable; (iii) to vary the currency or currencies of payment or denomination of the ETC Securities; (iv) to take any steps that, as specified in the Issue Deed and/or the Trust Deed, may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply; (v) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution; (vi) to modify the provisions of the Trust Deed concerning the special quorum provisions ; or (vii) to modify certain provisions of Condition 6 and/or the Security Deed.

Notwithstanding anything to the contrary in these Conditions, for the avoidance of doubt, neither the approval of Securityholders by way of an Extraordinary Resolution of Securityholders or otherwise or the consent of the Trustee is required (without limitation) for:

- (i) the transfer of Metal to the Programme Counterparty under the Balancing Agreement and to an Authorised Participant under the Authorised Participant Agreement and the related release of Security provided such transfer and release is effected in accordance with the terms of the Balancing Agreement and the Authorised Participant Agreement (as applicable);

- (ii) any change to the Product Fee Percentage at any time (whether due to a change in the Base Fee Percentage or the FX Hedging Fee Percentage);
- (iii) any appointment of an additional or replacement Transaction Party provided such appointment or replacement is effected in accordance with the Conditions and the applicable Transaction Document(s);
- (iv) the substitution of the Price Source with a Successor Price Source pursuant to Condition 10;
- (v) the transfer, novation or assignment of the Balancing Agreement pursuant to Condition 11(b);
- (vi) any increase to the Programme Maximum Number of ETC Securities;
- (vii) any amendment to either of Annexes 2 or 3 to the Conditions; or
- (viii) any amendment to any term of the Conditions or any Transaction Document which relates to an operational or procedural issue.

(b) *Modification of the Relevant Transaction Documents*

Without prejudice to Condition 16(a), the Trustee may agree, without the consent of the Securityholders but only with the prior written consent of the Lead Authorised Participant and the Programme Counterparty, to (i) any modification to these Conditions, the Trust Deed, the Security Deed, the Balancing Agreement and/or any other Transaction Document to which the Trustee is a party which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation, of any breach or proposed breach of any of these Conditions or any of the provisions of the Trust Deed, the Security Deed, the Balancing Agreement and/or any other Transaction Document to which the Trustee is a party that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver will be binding on the Securityholders and, if the Trustee so requires, such modification will be notified by the Issuer to the Securityholders in accordance with Condition 19 as soon as reasonably practicable.

(c) *Substitution*

The Trustee may, without the consent of the Securityholders but subject to the prior consent of the Lead Authorised Participant and the Programme Counterparty, agree to the substitution, in place of the Issuer (or of any previous substitute) as the principal debtor under the Trust Deed, the Security Deed, the other Transaction Documents to which it is a party and the ETC Securities, of any other company (incorporated in any jurisdiction) (any such substitute company being the “**Substituted Obligor**”) whether in connection with the occurrence of a Balancing Agreement Tax Event under the Balancing Agreement or otherwise, provided that:

- (i) a deed is executed or undertaking given by the Substituted Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the Trust Deed, the Security Deed and the ETC Securities (with such consequential amendments as the Trustee may deem appropriate) as if the Substituted Obligor had been named in the Trust Deed, the Security Deed and the ETC Securities as the principal debtor in place of the Issuer;
- (ii) the Substituted Obligor assumes all rights, obligations and liabilities in relation to the Secured Property, acknowledges the Security created in respect thereof pursuant to the Security Deed and takes all such action as the Trustee may require so that the Security constitutes a valid charge, pledge or other security interest over the Secured Property as was originally created by the Issuer for the obligations of the Substituted Obligor;

- (iii) if any director of the Substituted Obligor certifies that it will be solvent immediately after such substitution, the Trustee need not have regard to the Substituted Obligor's financial condition, profits or prospects or compare them with those of the Issuer;
- (iv) the Trustee will be satisfied (if it requires, by reference to legal opinions) that (A) all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Obligor of liability as principal debtor in respect of, and of its obligations under, the ETC Securities and any Transaction Document have been obtained and (B) such approvals and consents are at the time of substitution in full force and effect;
- (v) the Issuer and the Substituted Obligor will execute and the Issuer shall procure that the Programme Counterparty and any other Transaction Party will execute such other deeds, documents and instruments (if any) as the Trustee may require in order that such substitution is fully effective and comply with such other requirements in the interests of the Securityholders as the Trustee may direct;
- (vi) in connection with any proposed substitution of the Issuer, the Trustee may, without the consent of the holders of the ETC Securities, agree to a change of the law from time to time governing such ETC Securities and/or the Issue Deed and/or the Trust Deed and/or the Security Deed, provided that such change of law, in the opinion of the Trustee, would not be materially prejudicial to the interests of such Securityholders;
- (vii) the Issuer and the Substituted Obligor comply with such other requirements as the Trustee may direct in the interests of the Securityholders; and
- (viii) a legal opinion satisfactory to the Trustee is provided concerning any proposed substitution.

An agreement by the Trustee pursuant to this Condition 16(c) and the Trust Deed shall, if so expressed, release the Issuer (or a previous substitute) from any or all of its obligations under the Trust Deed, the ETC Securities and the other relevant Transaction Documents. The Substituted Obligor shall give notice of the substitution to the Securityholders within 14 calendar days of the execution of such documents and compliance with such requirements.

On completion of the formalities set out in this Condition 16(c) and the Trust Deed, the Substituted Obligor shall be deemed to be named in these Conditions, the Trust Deed, the other Transaction Documents and the ETC Securities as the principal debtor in place of the Issuer (or of any previous substitute) and these Conditions, the Trust Deed, the other Transaction Documents and the ETC Securities shall be deemed to be amended as necessary to give effect to the substitution.

(d) *Entitlement of the Trustee*

In accordance with the terms of the Trust Deed and the Security Deed, in connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 16) the Trustee will have regard to the interests of the Securityholders as a class and will not have regard to the consequences of such exercise for individual Securityholders and the Trustee will not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

17 Replacement of ETC Securities

This Condition is intentionally left blank.

18 Further Issues

Subject to Condition 6, the Issuer may, from time to time (without the consent of the Trustee or any Securityholder), in accordance with the Trust Deed, the Conditions, the Agency Agreement and the Authorised Participant Agreement, create and issue further securities either having the same terms and conditions as the ETC Securities in all respects and so that such further issue shall be consolidated and form a single series with the ETC Securities or upon such terms as the Issuer may determine at the time of their issue and/or incur further obligations relating to such securities.

Only an Authorised Participant may request that the Issuer issue additional Tranches of the ETC Securities by delivering a valid Subscription Order subject to and in accordance with the terms of the Authorised Participant Agreement. The Issuer will only accept a Subscription Order and issue ETC Securities if a Subscription Order is given by an Authorised Participant and determined to be valid by or on behalf of the Issuer and all conditions precedent to an issue of the ETC Securities are satisfied.

In accordance with the terms of the Authorised Participant Agreement, the Issuer will not be obliged to accept any Subscription Order and/or issue ETC Securities if (i) a Suspension Event has occurred and is continuing, and/or (ii) an Early Redemption Event has occurred, and/or (iii) a Determination Agent Bankruptcy Event Notice has been delivered (until such time as a replacement Determination Agent is appointed in accordance with the Determination Agent Agreement or the Programme Counterparty is making the requisite determinations and calculations in place of the Determination Agent pursuant to Condition 12(d) and the relevant Determination Agent Agreement) and/or (iv) a Balancing Agreement Termination Notice, Agent Redemption Event Notice, VAT Redemption Event Notice, Publication Event Redemption Notice, Value per ETC Security Threshold Level Notice, AP Redemption Event Notice, Programme Counterparty Default Redemption Notice or Termination Event Redemption Notice has been delivered. If an Issuer Call Redemption Notice, Issuer Redemption Notice or a Balancing Agreement Optional Termination Notice is delivered, the last day on which the Issuer is required to accept a valid Subscription Order shall be the fourth Business Day preceding the related Early Redemption Valuation Date or Balancing Agreement Early Termination Date (as applicable).

The Issuer may suspend the issuance of further ETC Securities at any time. If a Suspension Event occurs, the Issuer shall not be obliged to accept any Subscription Orders for the ETC Securities with effect from the date of suspension specified in the relevant notice to the Determination Agent, Lead Authorised Participant and the Authorised Participants until such time (if any) as the Issuer notifies such Transaction Parties that it shall recommence the issue of further Tranches of the ETC Securities. The effective date of any such suspension will be specified in the related notice and will be a day not earlier than the Business Day following the date of such notice. The Issuer shall give notice to Securityholders in accordance with Condition 19 of any such suspension as soon as reasonably practicable after giving any notice of suspension of subscriptions.

Any Subscription Order in respect of which the Subscription Settlement Date occurs after an Early Redemption Valuation Date or Final Redemption Valuation Date shall automatically be cancelled (for the avoidance of doubt, notwithstanding the acceptance of such Subscription Order prior to such date) and any ETC Securities issued on a Subscription Settlement Date which are pending settlement to the relevant Authorised Participant as at the Early Redemption Valuation Date or Final Redemption Valuation Date shall automatically be cancelled, in both cases with effect from the Early Redemption Valuation Date or the Final Redemption Valuation Date, as applicable.

ETC Securities requested for issue and subscribed for by an Authorised Participant may be held on an inventory basis by such Authorised Participant and offered for sale and/or sold over a period of time.

Any new securities forming a single series with the ETC Securities and which are expressed to be constituted by the Trust Deed and secured by the Security Deed will, upon the issue thereof by the Issuer, be constituted by the Trust Deed and secured by the Security Deed without any further formality

and irrespective of whether or not the issue of such securities contravenes any covenant or other restriction in the Trust Deed or the Programme Maximum Number of ETC Securities and shall be secured by the same Secured Property (as increased and/or supplemented in connection with such issue of such new securities) and references in these Conditions to “**ETC Securities**”, “**Secured Assets**”, “**Secured Balancing Agreement Rights**”, “**Secured Agent Rights**”, “**Secured Property**”, “**Secured Issuer Obligations**”, “**Other Issuer Obligations**”, “**Secured Creditors**” and “**Other Creditors**” shall be construed accordingly.

19 Notices

All notices to holders of ETC Securities shall be valid if:

- (a)
 - (i) delivered to the Registrar and/or the Operator for communication to the holders pursuant to the procedures for delivery of notices to accountholders in CREST as may be agreed between the Issuer, the Registrar and the Operator from time to time; and/or
 - (ii) published on the website of one or more RIS(s) approved for such purposes by the applicable Relevant Stock Exchange(s) and any such notices shall be conclusively presumed to have been received by the holders; and/or
- (b) for so long as the ETC Securities are listed on any Relevant Stock Exchange, published in accordance with the rules and regulations of such Relevant Stock Exchange or other relevant authority; and

If, in the opinion of the Trustee, any such publications above are not practicable, notice shall be validly given if published in another leading daily newspaper with general circulation in the relevant country.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

20 Rights, Obligations and Indemnification of the Trustee

(a) *Condition Precedent to Trustee Action*

The Trustee is not obliged or required to take any action, step or proceeding that would involve any personal liability or expense without first being pre-funded and/or secured and/or indemnified to its satisfaction.

(b) *Liability in Respect of Security and the Secured Property*

The Trustee will accept without investigation, requisition or objection such right and title as the Issuer has to any of the Secured Property and need not examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Secured Property or any part of it, whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not. The Trustee is not under any obligation to insure any property comprising the Secured Property or any certificate, note, bond or other evidence in respect thereof, or to require any other person to maintain any such insurance.

The Trustee will not be responsible for, nor will it have any liability with respect to any loss or theft or reduction in value of any property comprising the Secured Property. The Trustee will have no responsibility or liability to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor as regards any deficiency which might arise because (i) all or part of the property comprising the Secured Property is or will be held by the Secured Account Custodian or the Subscription Account Custodian or a Sub-Custodian and/or (ii) the Trustee, the Secured Account Custodian, the Subscription Account Custodian, any Sub-Custodian and/or the Metal Agent, as

applicable, is subject to any Tax in respect of any of the Secured Property, any income therefrom and/or the proceeds thereof.

The Trustee will not be responsible or liable to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor for the validity, enforceability, value or sufficiency (which the Trustee will not investigate) of the Security relating to the ETC Securities. The Trustee will not be liable to any Securityholder, any Secured Creditor, any Other Creditor or any other person for any failure to make or cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee, mortgagee or assignee in relation to the Security relating to the ETC Securities.

None of the Trustee, any receiver appointed by it or any attorney or agent of the Trustee will, by reason of taking possession of any Secured Property or any other reason and whether or not as mortgagee in possession, be liable to account for anything except actual receipts or be liable for any loss or damage arising from the realisation of such Secured Property or from any act or omission in relation to such Secured Property or otherwise unless such loss or damage shall be caused by its own fraud.

(c) Discharge

The Trustee's receipt for any moneys paid to it will discharge the person paying them and such person will not be responsible for their application.

(d) Apportionment of Trustee Expenses Between Series of ETC Securities

If at any time the Trustee is Trustee in respect of more than one series of securities issued under the Programme by the Issuer, the Trustee will be entitled in its absolute discretion to determine in respect of which Series of ETC Securities any liabilities and expenses have been incurred by the Trustee and to allocate any such liabilities and expenses between such Series of ETC Securities.

(e) Advice

The Trustee may act on the opinion or advice of, or information obtained from, any expert and will not be responsible to anyone for any loss occasioned by so acting whether such advice is obtained by or addressed to the Issuer, the Trustee or any other person. Any such opinion, advice or information may be sent or obtained by letter or fax and the Trustee will not be liable to anyone for acting in good faith on any opinion, advice or information purporting to be conveyed by such means even if it contains some error or is not authentic and whether or not such expert's liability in respect thereof is limited whether by reference to a monetary cap or otherwise.

(f) Trustee to Assume Performance

The Trustee need not notify anyone of the execution of the Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, a Potential Event of Default, an Early Redemption Event, a Disruption Event, a Suspension Event, a Determination Agent Bankruptcy Event, a transfer, novation or assignment of the Balancing Agreement, a substitution of the Price Source or a resignation or termination of an Agent's appointment has occurred or if the Security has become enforceable. Until it has actual knowledge or express notice to the contrary, the Trustee may assume that no such event has occurred and that the Issuer is performing all its obligations under the Trust Deed, the Security Deed, the ETC Securities and the other Transaction Documents. The Trustee is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being performed unless it shall have actual knowledge to the contrary.

(g) Resolutions and Directions of Securityholders

The Trustee will not be responsible for having acted in good faith on a resolution purporting to have been passed at a meeting of Securityholders in respect of which minutes have been made and signed or any instruction or direction in writing purporting to have been given by or on behalf of Securityholders even if it is later found that there was a defect in the constitution of the meeting or the passing of the resolution or the giving of such instruction or direction or that such resolution, instruction or direction was not valid or binding on the Securityholders.

(h) Certificate Signed by Directors

If the Trustee, in the exercise of its functions, requires to be satisfied or to have information as to any fact or the expediency of any act, it may call for and accept as sufficient evidence of that fact or the expediency of that act a certificate signed by any director of the Issuer as to that fact or to the effect that, in their opinion, that act is expedient and the Trustee need not call for further evidence and will not be responsible for any loss occasioned by acting on such a certificate.

(i) Deposit of Documents

The Trustee may appoint as custodian, on any terms, any bank or entity whose business includes the safe custody of documents or any lawyer or firm of lawyers believed by it to be of good repute and may deposit the Issue Deed and any other documents with such custodian and pay all sums due in respect thereof and the Trustee will not be responsible for any loss incurred in connection with any such holding or deposit. The Trustee is not obliged to appoint a custodian of securities payable to bearer.

(j) Discretion

The Trustee has absolute and uncontrolled discretion as to the exercise of its functions and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience that may result from their exercise or non-exercise.

(k) Agents

Whenever it considers it expedient in the interests of the Securityholders, the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of moneys).

(l) Delegation

Whenever it considers it expedient in the interests of the Securityholders, the Trustee may delegate to any person on any terms (including power to sub-delegate) all or any of its functions.

(m) Nominees

In relation to any asset held by it under the Security Deed or any other relevant Transaction Document, the Trustee may appoint any person to act as its nominee on any terms.

(n) Confidentiality

Unless ordered to do so by a court of competent jurisdiction, the Trustee will not be required to disclose to any Securityholder, Secured Creditor or Other Creditor any confidential financial or other information made available to the Trustee by the Issuer.

(o) *Determinations Conclusive*

As between itself and the Securityholders, and/or any Secured Creditor and/or any Other Creditor, the Trustee may determine all questions and doubts arising in relation to any of the provisions of the Trust Deed, the Security Deed or any other Transaction Document. Such determinations, whether made upon such a question actually raised or implied in the acts or proceedings of the Trustee, will be conclusive and will bind the Trustee, the Securityholders, the Secured Creditors and/or any Other Creditor.

(p) *Currency Conversion*

Where it is necessary or desirable for any purpose for the Trustee to convert any sum from one currency to another, it will (unless otherwise provided in the Issue Deed or these Conditions or required by law) be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Trustee but having regard to current rates of exchange, if available. Any rate, method and date so specified will be binding on the Issuer, the Securityholders, the Secured Creditors and the Other Creditors.

(q) *Indemnity Under the Trust Deed*

Pursuant to the Trust Deed, without prejudice to the right of indemnity by law given to trustees, the Trustee and every receiver, attorney, manager, agent or other person appointed by the Trustee under the Trust Deed in relation to the ETC Securities will be entitled to be indemnified out of the Secured Property in respect of all liabilities and expenses properly incurred by them or him in the execution or purported execution of the trusts or of any functions vested in them or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any acts or omissions relating to the Secured Property, and the Trustee may retain any part of any moneys in its hands arising from the trusts of the Trust Deed all sums necessary to effect such indemnity and also the remuneration of the Trustee. The Trustee will have a lien on the Secured Property for all moneys payable to it under this Condition 20(q), the Trust Deed or otherwise.

(r) *Issue Deed*

The Trustee assumes no responsibility for, and will not, by the execution of the Issue Deed, be deemed to make any representation as to, the adequacy, sufficiency, validity or enforceability of the Issue Deed or any agreement constituted by the execution thereof.

(s) *Transaction Parties*

In acting as Trustee under the Trust Deed, the Trustee does not assume any duty or responsibility to any Transaction Party (other than to pay to any such party any moneys received and payable to it and to act in accordance with the provisions of Condition 6 and the Trust Deed) and will have regard solely to the interests of the Securityholders. The Trustee is not (subject to Conditions 6 and 15) obliged to act on any directions of any Transaction Party if this would, in the Trustee's opinion, be contrary to the interests of the Securityholders.

(t) *Consent of Trustee*

Except as otherwise expressly provided to the contrary, any consent or approval given by the Trustee may be on such terms and subject to such conditions as the Trustee reasonably thinks fit.

(u) *Payment for and Delivery of ETC Securities*

The Trustee will not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the ETC Securities.

(v) Legal Opinion

The Trustee will not be responsible to any person for failing to request, require or receive any legal opinion relating to the ETC Securities or for checking or commenting upon the content of any such legal opinion.

(w) Programme Limit

The Trustee will not be concerned, and need not enquire, as to whether or not the ETC Securities are issued or entered into in breach of the Programme Maximum Number of ETC Securities.

(x) Events

The Trustee may determine whether or not an Event of Default is in its opinion capable of remedy. Any such determination will be conclusive and binding on the Issuer and the Securityholders. However, the Trustee is not under any obligation to monitor whether or not an Event of Default, a Potential Event of Default, an Early Redemption Event, a Disruption Event, a Secured Account Custodian Bankruptcy Event, a Subscription Account Custodian Bankruptcy Event, a Metal Agent Bankruptcy Event, a Balancing Agreement Event of Default, a Balancing Agreement Termination Event, a Suspension Event, a Determination Agent Bankruptcy Event, a transfer, novation or assignment of the Balancing Agreement, a substitution of the Price Source or a resignation or termination of an Agent's appointment has occurred or is continuing or to monitor compliance by the Agents, the Programme Counterparty or any other Transaction Party with any of their respective obligations under the Transaction Documents.

(y) Responsibility for Appointees

If the Trustee exercises reasonable care in selecting any custodian, agent, delegate or nominee (an "Appointee"), it will not have any obligation to supervise such Appointee or be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of the Appointee's misconduct or default or the misconduct or default of any substitute appointed by the Appointee.

(z) Notice in Respect of Appointees

The Trustee will, within a reasonable time prior to any delegation to an Appointee or any renewal, extension or termination thereof, give notice thereof (containing details of such appointment) to the Issuer (whereupon the Issuer shall copy such notice to the Arranger and the Programme Counterparty).

(aa) No Responsibility for Clearing Systems

None of the Issuer, the Trustee or any other Transaction Party will have any responsibility for the performance by the Relevant Clearing System (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations.

(bb) Certifications

The Trustee will be entitled to rely upon a certificate of any Transaction Party in respect of every matter and circumstance for which a certificate, calculation or determination is expressly provided under these Conditions and/or the relevant Transaction Documents and also in relation to any matter reasonably believed by the Trustee to be within the knowledge of the party certifying the same and the Trustee will not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do.

(cc) *No Obligations to Monitor Transaction Parties Under the Trust Deed and the Security Deed*

Pursuant to the Trust Deed and the Security Deed, the Trustee will not be obliged to monitor nor be liable for any failure to monitor the performance by any Transaction Party of its duties and obligations under the Transaction Documents to the Issuer or by any other person of its obligations to the Issuer. The Trustee may assume that such are being performed unless it has actual knowledge to the contrary. The Trustee will not be obliged to take any action or step against any such Transaction Party or other person (unless secured and/or pre-funded and/or indemnified to its satisfaction).

(dd) *Certifications of Amounts Owed*

The Trustee will be entitled to rely upon a certificate of any party to the Transaction Documents as to any amounts owing to any such party and will not be responsible for any loss occasioned by its relying and acting on such certificate.

(ee) *Authorised Participants*

The Trustee will not be responsible for monitoring or ascertaining whether there is one or more Authorised Participants or no Authorised Participant in respect of the ETC Securities or whether no Authorised Participant is willing to purchase any ETC Securities and, unless and until it receives express notice to the contrary, it will be entitled to assume that there is one or more Authorised Participants in respect of the ETC Securities and that one or more Authorised Participants is or are willing to purchase the ETC Securities.

(ff) *Calculation of Metal Entitlement per ETC Security, Value per ETC Security and Redemption Amounts*

In ascertaining any Metal Entitlement per ETC Security, Value per ETC Security, Final Metal Redemption Amount, Early Metal Redemption Amount, Final Redemption Amount or Early Redemption Amount, as applicable, the Trustee will be entitled to call for and rely upon a determination by the Determination Agent or the Programme Counterparty (in each case acting as agent of the Issuer or if the Trustee so requests as agent of the Trustee, as applicable) as to such amount.

(gg) *Signed Documents*

The Trustee will not incur liability to any person in acting upon any signature, instrument, notice, resolution, endorsement, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties.

(hh) *Trustee Liable for Negligence*

Section 1 of the Trustee Act 2000 will not apply to any function of the Trustee, provided that if the Trustee fails to show the degree of care and diligence required of it as trustee, nothing in these Conditions or the Security Deed will relieve or indemnify the Trustee from or against any liability that would otherwise attach to it in respect of any negligence, wilful default, breach of duty or breach of trust of which it may be guilty. In the purported execution of the trusts, powers and provisions of the Trust Deed, the Trustee will not be liable for any loss, liability, cost, claim, action, demand or expense arising in consequence of the failure, depreciation or loss of any investments made or retained in good faith or by reason of any mistake or omission made in good faith or of any other act, omission, matter or thing whatever except for breach of trust arising from fraud, wilful misconduct or negligence on the part of the Trustee.

(ii) Waiver and Proof of Default

- (i) The Trustee may, without the consent of the Securityholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Securityholders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to it, any breach or proposed breach by the Issuer of the Trust Deed, the Conditions or any other Transaction Document or determine that an Event of Default or Potential Event of Default will not be treated as such provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution. No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination will be binding on the Securityholders and, if the Trustee so requires, will be notified to the Securityholders as soon as practicable.
- (ii) Proof that the Issuer has failed to make a payment of Principal when due under the Conditions to the holder of any one ETC Security will (unless the contrary be proved) be sufficient evidence that it has made the same default as regards all other ETC Securities that are then payable.

(jj) Trustee not Precluded from Entering into Contracts

The Trustee and any other person, whether or not acting for itself, may acquire, hold, deal in or dispose of any ETC Security or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Trustee were not acting as Trustee and need not account for any profit.

(kk) Accumulation of Moneys

If the amount of the moneys at any time available to the Trustee for payment of Principal in respect of the ETC Securities in accordance with Condition 6(b) or 6(c), as applicable, is less than 10 per cent. of the aggregate Value per ETC Security of the ETC Securities then outstanding (or, following an Early Redemption Valuation Date or Final Redemption Valuation Date, the Early Redemption Amount or the Final Redemption Amount, as applicable), the Trustee may, pursuant to the Trust Deed or the Security Deed, as applicable, at its discretion, invest such moneys. The Trustee may retain such investments and accumulate the resulting income until the investments and the accumulations, together with any other funds for the time being under its control and available for such payment, amount to at least 10 per cent. of the aggregate Value per ETC Security of the ETC Securities then outstanding and then such investments, accumulations and funds (after deduction of, or provision for, any applicable Taxes) will be applied as specified in Condition 6(b) or 6(c), as applicable.

(ll) Investment

Pursuant to the terms of the Trust Deed and the Security Deed, moneys held by the Trustee may be (x) invested in its name or under its control in any investments or other assets anywhere whether or not they produce income or (y) deposited in its name or under its control at such bank or other financial institution in such currency as the Trustee may, in its absolute discretion, think fit. If that bank or institution is the Trustee or a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the standard amount of interest payable by it on such a deposit to an independent customer. The Trustee may, at any time, vary or transpose any such investments or assets or convert any moneys so deposited into any other currency, and will not be responsible for any resulting loss, whether by depreciation in value, change in exchange rates or otherwise provided that all such investments or assets invested in, or

deposits made, by the Trustee will be in investments or assets denominated in the Specified Currency of the ETC Securities (and to the extent (if any) that sums received by the Trustee in respect of the ETC Securities are in a currency other than the Specified Currency of the ETC Securities, the Trustee may, for the purposes of making investments in accordance with the Trust Deed or Security Deed, as applicable, convert such sums into the Specified Currency of the ETC Securities and will not be responsible for any resulting loss, whether by depreciation in value, change in exchange rates or otherwise). In the event that the ETC Securities are rated by a Rating Agency at the request of the Issuer, all such investments or assets will, at the time of investment, be rated:

- (i) where the ETC Securities are rated by Fitch, AAA by Fitch (in the case of long-term investments or assets of more than one year), F1+ by Fitch (in the case of short-term investments or assets of one year or less) or such alternative rating as may be advised by Fitch as being acceptable for being commensurate with the rating assigned to such ETC Securities;
- (ii) where the ETC Securities are rated by Moody's, Aaa by Moody's (in the case of long-term investments or assets of more than one year), P-1 by Moody's (in the case of short-term investments or assets of one year or less) or such alternative rating as may be advised by Moody's as being acceptable for being commensurate with the rating assigned to such ETC Securities;
- (iii) where the ETC Securities are rated by S&P, AAA by S&P (in the case of long-term investments or assets of more than one year), A-1+ by S&P (in the case of short-term investments or assets of one year or less) or such alternative rating as may be advised by S&P as being acceptable for being commensurate with the rating assigned to such ETC Securities; and
- (iv) where the ETC Securities are rated by any other agency, such rating as may be advised by that rating agency as being acceptable for being commensurate with the rating assigned to such ETC Securities; and

in respect of the ETC Securities rated by a Rating Agency at the request of the Issuer, where any moneys are placed on deposit with a bank or financial institution, such bank or financial institution will, at the time of investment, be rated at least:

- (A) where the ETC Securities are rated by Fitch, F1+ by Fitch;
- (B) where the ETC Securities are rated by Moody's, P-1 by Moody's;
- (C) where the ETC Securities are rated by S&P, A-1+ by S&P; and
- (D) where the ETC Securities are rated by any other rating agency, such rating as may be advised by that rating agency for these purposes,

provided that, in relation to this Condition 20(II), if the ETC Securities are rated by more than one Rating Agency the higher of the ratings requirements in this Condition 20(II) and the Trust Deed in relation to the relevant Rating Agencies will apply.

(mm) Creditworthiness of the Transaction Parties

Pursuant to the Security Deed, the Trustee will have no responsibility or liability to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor for the creditworthiness (which the Trustee shall not investigate) of any Transaction Party, or the validity or enforceability of the obligations of any Transaction Party.

(nn) Ability to Borrow on Secured Property

Pursuant to the Security Deed, the Trustee may raise and borrow money on the security of the Secured Property or any part of it in order to defray moneys, costs, charges, losses and expenses paid or incurred by it in relation to the Security Deed (including the costs of realising any security and the remuneration of the Trustee) or in exercise of any of its functions pursuant to the Security Deed. The Trustee may raise and borrow such money on such terms as it shall think fit and may secure its repayment with interest by mortgaging or otherwise charging all or part of the Secured Property whether or not in priority to the Security constituted by or pursuant to the Security Deed and generally in such manner and form as the Trustee shall think fit and for such purposes may take such action as it shall think fit.

(oo) Liability of Trustee, Receiver, Attorneys or Agents

Pursuant to the Security Deed, neither the Trustee nor any receiver or any attorney or agent of the Trustee will, by reason of taking possession of any Secured Property or any other reason and whether or not as mortgagee in possession, be liable to account for anything except actual receipts or be liable for any loss or damage arising from the realisation of such Secured Property or from any act or omission in relation to such Secured Property or otherwise unless such loss or damage shall be caused by its own fraud.

(pp) Deficiency Arising from Tax

Pursuant to the Security Deed, the Trustee will have no responsibility or liability to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor as regards any deficiency which might arise because the Trustee, the Secured Account Custodian or the Subscription Account Custodian is subject to any Tax in respect of any of the Secured Property, any income therefrom and/or the proceeds thereof.

(qq) Indemnity Under the Security Deed

Pursuant to the Security Deed, without prejudice to the right of indemnity by law given to trustees and subject to the provisions of Section 750 of the Companies Act 2006, the Trustee and every receiver, attorney, manager, agent or other person appointed by the Trustee under the Security Deed will be entitled to be indemnified out of the Secured Property in respect of all liabilities and expenses properly incurred by them or him in the execution or purported execution of the trusts or of any functions vested in them or him pursuant to the Security Deed and against all actions, proceedings, costs, claims and demands in respect of any acts or omissions relating to the Secured Property, and the Trustee may retain any part of any moneys in its hands arising from the trusts of the Security Deed to pay all sums necessary to effect such indemnity and also the remuneration of the Trustee. The Trustee shall have a lien on such Secured Property for all moneys payable to it under this Condition 20(qq), the Security Deed or otherwise. The Trustee is not obliged or required to take any step or action under or in connection with the ETC Securities, the Security Deed and/or any other Transaction Document which may involve it in incurring any personal liability or expense unless indemnified and/or secured and/or pre-funded to its satisfaction.

(rr) No Obligations to Monitor Transaction Parties Under the Security Deed

In acting as Trustee under the Security Deed, the Trustee will not be obliged to monitor or be liable for any failure to monitor the performance by any Transaction Party of its duties and obligations under the Transaction Documents to the Issuer or any other or by any other person of its obligations to the Issuer. The Trustee may assume that such are being performed unless it shall have actual knowledge to the contrary. The Trustee will not be obliged to take any action or

step against any such Transaction Party or other person unless secured and/or pre-funded and/or indemnified to its satisfaction.

(ss) Validity of the Security

The Trustee assumes no responsibility for the validity, value, sufficiency or enforceability (which the Trustee has not investigated) of the Security purported to be created by the Security Deed. In addition, the Trustee has no duty to monitor the performance by the Agents or the Programme Counterparty of their obligations to the Issuer nor is it obliged (unless secured and/or pre-funded and/or indemnified to its satisfaction) to take any action or step which may involve the Trustee in any personal liability or expense. The Trustee will not be liable to any Securityholder, any Secured Creditor, any Other Creditor or any other person for any failure to make or cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee, mortgagee or assignee in relation to the Secured Property.

(tt) Obligations of the Secured Account Custodian, the Subscription Account Custodian and any Sub-Custodian(s)

The Trustee will have no responsibility for the performance by the Secured Account Custodian, the Subscription Account Custodian or any Sub-Custodian of any of its respective obligations and will not be responsible for any claim arising from the fact that any property comprised in the Secured Property is held in safe custody by the Secured Account Custodian, the Subscription Account Custodian or any Sub-Custodian(s). The Trustee will have no liability to the Issuer, any Securityholder, any Secured Creditor or any Other Creditor as regards any deficiency which may arise because all or part of the Secured Property is held by the Secured Account Custodian, Subscription Account Custodian or any Sub-Custodian.

(uu) Voting Rights

Pursuant to the Security Deed, the Trustee need not exercise any voting or other such rights (including the exercise of options) it may have over or in respect of any property comprised in the Secured Property unless directed by an Extraordinary Resolution of the Securityholders and unless indemnified and/or pre-funded and/or secured to its satisfaction.

21 Relevant Clearing System

None of the Issuer, the Trustee, the Agents or the Programme Counterparty will have any responsibility for the performance by the Relevant Clearing System (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations.

22 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the ETC Securities under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the ETC Securities expressly provide for such Act to apply to any of their terms.

23 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed and the ETC Securities, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, Jersey law. The Issue Deed and the Security Deed, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any ETC Securities and, accordingly, any legal action or proceedings arising out of or in connection with any ETC Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Trustee and the Securityholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process

The Issuer shall by executing the Issue Deed irrevocably appoint for the time being the process agent specified in the relevant Issue Deed to receive, for it and on its behalf, service of process in any Proceedings in England. Service of process on such process agent shall be deemed valid service upon the Issuer whether or not it is forwarded to and received by the Issuer. The Issuer shall inform the Trustee in writing of any change in its process agent's address within 28 calendar days of such change. If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent in England reasonably acceptable to the Trustee and to deliver to it a copy of the substitute process agent's written acceptance of that appointment, within 14 calendar days.

Annex 1 to the Master Terms and Conditions of the ETC Securities

PROVISIONS FOR MEETINGS OF SECURITYHOLDERS

Interpretation

1 In this Annex:

- 1.1 references to a meeting are to a meeting of Securityholders of a single series of ETC Securities and include, unless the context otherwise requires, any adjournment of such meeting;
- 1.2 references to “**ETC Securities**” and “**Securityholders**” are only to the ETC Securities of the relevant Series in respect of which a meeting has been, or is to be, called and to the holders of these ETC Securities, respectively;
- 1.3 “**agent**” means a holder of a voting certificate or a proxy for, or representative of, a Securityholder; and
- 1.4 references to persons representing a proportion of the ETC Securities are to Securityholders or agents holding or representing in the aggregate at least that proportion in number of the ETC Securities for the time being outstanding.

Powers of Meetings

2 A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by the relevant Trust Deed, have power by Extraordinary Resolution:

- 2.1 to sanction any proposal by the Issuer or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Securityholders against the Issuer, whether or not those rights arise under the relevant Trust Deed or the relevant Security Deed;
- 2.2 to sanction the exchange or substitution for the ETC Securities of, or the conversion of the ETC Securities into, shares, bonds or other obligations or securities of the Issuer or any other entity;
- 2.3 to assent to any modification of the relevant Trust Deed, the relevant Security Deed or the ETC Securities proposed by the Issuer or the Trustee;
- 2.4 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- 2.5 to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- 2.6 to appoint any persons (whether Securityholders or not) as a committee or committees to represent the Securityholders’ interests and to confer on them any powers or discretions which the Securityholders could themselves exercise by Extraordinary Resolution;
- 2.7 to approve a proposed new Trustee and to remove a Trustee;
- 2.8 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the relevant Trust Deed and the relevant Security Deed; and
- 2.9 to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under the relevant Trust Deed or the ETC Securities,

provided that the special quorum provisions in paragraph 11 shall apply to any Extraordinary Resolution (a “**special quorum resolution**”) for the purpose of sub-paragraph 2.2 or 2.8, any of the proposals listed in Condition 16(a) as being subject to a special quorum resolution or any amendment to this proviso.

Convening a Meeting

- 3 The Issuer or the Trustee may at any time convene a meeting. If it receives a written request by Securityholders holding at least 5 per cent. in number of the ETC Securities of any Series for the time being outstanding and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting of the Securityholders of that Series. Every meeting shall be held at a time and place approved in writing by the Trustee.
- 4 At least 21 calendar days' prior notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Securityholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of the meeting and, unless the Trustee otherwise agrees, the nature of the resolutions to be proposed and shall explain how Securityholders may appoint proxies or representatives and the details of the time limits applicable.

Arrangements for Voting

- 5 A holder of an Uncertificated Registered Security may, by an instrument in writing in the form available from the specified office of the Registrar or the Transfer Agent (as the case may be) in the English language executed by or on behalf of the holder and delivered to the Registrar or the Transfer Agent (as the case may be) at least 48 hours before the time fixed for a meeting, appoint any person (a "**proxy**") to act on his behalf in connection with that meeting. A proxy need not be a Securityholder.
- 6 A corporation which holds an Uncertificated Registered Security may by delivering to the Registrar or the Transfer Agent (as the case may be) at least 48 hours before the time fixed for a meeting a certificated copy of a resolution of its directors or other governing body (with, if it is not in English, a certified translation into English) authorise any person to act as its representative (a "**representative**") in connection with that meeting.
- 7 Any proxy or sub-proxy so appointed or representative so appointed shall, so long as such appointment remains in full force, be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Securityholders, to be the holder of the Uncertificated Registered Securities to which such appointment relates and the holder of the ETC Securities shall be deemed for such purposes not to be the holder or owner, respectively.

Chairman

- 8 The chairman of a meeting shall be such person as the Trustee may nominate in writing, but, if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting, the Securityholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Securityholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

Attendance

- 9 The following may attend and speak at a meeting:
 - 9.1 Securityholders and agents and their proxies or representatives;
 - 9.2 the chairman;
 - 9.3 the Issuer and the Trustee (through their respective representatives) and their respective financial and legal advisers;

9.4 the Lead Authorised Participant and the relevant Authorised Participant(s) in respect of the relevant Series of ETC Securities and their respective legal and financial advisers; and

9.5 the Programme Counterparty relating to the relevant Series of ETC Securities and their respective legal and financial advisers.

No one else may attend or speak.

Quorum and Adjournment

10 No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Securityholders or if the Issuer and the Trustee agree, be dissolved. In any other case, it shall be adjourned until such date, not less than 14 nor more than 42 calendar days later, and time and place as the chairman may decide (the “**adjourned meeting**”). If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

11

11.1 At a meeting, one or more Securityholders or agents present in person holding or representing in the aggregate not less than 50 per cent. of the aggregate number of ETC Securities of the relevant Series outstanding shall form a quorum for the purpose of passing an Extraordinary Resolution at such meeting (other than an adjourned meeting or a meeting convened for the purpose of passing a special quorum meeting).

11.2 At a meeting convened for the purpose of passing a special quorum resolution, the quorum shall be one or more Securityholders or agents present in person holding or representing in the aggregate not less than 75 per cent. of the aggregate number of ETC Securities of the relevant Series outstanding.

11.3 At an adjourned meeting, one or more Securityholders or agents present in person holding or representing in the aggregate not less than 25 per cent. of the aggregate number of ETC Securities of the relevant Series outstanding shall form a quorum for the purpose of passing an Extraordinary Resolution at such adjourned meeting (including, for the avoidance of doubt, any special quorum resolution).

12 The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph 12 or paragraph 10.

13 At least 14 calendar days’ prior notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

Voting

14 Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Trustee or one or more persons representing 2 per cent. of the aggregate number of ETC Securities of the relevant Series outstanding.

15 A resolution (other than a special quorum resolution or an Extraordinary Resolution) shall only be passed at a meeting if one or more Securityholders or agents holding or representing in aggregate not less than 50 per cent. of the votes cast at the meeting vote in favour of passing such resolution.

- 16** Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against it.
- 17** If a poll is demanded, it shall be taken in such manner and (subject as provided in paragraph 18) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
- 18** A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- 19** On a show of hands, every person who is present in person and who is a proxy or representative has one vote. On a poll every such person has one vote in respect of each ETC Security of such Series of ETC Securities for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

Effect and Publication of an Extraordinary Resolution

- 20** An Extraordinary Resolution shall be binding on all the Securityholders, whether or not present at the meeting and each of them shall be bound to give effect to it accordingly. The passing of an Extraordinary Resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Securityholders within 14 calendar days but failure to do so shall not invalidate such an Extraordinary Resolution.
- 21** A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate number of ETC Securities outstanding who for the time being are entitled to receive notice of a meeting held in accordance with these provisions shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Securityholders duly convened and held in accordance with these provisions. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Securityholders.

Minutes

- 22** Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Trustee's Power to Prescribe Regulations

- 23** Subject to all other provisions in the relevant Trust Deed and any laws and regulations applicable to the relevant Series of ETC Securities, the Trustee may, without the consent of the Securityholders, prescribe such further regulations regarding the holding of meetings and attendance and voting at them as it in its sole discretion determines including (without limitation) such requirements as the Trustee thinks reasonable to satisfy itself that the persons who purport to make any requisition in accordance with the relevant Trust Deed are entitled to do so and so as to satisfy itself that persons who purport to attend or vote at a meeting are entitled to do so.
- 24** The foregoing provisions of this Annex shall have effect subject to the following provisions:
- 24.1 Meetings of Securityholders of separate Series will normally be held separately. However, the Trustee may, from time to time, determine that meetings of Securityholders of separate Series shall be held together.

- 24.2 A resolution that in the opinion of the Trustee affects one Series alone shall be deemed to have been duly passed if passed at a separate meeting of the Securityholders of the Series concerned.
- 24.3 A resolution that in the opinion of the Trustee affects the Securityholders of more than one Series but does not give rise to a conflict of interest between the Securityholders of the different Series concerned shall only be deemed to have been duly passed if passed at a single meeting of the Securityholders of the relevant Series, provided that, for the purposes of determining the votes a Securityholder is entitled to cast pursuant to paragraph 19, each Securityholder shall have one vote in respect of each ETC Security held.
- 24.4 A resolution that in the opinion of the Trustee affects the Securityholders of more than one Series and gives or may give rise to a conflict of interest between Securityholders of the different Series concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Securityholders of the relevant Series.
- 24.5 To all such meetings as aforesaid, all the preceding provisions of this Annex shall *mutatis mutandis* apply as though references therein to ETC Securities and to Securityholders were references to the ETC Securities and Securityholders of the Series concerned.

Annex 2 to the Master Terms and Conditions of the ETC Securities

DESCRIPTION OF THE METAL

GOLD

PROSPECTIVE PURCHASERS OF ETC SECURITIES ARE ADVISED TO CONDUCT THEIR OWN INDEPENDENT INVESTIGATION OF ANY PRECIOUS METAL FORMING PART OF THE SECURED PROPERTY FOR THE RELEVANT SERIES OF ETC SECURITIES OR CONSULT WITH THEIR RELEVANT ADVISORS AS TO THE PROSPECTS AND CONSEQUENCES OF A PURCHASE OF ETC SECURITIES LINKED TO A PARTICULAR PRECIOUS METAL.

The information provided below does not purport to be a complete summary of information relating to gold or current practices involved in the trading, storage and clearing of gold.

The Issuer will, as subscription proceeds for the issue of ETC Securities, receive gold from the Authorised Participants subscribing for such ETC Securities, which will form part of the Secured Property for such Series of ETC Securities. A custodian appointed to act on behalf of the Issuer will store the gold in both allocated and unallocated accounts, subject to the Conditions of the ETC Securities and the Custody Agreement for Secured Accounts. The custodian may hold allocated gold via a sub-custodian. The summary below gives relevant details about the market for gold in London.

Market convention is that the term “bullion” refers to gold and silver whereas the term “precious metals” refers to bullion, platinum, palladium and other platinum group metals. The “platinum group metals” are platinum, palladium, iridium, osmium, rhodium and ruthenium. However, for the purposes of the Base Prospectus, the term “precious metals” shall be deemed to be limited to bullion, platinum and palladium.

General Market Information

Users of the London Gold Markets

The main market for gold relating to ETC Securities to be issued by the Issuer is the London Bullion Market Association (“**LBMA**”). Clients served by the LBMA include:

- (i) Primary producers of bullion wishing to refine or market their product.
- (ii) Fabricators, including the global jewellery industry.
- (iii) Central banks and other long-term holders of gold seeking to actively manage their gold holdings.
- (iv) Investors, fund managers or speculators.

Trading in bullion consists of transactions in spot, forwards, options and other derivatives on an over-the-counter (“**OTC**”) market. The OTC market trades on a 24 hour per day continuous basis and accounts for most of the trading in bullion. Members of the London metals market trade with each other rather than through an exchange and therefore take the full credit risk of their counterparty. Transaction between members tend to be in standard dealing amounts, however when members deal with their clients they can provide a tailored service. Unlike a futures exchange where contracts are standardised in terms of contract units, settlement dates and delivery specifications, the OTC market is more flexible. Agreements are concluded between the two parties to a transaction and remain confidential.

London Bullion Market Association

The LBMA is the London-based trade association that represents the wholesale gold and silver bullion market in London. London is the focus of the international OTC market for gold and silver, with a client base that includes the majority of the central banks that hold gold, plus producers, refiners, fabricators and other traders throughout the world. The LBMA was formally incorporated in 1987 in close consultation with the Bank of England, which was the bullion market’s regulator at that time. The primary regulator for the bullion market in the United Kingdom is now the FSA.

Members of the London bullion market typically trade with each other and with their clients on a principal-to-principal basis, which means that all risks, including those of credit, are between the two counterparties to a transaction, as opposed to an exchange traded environment. The London bullion market is a wholesale market, where minimum traded amounts for clients are generally 1,000 ounces of gold and 50,000 ounces of silver.

As of the date of the Base Prospectus, further information on the LBMA can be found on www.lbma.org.uk.

Good Delivery

The LBMA “Good Delivery List” is now widely recognised as representing the *de facto* standard for the quality of gold and silver bars due to the stringent criteria for assaying standards and bar quality that an applicant must satisfy in order to be listed.

Trading Units

- (i) **Troy ounces:** The traditional unit of weight used for precious metals. The term derives from the French town of Troyes, where this unit was first used in the Middle Ages. One troy ounce is equal to 1.0971428 ounces avoirdupois.

Where one kilogram is equal to 32.1507465 troy ounces, the accepted conversion factors between troy ounces and metric units become:

1,000 grams = 32.1507465 troy ounces

1 gram = 0.0321507465 troy ounces

so 1 troy ounce = $((1/32.1507465) \times 1,000) = 31.1034768$ grams.

For gold, this is one fine troy ounce. The unit represents pure gold irrespective of the purity of a particular bar. Generally, in relation to gold, all references to ounces mean fine troy ounces.

- (ii) **Fineness:** A measure of the proportion of gold in a bullion bar. It therefore defines the purity of a gold bar.
- (iii) **Assaying:** The process by which fineness is determined. The fineness of gold jewellery is usually expressed in carats (parts of fine gold per 24). Eighteen-carat jewellery is therefore 750 fine in bullion market terms.

Loco London

Loco London is a central concept for the London bullion market as it represents the basis for international trading and settlement in bullion. Most global over-the-counter bullion trading is cleared through the London bullion market clearing system, with deals between parties throughout the world settled and cleared in London.

London Bullion Clearing

London Bullion Clearing is central to the loco London system. It is a daily clearing system of paper transfers whereby LBMA members offering clearing services utilise the unallocated gold and silver accounts they maintain between each other, not only for the settlement of mutual trades, but for third party transfers. These transfers are conducted on behalf of clients and other members of the London bullion market in settlement of their own loco London bullion activities. This system avoids the security risks and costs involved in the physical movement of bullion.

The bullion clearing system in the London market is overseen and managed by the London Precious Metals Clearing Limited (“LPMCL”), which is jointly owned and managed by those LBMA members who not only provide a comprehensive clearing service in the London market, but which also have applied for and been granted membership of LPMCL.

The rules put in place by LPMCL enhance the financial security of the clearing by enabling “netting” of clearing activities to be set-off with all other obligations between any two LPMCL members. The netting facilities encapsulate both gold and silver.

Unit for Delivery of Loco London Gold

The unit for delivery of loco London gold is the London Good Delivery (“**LGD**”) gold bar. It must have a minimum fineness of 995.0 and a gold content of between 350 and 430 fine troy ounces with the bar weight expressed in multiples of 0.025 of an ounce (which is the smallest weight used in the market). Bars are generally close to 400 ounces or 2.5 kilograms. The LBMA document *The Good Delivery Rules for Gold and Silver Bars* describes the rules for weighing bars and how the numbers can be rounded. Gold bars are weighed using a beam balance. When weighing a gold bar, it must “turn the scale” when the correct weight is placed on the scale. If a bar does not “turn the scale,” then the recorded weight is reduced by 0.025 of an ounce.

“Turn the scale” means that the indicator needle on the beam balance moves at least two divisions of 0.002 ounce each in favour of the bar.

Fine gold content refers to the actual quantity of pure gold in a bar and is expressed to three decimal places. The fine gold content is calculated by multiplying the recorded gross weight by the fineness (to one decimal place). Rounding of the third decimal in the resulting figure is allowed if the fourth decimal prior to any rounding is a nine.

Additionally, each gold bar must bear the following markings:

- (i) the serial number;
- (ii) the assay stamp of refiner;
- (iii) the fineness (to four significant figures); and
- (iv) the year of manufacture (expressed in four digits).

LGD gold bars must conform to the specifications for Good Delivery set by the LBMA. A variety of smaller exact weight bars is available for sale to wholesale clients in addition to LGD gold bars, however for the purposes of the Programme all gold bars that form part of the Secured Property are intended to conform to the specifications for Good Delivery set by the LBMA.

Further information can be found on <http://www.lbma.org.uk/delivery>. The Good Delivery Rules can be found on <http://www.lbma.org.uk/?area=delivery&page=gdrules>.

Settlement and Delivery

The basis for settlement of the loco London bullion quotation is delivery of a standard LGD gold bar at the London vault nominated by the dealer who made the sale. While currency settlement or payment for a transaction will generally be in U.S. dollars over a dollar account in New York, delivery of gold against transactions in gold are in practice made in a number of ways. These include (i) physical delivery at the vault of the dealer, (ii) by credit to an ‘allocated account’ (see below) or (iii) through the London Bullion Clearing system to the ‘unallocated account’ (see below) of any third party. Many dealers maintain ‘consignment stocks’ of physical bullion around the world to facilitate efficient and speedy delivery in active bullion centres.

Allocated Accounts

Allocated accounts are accounts held by dealers in clients’ names on which are maintained balances of uniquely identifiable bars of gold “allocated” to a specific client and segregated from other gold held in the vault of that dealer.

The client has full title to this gold with the dealer holding it on the client's behalf as custodian. Gold in an allocated account does not form part of a gold dealer's assets. Clients' holdings will be identified in a weight list of bars showing the unique bar number, gross weight and the assay or fineness of each bar and its fine weight. Credits or debits to the holding will be effected by segregation of bars to or from the client's segregated holding. An allocated account cannot, by definition, be overdrawn.

Unallocated Accounts

Unallocated accounts are accounts held by dealers in clients' names on which are maintained balances of gold that represent an entitlement of the client to have equivalent amounts of gold delivered by the dealer. The balances do not represent uniquely identifiable bars of gold "allocated" to a specific client. Unallocated accounts represent the easiest and most popular way of trading, settling and holding bullion and are integral to the loco London mechanism for these metals. The unit of these accounts in respect of gold is one fine troy ounce of gold based upon a 995.0 fine LGD gold bar. The simplicity of this arrangement is reflected in the fact that transactions may be settled by credits or debits to the account while the balance represents the indebtedness between the two parties. Credit balances on the account do not entitle the creditor to specific bars of gold, but instead represent a right of the client to call for delivery of the relevant amount of gold. This right is purely contractual and, as such, the client is an unsecured creditor of the custodian and is exposed to the general credit risk of the custodian. This is similar to the position with respect to clients' cash held with any bank (although some banks (including banks incorporated in the United Kingdom) may have a government-backed guarantee to some monetary level of their cash accounts), although there is no government protection for gold held on an unallocated basis. A negative balance will represent the gold indebtedness of the client to the dealer in the case where the client has a gold overdraft facility.

Should the client wish to receive actual gold, this is done by "allocating" specific bars, the gold content of which is then debited from the unallocated account. Such allocation will usually incur a cost to the client as allocated metal requires more management and administration than unallocated metal. Market convention is that gold may be allocated on a relevant London business day on which it is called for, with gold generally available for collection within two London business days. This time frame can be shortened or lengthened by mutual agreement depending upon amount and prevailing market conditions.

Using the analogy of a simple bank account, gold bars may be drawn down, or allocated, from an unallocated account in just the same way that bank notes with specific unique numbers may be drawn out of a bank account.

Market Regulation

As far as the London bullion market is concerned, regulation falls under two categories, the companies involved and the market itself. Responsibility for the regulation of the major participants in the London bullion market lies with the FSA (website: www.fsa.gov.uk) under the FSMA.

Under the FSMA, all United Kingdom based banks, together with other investment firms, are subject to a range of requirements including capital adequacy, liquidity and systems and controls. Conduct of business in the London bullion market however falls under two jurisdictions dictated by the type of business. The FSA is responsible for "investment business" as defined under the FSMA, which for the bullion market covers derivatives.

The requirements upon firms in their dealings with market professionals are set out in the Markets in Financial Instruments Directive ("**MiFID**"), which became effective on 1 November 2007. For spot, forwards and deposits in gold which are not covered by the FSMA, guidelines for the conduct of business are set out in *The London Code of Conduct for Non-Investment Products* (the "**Code**"). This Code has been drawn up by market practitioners representing the foreign exchange, money and bullion markets in conjunction with the Bank of England. It sets out the standards of conduct and professionalism expected between market practitioners as between them and their clients.

The London Precious Metal Fixings

The London precious metals market has the London gold, silver, platinum and palladium fixings (the “**Fixings**”). The guiding principle behind the Fixings is that all business, whether for large or small amounts, is conducted solely on the basis of a single published Fixing price. Clients around the world wishing to buy or sell precious metals may all do so at the Fixing price, upon which a small commission is generally charged. These fully transparent benchmarks are globally accepted as the basis for pricing a variety of transactions, including industrial contracts and averaging business. They may also be used as a basis for cash-settled swap and option transactions. Orders executed at the Fixings are conducted as principal-to-principal transactions between the client and the dealer through whom the order is placed.

Fixing prices for gold, silver, platinum and palladium are published immediately by the various news agencies. Historical data for Gold Fixing data may be found on the LBMA website (<http://www.lbma.org.uk/stats/goldfixg>).

The Gold Fixing

There are five members of the gold Fixing – all of whom are market making members of the LBMA. The Fixing is conducted by telephone twice each London business day at 10:30 and 15:00 London time. Clients place orders with the dealing rooms of Fixing members, who net all orders before communicating the net interest to their representative at the Fixing. The gold price is then adjusted up and down until sell and buy orders are matched, at which point the price is declared “fixed” and all orders are executed on the basis of that price. Transparency at the Fixing is served by the fact that clients may be kept advised of price changes, together with the level of interest, while the Fixing is in progress and may cancel, increase or decrease their interest dependent upon this information.

The chairmanship of the Fixing rotates annually among the member firms. As at the date of the Base Prospectus, the Fixing members are The Bank of Nova Scotia–ScotiaMocatta, Barclays Capital, Deutsche Bank AG, London Branch, HSBC Bank USA NA London Branch and Société Générale and the market making members can be found at any time on <http://www.lbma.org.uk/assocn/mktmembs>. The list of ordinary members can be found on <http://www.lbma.org.uk/assocn/ordmembs>.

Currency Unit

The market is generally quoted in U.S. dollars per ounce. Quotations in other currencies are available upon negotiation. In addition to a U.S. dollar price, the London fixings for gold offer benchmark prices in both pounds sterling and euros. However, for the purposes of the ETC Securities, only the U.S. dollar price is used.

Loco London Spot Price

The loco London spot prices are the bases for virtually all transactions in gold. They are quotations made by dealers based on U.S. dollars per fine ounce for gold. Settlement and delivery is two good business days in London after the day of the deal.

A good business day is one in which banks are open in London. If the “normal” spot value date falls on a day when the New York U.S. dollar clearing system is closed, then the spot day moves forward one day. A list of future value dates for bullion may be found on the LBMA website (www.lbma.org.uk).

Settlement Credit Risk

Since London is either five or four hours (depending on the time of the calendar year) ahead of New York and the cut-off time for loco London bullion transfer instructions is 16:00 London time, credit exposure arises between the parties to a bullion spot transaction against U.S. dollars. The seller of bullion will not have absolute confirmation that the countervalue in currency has been received in their New York U.S. dollar account before having to release the bullion to their counterpart in London. This credit risk is similar to that created by settlement of a foreign exchange transaction, for example euros versus U.S. dollars.

Vaulting

Certain members of the London bullion market either use their own vaults for the storage of physical precious metals or have the dedicated use of storage facilities with another party. Additionally, for gold, account facilities for allocated metal at the Bank of England are sometimes used. Costs for storage and insurance of precious metals are subject to negotiation.

Description of Physical Gold

Properties

Gold is a dense, lustrous, yellow precious metal that has been used for a long period of time as a store of value, as a unit of exchange and in jewellery. It is the most malleable and ductile metal known to man such that a single gram of gold can be beaten into a sheet of one square metre or a wire one mile long. Gold is a good conductor of heat and electricity, and it is unaffected by air, heat, moisture and most solvents. It is occasionally found in nuggets, but occurs more commonly as minute grains between mineral grain boundaries. Historically, gold was obtained by panning stream beds, but modern extraction techniques can economically recover gold from ore grades as low as 0.5 parts per million. Gold was used as a benchmark for the world monetary system between 1944 and 1971, when the Bretton Woods agreement fixed the world's paper currencies to the U.S. dollar, which in turn was fixed to the price of gold. The collapse of this system at the end of 1971 heralded not only freely floating exchange rates but also freely floating gold prices.

Major producers

Since 1905, South Africa had been the world's largest producer of gold. However, in 2007 China surpassed South African production. South African production has suffered from declining ore grades, maturing mines, power disruption and labour unrest during this decade. Today, China, South Africa, Australia and the United States account for 40 per cent. of the world's annual gold mine production.

Major holders

Global central banks remain a powerful community in terms of the world gold market. According to statistics published by the World Gold Council in March 2010 (which were based on the most recent International Monetary Fund data at the time of preparation, some of which were from several months earlier), their combined holdings amounted to 30,190 tonnes.

According to those statistics, the largest holder of gold reserves is the United States with 8,134 tonnes, equivalent to 70.4 per cent. of the United States' total reserves. The average gold to total reserve ratio across all central banks is 10 per cent. However in Europe ratios are significantly higher (with Greece holding the highest gold to total reserve ratio at 73.2 per cent.).

Major uses

The majority of gold consumption comes from the jewellery sector, alloys of gold with silver, copper and other metals are often used because pure gold is often too soft for ordinary use. When used in jewellery, the quality of gold is measured in karats (k), with pure gold being 24k, and lower numbers indicating higher copper or silver content, for example. Gold has some industrial uses due to its electrical conductivity, resistance to corrosion, reflectiveness, and other physical and chemical properties. It is used in electrical connectors and contacts, electronics, restorative dentistry, medical applications, chemistry and photography.

Annex 3 to the Master Terms and Conditions of the ETC Securities

ECONOMIC OVERVIEW OF THE ETC SECURITIES

See the section entitled “Economic Overview of the ETC Securities” on page 12 of this document.

7. FURTHER INFORMATION CONCERNING CERTAIN TRANSACTION DOCUMENTS

The following is a summary of certain provisions of certain Transaction Documents relating to the Programme and the ETC Securities and should be read in conjunction with the rest of the Base Prospectus. The summaries below are of certain provisions of the Transaction Documents and do not purport to be complete and are subject to the detailed provisions of the relevant Transaction Documents.

Capitalised terms used in the summaries below but not defined therein shall have the meanings given to such terms in Conditions.

Issue Deed

The Issue Deed relating to a Series of ETC Securities will be dated on or about the Series Issue Date of such ETC Securities and will be entered into by the Issuer, the Trustee and the other parties named therein. The Issue Deed is entered into for the purpose of constituting and securing the relevant Series of ETC Securities and sets out the terms of the Transaction Documents relating to such Series of ETC Securities. Under the terms of the Issue Deed relating to a Series of ETC Securities, the execution of the Issue Deed will constitute the Trust Deed, the Security Deed, the Agency Agreement, the Custody Agreement for Secured Accounts, the Custody Agreement for the Subscription Account, the Determination Agent Agreement, the Authorised Participant Agreement, the Metal Agent Agreement and the Balancing Agreement for such Series of ETC Securities on the terms set out in the Issue Deed.

Trust Deed

Provisions Relating to the Issuer and the Trustee

The Trust Deed relating to a Series of ETC Securities will be entered into as a deed by the Issuer, the Trustee and each other party thereto upon the execution of the Issue Deed. The Issue Deed will incorporate and may amend and/or supplement, depending on whether the ETC Securities are Bearer Securities or Uncertificated Registered Securities, either the Master Trust Terms for Bearer Securities or the Master Trust Terms for Uncertificated Registered Securities. The relevant Trust Deed contains the provisions setting out the various obligations of the Issuer and the Trustee with respect to the relevant Series of ETC Securities. Each Trust Deed relating to a Series of ETC Securities in bearer form will be governed by and construed in accordance with English law. Each Trust Deed relating to a Series of ETC Securities in uncertificated dematerialised form will be governed by and construed in accordance with Jersey law.

The relevant Trust Deed will constitute the ETC Securities of the relevant Series and will set out the covenants of the Issuer, including, *inter alia*, its covenant to pay, provisions relating to its duty to provide various persons with information, to prepare and display certain information, only to do such things as are contemplated within the relevant Trust Deed (most importantly, in relation to the issue of the ETC Securities) and its duties with respect to its obligations under the ETC Securities.

Each Trust Deed will also set out the basis for the remuneration and indemnification of the Trustee in respect of its duties, the conditions for appointment, retirement and removal and contains provisions which are supplemental to certain statutory provisions and which set out the powers of the Trustee and the extent of its duties. The Trustee in respect of a Series of ETC Securities may retire upon giving not less than 60 calendar day's prior written notice to the Issuer, and the Securityholders may by Extraordinary Resolution remove any Trustee, provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor Trustee. If the sole trust corporation in respect of a Series of ETC Securities gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer will use all reasonable endeavours to procure that

another trust corporation is appointed as the Trustee for such Series but if it fails to do so before the expiry of such 60 calendar day notice period, the Trustee will have the power to appoint a new Trustee.

Security Deed

By executing the relevant Issue Deed, the Issuer and the Trustee will be deemed to have entered into an English law governed security deed in relation to the relevant Series of ETC Securities on the terms set out in the relevant version of the Master Security Terms as amended or supplemented by such Issue Deed. The Security in respect of a Series of ETC Securities is constituted pursuant to the Security Deed relating to such Series and the Security Deed will set out, *inter alia*, provisions relating to the creation and enforcement of the Security, the appointment of receivers, the rights of the Trustee in relation to Secured Property and provisions relating to the application of the net proceeds derived from the realisation of the Secured Property (whether by way of liquidation or enforcement). See Condition 6 for a description of the terms of the Security.

Agency Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into an English law governed agency agreement in relation to the ETC Securities on the terms set out in the relevant version of the Master Agency Terms as amended or supplemented by such Issue Deed with each person executing the Issue Deed in the capacity of Issuing and Paying Agent, Determination Agent, Trustee, Paying Agent, Registrar and Transfer Agent (as applicable). The Agency Agreement sets out the duties and obligations of the Issuing and Paying Agent, each other Paying Agent (including, if applicable, the German Paying Agent) and, if applicable, the Transfer Agent and the Registrar in relation to (i) the issue, payment, replacement, cancellation and listing of the ETC Securities, (ii) the exchange of Global Securities for Definitive Securities (if applicable), and (iii) the basis for the remuneration and indemnification of such agents in respect of their respective duties. The Agency Agreement also sets out the terms for the appointment, resignation (by at least 60 calendar days' prior notice to the Issuer, the Trustee and the Issuing and Paying Agent) and termination of the appointment of the Issuing and Paying Agent and, as applicable, any Paying Agent, the Registrar and any Transfer Agent (by at least 60 calendar days' prior notice from the Issuer or on the occurrence of certain events, such as where such agent becomes incapable of acting, is dissolved, is adjudged bankrupt or insolvent, files for bankruptcy, makes a general assignment, arrangement or composition for the benefit of its creditors, consents to the appointment of a receiver, administrator or similar official or a resolution is passed for its winding up, official management, liquidation or dissolution).

Custody Agreement for Secured Accounts

By executing the relevant Issue Deed, the Issuer, the Trustee, the Programme Counterparty, the Determination Agent, the Secured Account Custodian and the Metal Agent will be deemed to have entered into an English law governed custody agreement for secured accounts in relation to the ETC Securities on the terms set out in the relevant version of the Master Custody Terms for Secured Accounts as amended or supplemented by such Issue Deed. Each Custody Agreement for Secured Accounts sets out the duties of the Secured Account Custodian in relation to the relevant Series of ETC Securities, including, *inter alia*:

- (i) the obligation to establish and maintain (a) a segregated account in the name of the Issuer referencing the relevant Series of ETC Securities for the deposit of Metal in allocated form to be held for the Issuer and (b) a segregated account in the name of the Issuer referencing the relevant Series of ETC Securities for the deposit of Metal in unallocated form to be held for the Issuer; and

- (ii) in the case of metal in allocated form, to segregate the Metal transferred to it or keep any Metal deposited pursuant to the relevant Custody Agreement for Secured Accounts separately identified from that deposited with it in relation to any other Series of ETC Securities.

Each Custody Agreement for Secured Accounts relating to a Series of ETC Securities provides, *inter alia*, that the Secured Account Custodian will use all reasonable care in the performance of its duties but it will not be responsible for any loss or damage suffered by any party as a result of the Secured Account Custodian performing its duties under the Custody Agreement for Secured Accounts unless such loss or damage results from the fraud, bad faith, negligence or wilful default of the Secured Account Custodian. None of the Secured Account Custodian or any Sub-Custodian will have any obligation towards or relationship of agency or trust with the holder of any ETC Security.

Pursuant to the terms of each Custody Agreement for Secured Accounts, the Secured Account Custodian waives any right it has to acquire, combine, consolidate or merge any of the accounts established and maintained by it in relation to the relevant Series of ETC Securities with any other account and agrees that it may not set-off, transfer, combine, consolidate or withhold delivery of any property standing to the credit of any such account towards any liabilities to it.

Each Custody Agreement for Secured Accounts relating to a Series of ETC Securities provides that the Secured Account Custodian may hold Metal in allocated form received, delivered or deposited with it in relation to a Series of ETC Securities with any of its offices or branches or with any Sub-Custodian (selected with reasonable skill, care and diligence) provided that the Secured Account Custodian, *inter alia*:

- (i) identifies such property in its books; and
- (ii) uses reasonable endeavours to procure that any such Sub-Custodian establishes and maintains one or more segregated account(s) or sub-account(s) in the name of the Secured Account Custodian referencing the Issuer and the relevant Series of ETC Securities; acknowledges and agrees that all property deposited with or received by it is to be held for the Secured Account Custodian on behalf of the Issuer; maintains full and complete records and separately identifies such property in its books and records and acknowledges the security in favour of the Trustee.

Each Custody Agreement for Secured Accounts relating to a Series of ETC Securities provides that the Secured Account Custodian will hold Metal in unallocated form deposited with it in relation to a Series of ETC Securities in an account established at its London branch.

Each Custody Agreement for Secured Accounts relating to a Series of ETC Securities will set out the basis for the remuneration and indemnification of the Secured Account Custodian in respect of its duties. The relevant Custody Agreement for Secured Accounts will set out the conditions for appointment, resignation (upon 60 calendar days' prior notice to the Issuer, the Trustee, the Issuing and Paying Agent and the Programme Counterparty) and termination of the appointment of the Secured Account Custodian (by the Issuer upon 60 calendar days' prior notice or automatically upon the occurrence of a Custodian Bankruptcy Event).

Pursuant to the terms of the Custody Agreement for Secured Accounts, the Secured Account Custodian has no duty or obligation to insure any property held or received by it for the Issuer against any risk (including the risk of theft, loss, damage, destruction or misdelivery). The Secured Account Custodian will not be liable for any loss, destruction or depreciation in the value of any Secured Property held or received by it unless such loss, destruction or depreciation is the direct result of the Secured Account Custodian's negligence, fraud, bad faith or wilful misconduct. The Secured Account Custodian is not responsible for the acts, omissions, defaults or insolvency of any third party including, but not limited to, any Sub-Custodian, broker or counterparty. The Secured Account Custodian is only responsible for losses suffered by the Issuer as a direct result of its negligence, fraud, bad faith or wilful default in the appointment and monitoring of any non-affiliated Sub-Custodian. Otherwise, the Secured Account

Custodian will not be liable for any act or omission, or for the solvency, of any non-affiliated Sub-Custodian. Notwithstanding the foregoing, the Secured Account Custodian accepts the same level of responsibility as it does for itself for companies controlled by it whose business consists solely of acting as a nominee holder of investments or other property in respect of any requirements of the rules of the FSA as set out in the FSA Handbook of Rules and Guidance as amended, varied or instituted from time to time as from time to time in effect. In the case of any act or omission on the part of a Sub-Custodian or its agent relating to Secured Property in the form of Metal, which the Issuer considers to involve negligence, fraud, bad faith or wilful default on the part of such Sub-Custodian or agent, the Secured Account Custodian agrees to assign to the Issuer any rights it may have in respect of such act or omission and any Metal comprising the Secured Property. In the event that the Issuer obtains legal advice that such assignment would be ineffective to enable the Issuer to pursue its claim, then the Secured Account Custodian may, subject to being prefunded, indemnified or secured to its satisfaction, claim and pursue the appropriate damages or compensation from the Sub-Custodian or agent on the Issuer's behalf.

The Secured Account Custodian will not be liable in respect of anything done or suffered by it in reliance on any instruction, notice, agreement or other document or information from any electronic or other source reasonably believed by it to be genuine and to have been signed or otherwise given or disseminated by the proper parties in each case received by it in connection with the performance of its duties under the Custody Agreement for Secured Accounts. The Secured Account Custodian is entitled to rely, in the absence of manifest error, upon the accuracy and completeness of information supplied to it by any party pursuant to the Custody Agreement for Secured Accounts and has no obligation to enquire as to the adequacy, accuracy or sufficiency of any such information and the Secured Account Custodian will not incur any liability to any person as a result of such reliance. The Secured Account Custodian has no obligation to notify anyone of the execution of the Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, or a Potential Event of Default or an Early Redemption Event has occurred or if the Security relating to the relevant Series of ETC Securities has become enforceable. Until it has actual knowledge or express notice to the contrary, the Secured Account Custodian may assume that no such event has occurred and that the Issuer and all other Transaction Parties are performing all their respective obligations under the ETC Securities and the other Transaction Documents. The Secured Account Custodian is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being so performed unless and until it has actual knowledge to the contrary. The Secured Account Custodian will not be responsible for any errors made by the Issuer, the Trustee, the Determination Agent, any Programme Counterparty or any Metal Agent or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of any of them.

Custody Agreement for the Subscription Account

By executing the relevant Issue Deed, the Issuer, the Trustee, the Programme Counterparty, the Determination Agent and the Subscription Account Custodian will be deemed to have entered into an English law governed custody agreement in relation to the ETC Securities on the terms set out in the relevant version of the Master Custody Terms for the Subscription Account as amended or supplemented by such Issue Deed. Each Custody Agreement for the Subscription Account sets out the duties of the Subscription Account Custodian in relation to the relevant Series of ETC Securities, including the obligation to establish and maintain a segregated account in the name of the Issuer referencing the relevant Series of ETC Securities for the deposit of Metal in unallocated form to be held for the Issuer.

Each Custody Agreement for the Subscription Account relating to a Series of ETC Securities provides, *inter alia*, that the Subscription Account Custodian will use all reasonable care in the performance of its

duties but it will not be responsible for any loss or damage suffered by any party as a result of the Subscription Account Custodian performing its duties under the Custody Agreement for the Subscription Account unless such loss or damage results from the fraud, bad faith, negligence or wilful default of the Subscription Account Custodian. The Subscription Account Custodian will not have any obligation towards or relationship of agency or trust with the holder of any ETC Security.

Pursuant to the terms of each Custody Agreement for the Subscription Account, the Subscription Account Custodian waives any right it has to acquire, combine, consolidate or merge the Subscription Account established and maintained by it in relation to the relevant Series of ETC Securities with any other account of the Issuer and agrees that it may not set-off, transfer, combine, consolidate or withhold delivery of any property standing to the credit of any such account towards any liabilities to it.

Each Custody Agreement for the Subscription Account relating to a Series of ETC Securities provides that the Subscription Account Custodian will hold Metal in unallocated form deposited with it in relation to a Series of ETC Securities in an account established at its London branch.

Each Custody Agreement for the Subscription Account relating to a Series of ETC Securities will set out the basis for the remuneration and indemnification of the Subscription Account Custodian in respect of its duties. The relevant Custody Agreement for the Subscription Account will set out the conditions for appointment, resignation (upon 60 calendar days' prior notice to the Issuer, the Trustee, the Issuing and Paying Agent and each Authorised Participant) and termination of the appointment of the Subscription Account Custodian (by the Issuer upon 60 calendar days' prior notice or automatically upon the occurrence of a Custodian Bankruptcy Event in respect of the Subscription Account Custodian).

Pursuant to the terms of the Custody Agreement for the Subscription Account, the Subscription Account Custodian has no duty or obligation to insure any property held or received by it for the Issuer against any risk (including the risk of theft, loss, damage, destruction or misdelivery). The Subscription Account Custodian will not be liable for any loss, destruction or depreciation in the value of any Metal held or received by it unless such loss, destruction or depreciation is the direct result of the Subscription Account Custodian's negligence, fraud, bad faith or wilful misconduct. The Subscription Account Custodian is not responsible for the acts, omissions, defaults or insolvency of any third party including, but not limited to, any broker or counterparty. Notwithstanding the foregoing, the Subscription Account Custodian accepts the same level of responsibility as it does for itself for companies controlled by it whose business consists solely of acting as a nominee holder of investments or other property in respect of any requirements of the rules of the FSA as set out in the FSA Handbook of Rules and Guidance as amended, varied or instituted from time to time as from time to time in effect.

The Subscription Account Custodian will not be liable in respect of anything done or suffered by it in reliance on any instruction, notice, agreement or other document or information from any electronic or other source reasonably believed by it to be genuine and to have been signed or otherwise given or disseminated by the proper parties in each case received by it in connection with the performance of its duties under the Custody Agreement for the Subscription Account. The Subscription Account Custodian is entitled to rely, in the absence of manifest error, upon the accuracy and completeness of information supplied to it by any party pursuant to the Custody Agreement for the Subscription Account and has no obligation to enquire as to the adequacy, accuracy or sufficiency of any such information and the Subscription Account Custodian will not incur any liability to any person as a result of such reliance. The Subscription Account Custodian has no obligation to notify anyone of the execution of the Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, or a Potential Event of Default or an Early Redemption Event has occurred or if the Security relating to the relevant Series of ETC Securities has become enforceable. Until it has actual knowledge or express notice to the contrary, the Subscription Account Custodian may assume that no such event has occurred and that the Issuer and all other Transaction Parties are performing all their respective obligations under the ETC Securities and the other Transaction Documents. The Subscription Account Custodian is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may

assume these are being so performed unless and until it has actual knowledge to the contrary. The Subscription Account Custodian will not be responsible for any errors made by the Issuer, the Trustee, the Issuing and Paying Agent, the Determination Agent, any Programme Counterparty or any Authorised Participant or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of any of them.

Determination Agent Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into an English law governed determination agent agreement in relation to the relevant Series of ETC Securities on the terms set out in the relevant version of the Master Determination Agent Terms, as amended or supplemented by such Issue Deed with the persons executing the Issue Deed in the capacity of Determination Agent, Programme Counterparty, Lead Authorised Participant, Secured Account Custodian, Subscription Account Custodian, Trustee and Issuing and Paying Agent. The Determination Agent Agreement sets out the respective duties and obligations of the Determination Agent and the Programme Counterparty in relation to the relevant Series of ETC Securities and the basis for their respective liability, remuneration and indemnification. Each Determination Agent Agreement sets out the conditions for appointment, resignation and termination of the Determination Agent and the Programme Counterparty.

The Issuer may at any time vary the appointment of the Determination Agent or terminate the appointment of any Determination Agent relating to a Series of ETC Securities on giving the Determination Agent (copied to each other Transaction Party (other than the Authorised Participant(s) and the Lead Authorised Participant)) not less than 60 calendar days' prior notice to that effect. Any variation in the appointment of the Determination Agent will not be effective unless the Determination Agent has consented to such variation. Notwithstanding the foregoing, the Issuer may, at any time, terminate the appointment of a Determination Agent with immediate effect if: (i) the Determination Agent commits any material breach of its obligations under the relevant Determination Agent Agreement and, to the extent such breach is capable of being remedied, the Determination Agent fails to cure such breach within 15 calendar days of its becoming aware of, or its receiving notice from the Issuer, the Trustee or the Programme Counterparty of such breach or (ii) the Determination Agent commits any breach of its obligations under the relevant Determination Agent Agreement and, to the extent such breach is capable of being remedied, the Determination Agent fails to cure such breach within 30 calendar days of its becoming aware of, or its receiving notice from the Issuer, the Trustee or the Programme Counterparty of such breach.

Under the Determination Agent Agreement the Issuer will authorise the Programme Counterparty in its capacity as the Issuer's agent to exercise the rights of the Issuer to terminate the appointment of the Determination Agent in respect of the relevant Series of ETC Securities pursuant to the preceding paragraph, provided that the Programme Counterparty can only exercise such rights on behalf of the Issuer where the Programme Counterparty (i) reasonably determines that the Determination Agent is not performing its duties and obligations under the Relevant Provisions on the terms expressly provided therein, (ii) has reasonable cause to believe that the Determination Agent will not perform or will not be able to perform its duties and obligations under the Relevant Provisions on the terms expressly provided therein; and/or (iii) the Determination Agent indicates that it has not been or will not be able to perform its duties and obligations under the Relevant Provisions on the terms expressly provided therein. The Programme Counterparty will not be liable to the Issuer, the Securityholders, any Transaction Party or any other person for any calculations, determinations (or any delay in making any calculation or determination), actions or omissions made by the Programme Counterparty in connection with the performance of the duties and obligations of the Determination Agent pursuant to Condition 12(d)(ii) and the Determination Agent Agreement unless fraudulent or made in bad faith.

The Determination Agent in respect of a Series of ETC Securities may resign its appointment at any time without giving any reason by giving the Issuer and the Transaction Parties at least 60 calendar days' prior notice to that effect.

Without prejudice to the automatic termination of a Determination Agent in connection with a Determination Agent Bankruptcy Event, no resignation or termination of the appointment of a Determination Agent will take effect until a replacement Determination Agent (which will be a reputable entity that provides administration and/or collateral management services of a similar type to those required of the Determination Agent under the relevant Determination Agent Agreement or a leading bank or investment banking firm engaged in the interbank market, or, if appropriate, money, precious metals or foreign exchange market) has been appointed; provided that if the Issuer fails within a period of 45 calendar days of notice of resignation given pursuant to the preceding paragraph to appoint a successor to such Determination Agent, the resigning Determination Agent will be entitled to select such an entity and provided such entity is acceptable to the Issuer and the Trustee the Issuer will appoint such entity as successor Determination Agent.

The appointment of a Determination Agent will terminate forthwith if a Determination Agent Bankruptcy Event occurs with respect to such Determination Agent.

The following paragraphs are a summary of certain provisions of the Determination Agent Agreement with respect to the Programme Counterparty. Equivalent provisions with respect to the Determination Agent are described in Condition 12(f).

The Programme Counterparty in respect of a Series of ETC Securities may resign its appointment at any time without giving any reason by giving the Issuer and the Transaction Parties at least 60 calendar days' prior notice to that effect. Any such resignation of the Programme Counterparty will not take effect until a replacement Programme Counterparty (which is required to be a leading bank or investment banking firm engaged in the interbank market, or, if appropriate, money, precious metals or foreign exchange market) has been appointed; provided that if the Issuer fails within a period of 30 calendar days from the date of the relevant notice of resignation by the Programme Counterparty to appoint a successor to such Programme Counterparty, the Programme Counterparty is entitled to select a leading bank or investment banking firm engaged in the interbank market, or, if appropriate, money, precious metals or foreign exchange market acceptable to the Issuer and the Trustee to act as successor Programme Counterparty and the Issuer will appoint that bank or firm as the successor Programme Counterparty.

The Programme Counterparty will have no duties or responsibilities except those expressly set forth in the relevant Determination Agent Agreement, the Conditions and any Transaction Document to which it is a party and no implied or inferred duties or obligations of any kind will be read into the relevant Determination Agent Agreement against or on the part of the Programme Counterparty. The Programme Counterparty will not, and will not be deemed to, assume or be liable for the obligations or duties of the Issuer or any other person under the Conditions, the Trust Deed or any other Transaction Document.

The Programme Counterparty will not incur any liability to any person in acting upon any ETC Security, signature, or other document or information from any electronic or other source reasonably believed by it to be genuine and believed by it to have been signed or otherwise given or disseminated by the proper party or parties, in each case received by it in connection with the performance of its duties under the relevant Determination Agent Agreement.

The Programme Counterparty has no obligation to notify anyone of the execution of the Issue Deed or any other Transaction Document or do anything to find out if an Event of Default, or a Potential Event of Default or an Early Redemption Event (or any event which with the passing of time or the giving of a notice would constitute an Early Redemption Event) has occurred or if the Security under the Security Deed has become enforceable. Until it has actual knowledge or express notice to the contrary, the Programme Counterparty may assume that no such event has occurred and that the Issuer and all other Transaction Parties are performing all their respective obligations under the ETC Securities and the other

Transaction Documents. The Programme Counterparty is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being so performed unless and until it has actual knowledge to the contrary. The Programme Counterparty will not be responsible for any errors made by the Issuer, the Trustee, the Determination Agent, the Metal Agent or any other Transaction Party or any agent thereof in giving instructions or for the negligence, default, fraud, bad faith, wilful default or other failure of any of them.

The Programme Counterparty is not bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document received by it from the Issuer or any other Transaction Party.

The Programme Counterparty will have no responsibility or liability for any Loss resulting from its being unable to perform any functions or obligations under the relevant Determination Agent Agreement if the same results from any law, regulation or requirement (whether or not having the force of law) of any central bank or governmental or other regulatory authority affecting it. Nothing in the relevant Determination Agent Agreement or in any other Transaction Document will require the Programme Counterparty to take any action or refrain from taking any action if the same would be contrary to any applicable law, regulation or requirement of any central bank or government or other regulatory authority affecting it.

Authorised Participant Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into an English law governed authorised participant agreement in relation to the ETC Securities on the terms set out in the relevant version of the Master Authorised Participant Terms, as amended or supplemented by such Issue Deed with each person executing the Issue Deed in the capacity of Trustee, Issuing and Paying Agent, Programme Counterparty, Determination Agent, Lead Authorised Participant and Authorised Participant. The Authorised Participant Agreement sets out the provisions relating to the subscription by Authorised Participants of ETC Securities of the relevant Series and purchase of ETC Securities of such Series by the Issuer. The Authorised Participant Agreement also sets out the terms on which an Authorised Participant may offer, sell or deliver ETC Securities and contains certain representations, warranties and undertakings of the Authorised Participant in relation thereto.

Pursuant to the Authorised Participant Agreement, in respect of an issue of a Series of ETC Securities, the Authorised Participant agrees to subscribe and pay for the number of ETC Securities of such Series of ETC Securities specified in respect of such Authorised Participant in the relevant Issue Deed by delivering an amount of unallocated Metal in respect of each such ETC Security equal to the Initial Metal Entitlement per ETC Security specified in respect of the Series Issue Date in the relevant Final Terms. The amount of unallocated Metal deliverable by each Authorised Participant in respect of such ETC Securities shall be deposited in the Subscription Account held by the Subscription Account Custodian on behalf of the Issuer by the Business Day immediately prior to the Series Issue Date. The Issuer will not issue ETC Securities to the Authorised Participant until it has received such unallocated Metal.

In connection with a Subscription Order relating to a Series of ETC Securities, the Authorised Participant agrees to cause an amount of unallocated Metal equal to the product of the Initial Metal Entitlement per ETC Security in respect of the relevant Subscription Trade Date and the aggregate number of ETC Securities to be issued pursuant to the relevant Subscription Order to be delivered to the Subscription Account Custodian on behalf of the Issuer on or prior to the Business Day immediately prior to such Subscription Settlement Date. The Issuer will not issue ETC Securities to the Authorised Participant until it has received such unallocated Metal.

In connection with a Buy-Back Order relating to a Series of ETC Securities, the Authorised Participant agrees to deliver to (or to the order of) the Issuer the relevant ETC Securities subject to such Buy-Back Order by the cut-off time specified by the Issuer (or the Issuing and Paying Agent on its behalf) on the

related Buy-Back Settlement Date. Issuer will not buy-back ETC Securities from the Authorised Participant until it has received such ETC Securities.

The Authorised Participant Agreement sets out the conditions for appointment, resignation (by at least 60 calendar days' prior notice to the Issuer and each other Transaction Party) and termination (by the Issuer with immediate effect if an Authorised Participant Bankruptcy Event occurs and in any other circumstance by at least 30 calendar days' prior notice, unless there are more than one Authorised Participants, in which case the Issuer may terminate the appointment of any Authorised Participant other than the Lead Authorised Participant with immediate effect for a material breach of its obligations which to the extent such breach is capable of being remedied is not remedied within 15 calendar days of the relevant Authorised Participant becoming aware of, or its receiving notice from the Issuer, the Determination Agent, the Issuing and Paying Agent, the Trustee or the Lead Authorised Participant of such breach or if the Issuer determines, in good faith and in a commercially reasonable manner, that the conduct of such Authorised Participant is detrimental to the reputation or development potential of the business of the Issuer or any other Transaction Party or the relationships of those entities with third parties). The Authorised Participant Agreement includes an indemnity from the Issuer relating to the representations and warranties given by the Issuer in such agreement.

Metal Agent Agreement

By executing the relevant Issue Deed, the Issuer will be deemed to have entered into an English law governed metal agent agreement in relation to the ETC Securities on the terms set out in the relevant version of the Master Metal Agent Terms, as amended or supplemented by such Issue Deed with each person executing the Issue Deed in the capacity of Metal Agent, Issuing and Paying Agent, Determination Agent, Programme Counterparty and Trustee. The Metal Agent Agreement sets out the provisions relating to the sale of the Underlying Metal in respect of the relevant Series of ETC Securities by the Metal Agent during a Redemption Disposal Period. The Metal Agent Agreement also contains certain undertakings of the Metal Agent in relation thereto. The Metal Agent Agreement sets out the conditions for appointment, resignation (by at least 60 calendar days' prior notice to the Issuer, the Trustee and the Issuing and Paying Agent) and termination (by the Issuer with immediate effect if a Metal Agent Bankruptcy Event occurs and in any other circumstance by at least 60 calendar days' prior notice).

Balancing Agreement

General

By executing the relevant Issue Deed, the Issuer shall be deemed to have entered into a separate English law governed balancing agreement relating to the Series of ETC Securities specified in such Issue Deed, with the person executing such Issue Deed in the capacity of Programme Counterparty. The Programme Counterparty in respect of the Balancing Agreement will be Deutsche Bank AG, London Branch.

On the Series Issue Date, the Issuer will enter into the relevant Balancing with the Programme Counterparty.

Set out below are summaries of certain provisions of the Balancing Agreement. Such summaries are qualified in their entirety by the terms of the Balancing Agreement.

Deliveries

The Balancing Agreement sets out certain deliveries from the Issuer to the Programme Counterparty and *vice versa*.

The obligations of the Issuer and the Programme Counterparty under the Balancing Agreement relating to a Series of ETC Securities have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the ETC Securities.

Issuer Deliveries

Under the Balancing Agreement, the Issuer will be obligated to make a delivery of unallocated Metal under the Balancing Agreement relating to a Series of ETC Securities if the Metal Entitlement Differential (defined below) is positive in respect of an Observation Date.

Programme Counterparty Deliveries

Under the Balancing Agreement, the Programme Counterparty will be obligated to make a delivery of unallocated Metal under the Balancing Agreement relating to a Series of ETC Securities if the Metal Entitlement Differential (defined below) is negative in respect of an Observation Date.

Metal Entitlement Differential

The "**Metal Entitlement Differential**", in respect of an Observation Date and a Series of ETC Securities, is an amount of Metal determined by the Determination Agent as being equal to:

- (i) (a) the aggregate amount of Underlying Metal standing to the credit of the Issuer's accounts on the Observation Date; plus (b) the amount of Metal which the Programme Counterparty has notified the Issuer and the Determination Agent should have formed part of the Underlying Metal save for the transfer of Underlying Metal in breach of the Conditions or the Transaction Documents or its theft, loss, damage, destruction or misdelivery (unless such theft, loss, damage, destruction or misdelivery is the direct result of the negligence, fraud, bad faith or wilful misconduct of the Programme Counterparty acting in any capacity); minus
- (ii) an amount equal to the Metal Entitlement per ETC Security in respect of the Observation Date multiplied by the number of ETC Securities outstanding on the Observation Date.

Tax

All deliveries under the Balancing Agreement will be made subject to any withholding or deduction for, or on account of, any tax. In the event of any such withholding or deduction relating to an amount deliverable to the Issuer, the amount received by the Issuer under the Balancing Agreement will be reduced.

Termination

If a Balancing Agreement Early Termination Date is designated under the Balancing Agreement relating to a Series of ETC Securities for any reason, this will trigger the Final Observation Date in respect of such Balancing Agreement.

See Condition 8(d)(ii) for a description of the circumstances in which the Balancing Agreement may be terminated.

8. USE OF PROCEEDS

The net proceeds from the issue of ETC Securities of a Series of ETC Securities will be an amount of unallocated Metal which, in accordance with the Custody Agreement for Secured Accounts will, to the extent possible, be allocated to physical Metal bars or other metal shapes and be held in the Secured Allocated Account. Any remaining Metal shall be held in the Secured Unallocated Account. Such Underlying Metal shall be used to meet the Issuer's obligations under the relevant Series of ETC Securities and the relevant Balancing Agreement.

9. DESCRIPTION OF THE ISSUER

General

The Issuer was registered and incorporated in Jersey as a public limited liability company on 6 August 2009 under the Companies (Jersey) Law 1991, registration number 103781 under the name DB ETC plc.

The Issuer has been incorporated for an indefinite period. The Registered Office of the Issuer is at St Paul's Gate, New Street, St. Helier, Jersey JE4 8ZB, Channel Islands. The telephone number of the Issuer is +44(0) 1534 889 884. The authorised share capital of the Issuer is £10,000 divided into 10,000 ordinary shares of £1.00 each ("**Shares**"). All of the issued ordinary shares of the Issuer are held for and on behalf of Ogier Corporate Trustee (Jersey) Limited as trustee of the db ETC Charitable Trust (formerly, the db ETC Metals Charitable Trust). The db ETC Metals Charitable Trust was established pursuant to a declaration of trust established by Ogier Corporate Trustee (Jersey) Limited on 4 August 2009 for charitable purposes. The name of the charitable trust was changed from db ETC Metals Charitable Trust to db ETC Charitable Trust pursuant to a declaration changing the name of the trust made on 10 May 2010 by Ogier Corporate Trustee (Jersey) Limited. The principal office of Ogier Corporate Trustee (Jersey) Limited is Ogier House, The Esplanade, St. Helier, Jersey JE4 9WG, Channel Islands.

The above amounts of ordinary share capital are stated as at the date of the Base Prospectus. The Issuer has not conducted any business since its date of incorporation and registration to the date hereof except as contemplated by the Base Prospectus and the Transaction Documents and except for receiving the ordinary capital subscriptions referenced above.

The Issuer has been established as a special purpose vehicle with unrestricted corporate capacity. The object of the Issuer is the issuance of one or more financial instruments and entry into certain other agreements and transactions in connection with such activity. In connection with and ancillary to this object, the Issuer may enter into any derivative transactions; purchase, invest in or subscribe, from any issuer or counterparty any assets or financial assets for its own account or for account of any party in whichever currency any such assets are denominated whether listed or unlisted; incur any and all form of indebtedness from any party whatsoever whether contingent or actual in any currency whatsoever and for any duration; grant security in respect of all or part of any of its assets, in any form whatsoever; enter into and/or carry out any and all transactions carried out in the international capital markets or arising out of any euro-medium term note programme or euro commercial paper programme; issue, redeem and/or buy-back financial instruments; take delivery of and hold any property, securities, commodities or any other assets as security for the obligations of any party owed to the Issuer in connection with the financial instruments and/or any agreement or transaction entered into by the Issuer with such parties in relation to any financial instrument and transfer, sell or otherwise dispose of any property, securities, commodities or any other assets held by the Issuer in connection with the financial instruments and/or any agreements or transactions entered into by the Issuer with such parties in relation to any financial instrument in accordance with the terms thereof. Notwithstanding the foregoing, the Issuer will have unrestricted corporate capacity and nothing described above will restrict the authority of the directors.

The Issuer does not have any subsidiary undertakings.

No person other than the Issuer will be obliged to make payments on the ETC Securities and the ETC Securities will not be guaranteed by, or be the responsibility of, any other entity. In particular, the ETC Securities (i) do not represent an interest in and will not be obligations of, or insured or guaranteed by, the Arranger, any Transaction Party or any subsidiary, holding company or any company associated with any of them, (ii) will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme and (iii) are not insured or guaranteed by any government, government agency or other body.

In accordance with Article 41.6(c) of Directive 2006/43/EC of the European Parliament and of the Council and any relevant implementing measures of Jersey, the Issuer does not consider it appropriate to have either an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee. This is because the Issuer's principal business consists of the issue of ETC Securities and the application of the Secured Property towards making payments in respect of the relevant ETC Securities and paying certain fees, expenses and other related amounts and as such, the Issuer is not conducting an operating business.

Capitalisation

The following table sets out the capitalisation of the Issuer as at the date of the Base Prospectus.

	£
<i>Shareholders' Funds:</i>	
Share capital (Authorised £10,000; Issued two Ordinary Shares of £1.00 each)	2
<i>Indebtedness:</i>	
The Indebtedness of the Issuer as at the date of the Base Prospectus is	0
Total	<u>2</u>

There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2009. The Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Directors and Company Secretary

The Directors of the Issuer are as follows:

Name	Principal Occupation	Business Address
Ogier Corporate Director (Jersey) 3 Limited	Corporate Director	Ogier House, The Esplanade, St. Helier, Jersey JE4 9WG, Channel Islands
Ogier Corporate Director (Jersey) 4 Limited	Corporate Director	Ogier House, The Esplanade, St. Helier, Jersey JE4 9WG, Channel Islands
Ed Fletcher	Bank Executive	St. Paul's Gate, New Street, St. Helier, Jersey JE4 8ZB, Channel Islands

The Directors of Ogier Corporate Director (Jersey) 3 Limited and Ogier Corporate Director (Jersey) 4 Limited as at the date of the Base Prospectus are Simon Willing, Paul Willing, Phil Norman, Simon Fraser, Peter Gatehouse, Sue Ford, Tania Bearryman, Simon Mackenzie, Jane Pearce and Paul Lawrence. The Company Secretary is Deutsche International Corporate Services Limited.

Deutsche International Corporate Services Limited of St. Paul's Gate, New Street, St. Helier, Jersey JE4 8ZB, Channel Islands is the administrator of the Issuer. Its duties include the provision of certain management, administrative, accounting and related services. The appointment of the administrator may be terminated and the administrator may retire upon three months' notice subject to the appointment of an alternative administrator on similar terms to the existing administrator.

Ed Fletcher is an employee of an affiliated company of the administrator.

Financial Statements

The Issuer has prepared audited financial statements for the period from 6 August 2009 to 31 December 2009. Such financial statements are included in the Base Prospectus on pages 185 to 196. However, as the Issuer had not commenced operations during this period and did not record any gains or losses during this period, no income or cash flow statements were prepared. As at the date of the Base Prospectus, the Issuer has not commenced operations (other than the finalisation of documentation relating to the Programme). The Issuer will publish half-yearly and yearly financial statements for each financial year in respect of the period ending on 31 December in the relevant year.

The auditors of the Issuer are KPMG Channel Islands Limited, PO Box 453, St. Helier, Jersey JE4 8WQ, Channel Islands. The auditors of the Issuer are chartered accountants who are members of the Institute of Chartered Accountants of England and Wales and are qualified to practise as auditors in Jersey.

The Issuer agrees in the relevant Trust Deed to provide the Trustee with a certificate of the Issuer signed by any Director, upon request on an annual basis, to the effect that having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate, no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the relevant Issue Deed or, if such event had occurred, giving details of it.

db ETC Plc (Formerly db ETC Metals Plc)

Report and Financial Statements

For the period from 6 August 2009 to 31 December 2009

db ETC Plc (Formerly db ETC Metals Plc)

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Corporate information

DIRECTORS

Christopher Byrne - resigned 11 May 2010
Peter Gatehouse - resigned 11 May 2010
Ed Fletcher - appointed 11 May 2010
Ogier Corporate Director (Jersey) 3 Limited - appointed 11 May 2010
Ogier Corporate Director (Jersey) 4 Limited - appointed 11 May 2010

SECRETARY (from 11 May 2010 to date)

Deutsche International Corporate Services Limited
St Paul's Gate
New Street
St Helier
Jersey JE4 8 ZB
Channel Islands

SECRETARY (from incorporation to 11 May 2010)

Ogier SPV Services Limited
Whiteley Chambers
Don Street
St Helier
Jersey JE4 9WG
Channel Islands

INDEPENDENT AUDITORS

KPMG Channel Islands Limited
5 St Andrew's Place
Charing Cross
Jersey
JE4 8WQ
Channel Islands

REGISTERED OFFICE (from 11 May 2010 to date)

St Paul's Gate
New Street
St Helier
Jersey JE4 8 ZB
Channel Islands

REGISTERED OFFICE (from incorporation to 11 May 2010)

Whiteley Chambers
Don Street
St Helier
Jersey JE4 9WG
Channel Islands

Report of the directors

The directors present their report and the audited financial statements of db ETC Plc "the Company" for the period from 6 August 2009 to 31 December 2009.

INCORPORATION

The Company was incorporated in Jersey, Channel Islands on 6 August 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company, shall be to issue from time to time secured exchange traded securities ("ETC Securities") under the Secured ETC Precious Metals Linked Securities Programme (the "Programme").

The Company has not yet recorded any gains or losses during the period to 31 December 2009. Accordingly, no income statement, statement of comprehensive income or statement of cash flows have been presented.

Any expenses incurred by the Company prior to the date of the first issue of the ETC Securities will be borne by Deutsche Bank AG, London Branch.

On 16 April 2010, the Company changed its name from db ETC Metals Plc to db ETC Plc.

MANAGEMENT REPORT

As at the financial year end, the Company had not yet commenced trading.

DIVIDEND

The directors do not recommend the payment of dividend for the period under review.

DIRECTORS

The directors of the Company during the period and up to the date on which the financial statements were approved are shown on page 1.

SECRETARY

On 6 August 2009, Ogier SPV Services Limited were appointed as Secretary. Ogier SPV Services Limited resigned as Secretary on the 11 May 2010. Deutsche International Corporate Services Limited was appointed Secretary as of the 11 May 2010.

AUDITORS

KPMG Channel Islands Limited were auditors during the period and have expressed a willingness to continue in office.

By order of the board


Secretary

Date: 14th May 2010

Responsibility statement

The directors are responsible for preparing the management report and the financial statements in accordance with applicable law and regulations.

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the directors confirm to the best of their knowledge that:

- the financial statements for the period ended 31 December 2009 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by IAS 34; and
- the management report of the Directors gives a true and fair view of the important events that have occurred during the period and their impact on the financial statements.

The directors further indicate that the financial statements for the period ended 31 December 2009 have been audited.

On behalf of the board



Director

Date: 14 May 2010

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards.

Companies Law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KPMG Channel Islands Limited
P.O. Box 453
St Helier
Jersey JE4 8WQ
Channel Islands

5 St Andrew's Place
Charing Cross, St Helier
Jersey JE4 8WQ
Channel Islands

Independent auditor's report to the members of db ETC Plc

We have audited the financial statements of db ETC Plc for the period ended 31 December 2009 which comprise the Statement of Financial Position, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

KPMG Channel Islands Limited
P.O. Box 453
St Helier
Jersey JE4 8WQ
Channel Islands

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Charing Cross, St Helier
Jersey JE4 8WQ
Channel Islands

Independent auditor's report to the members of db ETC Plc – continued

Basis of audit opinion - continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards and of the state of the company's affairs as at 31 December 2009; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.



Eric J. Bertrand
for and on behalf of KPMG Channel Islands Limited
Chartered Accountants

14 May 2010

Statement of financial position as at 31 December 2009

	Notes	31-Dec-09 GBP
ASSETS		
Current assets		
Cash	3	2
Total assets		<u>2</u>
EQUITY		
Share capital	4	2
Total equity attributable to equity holders of the Company		<u>2</u>
Total equity		<u>2</u>

During the financial period the Company did not trade and received no income and incurred no expenditure. Consequently, during the period the Company made neither a profit nor a loss.

The financial statements on pages 7 to 10 were approved by the board of directors and authorised for issue on 14/05/10 and were signed on its behalf by:



Director

Statement of changes in equity for the period from 6 August 2009 to 31 December 2009

	Issued share capital GBP	Total GBP
Balance at 6 August 2009	-	-
Issue of ordinary shares	2	2
Balance at 31 December 2009	<u>2</u>	<u>2</u>

Notes to the financial statements for the period ended 31 December 2009

1. GENERAL INFORMATION

db ETC plc (formerly db ETC Metals Plc) is a public company incorporated with limited liability under the laws of Jersey on 6 August 2009 and having its registered office at St. Paul's Gate, New Street, St. Helier, Jersey JE4 8ZB, Channel Islands (previously being Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG, Channel Islands). It is registered with the Jersey Financial Services Commission with Company number 103781.

The Company has no direct employees.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS interpretations issued and effective or issued and early adopted at the time of the preparing these statements.

The Company has not yet recorded any gains or losses during the period to 31 December 2009. Accordingly, no income statement, statement of comprehensive income or statement of cash flows have been presented.

Any expenses incurred by the Company prior to the date of the first issue of the ETC Securities will be borne by Deutsche Bank AG, London Branch.

The Company is required to prepare its first financial statements as at 31 December 2009 as per its Memorandum.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

(d) Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in pound sterling ("GBP"), which is the Company's functional and presentation currency.

(e) Financial assets

The Company initially recognises financial assets on the date that they are originated at fair value and they are subsequently measured at amortised cost using the effective interest method. They are derecognised when the right to receive cash flows from the assets has expired; or when the Company has transferred its contractual right to receive the cash flows of the financial assets, and substantially all the risks and rewards of ownership; or when control is not retained.

(f) Taxation

The Company is liable to Jersey income tax at 0%.

3. CASH

31-Dec-09
GBP

Ogier client account

Notes to the financial statements for the period ended 31 December 2009

4. SHARE CAPITAL

	31-Dec-09 GBP
<i>Authorised</i>	
10,000 shares of £1 each	<u>10,000</u>
<i>Issued</i>	
2 shares of £1 each	<u>2</u>

At the period end the share capital is fully paid. The Company is not exposed to externally imposed capital requirements and accordingly the directors do not actively manage its ordinary share capital.

5. RELATED PARTY TRANSACTIONS

Christopher Byrne is a partner of Ogier, which is an associated partnership of the Ogier Group Limited Partnership, the owner of Ogier Fiduciary Services (Jersey) Limited. Ogier Fiduciary Services (Jersey) Limited is the holding company of Ogier Corporate Trustee Limited and Ogier SPV Services Limited. Peter Gatehouse is a director of Ogier SPV Services Limited. Ogier Corporate Director (Jersey) 3 Limited and Ogier Corporate Director (Jersey) 4 Limited act solely in the capacity as a director of Jersey companies, pursuant to the Companies (Jersey) Law 1991, as amended. A fee of GBP 8,127 was paid to Ogier, by Deutsche Bank AG, London Branch, regarding provision of Directors from incorporation to 31 December 2009. Ed Fletcher as director of the Company and Alan Booth acting as alternate director for and on behalf of Ed Fletcher are employees of Deutsche Bank International Limited. Deutsche International Corporate Services Limited, which acts as administrator to the company, is a subsidiary of Deutsche Bank International Limited. No Fee for the year ended 31 December 2009 was charged to the company by Deutsche International Corporate Services Limited.

6. ULTIMATE CONTROLLING PARTY

The Company is wholly owned by db ETC Charitable Trust. The trustees being, Ogier Corporate Trustee (Jersey) Limited. In the opinion of the directors, the db ETC Metals Charitable Trust is the ultimate controlling party.

7. RISK MANAGEMENT

As at the year end, the Company had not yet commenced trading. Accordingly, the directors do not believe that the Company is exposed to any significant operational, credit, liquidity or market risk. The maximum credit risk exposure at the balance sheet date is £2.

8. POST BALANCE SHEET EVENTS

The directors are of the belief that the Company shall begin to trade and issue ETC Securities pursuant to a programme in June or July 2010.

10. INFORMATION CONCERNING THE LEAD AUTHORISED PARTICIPANT, THE SECURED ACCOUNT CUSTODIAN, THE SUBSCRIPTION ACCOUNT CUSTODIAN, THE METAL AGENT AND THE PROGRAMME COUNTERPARTY

The information in this section has been accurately reproduced from information published by Deutsche Bank (as defined below), the Lead Authorised Participant, the Secured Account Custodian, the Subscription Account Custodian, the Metal Agent and the Programme Counterparty being as at the date of the Base Prospectus Deutsche Bank acting through its London branch. So far as the Issuer is aware and is able to ascertain from information published by Deutsche Bank no facts have been omitted which would render the reproduced information misleading.

Incorporation, Registered Office and Objectives

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000.

Deutsche Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Theodor-Heuss-Allee 70, 60486 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies.

The objects of Deutsche Bank, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. Deutsche Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, Deutsche Bank is entitled to transact all business and to take all steps which appear likely to promote the objectives of Deutsche Bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Deutsche Bank AG, London Branch

"**Deutsche Bank AG, London Branch**" is the London branch of Deutsche Bank AG. On 12 January 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG London is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

Share Capital

As of 31 March 2010, Deutsche Bank's issued share capital amounted to EUR 1,589,399,078.40 consisting of 620,859,015 ordinary shares without par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all German Stock Exchanges. They are also listed on the New York Stock Exchange.

11. TAXATION

The following is a summary of the withholding tax position in respect of payment of the income from the ETC Securities by the Issuer (or an agent appointed by it) in accordance with the terms and conditions of such ETC Securities, based on the laws and practices currently in force which are subject to change after the date of the Base Prospectus and which changes could be made on a retrospective basis. It is limited to the country of incorporation of the Issuer and those countries in which admission to trading may be sought or offers for which a prospectus is required under the Prospectus Directive may be made pursuant to the Base Prospectus.

It does not relate to any other tax consequences or to withholdings in respect of payments by other persons (such as custodians, depositaries or other intermediaries) unless otherwise specified. Particular rules may apply to certain classes of taxpayers holding the ETC Securities. The summary does not purport to be exhaustive and does not constitute tax or legal advice and the comments below are of a general nature only. With respect to certain structured financial instruments, such as the ETC Securities, it may be the case that in certain jurisdictions there is currently neither case law nor comments of the financial authorities as to the tax treatment of such financial instruments. Accordingly, there is a risk that the relevant financial authorities and courts or the paying agents in such jurisdictions may adopt a view different from that summarised below. Each investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from the purchase, holding, sale and redemption of the ETC Securities and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.

All payments in respect of the ETC Securities by the Issuer or by an agent appointed by the Issuer will be subject to any applicable withholding taxes.

None of the Issuer, the Arranger or any Transaction Party makes any representation or warranty as to the tax consequences to any investor of the acquisition, holding or disposal of the ETC Securities. The tax consequences for each investor in the ETC Securities can be different and therefore investors and counterparties are advised to consult with their tax advisers as to their specific consequences.

Jersey

The Income Tax (Amendment No. 28) (Jersey) Law (the “**Law**”) was registered by the Royal Court in June 2007 and is in force as at the date of the Base Prospectus. The Law provides that, subject to certain transitional provisions, from 1 January 2009 the general basic rate of income tax on the profits of companies regarded as resident in Jersey or having a permanent establishment in Jersey, will be zero per cent. (“**zero tax rating**”) and that only a limited number of financial services companies which are regulated by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998, shall be subject to income tax at a rate of 10 per cent. For so long as the Issuer holds a “zero tax rating”, no withholding in respect of Jersey taxation will be required on payments to any holder of the ETC Securities.

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes or any death or estate duties. No stamp duty is levied in Jersey on the issue or transfer of ETC Securities. On the death of an individual holder of ETC Securities (whether or not such individual was resident in Jersey), duty at rates of up to 0.75 per cent. of the value of the relevant ETC Securities may be payable on the registration of Jersey probate or letters of administration.

European Union Directive on the Taxation of Savings Income

Jersey is not part of the EU and is not subject to the EU directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) or other EU fiscal legislation. However, in keeping with Jersey’s policy of constructive international engagement (and in line with steps taken by other relevant countries),

Jersey has as at the date of the Base Prospectus entered into various agreements regarding the Savings Directive.

Jersey has as at the date of the Base Prospectus introduced a system which permits, either:

- (i) the disclosure of information concerning details of payments of interest (or other similar payments), and the identity of an individual beneficial owner of the interest to the tax authority of the EU jurisdiction where the owner of the interest payment is resident; or
- (ii) the imposition of a retention or withholding tax 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 situated in Jersey or an EU member state.

(The terms “beneficial owner” and “paying agent” are defined in the bilateral agreements, entered into between Jersey and each of the EU member states relating to the treatment of savings income.)

Where the Issuer has appointed a paying agent located outside Jersey, the Issuer is not required to make any disclosures or levy retention tax. However, the rules applicable in the jurisdiction where the paying agent is located will apply.

The retention tax system will apply for an initial transitional period during which tax would be retained from such payments, instead of communicating the details of such payments to the tax authorities of the EU member state in which the individual beneficial owner is resident (the transitional period is prior to the implementation of a system of automatic communication among all EU member states of information regarding interest payments).

The requirements in respect of information disclosure or retention tax will not apply to payments made to companies, partnerships or to most types of trusts, nor will they apply to individuals who are resident outside the EU.

Goods and Services Tax (“GST”)

Pursuant to the Goods and Services Tax (Jersey) Law 2007 (the “**2007 Law**”), tax at a rate which is, as at the date of the Base Prospectus, 3 per cent. applies to the supply of retail goods and services. Unless the relevant supplier or recipient of such goods and services is registered as an “international services entity”.

The Issuer is an “international services entity” within the meaning of the 2007 Law, having satisfied the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended (the “**ISE Regulations**”) and, as long as it continues to be such an entity, a supply of goods or of a service made by or to the Issuer shall not be a taxable supply for the purposes of the 2007 Law.

Austria

The following is a brief summary of certain Austrian tax aspects in connection with the ETC Securities. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the ETC Securities. In some cases a different tax regime may apply. Further, this summary does not take into account or discuss the tax laws of any country other than Austria nor does it take into account the investor’s individual circumstances. Prospective investors are advised to consult their own professional advisers to obtain further information about the tax consequences of the acquisition, ownership, disposition, exchange, exercise, settlement or redemption of the ETC Securities. Only personal advisers are in a position to adequately take into account special tax aspects of the particular ETC Securities in question as well as the investor’s personal circumstances and this special tax treatment applicable to the investor.

This summary is based on Austrian law as in force at 14 May 2010. The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. With regard to

certain innovative or structured financial instruments there is currently neither case law nor comments of the financial authorities as to the tax treatment of such financial instruments. Accordingly, it cannot be ruled out that the Austrian financial authorities and courts or the Austrian paying agents adopt a view different from that outlined below.

Austrian Resident Taxpayers

Income derived from the ETC Securities by individuals having a domicile or habitual abode in Austria or corporations having their corporate seat or place of management in Austria is taxable pursuant to the Austrian Income Tax Act (*Einkommensteuergesetz*) or the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*).

Risk of Requalification of ETC Securities as Investment Fund Units

Certain ETC Securities such as Metal price linked notes may be re-qualified by the tax authorities as foreign investment fund units under certain conditions. Pursuant to Sec 42 of the Austrian Investment Fund Act, a portfolio of assets which is subject to the laws of a foreign country and which is invested according to the principle of risk-spreading is qualified as a non-Austrian investment fund for tax purposes, without regard to its legal form (substance over form approach). Pursuant to the Investment Fund Guidelines 2008 applying to index linked notes, a requalification of ETC Securities into fund units requires (i) that an investment is effected in line with the principle of risk spreading and (ii) that the issuer (or a trustee mandated by the issuer) factually and predominantly acquires the (underlying) securities or that the investment qualifies as an actively managed portfolio. This, *inter alia*, excludes capital guaranteed ETC Securities and other Securities with no more than six underlyings from requalification. In addition, “directly held index linked notes are envisaged to be in no case requalified as foreign investment fund units, irrespective of whether the underlying index is a recognised or individually composed, fixed or flexible index”. Since the present Metal price linked notes will usually not be linked to prices of minimum six underlyings, the risk of requalification as non-Austrian investment fund unit should be remote.

If a requalification of ETC Securities into non-Austrian fund units took place, the following would apply:

Investment funds are treated as transparent for income tax purposes. Taxable income from investment funds includes distributions as well as retained earnings of the fund deemed to be distributed to the investor (*ausschüttungsgleiche Erträge*). Such retained earnings are deemed to be distributed to the investor for tax purposes to the extent of the share interest of the investor no later than four months after the end of the business year of the investment fund in which the earnings were derived by the fund. If no Austrian tax representative is appointed for the fund and the retained earnings of the fund deemed to be distributed to the investor are also not reported to the tax authorities by the investors themselves, the non-Austrian fund will be qualified a “black fund” and the retained earnings of the fund deemed to be distributed each calendar year will be determined on a lump-sum basis which will result in a tax base of 90 per cent. of the difference between the first and the last redemption price of the fund units fixed in a calendar year, but will be minimum 10 per cent. of the last redemption price (or net asset value (NAV) or stock exchange price) of the fund units fixed in a calendar year. As the applicable tax rate is 25 per cent. for corporate investors as well as, in general, for individuals, this minimum lump sum tax base results in a minimum tax of 2.5 per cent. per year on the last redemption price (NAV) in any calendar year before maturity. In the case of sale (redemption) of black foreign investment fund units the tax base would be the difference between the redemption price (NAV) upon disposal and at the end of the last calendar year, but would minimum be 0.8 per cent. of the redemption price (NAV) upon disposal for each month of the current calendar year. The investors will have to include the pertaining income into their income tax statement. Further, non-Austrian investment fund units, with the exception of funds that are daily reporting relevant figures to the Oesterreichische Kontrollbank, which are held in an Austrian bank deposit are subject to an annual 1.5 per cent. compliance tax (calculated on the last redemption price (NAV) in any calendar year) unless the investor discloses the funds vis-à-vis the Austrian tax authorities and evidences this to the Austrian bank. Moreover, a *pro rata* compliance tax applies in the calendar

year of the sale or redemption of the fund unit. This compliance tax will automatically be deducted by the Austrian bank.

In the following we assume that the ETC Securities do not qualify as foreign investment funds for income tax purposes.

Individuals

Generally, income arising from the ETC Securities will qualify as income from debt-securities (*Kapitalerträge aus Forderungswertpapieren*). Income from debt-securities includes (i) interest payments as well as (ii) income from debt-securities, if any, realised upon redemption or prior redemption (being the difference between the issue price and the redemption amount or, in case of prior redemption, the repurchase price) or (iii) realised upon the sale of the ETC Securities (the whole positive difference amount between issue price and sale price would be treated as income from debt-securities, see below "*Certain aspects of the tax treatment of ETC Securities*").

If income from debt-securities is paid out by a coupon paying agent (*kuponauszahlende Stelle*) located in Austria, it is subject to 25 per cent. Austrian withholding tax (*Kapitalertragsteuer-KES*). The coupon paying agent is the bank, including an Austrian branch of a non-Austrian bank, which pays out such income to the holder of the notes.

Provided that the ETC Securities have been offered to the public within the meaning of Sec 97 of the Austrian Income Tax Act, the 25 per cent. withholding tax constitutes a final taxation (*Endbesteuerung*) for all individuals, no matter whether they act as private investors or hold the ETC Securities as business property. Final taxation means that no further income tax will be assessed and the income is not to be included in the investor's income tax return. Final taxation is only applicable to income from debt-securities. Regarding the taxation of capital gains, please see below.

Where there is no deduction of Austrian withholding tax because the income from the ETC Securities is not received in Austria (not paid out by a coupon paying agent located in Austria) Austrian investors will have to declare the income derived from the ETC Securities in their income tax returns pursuant to the Austrian Income Tax Act. A special 25 per cent income tax rate pursuant to Sec 37 sub-paragraph 8 of the Austrian Income Tax Act is applicable provided that the notes have been offered to the public within the meaning of Sec 37 sub-paragraph 8 of the Austrian Income Tax Act.

Individuals whose regular personal income tax rate is lower than 25 per cent. may opt for taxation of the income derived from the ETC Securities at such regular personal income tax rate. In this case, the withholding tax will be credited against the income tax liability and the excess amount shall be refunded. Expenses incurred by the investor in connection with income derived from the ETC Securities are not deductible.

Special rules apply in case a Securityholder transfers his residence outside Austria.

Corporations

Corporate investors deriving business income from the ETC Securities may avoid the application of withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the coupon paying agent. Income including any capital gain derived from the ETC Securities by corporate investors is subject to corporate income tax at the general rate of 25 per cent. There is, *inter alia*, a special tax regime for Private Foundations established under Austrian law (*Privatstiftungen*).

Certain Aspects of the Tax Treatment of ETC Securities

Relating to Metal price linked notes such as the ETC Securities, the whole gain realised upon redemption or sale of the notes is treated as income from debt-securities and therefore also subject to withholding tax (where such withholding tax applies). The taxable gain is calculated as the positive difference between the issue price and the redemption amount or sales price. The same tax treatment applies to

other underlying (commodity) linked notes – for these, the whole gain is treated as income from debt-securities.

This entire outline of the taxation of the notes is based on the assumption that the ETC Securities will be treated as debt-securities (*Forderungswertpapiere*) and will not be qualified as equity instruments for tax purposes such as shares or equity participation rights (*Substanzgenussrechte*). Further, this outline is based on the assumption that the ETC Securities do not qualify as derivative instruments or contracts for differences resulting for private investors in taxation of capital gain pursuant to Sec 30 of the Austrian Income Tax Act (*Spekulationsgeschäft*) at progressive rates rather than being subject to withholding tax. Pursuant to Sec 30 Austrian Income Tax Act certain types of transactions such as the sale of securities would be taxable for private investors only if carried out within one year following the acquisition (speculative period) whereas other transactions such as futures, forwards or contracts for differences (*Differenzgeschäfte*) would be taxable irrespective of the one-year speculative period.

Non-Residents

General

Income including any capital gain derived from the ETC Securities by individuals who do not have a domicile or their habitual abode in Austria (“non-residents”) is not taxable in Austria provided that the income is not attributable to a permanent establishment in Austria (for withholding tax under the EU Savings Directive see below; tax consequences of a re-qualification into a foreign investment fund are not discussed with regard to non-residents herein).

Income including any capital gain derived from the ETC Securities by corporate investors who do not have their corporate seat or their place of management in Austria (“non-residents”) is not taxable in Austria provided that the income is not attributable to a permanent establishment in Austria.

Thus, non-resident investors (in case they receive income from the ETC Securities through a coupon paying agent located in Austria) may avoid the application of Austrian withholding tax if they evidence their non-resident status vis-à-vis the coupon paying agent. Non-residents who are Austrian citizens or citizens of a neighbouring country will have to confirm their non-resident status in writing to the coupon paying agent. The provision of evidence that the investor is not subject to Austrian withholding tax is the responsibility of the investor.

If any Austrian withholding tax is deducted by the coupon paying agent, the tax withheld shall be refunded to the non-resident investor upon his application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the withholding tax.

Where non-residents receive income from the ETC Securities as part of business income taxable in Austria (permanent establishment), they will be, in general, subject to the same tax treatment as resident investors.

EU Council Directive on Taxation of Savings Income

The EU Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (Savings Directive), which came into effect on 1 July 2005, provides for an exchange of information between the authorities of EU Member States regarding interest payments made in one Member State to beneficial owners who are individuals and resident for tax purposes in another Member State of the European Union or of certain dependent associated territories. Austria has implemented the Savings Directive by way of the EU Withholding Tax Act (*EU-Quellensteuergesetz*) which provides for a withholding tax rather than for an exchange of information. Such EU Withholding Tax will be levied on interest payments within the meaning of the EU Withholding Tax Act made by a paying agent located in Austria to an individual resident for tax purposes in another Member State. The EU Withholding Tax amounts to 20 per cent. until 1 July 2011 and 35 per cent. thereafter.

Withholding tax will be deducted upon actual or deemed interest payments as well as upon sale, refund or redemption of debt claims. Further, withholding tax will be deducted - on a *pro rata temporis* basis - in case of changes of the individual's withholding tax status such as changes of his country of residence or transfer of his securities to a non Austrian account.

Deduction of EU Withholding Tax can be avoided if the EU-resident investor provides the paying agent with a certificate drawn up in his name by the tax office of his Member State of residence. Such certificate has to indicate, *inter alia*, the name and address of the paying agent as well as the account number of the investor or the identification of the notes.

The scope of the definition of interest payments for EU Withholding Tax purposes may differ from the scope of interest payments for Austrian income and withholding tax purposes. For example, under certain conditions and subject to the guidelines and information issued by the Austrian Ministry of Finance income from Metal price linked notes may not be considered as interest for EU Withholding Tax purposes while being interest for Austrian tax purposes. Subject to the guidelines and information issued by the Austrian Ministry of Finance, the treatment of structured notes (certificates) for EU Withholding Tax purposes depends on the underlying as well as whether or not the notes are capital guaranteed.

Metal price linked notes without capital guarantee are treated as follows: Gains from notes linked to metals, currencies, exchange rates, commodities and the like which are not in advance guaranteed are not subject to EU Withholding Tax.

Relating to capital guaranteed Metal price linked notes, the following applies: Guaranteed parts of difference amounts (between issue price and redemption price respectively sale price) are subject to EU Withholding Tax on the basis of the yield upon issue. Non-guaranteed income (difference between issuance amount or higher guaranteed part of redemption amount and non-guaranteed parts of redemption amount/sales proceeds) is treated as follows: If metals, currencies, commodities and commodities indices are referred to as underlyings, the income is not subject to EU Withholding Tax.

Provided that ETC Securities are requalified as foreign investment fund units and the interest income of the fund deemed to be distributed to the investors is not reported on a daily basis to the Austrian central depository bank (*Oesterreichische Kontrollbank – OeKB*), Austrian paying agents shall deduct EU Withholding Tax on a lump sum tax base of 6 per cent. of the last redemption price (NAV) of the fund units fixed in a calendar year. Moreover, a *pro rata* EU Withholding Tax applies in the calendar year of the sale or redemption of the fund unit.

Other Taxes

It cannot be excluded that a stamp tax will become payable in Austria by Securityholders as a consequence of the acquisition, ownership or disposition of the ETC Securities.

The sale and purchase of Bearer Securities as well as the redemption of such securities is in general not subject to Austrian stamp duty provided that no other transaction potentially taxable under the Austrian Stamp Duty Act (*Gebührengesetz*) (*SDA*) such as an assignment of rights (*Zession*) or loan or credit agreement is entered into for which a document (*Urkunde*) within the meaning of the Stamp Duty Act is executed.

Since the ETC Securities are secured, *inter alia*, by assignments of the Issuer's rights in favour of the Securityholders which may indirectly be evidenced by subscription applications signed in Austria and handed out to third parties within or outside Austria, a stamp tax of 0.8 per cent. of the consideration for the assignment might be triggered by signing a subscription application in Austria or by entering into a subscription agreement in Austria if the subscription makes a reference to the assignment. All parties to the assignment agreement will jointly and severally become liable to pay the stamp tax, in addition to any other person involved in the subscription transaction including the person that has drafted the subscription agreement. Transactions subject to Austria stamp tax have to be notified by the 15th day of the second calendar month following in which the stamp tax was triggered to the competent Austrian tax

authorities. The tax authorities may impose a surcharge penalty stamp tax of up to 100 per cent of the stamp tax which was not orderly paid.

Therefore, investors should consult their own professional advisers before executing transfer documents for such ETC Securities or bringing or sending into Austria such documents or any certified copy thereof or any written confirmation or written reference.

The Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) was abolished as of 1 August 2008. No such tax will be levied anymore upon a transfer of assets by way of inheritance or gifts occurring after 31 July 2008. However, according to the Gift Notification Act 2008 (*Schenkungsmitteilungsgesetz 2008*) gifts have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g. for gifts among relatives that do not exceed €50,000 per year (for gifts received from one donor by the same donee within one year) or gifts among unrelated persons that do not exceed €15,000 within five years (for gifts received from one donor by the same donee within five years).

Belgium

General

The following is intended as a general guideline and is only a summary of the Issuer's understanding of current Belgian tax law and practice applied to the taxation of the ETC Securities. It is stressed that the text is not to be read as extending by implication to matters not specifically discussed therein. The text does not take into account or discuss tax laws of any country other than Belgium and is subject to changes in Belgian law, including changes that could have retroactive effect. Investors should seek advice from their own tax advisers with respect to the taxation in Belgium of proceeds received in respect of such ETC Securities.

Taxation of a Belgian Tax Resident Private Investor or Belgian Legal Entities

Payments at the Scheduled Maturity Date or Early Redemption Date

Even though the ETC Securities are not interest-bearing securities, linked to the performance of a specified precious metal, the potential income resulting from the positive difference (if any) between the Final Redemption Amount at the Scheduled Maturity Date and the Issue Price or between the Early Redemption Amount at the Early Redemption Date and the Issue Price is characterised, under Belgian tax law, as interest pursuant to article 19, §1, 1° and §2 of the Belgian Income Tax Code.

Any return earned on the ETC Securities and paid or attributed via a Belgian paying agent is in principle treated as interest income subject to Belgian withholding tax of 15 per cent., and possibly subject to exemptions under Belgian law.

For individuals (Belgian residents) holding the ETC Securities as a private investment, the 15 per cent. withholding tax on interest constitutes the final Belgian income tax. The Belgian resident is not required to report the interest in his income tax return. In case the individual has received the interest outside Belgium without deduction of Belgian withholding tax, he must report this interest in his individual tax return and the interest will be subject to a separate taxation at a rate of 15 per cent. (plus local surcharges). In case the individual realises a loss on his ETC Securities, no (withholding) tax will be due, but a tax deduction will not be available either.

Belgian resident individuals will be subject to the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (Savings Directive), if they receive interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State or certain third countries or dependent or associated territories of certain Member States. If the interest received by a Belgian resident individual has been subject to any withholding tax permitted under the Savings Directive during a transitional period, such withholding does

not liberate the Belgian resident individual from reporting this interest (including the foreign withholding tax) in his individual Belgian tax return. Such foreign withholding tax can be credited against the Belgian personal income tax and any excess amount (of at least 2.5 Euro) will be reimbursed.

For Belgian legal entities (other than companies) subject to the Belgian legal entities tax, the 15 per cent. withholding tax levied on the interest also constitutes the final Belgian income tax. The interest does not need to be reported in the annual income tax return. In case the legal entity has received the interest outside Belgium without deduction of Belgian withholding tax, it must pay the withholding tax itself and report the interest in its annual tax return. In case of a loss, no (withholding) tax will be due, but no tax deduction will be available either to the legal entities.

Sale of the ETC Securities Prior to the Scheduled Maturity Date

The capital gains realised upon transfer to third parties prior to the Scheduled Maturity Date of the ETC Securities (i.e. the difference between the transfer price and the Issue Price of the ETC Securities), is again characterised by the tax administration as interest. Individuals (Belgian residents) holding the ETC Securities as a private investment will be subject to tax at a rate of 15 per cent. on such difference. No deduction will be available, in case a capital loss is incurred.

The same applies *mutatis mutandis* for Belgian legal entities subject to the Belgian legal entities tax (see above).

Taxation of Belgian Resident Companies and Belgian Resident Individuals who have Invested the ETC Securities in a Business

The income resulting from the (positive) difference (if any) between the Final Redemption Amount at the Scheduled Maturity Date and the Issue Price and, in case of transfer prior to the Scheduled Maturity Date, the (positive) difference between the transfer price and the Issue Price of the ETC Securities will be taxable for Belgian resident companies and Belgian resident individuals who have invested the ETC Securities in their business activity.

Income realised by Belgian resident companies is taxed at a rate of 33.99 per cent. while Belgian resident individuals who have invested the ETC Securities in their business activity are taxable at the progressive individual income tax rates. Any losses are normally tax deductible. Any Belgian withholding tax may be credited *pro rata temporis* in the calculation of the final tax liability and any excess will be reimbursed. Under certain conditions, a foreign tax credit of a maximum of 15/85 of the net income is granted in respect of taxes paid abroad.

Taxation of Non-Belgian Resident Investors

Non-Belgian resident investors are only taxed on Belgian source income.

Because the ETC Securities are issued by a non-Belgian resident company, the non-Belgian resident investors will, as a matter of principle, not be subject to taxation in Belgium in respect of any interest income paid on or prior to the Scheduled Maturity Date.

However, the interest received on or prior to the Scheduled Maturity Date by non-Belgian resident investors could be subject to taxation in Belgium, if this interest is paid in Belgium, i.e. through a Belgian paying agent.

Non-resident investors (individuals, companies and legal entities) will normally be subject to a withholding tax of 15 per cent. on the interest paid by a Belgian paying agent. Exemptions or reductions may apply pursuant to Belgian national tax law, tax treaties or European Directives. In the absence of interest income, no taxation will occur in Belgium.

Pursuant to current Belgian tax law (as modified in order to implement into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments), savings income in the form of interest payments paid or credited by a Belgian paying agent to

a beneficial owner who is an individual resident for tax purposes in another EU Member State (or in one of the dependent or associated territories of certain Member States) will, in addition to the aforementioned withholding tax of 15 per cent., be subject to a system of automatic exchange of information between the relevant tax authorities. Belgium ended on 31 December 2009 the alternative withholding tax system, which it was allowed to apply together with Austria and Luxembourg during a transitional period.

Responsibility for the Withholding of Tax

If the interest earned on the ETC Securities is paid or attributed to investors via a Belgian paying agent, the obligation to withhold Belgian interest withholding tax, if and when no exemption applies, is the sole responsibility of the Belgian paying agent. Under Belgian tax law the foreign Issuer does not assume any responsibility in this respect.

Stock Exchange Tax

In certain events, a Belgian stock exchange tax (*Taxe sur les opérations de bourse/Taks op de beursverrichtingen*) will be due.

The Belgian stock exchange tax is normally due on a certain number of transactions agreed or executed in Belgium, including each transfer and each purchase for consideration in Belgium of the ETC Securities through a professional intermediary (art. 120 Code of Miscellaneous Taxes and Duties (“**CMTD**”). No tax is payable by non-residents acting for their own account, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, nor by certain other (institutional) investors acting for their own account, such as professional intermediaries, insurance companies, enterprise pension institutions, collective investment institutions, etc. as listed in art. 126/1 CMTD.

The tax amounts to 0.17 per cent. of the purchase price of the ETC Securities for each secondary market sale and for each secondary market purchase (art. 121, §1, 2° and 122, 1° CMTD). The tax due on each of the above-mentioned transactions is capped at EUR 500 per transaction and per party (art. 124 CMTD).

Tax on the Delivery of Bearer Securities

A tax of 0.60 per cent. on the price to be paid by the purchaser or acquirer is levied on the delivery of bearer securities (art. 160 CMTD) and it is not capped.

The delivery of bearer securities means the physical delivery of the bearer securities that takes place after the acquisition for consideration (purchase on the secondary market) or withdrawal of the securities that are deposited on a short deposit account. Delivery to Belgian professional intermediaries falls outside the scope of the tax. (art. 159 CMTD). If no physical delivery of the bearer securities takes place, the tax will not be due.

The following transactions are exempt from the tax: deliveries made after the acquisition for consideration without the intervention of a professional intermediary, and deliveries of foreign securities deposited on a short deposit account, when the recipient is a non-resident (art. 163 CMTD).

The tax on the delivery of bearer securities will normally only apply to transactions with ETC Securities in bearer form, subject to the above-mentioned exemptions.

Denmark

The following is a summary description of general Danish tax rules applicable to individual investors, pension funds and corporate investors resident in Denmark according to the Danish tax laws in force as of the date of this Programme and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to

acquire, hold or dispose of the ETC Securities, and does not purport to deal with the tax consequences applicable to all categories of investors. Potential investors are, under all circumstances, strongly advised to contact their own tax advisers to clarify the individual consequences of their investment, holding and disposal of the ETC Securities. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the ETC Securities.

General

The ETC Securities are believed to qualify as structured debt instruments for Danish tax purposes. Taxation of capital gains and losses on ETC Securities is generally governed by the Capital Gains Act (*Kursgevinstloven*) as set out below and comprised by Section 29, subsection 3 therein. ETC Securities issued on perpetual terms may, however, depending on the terms thereof, for certain investors not qualify as debt instruments for Danish tax purposes, but as equity and careful advice should therefore be obtained prior to investing in such ETC Securities.

Yield paid on the ETC Securities will for Danish tax purposes qualify as interest when it is an amount charged by a lender for the use or detention of money, expressed as a percentage per annum of the principal amount of the loan over a certain period of time. Interest is generally taxable in the tax year in which it falls due or accrues. Yield paid on the ETC Securities which does not meet the interest definition will generally be considered to be, and included in, capital gains on the ETC Securities in question for Danish tax purposes.

Individuals residing in Denmark or spending at least six consecutive months in Denmark as well as companies, etc. which are either registered in Denmark or the management of which is based in Denmark are generally investors subject to full tax liability in Denmark. Individuals or companies that are also subject to full tax liability in another country may be subject to special rules, which are not described herein.

Individuals Resident in Denmark

Interest as well as such gains and losses, which are included in the taxable income of the investor, will be taxable as capital income.

Gains will be included in the calculation of capital income. Losses on such ETC Securities can be deducted in gains on financial contracts according to certain rules (see below).

The ETC Securities are taxed on an annual basis according to an inventory value (mark-to-market) principle as opposed to the realisation principle. A gain or a loss is calculated as the difference between the value of the ETC Securities at the beginning and the end of the income year, beginning with the difference between the acquisition sum of the ETC Securities and the value of ETC Securities at the end of the same income year. Upon realisation of the ETC Securities, i.e. redemption or disposal, the taxable income of that income year equals the difference between the value of the ETC Securities at the beginning of the income year and the value of the ETC Securities at realisation. If the ETC Securities have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the value at realisation.

A loss can only be deducted to the extent the loss does not exceed the net gains on financial contracts in previous income years since and including the income year of 2002. Financial contracts comprise put options, call options and forward contracts separately taxable as well as claims taxable as financial contracts, cf. Section 29, subsection 3 of the Capital Gains Act, excluding claims where the first creditor has acquired the claim before 4 May 2005. A further loss can be deducted in the net gains of financial contracts of the same income year and carried forward for the net gains of financial contracts of the following income years. Losses that exceed the net gains of previous income years and the same income year may generally be set off against net gains of a spouse of the same income year and may be set off against net gains of a spouse in following income years, if the exceeding loss cannot be deducted in net gains of the individual of the income year in question.

Capital income is taxed at a rate of up to 51.5 per cent.

Individuals holding ETC Securities in a professional trading capacity and as part of a business operation would generally be taxable on net income on ETC Securities as personal income and be able to deduct losses on the ETC Securities without the above ring-fencing restrictions. Personal income is generally taxable at a rate of approximately 56 per cent, including social contributions.

Individual investors who are subject to the special business tax regime (*Virksomhedsskatteordningen*) may invest in the ETC Securities within the said tax regime, cf. Section 1, subsection 2 of the Business Tax Regime Act (*Virksomhedsskatteoven*). Gains and losses on ETC Securities that are deemed to have relation to the business are included when calculating the annual taxable income of the business. A gain or a loss is calculated according to the above-mentioned rules. Income taxable as interest is taxed in the income year in which it accrues. Gains and interest that form part of an annual profit that remains within (i.e. not distributed for free disposal of the investor) the tax regime, cf. Section 10, subsection 2 of the Business Tax Regime Act is subject to a provisional tax of currently 25 per cent.

Pension Funds

ETC Securities subject to the Act on Pension Yield (*Pensionsafkastbeskatningsloven*) are taxed according to the mark-to-market principle (see "Individuals Resident in Denmark" above).

Gains and losses on the ETC Securities and any yield thereon are included when calculating the annual taxable income.

The pension yield tax rate is 15 per cent.

Corporate Investors Resident in Denmark

Gains and losses on ETC Securities may generally be included in the calculation of taxable income. However, certain ring-fencing restrictions may apply to losses realised by corporate investors not holding ETC Securities in a professional trading capacity.

The annual taxable income from the ETC Securities will be determined on the basis of a mark-to-market principle (see "Individuals Resident in Denmark" above).

Wealth Taxation

No wealth taxation including ETC Securities is applicable in Denmark.

Transfer Tax

Transfers of the ETC Securities are not subject to transfer tax or stamp duty in Denmark.

Withholding Tax

When the Issuer is not tax resident in Denmark but is the debtor under the ETC Securities, Danish withholding tax on interest or other yield on the ETC Securities will generally not apply.

European Union Directive on the Taxation of Savings Income

Under European Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain other residual entities of that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. If any of these countries during the transitional period decides instead to apply the exchange of information provisions laid down in the Directive, such country will cease to apply the above-mentioned withholding tax, cf. Article 10(3) of the Directive.

Denmark has implemented the Directive by adopting Section 8X of the Danish Tax Control Act requiring Danish paying agents to provide certain information to the tax authorities regarding yield paid or credited by such paying agent to accounts held by certain recipients.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain other residual entities of a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain other residual entities of those territories.

France

General

This following summary is based on the tax laws and regulations in force in France as of the date of the Base Prospectus and such as applied by the French tax authorities, all of which are subject to changes or to different interpretation. It does not purport to be a comprehensive description of all the French tax considerations which may be relevant to a decision to purchase, own or dispose of the ETC Securities.

Potential purchasers and sellers of the ETC Securities are advised not to rely upon the tax summary contained in the Base Prospectus and/or in the Final Terms but to ask for their own tax adviser's advice on their individual taxation with respect to the purchase, ownership, redemption or disposal of the ETC Securities. In particular, this tax summary does not address the tax treatment of ETC Securities holders that are subject to special rules, such as partnerships, trusts or regulated investment companies, international organisations, banks or other financial institutions, insurance companies, among others. Prospective investors should consult their tax advisers as to the French and foreign tax treatment especially in light of their particular circumstances.

The tax treatment described below is based on the assumption that the ETC Securities will be assimilated to securities equivalent to bonds (*obligations*) for French tax purposes.

EU Savings Directive

The EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "**Directive**") has been implemented in French law by Article 242 *ter* of the French Tax Code (*Code général des impôts*) (the "**FTC**") and Articles 49 I *ter* to 49 I *sexies* of the Appendix III to the FTC. Article 242 *ter* of the FTC imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Withholding Tax

To the extent that the Issuer of the ETC Securities is not domiciled or established in France (notably ETC Securities are not issued through a permanent establishment of the Issuer in France), the payments made on the ETC Securities to a beneficial holder of ETC Securities which is not a French resident for tax purposes and does not hold the ETC Securities in connection with a permanent establishment or a fixed base in France will not be subject to a withholding tax (*retenue à la source*) in France.

French Resident Individuals

The following is an overview of French tax rules applicable to individuals, resident in France for tax purposes, who hold ETC Securities as part of their private assets, who do not trade on the stock market on a regular basis and, accordingly, who are not considered as professional traders. Individuals who

engage in professional trading transactions should consult their tax advisers concerning the tax rules applicable in their specific case.

Income and Redemption Premium

Income from obligations (interest and redemption premium) issued by foreign entities are subject to personal income tax (Article 120-6°, 7° and 8° of the FTC).

The personal income tax is calculated on a progressive scale with a maximum rate of 40 per cent., to which are added :

- a general social contribution (*Contribution sociale généralisée*) of 8.2 per cent. (of which 5.8 per cent. is deductible from the basis of assessment for personal income tax for the year of payment);
- a social levy (*Prélèvement social*) of 2 per cent.;
- the two additional contributions to the social levy (*Contributions additionnelles au prélèvement social*) of 0.3 per cent. and 1.1 per cent.; and
- a social security debt repayment contribution (*Contribution au remboursement de la dette sociale*) of 0.5 per cent.

Capital Gains

Capital gains realised upon the sale of ETC Securities, assimilated to obligations, are exempted from tax when the total annual amount of sales of marketable securities, realised during the calendar year by the fiscal household does not exceed a certain threshold, currently set at € 25,830 (Article 150-0 A of the FTC).

Capital gains earned upon sales of ETC Securities are subject to taxation as of the first euro earned when the total annual amount of sales exceeds the above-mentioned threshold of €25,830. Such taxable capital gains are subject to tax at a rate of 18 per cent. (article 200-A 2 of the FTC).

In addition, all capital gains are subject to the following social contributions:

- a general social contribution (*Contribution sociale généralisée*) of 8.2 per cent.;
- a social levy (*Prélèvement social*) of 2 per cent.;
- the two additional contributions to the social levy (*Contributions additionnelles au prélèvement social*) of 0.3 per cent. and 1.1 per cent.; and
- a social security debt repayment contribution (*Contribution au remboursement de la dette sociale*) of 0.5 per cent.

Capital losses may only be used to offset capital gains of the same type incurred within the same year and the following 10 years, provided that the above-mentioned threshold of € 25,830 is exceeded during the years in which such capital losses are realised.

French Wealth Tax

ETC Securities held by individuals in their personal portfolio are included in the basis of assessment for French wealth tax (*impôt de solidarité sur la fortune*). As at 1 January 2010, French wealth tax is applicable to individuals who own personal assets, the fair market value of which exceeds €790,000 (the threshold varies each year).

Duties on Inheritance and Gift Tax

ETC Securities inherited or received as gifts by individuals are subject to inheritance and gift taxes in France.

Legal Entities Subject to Corporate Income Tax in France

Income and Redemption Premium

Default interest (if any) accrued on the ETC Securities held by legal entities which are resident in France for tax purposes are taken into account for the calculation of their taxable profits of the fiscal year during which they were earned and are subject to CIT, currently levied at 33.33 per cent. and increased by a social contribution (*contribution sociale*) at a 3.3 per cent. rate applied on the corporate income tax, after deduction of € 763,000 (Article 235 *ter* ZC of the FTC). Certain legal entities may pay CIT at the reduced rate of 15 per cent., up to a maximum amount of € 38,120 per 12-month period, and may qualify for exemption from the 3.3 per cent. social contribution (Articles 219-I-b and 235 *ter* ZC of the FTC).

The redemption premium is calculated by the difference between the amounts to be received and the amounts paid at the time of the acquisition or subscription of the securities.

Where the instrument is indexed, the redemption premium is computed at the end of the fiscal year as the value of reimbursement that takes into account the variation of the index (article 238 septies E II 3° of the FTC). The taxable portion of the premium is equal to the difference between (i) the fraction of the premium accrued during the fiscal year, to which is applied a rate, which, in accordance with the methods of compound interest, allows obtaining of the reimbursement value and (ii) the fractions taxed during the previous fiscal years according to the same method. If there is capitalised interest, payable according to payment dates exceeding one year, the fraction of such interest accrued during the fiscal year is also taxable according to the above-mentioned rules. If there is a clause providing for a guaranteed minimum reimbursement value, the taxable amount of the premium may not be less than the amount computed based on such minimum reimbursement value according to the above-mentioned rules.

The premium is subject to a staggered taxation when the premium, computed as indicated above, exceeds 10 per cent. of the subscription or acquisition price and for securities whose average issue price is not greater than 90 per cent. of their redemption value (article 238 septies E II 1° of the FTC).

In the other cases (where the conditions are not met), the premium is taxable at the time of reimbursement.

In order to avoid double taxation, when the securities are sold or reimbursed, the portion of the premium and capitalised interest that has already been subject to the staggered taxation during the previous financial year is deducted in determining the capital gain.

Capital Gains

Capital gains or losses realised on the sale of ETC Securities by a legal entity subject to CIT are subject to the short-term capital gains or short-term capital losses regime.

Capital gains are included in the ordinary results of the current fiscal year at the time of their realisation and are taxable at the standard CIT rate of 33.33 per cent. plus the 3.3 per cent. social contribution, on the basis outlined above (or the reduced rate of 15 per cent. up to € 38,120, where applicable).

Capital losses are charged against operating income or contribute to the creation of loss carry forwards under the conditions set forth by commonly applicable law.

Finland

General

The following is a summary of certain Finnish tax consequences for holders of the ETC Securities who are residents of Finland for tax purposes. The summary is based on tax laws and taxation practice, as in effect and applied as at the date of the Base Prospectus, with respect to securities linked to a certain index or the value of an underlying security generally, and is intended to provide general information

only. Tax laws, taxation practices and their interpretation are constantly under change, which changes may sometimes have a retroactive effect and may change the conclusions set out in the summary.

The summary does not cover situations where individuals hold the ETC Securities in context of business activities. The summary does neither cover situations where the ETC Securities are held as investment assets or current assets (i.e. allocable to the inventory or otherwise held for trading purposes) by a corporation or where there are unrealised changes in the values of the ETC Securities that are held for trading purposes. This summary addresses neither Finnish gift nor inheritance tax consequences.

Tax Withholding

Generally, payments under foreign securities may be made by a foreign issuer without withholding on account of Finnish income tax. Thus, as regards the income received by the holders under the ETC Securities, no Finnish withholding tax shall be levied if the Issuer is a foreign entity without a permanent establishment in Finland. However, according to Finnish domestic tax legislation, Finnish institutional payers, such as an account operator paying the interest or a comparable compensation (if any), may be obliged to levy an advance withholding tax of 28 per cent. on such payments when made to individuals.

Individuals and Death Estates

In income taxation, the ETC Securities will presumably be considered as assets, the disposal of which will result in a capital gain or loss. Accordingly, individuals and death estates will be subject to tax on any capital gains incurred from the disposal of the ETC Securities. Capital gains of individuals and death estates are currently taxed at a tax rate of 28 per cent.

Capital gains and losses are calculated by deducting from the alienation price the original acquisition cost added with expenses incurred from the disposal of the ETC Securities. The acquisition cost of the ETC Securities is generally considered to consist of the price paid for the ETC Securities added with possible expenses incurred from the acquisition. Alternatively, when calculating capital gains, natural persons and death estates may use a so-called presumed acquisition cost, the amount of which is always a minimum of 20 per cent. of the sales price. When using the presumed acquisition cost, sales expenses are not separately deductible.

In the event that the ETC Securities are considered as securities in income taxation, a loss suffered from the disposal of the ETC Securities may presumably be considered as a capital loss. Similarly, a loss arising from the expiration of the ETC Securities (as worthless) presumably constitutes a capital loss. The capital loss may be deducted from the capital gains arising in the same year and the three following years.

Any interest or other comparable compensation related to the ETC Securities and paid at redemption/maturity will be taxed as capital income at the tax rate of 28 per cent. (and will not be taken into account when calculating a possible gain or loss at redemption/maturity). Possible foreign withholding tax is normally credited in Finland up to the maximum amount of taxes payable in Finland. Double tax treaties may limit the right to tax in Finland.

Corporations

Income received from the disposal of the ETC Securities that are included in the business assets of corporations is deemed taxable. Correspondingly, the acquisition cost of the ETC Securities is treated as a deductible expense in taxation. Thus, the profit being the difference between the sales price and the acquisition cost of the ETC Securities is taxed as corporate income of the corporation.

In the event that the ETC Securities are not included in a corporation's business assets, income received from them is taxed as capital gains or loss as described above, see "*Individuals and Death Estates*". However, a corporation may not use a presumed acquisition cost.

Any interest or other comparable compensation related to the ETC Securities is taxed either as business income or personal income of the company.

Corporate income is taxed at a tax rate of 26 per cent.

Possible foreign withholding tax is normally credited in Finland up to the maximum amount of taxes payable in Finland. Double tax treaties may limit the right to tax in Finland.

Germany

Income Tax

Securities Held by Tax Residents as Private Assets

In case the ETC Securities are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, any income received with respect to the ETC Securities including capital gains (within the meaning of German tax law) on the sale or redemption of the ETC Securities is taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon). Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of EUR 801 per year (EUR 1,602 for married couples filing their tax return jointly). The tax allowance is considered for purposes of the withholding tax if the investor files a withholding tax exemption request (*Freistellungsauftrag*) with the respective Domestic Paying Agent (as described below) where the securities deposit account to which the ETC Securities are allocated is held. The deduction of related expenses for tax purposes is not possible. In addition, Securityholders will not be able to offset losses on the sale or redemption of the ETC Securities against other types of income (e.g. employment income) than investment income.

The flat tax is generally collected by way of withholding. If the ETC Securities are kept or administered in a domestic securities deposit account by a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (together, the “**Domestic Paying Agent**”) since their acquisition, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon (and, if applicable to the individual investor, church tax), is levied on capital gains from the sale or redemption of the ETC Securities, resulting in a total withholding tax charge of 26.375 per cent. If the ETC Securities were sold or redeemed after being transferred to another securities deposit account, the 25 per cent. withholding tax (plus solidarity surcharge thereon and, if applicable to the individual investor, church tax) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous account bank was able and allowed to provide evidence for the investor’s actual acquisition costs to the new Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

If no Domestic Paying Agent (as defined above) is involved in the payment process, the Securityholder will have to include its income on the ETC Securities in its tax return and the flat income tax of 25 per cent., plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax, will be collected by way of assessment.

Payment of the flat tax will generally satisfy any income tax liability of the Securityholders in respect of such investment income. Securityholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

Securities Held by Tax Residents as Business Assets

If the ETC Securities are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany), capital gains from the sale or redemption of the ETC Securities are subject to personal or corporate income tax (plus solidarity

surcharge thereon and, if applicable to the individual investor, church tax). Capital gains from the sale or redemption of the ETC Securities will also be subject to trade tax.

No withholding is generally required on capital gains from the sale or redemption of ETC Securities derived by German resident corporate Securityholders and upon application by individual Securityholders holding the ETC Securities as business assets. Apart from that if a Domestic Paying Agent (as defined above) is involved in the payment process tax at a rate of 25 per cent. (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax) will also be withheld from capital gains from the sale or redemption of the ETC Securities. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be. Losses realised on the sale or redemption of the ETC Securities may be offset in particular against other items of positive income under the general tax rules or deducted as part of losses carried back or forward, although the minimum taxation rules (Section 10d(1), (2) EStG) must be observed.

Securities Held by Non-tax Residents

Income derived from the ETC Securities by holders who are not tax resident in Germany is in general exempt from German income taxation, and no withholding tax shall be withheld, provided however (i) the ETC Securities are not held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, or (ii) the ETC Securities are not presented for payment or credit at the offices of a German credit or financial services institution including a German branch of a foreign credit or financial services institution (over-the-counter transaction).

If the income derived from the ETC Securities is subject to German taxation according to (i) above, the income is subject to withholding tax similar to that described above under "*Securities Held by Tax Residents as Business Assets*". According to (ii) above the payment of withholding tax will generally satisfy any German income tax liability of the Securityholders in respect of such investment income. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

Investment Tax Act

The ETC Securities should not qualify as units in a foreign investment fund in terms of the German Investment Tax Act (*Investmentsteuergesetz*).

Inheritance and Gift Tax

No inheritance or gift taxes with respect to ETC Securities will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such ETC Security is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the ETC Securities. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

Greece

With regard to certain innovative or structured financial instruments there are currently no specific tax law provisions, or jurisprudence or relative guidelines, therefore, Securityholders that are Greek tax residents and /or have a permanent establishment in Greece are recommended to take their own tax advice.

Even though it may be suggested that capital gains from the disposal or redemption of ETC Securities are not subject to withholding tax, it cannot be excluded that the Greek tax authorities would take the opposite view, in which case, any income derived from the disposal or redemption of ETC Securities may be subject to the provisions of Greek tax law with regard to the taxation of “income derived from securities”.

As such, interest on deposits, certificates of deposits and interest on debt instruments is subject to withholding tax.

Capital gains from Exchange Traded Funds (“ETFs”) or derivatives are tax exempt, or, may be subject to withholding tax, respectively.

In this respect, the following should be noted:

Taxation of ETC Securities as “deposit” or “certificates of deposit”

Should ETC Securities be considered as deposits or certificates of deposit, interests earned by Greek resident holders or holders with a permanent establishment in Greece will be subject to a withholding tax at 10 per cent. if payment is made by a paying agent in Greece.

Mutual funds and other institutional investors are exempt from the taxation on income derived from securities and from any relevant withholding tax.

Taxation of ETC Securities as Debt Instruments

Should ETC Securities be considered as debt instruments, default interest (if any) earned by Greek resident holders or holders with a permanent establishment in Greece will be subject to a withholding tax at 10 per cent. if payment is made by a paying agent in Greece.

In the case of holders who are individuals, partnerships, joint ventures or non-profit entities, such withholding extinguishes their income tax liability in respect of this income.

In the case of companies limited by shares as well as limited liability companies and branches of foreign entities operating in Greece, default interest (if any) on the ETC Securities will be part of their taxable base of the year in which such interest arose and will be subject to tax at the applicable corporate income tax rate (currently 25 per cent.) while the 10 per cent. tax withheld at source will be offset against the income tax liability of the year or refunded if the tax due is not sufficient to absorb tax withheld. In the case of banks and insurance companies interest is fully taxable at the applicable corporate income tax rate (25 per cent.) however special rules apply as to the time of taxation.

Institutional investors (mutual funds, portfolio investment companies and real estate investment companies) are exempt from the 10 per cent. withholding tax on condition that the holder acquires the interest coupon at least 30 calendar days prior to maturity.

Taxation of Capital Gains

There is no express provision for the taxation of capital gains from the ETC Securities.

However, those capital gains may be added to the income of the security holder and taxed pursuant to the general provisions of the Greek income tax.

Mutual funds and other institutional investors are exempt from the taxation on income derived from securities and from any relevant withholding tax.

Taxation of ETC Securities as ETFs

Should ETC Securities be considered as ETFs, then any gain acquired by private investors or/and legal entities, which from a tax point of view is deemed as income from securities, is tax exempt.

Taxation of ETC Securities as Derivatives

Should ETC Securities be considered as derivatives:

- (a) Any gain acquired by individuals, partnerships, joints ventures, and non-profit entities, not maintaining double entry books, is tax exempt.

However, income deriving from securities acquired by Greek residents beneficiaries being not professionals maintaining double entry books or portfolio investment companies or mutual funds, is subject to withholding tax at a rate of 15 per cent., if payment is made by a payment agent or/and credit institution in Greece. After such deduction of tax, there is no further tax liability.

- (b) Any gain acquired by professionals or/and legal entities maintaining double entry books, is deemed as business income and is taxed according to the general provisions (tax scale) of Greek income tax.

Implementation in Greece of the Directive

Greece has implemented Directive 2003/48 through law 3312/2005. It is not clear, from a tax law point of view, if income derived from the disposal or redemption of ETC Securities falls under the Directive's provisions. The Greek tax authorities may take that view, in which case, the Directive's reporting requirements with regard to the capital gains, would apply.

Ireland

The following summary outlines certain aspects of Irish tax law and practice regarding the ownership and disposition of ETC Securities. This summary deals only with ETC Securities held beneficially as capital assets and does not address special classes of holders of ETC Securities such as dealers in securities. This summary is not exhaustive and holders of ETC Securities are advised to consult their own tax advisers in respect of the taxation consequences of their ownership or disposition. The comments are made on the assumptions that (i) the Issuer is not resident in Ireland for Irish tax purposes, (ii) the Issuer does not carry on a trade or business in Ireland through a branch or agency, (iii) the Issuer was not incorporated in Ireland and (iv) the ETC Securities are not secured over Irish land or real property. The summary is based on current Irish taxation legislation and practice of the Irish Revenue Commissioners.

Irish Withholding Tax

Under Irish tax law there is no obligation on the Issuer to operate any withholding tax on payments of interest (or amounts regarded as interest under Irish law, if any) on the ETC Securities except where the interest has an Irish source. The interest could be considered to have an Irish source, where, for example, interest is paid out of funds maintained in Ireland or where the ETC Securities are secured on Irish situate assets. The mere offering of the ETC Securities to Irish investors will not cause the interest to have an Irish source.

In certain circumstances collection agents and other persons receiving interest on the ETC Securities in Ireland on behalf of an Irish resident holder of ETC Securities will be obliged to operate a withholding tax.

Taxation of Interest

Unless exempted, an Irish resident or ordinarily resident holder of ETC Securities will be liable to Irish tax on the amount of the interest (or amounts regarded as interest under Irish law, if any) received from the Issuer. Individuals would suffer income tax plus potentially PRSI and health levies and income levies. Corporate investors will suffer corporation tax. Credit against Irish tax on the interest (or amounts regarded as interest under Irish law, if any) received may be available in respect of any foreign withholding tax deducted by the Issuer.

Taxation of Capital Gains

Irish resident or ordinarily resident holders of ETC Securities will be liable to Irish tax on capital gains on any gains arising on a disposal of ETC Securities. Reliefs and allowances may be available in computing the holder's liability.

Stamp Duty

Transfers of ETC Securities should not be subject to Irish stamp duty, provided the transfers do not relate to Irish land or buildings or securities of an Irish registered company.

Capital Acquisitions Tax

A gift or inheritance comprising of ETC Securities will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the ETC Securities are regarded as property situate in Ireland. This tax is charged on gifts and inheritances above a certain threshold determined both by the relationship between the disponer and the donee/successor and previous gifts or inheritances received.

Provision of Information

Generally

Holders of ETC Securities should be aware that where any interest (or amounts regarded as interest under Irish law, if any) or other payment on ETC Securities is paid to them by or through an Irish paying agent or collection agent then the relevant person may be required to supply the Irish Revenue Commissioners with details of the payment and certain details relating to the holder. Where the holder of the ETC Securities is not Irish resident, the details provided to the Irish Revenue Commissioners may, in certain cases, be passed by them to the tax authorities of the jurisdiction in which the holder is resident for taxation purposes.

EU Savings Directive

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)".

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the Taxes Consolidation Act, 1997 resident in another EU Member State and certain associated and dependent territories of a Member State will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

In November 2008, the European Commission proposed that a number of changes be made to the directive following a report on its operation since adoption. If any of these proposed changes are adopted they are likely to broaden the scope of the directive.

Italy

With regard to certain innovative or structured financial instruments there is currently neither case law nor comments of the Italian tax authorities as to the tax treatment of such financial instruments. Accordingly, it cannot be excluded that the Italian tax authorities and courts or Italian intermediaries may adopt a view different from that outlined below.

Provided that the ETC Securities qualify as derivatives instruments for the purposes of Italian tax law, pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Securityholder is: (i) an individual not engaged in an entrepreneurial activity to which the ETC Securities are connected, (ii) a

non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains realised on the sale or redemption of the ETC Securities are subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*).

In this respect, Securityholders who are Italian resident individuals may opt for three different taxation regimes (*regime della dichiarazione, regime del risparmio amministrato, regime del risparmio gestito*). This option may result in certain impacts that the prospective investors should consider with their tax advisers. In particular, provided that certain conditions are met, the depository is responsible for accounting for *imposta sostitutiva* and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under certain conditions, capital losses may be deducted from the above mentioned capital gains.

Where an Italian resident Securityholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the ETC Securities are effectively connected, capital gains arising from the ETC Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to Italian corporate tax (*IRES*, currently applicable at a rate of 27.5 per cent.) and, in certain cases, depending on the status of such holder, may also have to be included in its taxable base for regional tax purposes (*IRAP*, currently applicable at a rate of 3.9 per cent. The IRAP rate may be increased in certain Italian regions).

Capital gains realised by non-Italian resident Securityholders without a permanent establishment in Italy are not subject to Italian taxation, if (i) the ETC Securities are held outside of Italy, (ii) the capital gains derive from transactions executed in the regulated markets or (iii) the ETC Securities have been deposited in Italy but are not traded on a regulated market and the beneficial owner of proceeds from the relevant ETC 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 tax 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), will be included in the new list of qualifying jurisdictions as specified by the Decree to be enacted.

Under a different interpretation of current tax law, it is possible that ETC Securities would be considered as "atypical" securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to ETC Securities may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the ETC Securities and to an Italian resident holder of the ETC Securities which is: (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

Should the ETC Securities be deemed to constitute units in foreign investment funds, income from capital deriving from the ETC Securities should be included in the taxable income of the Italian resident recipient and may be subject to a 12.5 per cent. advance withholding tax applied by Italian resident entities, if any, which intervene in the payment of the relevant proceeds as well as in the repurchase or negotiation of the ETC Securities.

Implementation in Italy of the Directive

Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents (i.e. banks, *società di*

intermediazione mobiliare (SIM), fiduciary companies, *società di gestione del risparmio* (SGR) resident for tax purposes in Italy, Italian permanent establishments of non-Italian resident persons and any other Italian entity paying interest for professional or business reasons) shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. As no return in respect of ETC Securities (whether in the form of cash, on redemption, or as a result of trading) 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.

Luxembourg

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

Under Luxembourg tax law currently in effect and subject to the June 2005 Laws and the December 2005 Law, as defined below, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest), nor is any Luxembourg withholding tax payable upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the ETC Securities.

Non-resident Holders of ETC Securities

Under the Luxembourg laws dated 21 June 2005 (the “**June 2005 Laws**”), implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the “**Directive**”) and ratifying several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“**EU**”), a paying agent established in Luxembourg (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to or for the immediate benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment will apply (except for the tax certificate procedure) to payments of interest and other similar income made to certain “residual entities” within the meaning of Article 4.2 of the Directive established in a Member State or in certain EU dependent or associated territories (i.e. entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, and that are not, or have not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC).

Where withholding tax is applied under the June 2005 Laws, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments under the ETC Securities coming within the scope of the June 2005 Law would at present be subject to withholding tax of 20%. The withholding tax

system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Resident Holders of ETC Securities

Under the Luxembourg law dated 23 December 2005, as amended (the “**December 2005 Law**”), interest payments made by paying agents established in Luxembourg (as defined in the December 2005 Law) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC or for the exchange of information regime) are subject to a 10 per cent. withholding tax. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments under the ETC Securities coming within the scope of the December 2005 Law would be subject to withholding tax of 10%.

Income Taxation

Non-resident Holders of ETC Securities

A non-resident corporate holder of ETC Securities or an individual holder of ETC Securities acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which such ETC Securities are attributable, is subject to Luxembourg income tax on interest (if any) accrued or received, redemption premiums or issue discounts, under the ETC Securities and on any gains realised upon the sale or disposal, in any form whatsoever, of the ETC Securities.

Resident Holders of ETC Securities

A corporate holder of ETC Securities must include any interest (if any) accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the ETC Securities, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of ETC Securities, acting in the course of the management of a professional or business undertaking.

A holder of ETC Securities that is governed by the law of 31 July 1929, on pure holding companies, as amended¹, or by the law of 11 May 2007 on family estate management companies, or by the law of 20 December 2002 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the ETC Securities.

An individual holder of ETC Securities, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of default interest received, redemption premiums or issue discounts, under the ETC Securities, except if (i) withholding tax has been levied on such payments in accordance with the December 2005 Law, or (ii) the individual holder of the ETC Securities has opted for the application of a 10 per cent. tax in full discharge of income tax in accordance with the December 2005 Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State), or in a state that has entered into a treaty

¹ The law of 31 July 1929 has been abolished by a law of 22 December 2006. According to such law, existing pure holding companies governed by the law of 31 July 1929 continue under certain conditions to benefit from the 1929 holding companies regime during a transitional period until 31 December 2010.

with Luxembourg relating to the Council Directive 2003/48/EC of 3 June 2003. A gain realised by an individual holder of ETC Securities, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of ETC Securities is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the ETC Securities were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the December 2005 Law.

Net Wealth Taxation

A corporate holder of ETC Securities, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such ETC Securities are attributable, is subject to Luxembourg wealth tax on such ETC Securities, except if the holder of ETC Securities is governed by the law of 31 July 1929 on pure holding companies, as amended, or by the law of 11 May 2007 on family estate management companies, or by the law of 20 December 2002 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, or is a securitisation company governed by the law of 22 March 2004 on securitisation, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual holder of ETC Securities, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such ETC Securities.

Other Taxes

Neither the issuance nor the transfer of ETC Securities will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

Where a holder of ETC Securities is a resident of Luxembourg for tax purposes at the time of his/her death, the ETC Securities are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of ETC Securities if embodied in a Luxembourg deed or recorded in Luxembourg.

The Netherlands

Where in this paragraph English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. This paragraph assumes that the place of effective management of the Issuer is not situated in the Netherlands and that the Issuer is neither a resident nor deemed to be a resident of the Netherlands.

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the ETC Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only for holders of ETC Securities who are residents or deemed residents of the Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the ETC Securities.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of the Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of ETC Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of ETC Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institution (*vrijgestelde fiscale beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

For the purpose of the Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

Netherlands Withholding Tax

All payments made by the Issuer under the ETC Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Netherlands Corporate and Individual Income Tax

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the ETC Securities are attributable, income derived from the ETC Securities and gains realised upon the redemption, settlement or disposal of the ETC Securities are generally taxable in the Netherlands (at up to a maximum rate of 25.5 per cent.).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the ETC Securities and gains realised upon the redemption, settlement or disposal of the ETC Securities are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the ETC Securities are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the ETC Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the ETC Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the ETC Securities, taxable income with regard to the ETC Securities must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4 per cent. of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the ETC Securities less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the ETC Securities will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments will be taxed at a rate of 30 per cent.

Netherlands Gift and Inheritance Tax

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the ETC Securities by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within 10 years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a donation within a 12-month period after leaving the Netherlands. The same 12-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Netherlands Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the ETC Securities or in respect of a cash payment made under the ETC Securities, or in respect of a transfer of ETC Securities.

Other Netherlands Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the ETC Securities.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Norway

It is assumed that the ETC Securities for Norwegian tax purposes will be regarded as bearer bonds/debentures. In general, debt instruments issued in several with identical text are regarded as bearer bonds/debentures.

For Norwegian holders, interest (if any) on the ETC Securities is taxable as "ordinary income" subject to a flat rate of 28 per cent. This applies irrespective of whether the Norwegian holders are individuals or corporations. For taxpayers with a statutory obligation to keep accounting records, interest is taxed on an

accruals basis (i.e. regardless of when the return is actually paid). For other taxpayers, accrued interest is as the main rule taxed when the interest is actually paid.

Redemption at the end of the term as well as prior disposal is treated as a realisation of the ETC Securities and will trigger a capital gain or loss for Norwegian holders. Capital gains will be taxable as “ordinary income”, subject to the flat rate of 28 per cent. Losses will be deductible in the holder’s “ordinary income”, taxed at the same tax rate. Any capital gain or loss is computed as the difference between the amount received by the Norwegian holder on realisation and the cost price of the ETC Securities, less any amount taxed as interest. The cost price is equal to the price for which the holder acquired the ETC Securities. Costs incurred in connection with the acquisition and realisation of the ETC Securities may be deducted from the holder’s taxable income in the year of the realisation.

The value of ETC Securities at the end of each income year will be included in the computation of the Norwegian holder’s taxable net wealth for municipal and state net wealth tax purposes. Norwegian limited liability companies and similar entities are not subject to net wealth tax

Withholding Tax

Pursuant to Norwegian tax regulations, no withholding tax shall be withheld on any income derived from the ETC Securities. Hence, no withholding tax will be levied on: (i) payment of default interest (if any) on the ETC Securities, (ii) capital gain in connection with the payment of the Redemption Amount on redemption of the ETC Securities or (iii) the sale proceeds on sale of the ETC Securities. This applies irrespectively of whether the ETC Securities are listed or not.

Portugal

The following is a summary of the current Portuguese tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments in respect of the Securities. The statements do not deal with other Portuguese tax aspects regarding the Securities and relate only to the position of persons who are absolute beneficial owners of the Securities. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Securityholders who are in any doubt as to their tax position should consult their own professional advisers.

Portuguese Resident Individuals: Personal Income Tax (*“Imposto sobre o Rendimento das Pessoas Singulares”*) (“IRS”)

Redemption Amount

Since the ETC Securities do not guarantee a minimum income to the Securityholders, any income arising therefrom qualifies under Portuguese tax law as a capital gain.

Therefore, even if the payment of the Redemption Amount is made through a Portuguese paying agent, no Portuguese withholding tax will be due.

Default Interest

Conversely, default interest (if any) qualifies as investment income and is subject to IRS at a flat 20 per cent. rate.

In case investment income in connection with the ETC Securities is paid by a Portuguese paying agent, IRS at a 20 per cent. flat rate will be withheld. In this case, a Portuguese resident individual, unless deriving such income in the capacity of an entrepreneur with organised accounts, may choose instead to declare such income in his or her tax return, together with the remaining items of income derived. If such election is made, the said income will be subject to IRS according to the relevant tax brackets, up to 42 per cent., and the domestic withholding tax will constitute a payment on account of such final IRS liability. Conversely, any foreign withholding tax suffered will be considered as a tax credit against the final IRS liability.

In case investment income in connection with the ETC Securities is not paid by a Portuguese paying agent, no Portuguese withholding tax will apply. A Portuguese resident individual must declare the relevant income in its tax return and either subject it to an autonomous taxation of 20 per cent. flat rate or aggregate it with the remaining elements of income and subject the global amount to IRS according to the relevant tax brackets, up to 42 per cent. Only in this latter alternative may any foreign withholding tax suffered be considered as a tax credit against the final IRS liability.

Capital Gains

There is no Portuguese withholding tax on capital gains.

The annual positive balance arising from the difference between capital gains and capital losses resulting from transactions in connection with the ETC Securities will be taxed at the special tax rate of 10 per cent., unless the individual resident in Portugal elects to include it in his taxable income, subject to tax at progressive rates of up to 42 per cent. However, it should be taken into account that Jersey is one of the jurisdictions included in the list as “tax havens”, published by Ministerial Order no 150/2004, of 13 February, of the Portuguese Minister of Finance. In this regard, costs or losses borne with the Securities will be disregarded for tax purposes.

Note that it is expected that during the course of May 2010 legislation will be introduced raising the special tax rate of capital gains taxation to 20 per cent. on the positive difference between the capital gains and capital losses arising in the 2010-2011 tax year. The effect of these proposed changes, therefore, is that any gains arising from the disposal of ETC Securities obtained by Portuguese tax resident individuals and not offset against any available capital losses will be taxed at 20 per cent.

In addition, it should also be taken into account that an individual income progressive tax rate of 45%, which should replace the referred 42% rate, is likely to enter into force in the Portuguese tax law during the course of May 2010 and will apply in the 2010-2011 tax year.

Portuguese Resident Corporate Entities: Corporate Income Tax (“*Imposto sobre o Rendimento das Pessoas Colectivas*”) (“IRC”)

Any income derived by Portuguese corporate entities in relation to the ETC Securities will be included in their taxable income and are subject to progressive corporate income tax rate according to which a 12.5 per cent. tax rate will be applicable on the first €12,500 of taxable income and a 25 per cent tax rate will be applicable on taxable income exceeding €12,500, which may be subject to a municipal surcharge (“*derrama*”) of up to 1.5 per cent., over the Securityholders taxable profits.

To the extent that the Issuer of the ETC Securities is a non-Portuguese resident entity, no Portuguese withholding tax on account of the final IRC liability of Portuguese corporate investors will apply, irrespective of the location of the paying agent.

Spain

General

The following is a discussion of certain Spanish tax considerations relevant to a Securityholder. This statement must not be understood to be tax advice. It is based on the Spanish tax laws and their interpretation at the date hereof. This description does not purport to be complete with respect to the tax information that may be relevant for the Securityholder due to his personal circumstances. Prospective buyers of the ETC Securities are advised to consult their professional tax adviser regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of the Security.

Taxation of a Spanish Tax Resident Individual

According to article 25 of the Spanish Personal Income Tax Act, positive or negative income obtained by Spanish tax residents individuals from the ETC Securities would be considered as yields from moveable capital.

In case of transfer, redemption or cash settlement, the yield obtained by the investor would be the difference between the amount received (reduced in the expenses related to the transfer) and the acquisition cost or subscription value (incremented in the costs related to the acquisition).

According to the Spanish legislation, income and losses from moveable capital will be included as "saving part" of the taxable income being taxed on a net basis at 19 per cent. over the first €6,000 and 21 per cent. over the excess amount².

As regards income obtained by Spanish resident individuals under the ETC Securities, no Spanish withholding taxes should be deducted by the Issuer considering it is resident in Jersey, as long as it does not have a permanent establishment in Spain.

However, Spanish withholding taxes on income obtained under the ETC Securities may have to be deducted by other entities as follows:

- (i) Default interest paid to investors who are Spanish resident individuals may be subject to Spanish withholding tax at 19 per cent. to be deducted by the depositary entity of the ETC Securities or the entity in charge of collecting the income derived there under, provided such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory (i.e. according to article 76 of the Spanish Personal Income Tax Royal Decree, in case DB SAE is designated as entity in charge of paying the interest, DB SAE would be the entity obliged to make the withholding tax).
- (ii) Income obtained upon transfer of the ETC Securities may be subject to Spanish withholding tax at 19 per cent. to be deducted by the financial entity acting on behalf of the seller, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.
- (iii) Redemption amounts may be subject to Spanish withholding tax at 19 per cent. to be deducted by the financial entity appointed by the Issuer (if any) for redemption of the ETC Securities, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.

Taxation of a Spanish Tax Resident Company

According to article 10.3 of the Spanish Corporate Income Tax Act, income obtained by a Spanish entity from the investment in the ETC Securities would be included in the taxable base of the said entities in accordance with the accounting standards, being taxed at the rate corresponding to the Securityholder (currently, general Corporate Income Tax Rate 30 per cent.).

According to article 59.s of the Corporate Income Tax Regulations in case of ETC Securities negotiated in official markets of OECD countries no withholding tax shall be withheld.

² Please note that there might be a risk that the investor could be characterised as unit holder instead of bond holder. Please be aware that in such a case the Spanish Tax Authorities could try to apply the attribution of income special tax regime. Prospective buyers of the ETC Securities are advised to consult their own professional tax advisers as regards this potential risk.

EU Tax Savings Directive: Implementation in Spain

Spain has implemented the EU Tax Savings Directive through amendment of Royal Decree 2281/1998 (chapter VI). According to such Royal Decree, subject to certain conditions being met, in the case of interests paid starting from 1 July 2005 to individuals who qualify as beneficial owners of the interest payment and who are resident for tax purposes in another Member State or in certain third states that have signed exchange of information agreements with Spain, Spanish paying entities resident for tax purposes in Spain and any other Spanish entity paying interest for professional or business reasons shall report to the Spanish Tax Authorities details of the relevant payments and personal information on the individual beneficial owner (reporting tax form 299).

Sweden

The following summary outlines certain Swedish tax consequences relating to holders of ETC Securities that are considered to be Swedish residents for Swedish tax purposes. The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address the rules regarding reporting obligations for, among others, payers of interest (except for Council Directive 2003/48/EC on taxation of savings income in the form of interest payments). Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisers regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of ETC Securities in their particular circumstances.

Holders Resident in Sweden

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on ETC Securities) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. life insurance companies. Further, specific tax consequences may be applicable if, and to the extent, a holder of ETC Securities realises a capital loss on the ETC Securities and to any currency exchange gains or losses.

If amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments.

Council Directive 2003/48/EC on Taxation of Savings Income in the Form of Interest Payments

The Directive was implemented into Swedish law through Chapter 12, Section 3a of the Swedish Act on the Filing of Income Tax Returns and Statements of Income (2001:1227) and is effective from 1 July 2005. In accordance with the Directive, a Swedish Paying Agent making an interest payment on behalf of the Issuer, to an individual resident in another EU Member State, is liable to report the paid interest to the Swedish Tax Agency. The Swedish Tax Agency will forward the information to the tax authorities in the EU Member State where the individual recipient is resident.

Switzerland

Swiss Tax Resident Securityholders

If the ETC Securities are held as *private assets*, any income derived from the ETC Securities is subject to ordinary income tax in the hands of the Securityholders, whereas any capital gain is exempt from income tax. The income tax rate is progressive and varies depending on the canton and commune of residence of the Securityholders.

Commodities certificates and FX transactions are deemed to generate tax-exempt capital gains or non-tax-deductible capital losses, so that the ETC Securities (including FX Hedged ETC Securities) held as private assets should in principle not generate taxable income (or tax deductible losses). It can, however, not be ruled out that, as a result of the Minimum Debt Amount, the Swiss tax authorities treat the ETC Securities as structured products, combining bond and option components. In that case and provided that the ETC Securities qualify as transparent products within the meaning of the practice of the Swiss federal tax administration (which is the case for most structured products), any proceeds received by the Securityholders upon sale or redemption of the ETC Securities would have to be allocated between the bond and option component of the ETC Securities (with the income attributed to the bond component being characterised as taxable income and the income attributed to the option component as tax-exempt capital gain).

If the ETC Securities are held as business assets, any income derived from the ETC Securities in excess of their book value is subject to ordinary (individual or corporate) income tax. Contrary to individual income tax, corporate income tax is generally a flat tax (which rate also varies depending on the cantons and commune of seat of the corporation).

Swiss Withholding Tax

Payments under the ETC Securities will not be subject to Swiss withholding tax (35 per cent.), provided that the Issuer of the ETC Securities is at all times domiciled and effectively managed outside of Switzerland and provided that the proceeds from the offering and sale of the ETC Securities are used outside of Switzerland.

Stamp Taxes (Issuance Stamp Tax, Securities Transfer Tax)

The issue of the ETC Securities is not subject to the Swiss federal issuance stamp tax, provided that the Issuer of the ETC Securities is at all times domiciled and effectively managed outside of Switzerland and provided that the proceeds from the offering and sale of the ETC Securities are used outside of Switzerland.

Sale or purchase of ETC Securities may be subject to securities transfer stamp tax (0.3 per cent. in relation to foreign securities) if the ETC Securities have to be characterised as structured product, if a Swiss securities dealer (e.g. a Swiss bank or broker) is involved as an intermediary or as a counterparty in such transactions and if no specific (full or half) exemption is available. Exemptions may be available in relation to specific parties (e.g. a half exemption applies in relation to a party qualifying as an exempt investor, e.g. collective investment scheme or foreign pension funds) or in relation to specific transactions (e.g. full exemption applies in case of redemptions, or in relation to specific types of securities).

Implementation of the Directive

On 26 October 2004, the European Community and Switzerland concluded an agreement on the taxation of savings income by way of a specific withholding tax system or a voluntary declaration in the case of transactions between parties in the EU Member States and Switzerland. Accordingly, Switzerland introduced a specific withholding tax on interest payments (including accrued interest on the sale of securities) or other similar income paid by a Swiss paying agent to an individual residing in the EU effective as from 1 July 2005. The withholding tax rate is currently 20 per cent. and will be 35 per cent. as from 1 July 2011 onwards, unless the investor elects for the exchange of information.

According to Guidelines issued by the Federal Tax Administration on 29 February 2008 relating to the taxation of savings income, Swiss banks, securities dealers, as well as other companies or individuals, who on a professional basis, occasionally or regularly, accept to invest in interest producing investments for third parties and who transfer interest qualify as "paying agents" (from the perspective of the withholding of tax). Swiss paying agents have the duty to identify the beneficial owners of the interest and to register with the Federal Tax Administration.

According to the Guidelines, payments arising from ETC Securities should in principle not be considered as interest subject to withholding tax under the agreement between EU Member States and Switzerland (except in specific circumstances where default interest (if any) is payable to the Securityholders under the Base Prospectus or any other relevant document).

United Kingdom

Withholding tax

No payments made by the Issuer to Securityholders are required to be made under deduction or withholding for or on account of United Kingdom tax.

Corporate Holders

Holders of ETC Securities who are within the charge to United Kingdom corporation tax (including non-resident holders whose securities are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be subject to tax as income on all profits and will be able to obtain relief for losses arising on the ETC Securities, broadly on the basis on which such profits and losses are recognised in their statutory accounts, provided that their accounts are prepared in accordance with UK generally accepted accounting practice or international financial reporting standards.

Holders within the charge to income tax

The following paragraphs discuss the position of holders who are resident or ordinarily resident in the United Kingdom or who are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency.

It is considered that the ETC Securities are likely to be treated as deeply discounted securities, as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 ("ITTOIA 2005") and are unlikely to fall within the definition of "excluded indexed securities" in section 433 ITTOIA 2005. On this basis, any profit arising on the sale or redemption of an ETC Security will be treated as an income profit for income tax purposes and no relief will be available for any loss that is suffered.

Reporting requirements

Persons in the United Kingdom paying amounts due on redemption of the ETC Securities which constitute deeply discounted securities as defined in Chapter 8 of Part 4 ITTOIA 2005 to or receiving such amounts on behalf of another person who is individual may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to such amounts and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on redemption of such Securities HM Revenue & Customs published practice indicates HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2011.

EU Directive on the Taxation of Savings Income

The EU has adopted a Directive regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons in another Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. A number of third countries and territories including Jersey have adopted similar measures to the EU Directive. For further information regarding the measures adopted in Jersey see the disclosure under the heading of "European Union Directive on the Taxation of Savings Income" in the section on Jersey taxation.

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

12. SUBSCRIPTION AND SALE

Only Authorised Participants may subscribe for ETC Securities from the Issuer. The Authorised Participant(s) in respect of each Series of ETC Securities will be specified in the relevant Final Terms.

Selling Restrictions

United States

The ETC Securities have not been and will not be registered under the Securities Act, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States and the Issuer has not and will not be registered under the Investment Company Act. ETC Securities may not be legally or beneficially owned by any U.S. person at any time nor offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

ETC Securities in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that it has not offered or sold and will not offer and sell ETC Securities at any time, directly or indirectly, within the United States or its possessions or for the account or benefit of any U.S. person. Each Authorised Participant has further represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver the ETC Securities of any identifiable Tranche except in accordance with Rule 903 of Regulation S under the Securities Act, and that none of it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such ETC Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of ETC Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that 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 ETC Securities which are the subject of the offering contemplated by the Base Prospectus as completed by the relevant Final Terms 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 such ETC Securities to the public in that Relevant Member State:

- (i) if the relevant Final Terms in relation to the ETC Securities specify that an offer of those ETC Securities may be made by the Authorised Participant(s) other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of the Base Prospectus in relation to such ETC 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,

provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period (if any) beginning and ending on the dates (if any) specified in such prospectus or final terms, as applicable;

- (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 (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000 and (c) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (iv) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Authorised Participant or Authorised Participants appointed by the Issuer for any such offer; or
- (v) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of ETC Securities referred to in paragraphs (ii) to (v) above shall require the Issuer or any Authorised Participant to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

United Kingdom

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that:

- (i) in relation to any ETC Securities which have a maturity of less than one year (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any ETC Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the ETC Securities would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any ETC Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such ETC Securities in, from or otherwise involving the United Kingdom.

Austria

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement that it has not and will not offer any Bearer Securities to the public in Austria, except that an offer of Bearer Securities may be made to the public in Austria:

- (i) in the period beginning one bank working day following:
 - (a) the date of publication of the prospectus including any supplements but excluding any Final Terms, in relation to those Bearer Securities issued by the Issuer which have been approved by *Finanzmarktaufsichtsbehörde* in Austria (the “FMA”) or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive;
 - (b) or being the date of publication of the relevant Final Terms for the Bearer Securities issued by the Issuer; and
 - (c) the date of filing of a notification with *Oesterreichische Kontrollbank*, all as prescribed by the Capital Market Act 1991, as amended (“CMA”: *Kapitalmarktgesetz* 1991); or
- (ii) otherwise in compliance with the CMA.

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement that it has not offered and will not offer any Uncertified Registered Securities either publicly or by way of private placement in Austria.

Each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement that it will within any information and/or marketing document or other communication directed to investors clearly disclose to any (potential) investor in the ETC Securities by using a highlighted disclaimer (e.g. in bold letters) the limited recourse character of payments under the ETC Securities which are, *inter alia*, linked to the performance of a Metal’s price and depend on the creditworthiness of third parties (other than the Issuer), the subordination of Securityholders’ claims to specified claims of the Trustee, the Agents, the Programme Counterparty, the Arranger and other persons specified in the relevant Issue Deed as well as the early redemption risk due to mandatory and optional early redemption events and that it will refer to the Conditions of the Bearer Securities with this respect.

For the purposes of this provision, the expression “an offer of Bearer Securities to the public” means the communication to the public in any form and by any means of sufficient information on the terms of the offer and the Bearer Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Bearer Securities issued by the Issuer.

France

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that it has not offered or sold and will not offer or sell, directly or indirectly, any ETC Securities to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the ETC Securities and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D. 411-1 to D.411-3 of the French Monetary and Financial Code (*Code monétaire et financier*).

The Base Prospectus has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

Ireland

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that:

- (i) it has not and will not underwrite the issue of, or place, any ETC Securities, otherwise than in conformity than with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007, including, without limitation, Parts 6, 7 and 12 thereof and the provisions of the Investor Compensation Act 1998;
- (ii) it has not and will not underwrite the issue of, or place, any ETC Securities, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942-2004 (as amended) and any codes of conduct rules made under Section 117(1) thereof;
- (iii) it has not and will not underwrite the issue of, or do anything in Ireland in respect of any ETC Securities otherwise than in conformity with the provisions of the Irish Prospectus Directive 2003/71/EC Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Irish Financial Services Regulatory Authority (the “**Financial Regulator**”);
- (iv) it has not and will not underwrite the issue of, place or otherwise act in Ireland in respect of any ETC Securities, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Financial Regulator; and
- (v) no ETC Securities will be offered or sold with a maturity of less than 12 months except in full compliance with the Financial Regulator Notice BSC C 01/02.

The Grand Duchy of Luxembourg

In addition to the cases described in the Public Offer Selling Restriction under the Prospectus Directive in which the Authorised Participant can make an offer of ETC Securities to the public in an EEA Member State (including the Grand Duchy of Luxembourg) (“**Luxembourg**”), the Authorised Participant can also make an offer of ETC Securities to the public in Luxembourg:

- (i) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (ii) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (iii) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

Portugal

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that, regarding any offer or sale of ETC Securities by it in Portugal or to individuals resident in Portugal or having a permanent establishment located in the Portuguese territory, it will comply with all laws and regulations in force in Portugal, including (without limitation) the Portuguese Securities Code (*Código dos Valores Mobiliários*), any other regulations issued by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*), namely Regulation 1/2009 on complex financial instruments, and Commission Regulation (EC) No.809/2004, any other laws or regulations implementing the Prospectus Directive, and other than in compliance with all such laws and regulations: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, market invite to subscribe, gather investment intentions, sell, resell, reoffer or deliver any ETC Securities in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and other applicable securities legislation and regulations, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portugal, as the case may be; (ii) all offers, sales and distributions by it of the ETC Securities have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code, qualify as a private placement of ETC Securities only (*oferta particular*); (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the Base Prospectus, the relevant Final Terms or any other offering material relating to the ETC Securities to the public in Portugal. Furthermore, (a) if the ETC Securities are subject to a private placement addressed exclusively to qualified investors as defined, from time to time, in Article 30 of the Portuguese Securities Code (*investidores qualificados*), such private placement will be considered as a private placement of securities pursuant to the Portuguese Securities Code; (b) private placements addressed by companies open to public investment (*sociedades abertas*) or by companies issuing securities listed on a regulated market shall be notified to the CMVM for statistics purposes.

General

These selling restrictions may be modified by the agreement of the Issuer and the Authorised Participants following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of ETC Securities to which it relates or in a supplement to the Base Prospectus.

None of the Issuer or any Authorised Participant represents that the ETC Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Authorised Participant agrees in the relevant Authorised Participant Agreement that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers ETC Securities or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Authorised Participant shall have responsibility therefor.

13. GENERAL INFORMATION

- 1 The Issuer has obtained all necessary consents, approvals and authorisations (if any) which are necessary in Jersey at the date of the Base Prospectus in connection with the establishment of the Programme. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 26 May 2010.
- 2 There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since 31 December 2009.
- 3 The Issuer is not involved in any governmental, legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of the Base Prospectus, a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened.
- 4 Each Bearer Security will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- 5 The ETC Securities represent indebtedness of the Issuer. ETC Securities may be accepted for clearance through any Clearing System including CREST, Euroclear and Clearstream, Luxembourg and Clearstream Banking, Frankfurt (which are the entities in charge of keeping the records). ETC Securities will be cleared through the Relevant Clearing System in whole numbers of ETC Securities only (for these purposes an ETC Security may be referred to as a unit by the relevant Clearing System).

The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the CUSIP and CINS number and PORTAL system and identification number for each Series of ETC Securities will be set out in the relevant Final Terms.

The address for CREST is Euroclear UK and Ireland Limited, 33 Cannon Street, London, EC4M 5SB.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

The address of Clearstream Banking, Frankfurt is Neue Börsestrasse 1, 60487 Frankfurt am Main, Germany.

The address for SIS SegalInterSettle AG is Brandschenkestrasse 47, CH-8022 Zurich.

The address of any other Clearing System that is a Relevant Clearing System for a Series of ETC Securities will be specified in the relevant Final Terms.

- 6 The Initial Metal Entitlement per Security of, and the number of ETC Securities comprising, each Tranche of ETC Securities will be determined before filing of the relevant Final Terms. Save as otherwise provided in Condition 9(e) the Issuer will provide post-issuance information in relation to the Metal Entitlement per ETC Security and the Value per ETC Security of the ETC Securities in respect of each Scheduled Valuation Day by no later than 16:00 London time on the immediately following Scheduled Valuation Day on the website maintained on behalf of the Issuer at www.etc.db.com (or such other website as may be notified to Securityholders in accordance with Condition 19).
- 7 For so long as ETC Securities may be issued pursuant to the Base Prospectus (in respect of paragraphs 7.1 to 7.12) and for so long as any listed ETC Securities remain outstanding, the current version of each of the documents specified below (together with all earlier versions of such documents to the extent that there are ETC Securities of any Series outstanding in respect of which the version in question of such document is still relevant) will be available in physical format, during usual business hours on any

weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer and at the specified office of the Issuing and Paying Agent:

- 7.1 the Master Terms and Conditions;
 - 7.2 the Master Trust Terms for Bearer Securities (which include the forms of the Global Securities and the Definitive Securities);
 - 7.3 the Master Trust Terms for Uncertificated Registered Securities;
 - 7.4 the Master Security Terms;
 - 7.5 the Master Agency Terms;
 - 7.6 the Master Custody Terms for Secured Accounts;
 - 7.6 the Master Custody Terms for the Subscription Account;
 - 7.7 the Master Determination Agent Terms;
 - 7.8 the Master Balancing Terms;
 - 7.9 the Master Authorised Participant Terms;
 - 7.10 the Master Metal Agent Terms;
 - 7.11 the Memorandum and Articles of Association of the Issuer;
 - 7.12 the Declaration of Charitable Trust;
 - 7.13 a copy of the Base Prospectus together with any supplement hereto;
 - 7.14 each Issue Deed;
 - 7.15 each set of Final Terms; and
 - 7.16 such other documents (if any) as may be required by the rules of any Relevant Stock Exchange.
- 8** The Issuer has prepared audited financial statements for the period from 6 August 2009 to 31 December 2009. Such financial statements are included in the Base Prospectus in the section headed "*Description of the Issuer*". As at the date of the Base Prospectus, the Issuer has not commenced operations (other than the finalisation of documentation relating to the Programme).

REGISTERED OFFICE OF THE ISSUER

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**ARRANGER, PROGRAMME COUNTERPARTY AND LEAD
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(for Uncertificated Registered Securities)**

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*To the Arranger, the Trustee, the Determination Agent, the
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Custodian and the Metal Agent in respect of English law*

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