

# Elementum Metals Securities plc

(incorporated as a public company with limited liability under the laws of Ireland)

## Elementum Physical Metal ETC Securities Programme

Under the Elementum Physical Metal ETC Securities Programme (the “**Programme**”) described in this document (the “**Base Prospectus**”), Elementum Metals Securities plc (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may, from time to time during the period of twelve months after the date hereof, issue secured Elementum Physical Metal exchange-traded commodity (“**ETC**”) securities to Authorised Participants. The ETC Securities (defined below) constitute secured, limited recourse obligations of the Issuer and will be issued in Series.

The aggregate number of ETC Securities outstanding under the Programme will not at any time exceed 6,000,000,000, provided that the Issuer may increase such limit from time to time (subject to compliance with the relevant Transaction Documents) (the “**Programme Maximum Number of ETC Securities**”). In addition, the aggregate number of ETC Securities in a particular Series which are outstanding from time to time will not exceed the number specified in the Final Terms (defined below) for that Series (the “**Maximum Issue Size**”).

Pursuant to this Base Prospectus, the Issuer is making available Series of Single Metal ETC Securities, the return on which is linked to the performance of copper or nickel (each of copper and nickel, together with cobalt, a “**Base Metal**”, and together, the “**Base Metals**”), as specified in the Final Terms related to such Series (the “**Single Metal ETC Securities**”). The Issuer is also making available Series of ETC Securities, the return on which is linked to the performance of a specified reference index comprised of two or more Base Metals and/or other specified metal or non-metal components (each a “**Component**” and, together with the Base Metals, the “**Metals**” and each individually, a “**Metal**”), (each, a “**Reference Index**”), as specified in the Final Terms related to such Series (the “**Basket ETC Securities**” and, together with the Single Metal ETC Securities, the “**ETC Securities**”).

The quantity of the physical Base Metal(s) and/or physical Component(s) of the relevant type or types that each ETC Security represents is referred to as the “**Metal Entitlement**”. Each Series of ETC Securities has a separate Metal Entitlement. Amounts payable under ETC Securities backed by Base Metals may be calculated by reference to the Metal Reference Price for such Metal as determined and provided by the LME as LME Copper, LME Nickel and LME Cobalt (Fastmarkets MB) benchmark administrator. The value of the Metal Entitlement of Basket ETC Securities may be calculated by reference to the level of the relevant Reference Index.

The contractual terms of any particular series of ETC Securities (each, a “**Series**”) will be made up of the applicable terms and conditions (the “**Conditions**”) set out in the section of this Base Prospectus entitled “Master Terms and Conditions of the ETC Securities”, as completed in respect of each tranche of ETC Securities of a particular Series (each, a “**Tranche**”) by a separate final terms document which is specific to that issuance of ETC Securities (the “**Final Terms**”). All capitalised terms used in this Base Prospectus have the meanings given to them in Condition 1 (*Definitions*) of the Conditions unless otherwise defined herein.

Full information on the Issuer and the offer of the ETC Securities is only available on the basis of the combination of the provisions set out within this Base Prospectus and the Final Terms.

Unless previously redeemed or cancelled, each ETC Security of a Series will be redeemed at the relevant Final Redemption Amount on the date specified in the Final Terms relating to each Tranche of that Series (the “**Scheduled Maturity Date**”). The ETC Securities of any Series are subject to redemption in whole at any time in certain situations. The ETC Securities of any Series may also be redeemed at the option of the Issuer at any time and for any reason, in whole but not in part. In addition, any Authorised Participant may, by the exercise of the relevant option, require the Issuer to repurchase any ETC Security held by it by delivery of (i) an amount of the relevant Metal in unallocated form; (ii) at the Issuer’s option, either an amount in USD or a combination of LME Warrants and an amount in USD for an amount of the relevant Metal (in the case of Single Metal ETC Securities backed by Base Metals), such amount of relevant Metal being in each case equal to the aggregate

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Metal Entitlement of the ETC Securities being repurchased; or (iii) an amount in USD for a number of Baskets equal to the aggregate Metal Entitlement of the ETC Securities being repurchased (in the case of Basket ETC Securities), to such Authorised Participant in accordance with the prescribed methods for delivery.

A specified pool of the relevant Metal held for the Issuer in the Off-Warrant Accounts (in the case of Base Metals) of the Issuer relating to each Series of ETC Securities and any Bills of Lading or LME Warrants held by the Custodian on behalf of the Issuer from time to time, the cash balance in the Issuer Cash Account in respect of that Series of ETC Securities, the rights of the Issuer against the Administrator, the Agents, the Custodian, the Primary Sub-Custodian(s) and any Sub-Custodian(s), the Metals Counterparties, the Authorised Participants and the Account Bank under the Transaction Documents will be available as collateral for the obligations of the Issuer to the holders of the ETC Securities of such Series (the "**ETC Holders**") and all other obligations of the Issuer attributable to that Series of ETC Securities. As further described herein, in respect of each Series, Security will be created over the Secured Property in favour of the Security Trustee for itself and on trust for the other Secured Creditors (including the ETC Holders of such Series).

If the amounts received from the Secured Property (whether or not any security granted in respect thereof has been enforced) are insufficient to make payment of all amounts due to the holders of the ETC Securities of such Series (after meeting all the expenses, liabilities (including tax, value added tax and indemnity payments) and remuneration of the Trustee, the Security Trustee, any Receiver, the Agents, the Custodian and any other person that ranks in priority to the holders of the ETC Securities of such Series), no other assets of the Issuer will be available to meet that shortfall and all further claims of the holders of the ETC Securities of such Series will be extinguished.

Payments on the ETC Securities will be made in US dollars without deduction for or on account of taxes imposed or levied by Ireland to the extent described under "*Terms and Conditions of the ETC Securities -Taxation*" unless the withholding is required by law.

### **Arranger**

### **NTree International Limited**

The date of this Base Prospectus is 9 February 2023.

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## IMPORTANT INFORMATION

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### **What is this document?**

This Base Prospectus gives information on the Issuer and its Programme for the issue of ETC Securities. This Base Prospectus constitutes a base prospectus for the purposes of the UK version of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as supplemented from time to time) (the “**UK Prospectus Regulation**”) 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, profits and losses and prospects of the Issuer and of the rights attaching to the ETC Securities.

References throughout this document to this “Base Prospectus” or this “prospectus” shall be deemed to refer (as applicable) to this document as a Base Prospectus for purposes of the UK Prospectus Regulation.

### **How do I use the Base Prospectus?**

The Base Prospectus, together with certain other documents listed within, is intended to provide you with information necessary to enable you to make an informed investment decision before purchasing any ETC Securities.

The contractual terms of any particular issuance of ETC Securities will be completed by a separate Final Terms (as defined below).

Worked examples are set out in the section of this Base Prospectus called ‘*Worked Examples of Calculation of Metal Entitlement and Cash Value per ETC Security*’ which explains how the calculations of the Metal Entitlement and Cash Value of certain hypothetical ETC Securities will be made. The section of this Base Prospectus called “*Return on the ETC Securities*” sets out the how returns are generated from the ETC Securities.

This Base Prospectus also includes other general information such as information about the material risks relating to investing in the ETC Securities (see the section headed ‘*Risk Factors*’ of this document), information on the issuer of the ETC Securities, a description of the Issuers’ business activities, as well as certain financial information and material risks faced by the Issuer, the general terms and conditions of the ETC Securities and information on selling and transfer restrictions.

The section of this Base Prospectus entitled “Frequently Asked Questions” provides answers to the most common questions investors may have regarding the ETC Securities, the Transaction Parties, the Underlying Metals and related custody arrangements.

### **What information is included in the Final Terms?**

A “final terms” document (the “**Final Terms**”) may be prepared in respect of each Tranche of ETC Securities. The Final Terms will complete the Conditions applicable in relation to such ETC Securities and therefore must be read in conjunction with such Conditions.

The Final Terms therefore contain vital information in regard to the ETC Securities. The Final Terms will be available on the website of the Issuer.

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### **What other documents do I need to read?**

The Base Prospectus contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of each Issuer and the rights attaching to the ETC Securities. Some of this information is incorporated by reference from other publicly available documents and some of this information is completed in the Final Terms.

You should read the Issuer's audited financial statements for the year ended 31 December 2021 (which are incorporated by reference herein under the heading "*Description of the Issuer*"), the Issuer's interim management accounts and unaudited financial statements in respect of the period from 1 January 2022 to 30 June 2022 (which are incorporated by reference herein under the heading "*Description of the Issuer*"), as well as the Final Terms in respect of such ETC Securities, together with the Base Prospectus. Documents will be made available at the registered office of the Issuer and at the following links on the Issuer's website (as applicable):

Elementum Physical Copper ETC documents: <https://elementummetals.com/product/elementum-physical-copper-etc#documents>

Elementum Physical Nickel ETC documents: <https://elementummetals.com/product/elementum-physical-nickel-etc#documents>

Elementum Physical Electric Vehicle Metals ETC documents: <https://elementummetals.com/product/elementum-physical-electric-vehicle-metals-etc#documents>

Issuer's audited financial statements for the year ended 31 December 2021: [https://elementummetals.com/storage/product\\_documents/GPF-Metals---Audited-Financial-Statements-20211231.Pdf](https://elementummetals.com/storage/product_documents/GPF-Metals---Audited-Financial-Statements-20211231.Pdf)

Issuer's interim management accounts and unaudited financial statements in respect of the period from 1 January 2022 to 30 June 2022:

[https://elementummetals.com/storage/product\\_documents/Elementum---Interim-Management-Accounts-20220630.pdf](https://elementummetals.com/storage/product_documents/Elementum---Interim-Management-Accounts-20220630.pdf)

### **Risk Warning**

The ETC Securities may not be a suitable investment for all investors

An investment in the ETC Securities entails certain risks.

Each potential investor should determine whether an investment in the ETC Securities is appropriate in such potential investor's particular circumstances. An investment in the ETC Securities requires a thorough understanding of the nature of the relevant transaction. Potential investors should be experienced with respect to an investment in the ETC Securities and be aware of the related risks.

An investment in the ETC Securities is only suitable for potential investors who:

- have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the ETC Securities and the information contained in, or incorporated by reference into, this document;
- have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of the potential investor's

particular financial situation and to evaluate the impact the ETC Securities will have on their overall investment portfolio;

- understand thoroughly the terms of the ETC Securities and are familiar with the behaviour of the relevant underlying Metal(s) and financial markets;
- are capable of bearing the economic risk of an investment in the ETC Securities until the maturity date of the ETC Securities;
- recognise that it may not be possible to dispose of the ETC Securities for a substantial period of time, if at all, before the maturity date; and
- are able to evaluate (either alone or with the help of a financial and legal adviser) possible scenarios for economic, interest rate and other factors that may affect the potential investor's investment and its ability to bear the applicable risks.

The ETC Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in any ETC Securities unless such potential investor has the expertise (either alone or with a financial and legal adviser) to evaluate how the ETC Securities will perform under changing conditions, the resulting effects on the value of the ETC Securities and the impact this investment will have on the potential investor's overall investment portfolio. Each of the Issuer, the Arranger and the Authorised Offerors and Authorised Participants disclaims any responsibility to advise prospective investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on, the ETC Securities.

#### **Other Warnings**

Any decision to invest in the ETC Securities, which are exchange-traded, secured, limited recourse securities linked to the performance of specified Metals, should be based on consideration by the investor of the Base Prospectus, the Issue Specific Summary and the key information document (the "KID") (applicable for UK retail investors ("**UK Retail Investors**") of the relevant ETC Securities as a whole, including the Final Terms applicable to the relevant Series of ETC Securities.

This document is only being distributed to and is only directed at (i) persons who are outside of the United Kingdom; (ii) persons who have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) may otherwise lawfully be communicated or caused to be communicated (all such persons falling within (i)-(iv) together being referred to as "relevant persons"). The ETC Securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such ETC Securities will

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be engaged in only with relevant persons. This document and its contents should not be acted upon or relied upon in the United Kingdom by persons who are not relevant persons.

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 this 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 this 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 this 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 UK Prospectus Regulation is not contained in this Base Prospectus or the relevant Final Terms, 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 or others may otherwise have under applicable laws, including liabilities arising by virtue of the laws in the jurisdictions in which the ETC Securities are offered or sold.

Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or the United Kingdom, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

An investment in the ETC Securities involves a significant degree of risk and investors should read carefully and ensure they understand the “Risk Factors” section of the Base Prospectus. The ETC Securities are not principal protected and investors could lose up to the entire value of their investment.

**The ETC Securities are debt securities and do not take the form of a collective investment scheme or fund. However, 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 a purchaser.**

## Validity

This Base Prospectus is valid for a period of twelve months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of the ETC Securities, prepare a supplement to this Base Prospectus. The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or inaccuracy does not apply when the Base Prospectus is no longer valid.

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<b>Responsibility</b>	<p>Elementum Metals Securities plc (LEI: 635400GOSP3D7JDGKZ62), with its registered office at 2<sup>nd</sup> Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767, accepts responsibility for the information contained in this Base Prospectus. To the best knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect its import.</p> <p>NTree International Limited (“<b>NTree</b>”) accepts responsibility for the information contained in this Base Prospectus under the headings “<i>Description of the Arranger</i>” and “<i>Description of the Metals Counterparties</i>” (the “<b>NTree Information</b>”). To the best knowledge of NTree, the information contained in the NTree Information is in accordance with the facts and makes no omission likely to affect its import.</p> <p>Eternize AG (the “<b>Custodian</b>”) accepts responsibility for the information contained in this Base Prospectus under the heading “<i>Description of the Custodian</i>” (the “<b>Custodian Information</b>”). To the best knowledge of the Custodian, the information contained in the Custodian Information is in accordance with the facts and makes no omission likely to affect its import.</p> <p>The Brink’s Company (“<b>Brink’s</b>”) accepts responsibility for the information contained in this Base Prospectus under the heading “<i>Description of the Primary Sub-Custodians – Brink’s</i>” (the “<b>Brink’s Information</b>”). To the best knowledge of Brink’s, the information in the Brink’s Information is in accordance with the facts and makes no omission likely to affect its import.</p> <p>Metaal Transport B.V. (“<b>Metaal Transport</b>”) accepts responsibility for the information contained in this Base Prospectus under the heading “<i>Description of the Primary Sub-Custodians – Metaal Transport B.V.</i>” (the “<b>Metaal Transport Information</b>”). To the best knowledge of Metaal Transport, the information in the Metaal Transport Information is in accordance with the facts and makes no omission likely to affect its import.</p> <p>Apex Fund Services (Ireland) Limited (the “<b>Administrator</b>”) accepts responsibility for the information contained in this Base Prospectus under the heading “<i>Description of the Administrator</i>” (the “<b>Administrator Information</b>”). To the best knowledge of the Administrator, the information in the Administrator Information is in accordance with the facts and makes no omission likely to affect its import.</p> <p>The Bank of New York Mellon, London Branch, (the “<b>Account Bank</b>”) accepts responsibility for the information contained in this Base Prospectus under the heading “<i>Description of the Account Bank</i>” (the “<b>Account Bank Information</b>”). To the best knowledge of the Administrator, the information in the Administrator Information is in accordance with the facts and makes no omission likely to affect its import.</p> <p>To the fullest extent permitted by law, no Authorised Participant accepts any responsibility for the contents of this 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 disclaims all and any liability whether arising in tort or contract or otherwise</p>
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which it might otherwise have in respect of this Base Prospectus and/or any such statement.

Save as otherwise provided above, none of the Arranger nor any Transaction Party has separately verified the information contained in this Base Prospectus 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 nor any Transaction Party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus or to advise any investor or potential investor in the ETC Securities of any information coming to their attention.

### Third Party Information

The information contained in the sections entitled "*Description of the Custodian*", "*Description of the Metals Counterparties*", "*Description of the Arranger*", "*Description of the Primary Sub-Custodians*", "*Description of the Administrator*" and "*Description of the Account Bank*" has been provided by the Custodian, the Metals Counterparties, the Arranger, the Primary Sub-Custodians, the Administrator and the Account Bank, respectively (each, a "**third party**") and was not prepared in connection with the offering of the ETC Securities. The Issuer confirms that such information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from information published by each third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### Consent

The Issuer consents to the use of the Base Prospectus, and accepts responsibility for the content of the Base Prospectus, with respect to the subsequent resale or final placement by way of public offer of a Series of ETC Securities in the United Kingdom by:

- (i) any authorised participant appointed as such pursuant to an Authorised Participant Agreement (each, an "**Authorised Participant**"); or
- (ii) any other financial intermediary in respect of that Series of ETC Securities which is an investment firm within the meaning of Directive 2014/65/EU of the European Parliament and Council on Markets in Financial Instruments as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MIFIR**") and which is authorized in accordance with the UK MIFIR in the United Kingdom (the "**UK**") (each, an "**Authorised Offeror**"),

in each case subject to:

- (a) compliance by the Authorised Offeror or Authorised Participant with the public offer selling restrictions under the UK Prospectus Regulation and any applicable local regulations;
- (b) compliance by the Authorised Offeror or Authorised Participant with the selling restrictions set out under the section entitled "*Subscription and Sale*" in this Base

Prospectus and any other selling restrictions or terms specified by the Issuer from time to time (the “**Selling Restrictions**”);

(c) in the case of an Authorised Offeror, the Authorised Offeror Terms set out below.

**An Authorised Offeror or Authorised Participant using this Base Prospectus is required to publish on its website that it uses this Base Prospectus in accordance with the consent of the Issuer and the conditions attached thereto.** However, neither the Issuer nor the Arranger has any responsibility for any of the actions of any Authorised Offeror or Authorised Participant, including compliance by an Authorised Offeror or Authorised Participant with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The “**Authorised Offeror Terms**” are that the relevant Authorised Offeror will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer that it will, at all times in connection with the relevant offer to the public:

- (A) (I) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “**Rules**”), including, without limitation, the UK MiFIR from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the ETC Securities by any person and any disclosure to any potential investor and (II) immediately inform the Issuer if at any time such Authorised Offeror becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
- (B) comply with the Selling Restrictions which would apply as if it were an Authorised Participant;
- (C) ensure that any fee (and any other commissions or benefits of any kind) received or paid by such Authorised Offeror in relation to the offer or sale of the ETC Securities does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to investors or potential investors;
- (D) hold all licences, consents, approvals and permissions required in connection with the solicitation of interest in, or offers or sales of, the ETC Securities under the Rules, including authorisation under the European Union (Markets in Financial Instruments) Regulations 2017 (as amended); and
- (E) comply with applicable anti-money laundering, anti-bribery, anti-corruption and “know your client” Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential investor prior to initial investment in any ETC Securities by that investor) and (II) not permit any application for ETC Securities in circumstances where such Authorised Offeror has any suspicions as to the source of the application monies.

This consent applies to any such resale or final placement by way of public offer during the period of 12 months from the date of publication of this Base Prospectus unless such consent is withdrawn prior to that date by notice published on the website maintained on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) or such other website as may be notified to ETC Holders.

Other than the right of the Issuer to withdraw the consent and the aforementioned requirements applicable to Authorised Offerors, no other conditions are attached to the consent described in this paragraph.

Separately, each Authorised Participant has represented and warranted to the Issuer in the terms of its appointment that it will (amongst other things), at all times in connection with the relevant offer to the public:

- (1) comply with the Selling Restrictions and all relevant laws, regulations and directives (in particular, the UK MiFIR) in each jurisdiction in which it purchases, offers, sells or delivers ETC Securities or has in its possession or distributes this Base Prospectus, any Final Terms relating to the Series and/or any other offering or marketing material;
- (2) ensure that all actions or things required to be taken, fulfilled or done (including, without limitation, the obtaining of any consent or licence or the making of any filing or registration) for the subscription, sale and offer of any ETC Securities have been obtained and are in full force and effect; and
- (3) ensure that its conduct in carrying out any such offer does not (X) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting it or any agreement or instrument to which it is a party or by which it or any of its properties is bound or (Y) infringe any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it or any of its assets.

**In the event of an offer being made by an Authorised Offeror or Authorised Participant, the Authorised Offeror or Authorised Participant will provide information to investors on the terms and conditions of the offer at the time the offer is made (including the KID of the relevant ETC Securities (applicable for UK Retail Investors)).**

**Any Authorised Offeror or Authorised Participant using the Base Prospectus and KID of the relevant ETC Securities (applicable for UK Retail Investors) for the purpose of any offering must state on its website that it uses the Base Prospectus and KIDs (applicable for UK Retail Investors) in accordance with the consent given and the conditions attached thereto.**

**Any offer or sale of ETC Securities to an investor by an Authorised Offeror or Authorised Participant will be made in accordance with any terms and other arrangements in place between such Authorised Offeror or Authorised Participant and such investor including as to price, allocations and settlement arrangements. Likewise, any purchase of ETC Securities from an investor by an Authorised Offeror or Authorised Participant will be made in accordance with any terms and other arrangements in place**

**between such investor and such Authorised Offeror or Authorised Participant including as to price, fee and settlement arrangements. Where such information is not contained in the Base Prospectus or Final Terms, it will be the responsibility of the applicable Authorised Offeror or Authorised Participant at the time of such offer or purchase to provide the investor with that information and none of the Issuer, the Arranger, the Trustee, the Security Trustee, any Agent nor any other Authorised Offeror or Authorised Participant has any responsibility or liability for such information.**

Other than as set out above, neither the Issuer nor the Arranger has authorised (nor does it authorise or consent to the use of this Base Prospectus in connection with) any resale or final placement of the ETC Securities by way of a public offer by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer, the Arranger nor any Authorised Offeror or Authorised Participant and none of the Issuer, the Arranger nor any Authorised Offeror or Authorised Participant has any responsibility or liability for the actions of any person making such offers. Investors should enquire whether a financial intermediary is an Authorised Offeror. If an investor is offered ETC Securities by a person or entity which is not an Authorised Offeror or Authorised Participant, the investor should check with such person or entity whether such person or entity is responsible for this Base Prospectus in the context of an offer of ETC Securities to the public. If the investor is in doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents, it should take legal advice.

In respect of a Series, the Issuer authorises the Authorised Participants specified for such Series to make offers to investors on the terms and subject to the restrictions set out in this Base Prospectus and the Final Terms relating to the relevant ETC Securities. The Authorised Participant(s) in respect of each Series will be specified in the Final Terms relating to such Series. The Issuer may, from time to time, appoint additional Authorised Participants or remove Authorised Participants in respect of a Series. The list of Authorised Participants from time to time in respect of a Series will be published on the website maintained on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) or such other website as may be notified to ETC Holders).

**No  
Recommendation**

This Base Prospectus 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 Base Prospectus should purchase the ETC Securities.

**No Investment  
Advice**

This document is not, and does not purport to be, investment advice, and none of the Issuer, the Arranger nor any Transaction Party makes any recommendation as to (i) the suitability of any ETC Securities for any particular investor; (ii) the appropriate accounting treatment or possible tax consequences of an investment in any ETC Securities; or (iii) the expected performance of any ETC Securities, either in absolute terms or relative to competing investments.

None of the Issuer, the Arranger or any Authorised Participant provide investment advice and therefore do not make any personal recommendations to investors or their representatives regarding investments in the ETC Securities.

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. Potential investors 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.

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. This document identifies in general terms certain information that a prospective investor should consider prior to making an investment in the ETC Securities. A prospective investor should 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. Even if the Issuer, the Arranger or any 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 judgment and/or that of its advisers and not in reliance on the Issuer, the Arranger, any Transaction Party or any of their respective Affiliates.

An investment in the ETC Securities is suitable for investors who:

- (i) are either UK Retail Investors or professional investors (in each case, subject to the Selling Restrictions) and seeking to achieve investment objectives which align with those of the relevant ETC Securities in the context of the investor's overall portfolio;
- (ii) are expected to be able to make an investment decision based on the information set out in this Base Prospectus and the relevant KID (applicable for UK Retail Investors) or, alternatively, to obtain appropriate professional advice;
- (iii) are able to bear capital and income risk and view investment in the ETC Securities as a medium to long term investment, although the ETC Securities may also be suitable for shorter term exposure where sought by an investor; and
- (iv) have an asset base sufficiently substantial as to enable them to sustain any loss 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 advisors prior to deciding whether or not to make an investment in the ETC Securities. 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. Any trading or investment decisions a prospective investor takes are in reliance on its own analysis and judgment and/or that of its advisors.

The Issuer, the Arranger, any Authorised Participant and any Authorised Offeror may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

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.

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.

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

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.

**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 potential investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, regulatory, 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. In this regard, potential investors should refer to the section of this Base Prospectus headed “*Risk Factors*”.**

**Key Information Document**

The Directors will ensure that a KID is issued in respect of each Series of ETC Securities, pursuant to Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products, as may be amended from time to time, as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for UK Retail Investors. UK Retail Investors can refer to the KID for the relevant ETC Securities for details of, principally, the purpose of the ETC Securities, the summary risk indicator, performance scenarios, the summary cost indicator and recommended holding period for the relevant ETC Securities in accordance with the UK PRIIPs Regulation.

**No Representations**

No person has been authorised to give any information or to make any representation other than those contained in this 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, any Authorised Offeror, or any Transaction Party.

Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any Transaction Party since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or any Transaction Party since the date hereof or the date upon which this 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.

**Approval**

The requirement to publish a prospectus under the UK Prospectus Regulation (as defined above) only applies to ETC Securities which are to be admitted to trading on the main market (the “**Main Market**”) of the London Stock Exchange and/or offered to the public in the UK other than in circumstances where an exemption is available under the UK Prospectus Regulation (a “**Non-Exempt Offer**”).

This Base Prospectus has been approved by the United Kingdom FCA, as competent authority under the UK Prospectus Regulation for the purpose of giving information with regard to the issue of ETC Securities under the Programme described in this Base Prospectus during the period of 12 months from the date of approval of this Base Prospectus. The FCA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility, and consistency imposed by the UK Prospectus Regulation and such an approval should not be considered as an endorsement of the Issuer

## **Base Prospectus**

nor as an endorsement of the quality of any ETC Securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in such ETC Securities. This Base Prospectus is valid for a period of 12 months from the date of approval.

A base prospectus relating to the Programme was approved by the Central Bank of Ireland (the "**Central Bank**") on 25 February 2022 as supplemented on 9 August 2022 (as supplemented, the "**CBI Base Prospectus**"). However, this Base Prospectus has not been submitted to the Central Bank for its approval. Therefore as at the date of this Base Prospectus, this Base Prospectus has not been approved by the Central Bank and EU investors should refer instead to the CBI Base Prospectus for relevant considerations relating to their jurisdictions.

### **Admission to Trading**

Applications have been made for the ETC Securities to be admitted to listing on the Official List of the FCA (the "**Official List**") and to trading on the Main Market of the London Stock Exchange plc (the "**London Stock Exchange**") during the period of 12 months from the date of approval of this Base Prospectus. The Main Market of the London Stock Exchange is a regulated market for the purposes of the Financial Services and Markets Act 2000 ("**FSMA**") located or operating within the United Kingdom for the purposes of the UK Prospectus Regulation (a "**UK Regulated Market**"). A Series of ETC Securities may be listed and/or admitted to trading on such other or further stock exchanges as may be agreed between the Issuer and the Arranger. References in this Base Prospectus to ETC Securities being "listed" (and all related references) shall mean that such ETC Securities have been admitted to the official list of the London Stock Exchange and to trading on the London Stock Exchange.

### **Distribution**

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 UNDER THE SECURITIES LAW OF ANY STATE OR POLITICAL SUB-DIVISION OF THE UNITED STATES OF AMERICA OR ANY OF ITS TERRITORIES, POSSESSIONS OR OTHER AREAS SUBJECT TO ITS JURISDICTION INCLUDING THE COMMONWEALTH OF PUERTO RICO, AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY FEDERAL LAWS OF THE UNITED STATES OF AMERICA. NO PERSON HAS REGISTERED NOR WILL REGISTER AS A COMMODITY POOL OPERATOR OF THE ISSUER UNDER THE COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "**CEA**") AND THE RULES THEREUNDER (THE "**CFTC RULES**") OF THE COMMODITY FUTURES TRADING COMMISSION (THE "**CFTC**"). ANY OFFER OR SALE OF THE ETC SECURITIES MUST BE MADE IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PURSUANT TO REGULATION S THEREUNDER ("**REGULATION S**"). THE ETC SECURITIES MAY NOT AT ANY TIME BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, PERSONS WHO ARE EITHER U.S. PERSONS AS DEFINED IN REGULATION S OR PERSONS WHO DO NOT COME WITHIN THE DEFINITION OF A NON-UNITED STATES PERSON UNDER CFTC RULE 4.7 (EXCLUDING FOR THE PURPOSES OF SUBSECTION (D) THEREOF, THE EXCEPTION TO THE EXTENT IT WOULD APPLY TO PERSONS WHO ARE NOT NON-UNITED STATES PERSONS). FOR A DESCRIPTION OF FURTHER RESTRICTIONS ON THE OFFER, SALE AND TRANSFER OF THE ETC SECURITIES, PLEASE REFER TO THE

"UNITED STATES" SUB-SECTION IN THE "SUBSCRIPTION AND SALE" SECTION OF THIS BASE PROSPECTUS.

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) OR OTHERWISE UNDER 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 (ANY SUCH PLAN OR ENTITY DESCRIBED IN (A) OR (B), A "**PLAN INVESTOR**").

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

This Base Prospectus may not be used for the purposes of any offer of, or invitation by anyone to subscribe for, or purchase, any ETC Securities in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation.

For a description of certain restrictions on offers and sales of ETC Securities and on the distribution of this Base Prospectus, see "*Terms and Conditions of the ETC Securities*" and the section entitled "*Subscription and Sale*".

In accordance with the selling restrictions set out in the section of this base prospectus entitled "Subscription and Sale", each Authorised Participant represents, warrants and agrees in the relevant Authorised Participant Agreement that:

- (i) 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

## Base Prospectus

- (ii) 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 UK.

On this basis, this document is only being distributed to and is only directed at (i) persons who are outside of the United Kingdom; (ii) persons who have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons falling within (i)-(iv) together being referred to as “relevant persons”). The ETC Securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such ETC Securities will be engaged in only with relevant persons. This document and its contents should not be acted upon or relied upon in the United Kingdom by persons who are not relevant persons.

<b>Issuer Obligations</b>	No person other than the Issuer will be obliged to ensure payment or discharge of principal, interest or any other obligations in respect of 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 person or entity. In particular, the ETC Securities do not represent an interest in and will not be obligations of, or insured or guaranteed by the Arranger, the Administrator, any other Transaction Party or any Affiliate or any company associated with any of them.
<b>No offer</b>	The Issuer is not and will not be regulated by the Central Bank of Ireland (the “ <b>Central Bank</b> ”) as a result of issuing the ETC Securities. Any investment in the ETC Securities does not have the status of a bank deposit and as such, will not be within the scope of any deposit scheme operated by the Central Bank and are not otherwise insured or guaranteed by any government, government agency or other body.

**IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS BASE PROSPECTUS YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

**IT SHOULD BE REMEMBERED THAT THE PRICE OF ETC SECURITIES AND THE INCOME, IF ANY, PAYABLE FROM THEM CAN GO DOWN AS WELL AS UP.**

The ETC Securities are not units in an authorised collective investment scheme for the purposes of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 or under the Central Bank’s Alternative Investment Fund Rulebook.

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### Benchmark Administrators

Under Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”), including as it forms part of UK domestic law by virtue of EUWA (the “**UK Benchmarks Regulation**”), benchmark administrators were required to apply for authorisation or registration as an administrator before 1 January 2020. Upon such authorisation or registration, the benchmark administrator or the benchmark will appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (the “**Benchmark Register**”).

The return on each Series of ETC Securities is linked to the performance of a specified Metal or Metals and amounts payable thereunder may be calculated by reference to the reference price for the relevant Metal as determined by, in the case of Base Metals, by daily trading activity on the LME.

In the case of ETC Securities linked to copper, nickel or cobalt, amounts payable may be calculated by reference to the Copper Reference Price, the Nickel Reference Price or the Cobalt Reference Price (as applicable), each provided by the London Metal Exchange as LME Copper, LME Nickel and LME Cobalt (Fastmarkets MB) benchmark administrator.

The value of the Metal Entitlement for Basket ETC Securities may be calculated by reference to the level of the relevant Reference Index, provided by the relevant benchmark administrator, each as specified in the related Final Terms.

As at the date of this Base Prospectus, the Issuer is making available one Series of Basket ETC Securities in respect of which the relevant Reference Index shall be the Solactive Elementum Electric Vehicle Index (the “**Electric Vehicle Index**”), administered by Solactive AG (“**Solactive**”) (the “**Elementum Physical Electric Vehicle Metals ETC Securities**”). The Elementum Physical Electric Vehicle Metals ETC Securities were initially issued under the name “Elementum Physical Electric Vehicle ETC Securities” (ISIN: XS2407535611) on 21 January 2022. The name of the Elementum Physical Electric Vehicle Metals ETC Securities was changed on the date of this Base Prospectus. The Amended and Restated Final Terms relating to the Elementum Physical Electric Vehicle Metals ETC Securities are available for viewing at <https://elementummetals.com/product/elementum-physical-electric-vehicle-metals-etc#documents>.

The level of the Electric Vehicle Index shall be as determined and provided by Solactive as administrator of the Electric Vehicle Index. Solactive is registered as a benchmark administrator under the Benchmark Regulation with the German Federal Financial Supervisory Authority (BaFin). The reference prices of the underlying Metals of the Electric Vehicle Index shall be as determined by auctions taking place in London and as provided by (as applicable) the LME as LME Copper, LME Nickel and LME Cobalt (Fastmarkets MB) benchmark administrator).

As at the date of this Base Prospectus, the London Metal Exchange each appear on the Benchmark Register.

Following the UK’s departure from the European Union, the UK maintains its own benchmark register which the UK Financial Conduct Authority (“**FCA**”) has responsibility for maintaining (the “**UK Benchmark Register**”). Administrators that have already been authorised or registered in the UK by the FCA will be automatically migrated to the UK register without the need to submit a new application. Third country benchmarks and/or administrators that appear on the Benchmark Register but that have not been authorised or registered in the UK by the FCA will require approval by equivalence, recognition or endorsement in the UK to be added to the UK’s own benchmark register.

As at the date of this Base Prospectus, ICE Benchmark Administration Limited and the London Metal Exchange each appear on the UK Benchmark Register. As far as the Issuer is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that supervised entities may use a benchmark provided by Solactive AG as a reference for a financial instrument, a financial contract or for measuring the performance of an investment fund in the United Kingdom and accordingly Solactive AG is not currently required to obtain recognition, endorsement or equivalence in the United Kingdom.

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The terms and conditions of the ETC Securities set out the actions that will be taken in the event that a benchmark materially changes or ceases to be provided in accordance with article 28 of the Benchmark Regulation.

Solactive is the licensor of the Electric Vehicle Index. The Elementum Physical Electric Vehicle Metals ETC Securities are not sponsored, endorsed, promoted or sold by Solactive in any way and Solactive makes no express or implied representation, guarantee or assurance with regard to: (a) the advisability of investing in the Elementum Physical Electric Vehicle Metal ETC Securities; (b) the quality, accuracy and/or completeness of the Electric Vehicle Index; and/or (c) the results obtained or to be obtained by any person or entity from the use of the Electric Vehicle Index. Solactive does not guarantee the accuracy and/or the completeness of the Electric Vehicle Index and shall not have any liability for any errors or omissions with respect thereto. Notwithstanding Solactive's obligations to its licensees, Solactive reserves the right to change the methods of calculation or publication with respect to the Electric Vehicle Index and Solactive shall not be liable for any miscalculation of or any incorrect, delayed or interrupted publication with respect to the Electric Vehicle Index. Solactive shall not be liable for any damages, including, without limitation, any loss of profits or business, or any special, incidental, punitive, indirect or consequential damages suffered or incurred as a result of the use of (or inability to use) the Electric Vehicle Index.

### **Fees, Costs and Charges**

This Base Prospectus and the Final Terms relating to the ETC Securities contain certain information relating to fees, costs and charges applicable to the ETC Securities. If a prospective investor is advised by third parties (in particular companies providing services related to financial instruments, such as credit institutions and investment firms) when acquiring the ETC Securities, or if the third parties mediate the purchase, such third parties may have to provide such prospective investor with a breakdown of costs and charges or expense ratios that are not laid out in the cost details in this Base Prospectus or the Final Terms relating to the ETC Securities.

In particular, such differences may result from regulatory requirements governing how such third parties determine, calculate and report costs and charges. These requirements may arise for example in the course of the implementation of the UK MiFIR. Prospective investors should note that the information provided by third parties on all relevant costs and charges may vary from one party to the other due to these third parties additionally invoicing the costs of their own services (e.g. a surcharge or, where applicable, recurrent brokering or advisory fees, depositary fees, etc.).

### **Data Protection Legislation**

Prospective investors should note that, by virtue of making an investment in the Issuer and the associated interactions with the Issuer and its Affiliates and delegates (including completing any documentation relating to an investment in the ETC Securities, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Issuer with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Issuer and its Affiliates and delegates with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation. ("Data Protection Legislation" means the EU data protection regime introduced by the General Data Protection Regulation (Regulation 2016/679)).

The Issuer has prepared a Privacy Notice ("PN") outlining the Issuer's data protection obligations and the data protection rights of individuals under the Data Protection Legislation. The full PN is available on the Issuer's website at [www.elementummets.com](http://www.elementummets.com).

The PN contains information on the following matters in relation to data protection:

- that investors will provide the Issuer with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation;

## Base Prospectus

- that the Issuer shall act as a data controller in respect of this personal data and the fact that Affiliates and delegates, such as the Arranger, the Administrator and the Registrar may act as data processors;
- a description of the lawful purposes for which the personal data may be used, namely (i) where this is necessary for the performance of the contract to purchase ETC Securities issued by the Issuer; (ii) where this is necessary for compliance with a legal obligation to which the Issuer is subject; and/or (iii) where this is necessary for the purposes of the legitimate interests of the Issuer or a third party and such legitimate interests are not overridden by the individual's interests, fundamental rights or freedoms;
- details on the transmission of personal data, including (if applicable) to entities located outside the EEA;
- details of data protection measures taken by the Issuer;
- an outline of the various data protection rights of individuals as data subjects under the Data Protection Legislation;
- information on the Issuer's policy for retention of personal data; and
- contact details for further information on data protection matters.

Given the specific purposes for which the Issuer envisages using personal data, under the provisions of the Data Protection Legislation, it is not anticipated that individual consent will be required for such use. However, as outlined in the PN, individuals have the right to object to the processing of their data where the Issuer has considered this to be necessary for the purposes of its or a third party's legitimate interests.

## Interpretation

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “**dollars**”, “**US dollars**”, “**USD**” and “**US\$**” are to the lawful currency of the United States of America 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.

The term “**Affiliate**” as used in this Base Prospectus 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 (i) 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 (ii) direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

All references in this Base Prospectus to any time shall be expressed using the 24-hour clock convention.

## **TABLE OF CONTENTS**

*This table sets out the contents of this Base Prospectus together with an outline description of the contents of each section.*

<i>Section of Base Prospectus</i>	<i>Pages</i>	<i>What is covered by this Section?</i>
Important Information	3	<p><i>This section sets out important legal notices relating to the ETC Securities, covering the following topics:</i></p> <ul style="list-style-type: none"> <li>• Warnings</li> <li>• Validity</li> <li>• Responsibility</li> <li>• Third Party Information</li> <li>• Consent</li> <li>• No Recommendation</li> <li>• No Investment Advice</li> <li>• Key Information Document</li> <li>• No Representations</li> <li>• Approval</li> <li>• Admission to Trading</li> <li>• Distribution</li> <li>• Issuer Obligations</li> <li>• No offer</li> <li>• Benchmark Administrators</li> <li>• Data Protection Legislation</li> <li>• Interpretation</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Risk Factors	27	<p><i>This section sets out a non-exhaustive description of the principal risks inherent in investing in ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Warnings</li> <li>• Risks related to metals markets</li> <li>• Risks relating to the ETC Securities</li> <li>• Risks relating to the Issuer's service providers</li> <li>• Market risks</li> <li>• Risks related to the Metals</li> <li>• Risks relating to the Indices linked to Basket ETC Securities</li> <li>• Risks relating to taxation</li> <li>• Risks relating to the Issuer</li> <li>• Regulatory risks</li> </ul>
Potential Conflicts of Interest	61	<p><i>This section discloses potential conflicts of interests which may arise from the roles of the various service providers to the Issuer in connection with the Programme in relation to the ETC Securities.</i></p> <p><i>This section is relevant to all ETC Securities.</i></p>
Frequently Asked Questions	65	<i>This section addresses a list of commonly asked questions about the ETC Securities, the Transaction</i>

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Section of Base Prospectus	Pages	What is covered by this Section?
		<p><i>Parties and the custody arrangements in relation to the Underlying Metals.</i></p> <p><i>This section is relevant to all ETC Securities.</i></p>
Introduction to the Programme	<a href="#">76</a>	<p><i>This section provides a general description of the Programme and the key concepts and procedures relating to the ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Subscription</li> <li>• Over-allocation</li> <li>• Repurchase</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Transaction Parties	<a href="#">80</a>	<p><i>This section describes the various service providers to the Issuer and their respective roles in connection with the Programme, including:</i></p> <ul style="list-style-type: none"> <li>• Arranger</li> <li>• Authorised Participants</li> <li>• Metals Counterparties</li> <li>• Custodian</li> <li>• Primary Sub-Custodians</li> <li>• Administrator</li> <li>• Trustee</li> <li>• Security Trustee</li> <li>• Account Bank</li> <li>• Principal Paying Agent</li> <li>• Registrar and Transfer Agent</li> <li>• Corporate Services Provider</li> <li>• Dependence on Transaction Parties</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Transaction Structure, Cash Flow and Flow of Funds	<a href="#">88</a>	<p><i>This section provides details regarding the programme structure, financial characteristics of the ETC Securities and funding of the Issuer's payment obligations, including:</i></p> <ul style="list-style-type: none"> <li>• Structure</li> <li>• Collateralisation</li> <li>• Simplified Transaction Diagram</li> <li>• Metal Entitlement and Total Expense Ratio</li> <li>• Cash Value per ETC Security</li> <li>• Taxation of Transactions or Storage of Metals</li> <li>• Transaction Security</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Description of the ETC Securities	<a href="#">100</a>	<p><i>This section provides an overview of certain important information in relation to the ETC Securities and the key characteristics of the ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Type and class</li> <li>• Form of ETC Securities</li> <li>• Restrictions on Transfer</li> <li>• Maximum Amount of securities to be offered to the public/admitted to trading</li> </ul>

## Base Prospectus

Section of Base Prospectus	Pages	What is covered by this Section?
		<ul style="list-style-type: none"> <li>• Currency of the ETC Securities</li> <li>• Rating</li> <li>• Scheduled Maturity</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Key Terms of the ETC Securities	<a href="#">103</a>	<p><i>This section sets out the key commercial and legal terms of the ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Obligations</li> <li>• Status of the ETC Securities</li> <li>• Limited Recourse and Ranking</li> <li>• Payment Priorities</li> <li>• Redemption and Buy-Back of ETC Securities</li> <li>• Final Redemption Amount and Early Redemption Amount</li> <li>• Buy-Back of ETC Securities</li> <li>• Physical Delivery Requirements</li> <li>• Suspension or Postponement of Issuance, Buy-Back or Redemption</li> <li>• Provisions Relating to Interest</li> <li>• Payments Net of Taxes</li> <li>• Substitution</li> <li>• Further Issues</li> <li>• ETC Holder Representation</li> <li>• Governing Law</li> <li>• Prescription</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Return on the ETC Securities	<a href="#">114</a>	<p><i>This section sets out the how returns are generated from the ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Return on Early Redemption or Final Redemption</li> <li>• Return on Buy-Backs of ETC Securities</li> <li>• Return on Trades of ETC Securities</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Description of the Underlying Metals	<a href="#">116</a>	<p><i>This section sets out information regarding the Metals backing the ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Metals</li> <li>• Availability of Information</li> <li>• Impact of Metal Prices on the Value of ETC Securities</li> <li>• Impact of Metal Prices on Early or Final Redemption Amounts</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Terms of the Offer	<a href="#">125</a>	<p><i>This section sets out the detailed terms of the offering of the ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Reasons for the offer and use of proceeds</li> <li>• Terms and Conditions of the Offer</li> <li>• Minimum Denomination</li> <li>• Issue Price Per ETC Security</li> <li>• Minimum Trading Amount</li> </ul>

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Section of Base Prospectus	Pages	What is covered by this Section?
		<ul style="list-style-type: none"> <li>• Minimum Subscription Amount</li> <li>• Minimum Buy-Back Amount and Minimum Physical Metal Delivery Buy-Back Amount</li> <li>• Minimum Physical Redemption Amount</li> <li>• Authorised Offerors and Authorised Participants</li> <li>• Estimated expenses charged to the investor</li> <li>• Listing and Admission to Trading</li> <li>• Issue Specific Summary</li> <li>• Publication of a Supplement</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Settlement Procedures	<a href="#">132</a>	<p><i>This section sets out the detailed procedures for Subscriptions, Buy-Backs and Redemptions of ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Subscription Settlement</li> <li>• Buy-Back Settlement</li> <li>• Settlement of Early Redemptions and Final Redemptions</li> <li>• Settlement Failure on Buy-Backs, Early Redemptions or Final Redemptions</li> <li>• Settlement of trades</li> </ul> <p><i>This section is relevant to all ETC Securities.</i></p>
Base Metals Market Overview	<a href="#">137</a>	<p><i>This section describes the nature and operation of the global market for Base Metals, including:</i></p> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Market Participants</li> <li>• Traditional ways to access base metals</li> <li>• Investing in the ETC Securities to gain exposure to metal prices</li> <li>• Base Metal Pricing, Trading Units, Settlement</li> <li>• Copper</li> <li>• Nickel</li> <li>• Cobalt</li> </ul> <p><i>This section is relevant for Single Metal ETC Securities and Basket ETC Securities backed by one or more Base Metals.</i></p>
Master Terms and Conditions of the Single Metal ETC Securities backed by Base Metals	<a href="#">169</a>	<p><i>This section sets out the detailed contractual terms of the Single Metal ETC Securities backed by Base Metals.</i></p> <p><i>This section is only relevant for Series of Single Metal ETC Securities backed by Copper or Nickel.</i></p>

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Section of Base Prospectus	Pages	What is covered by this Section?
Master Terms and Conditions of the Basket ETC Securities	<a href="#">235</a>	<p><i>This section sets out the detailed contractual terms of the Basket ETC Securities.</i></p> <p><i>This section is only relevant for Series of Basket ETC Securities.</i></p>
Description of Transaction Documents	<a href="#">306</a>	<p><i>This section sets out descriptions of the main agreements and the main provisions of such agreements entered into by the Issuer with the various Transaction Parties in respect of the ETC Securities, including:</i></p> <ul style="list-style-type: none"> <li>• Trust Deed</li> <li>• Irish Law Security Trust Deed</li> <li>• English Law Security Trust Deed</li> <li>• Administration Agreement</li> <li>• Custody Agreement</li> <li>• Primary Sub-Custody Agreements</li> <li>• Authorised Participant Agreements</li> <li>• Metals Counterparty Agreement(s)</li> <li>• Account Bank Agreement</li> <li>• Fees and Expenses Agreement</li> </ul> <p><i>This section is relevant for all ETC Securities.</i></p>
Description of the Issuer	<a href="#">322</a>	<p><i>This section provides a description of the Issuer and its activities, including:</i></p> <ul style="list-style-type: none"> <li>• General Information regarding the Issuer</li> <li>• Ownership and Control of the Issuer</li> <li>• Principal Activities of the Issuer</li> <li>• Management of the Issuer</li> <li>• Financial Information (including information regarding where financial statements of the Issuer can be accessed)</li> </ul>
Description of the Arranger	<a href="#">326</a>	<p><i>This section provides a description of the Arranger and its activities in relation to the Programme.</i></p>
Description of the Administrator	<a href="#">328</a>	<p><i>This section provides a description of the Administrator and its activities in relation to the Programme.</i></p>
Description of the Custodian	<a href="#">330</a>	<p><i>This section provides a description of the Custodian and its activities in relation to the Programme.</i></p>
Description of the Primary Sub-Custodians	<a href="#">332</a>	<p><i>This section provides a description of each Primary Sub-Custodian and its activities in relation to the Programme.</i></p>

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Section of Base Prospectus	Pages	What is covered by this Section?
Description of the Metals Counterparties	<a href="#">340</a>	<i>This section provides a description of each Metals Counterparty and its activities in relation to the Programme.</i>
Description of the Account Bank	<a href="#">341</a>	<i>This section provides a description of the Account Bank and its activities in relation to the Programme.</i>
Taxation	<a href="#">342</a>	<p><i>This section sets out certain taxation considerations relating to the ETC Securities, in certain jurisdictions, including:</i></p> <ul style="list-style-type: none"> <li>• Austria</li> <li>• Germany</li> <li>• Italy</li> <li>• Ireland</li> <li>• Luxembourg</li> <li>• The Netherlands</li> <li>• Switzerland</li> <li>• United Kingdom</li> <li>• United States</li> </ul> <p><i>This section is relevant for all ETC Securities.</i></p>
Subscription and Sale	<a href="#">364</a>	<p><i>This section sets out certain restrictions regarding the offer and sale of ETC Securities in certain jurisdictions, including:</i></p> <ul style="list-style-type: none"> <li>• United States</li> <li>• Public Offer Selling Restriction under the UK Prospectus Regulation</li> <li>• United Kingdom</li> <li>• General</li> </ul> <p><i>This section is relevant for all ETC Securities.</i></p>
Clearing System Settlement Arrangements	<a href="#">370</a>	<p><i>This section sets out the detailed procedures for Settlement of transactions in ETC Securities via the Clearing Systems.</i></p> <p><i>This section is relevant for all ETC Securities.</i></p>
Form of Final Terms	<a href="#">373</a>	<p><i>This section sets out a template for the Final Terms to be used for each specific issuance of ETC Securities.</i></p> <p><i>This section is relevant for all ETC Securities.</i></p>
General Information	<a href="#">384</a>	<p><i>This section provides certain additional information relating to the Issuer, the Base Prospectus and the ETC Securities.</i></p> <p><i>This section is relevant for all ETC Securities.</i></p>

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## RISK FACTORS

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### **Warnings**

*Investment in the ETC Securities will involve a significant degree of risk. Investors may lose the value of their entire investment or part of it.*

*Each prospective purchaser of, or investor in, ETC Securities should be familiar with instruments having characteristics similar to the ETC Securities and should fully understand the terms of the ETC Securities and the nature and extent of its exposure to risk of loss.*

*Investment in the ETC Securities is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Base Prospectus and in the applicable Final Terms and the merits and risks of an investment in the ETC Securities in the context of the investor's own financial, tax and regulatory circumstances and investment objectives.*

*Before making an investment decision, prospective purchasers of ETC Securities should read the entire Base Prospectus and the relevant Final Terms and consider carefully, in the light of their own financial circumstances and investment objectives, all the detailed information set out herein and therein and, in particular, the material risk factors set out below, as well as conducting without any reliance on the Issuer, the Arranger, any Transaction Party or any of their Affiliates, their own independent investigation and analysis regarding the Issuer, the ETC Securities, the Underlying Metals and all other relevant persons and such legal, accounting, regulatory, tax, market and economic factors as they deem appropriate, in order to reach their own views prior to making any investment decision.*

*Potential investors are also advised to seek the advice of their bank or an independent financial and / or legal and / or tax advisor and / or any other professional advisor before making any investment decision and to observe any local sales restrictions.*

*The Issuer believes that the risk factors set out below represent the principal risks inherent in investing in the ETC Securities issued under the Programme, about which prospective ETC Holders should be aware. Such factors may affect the ability of the Issuer to fulfil its obligations under the ETC Securities issued under the Programme. 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.*

*Prospective investors should note that the risks relating to the Issuer and the ETC Securities described in this section are risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the ETC Securities.*

*The inability of the Issuer to pay any amounts on or in connection with any ETC Securities may occur for reasons other than those outlined below and the Issuer does not represent that the factors below regarding the risks of investment in the ETC Securities are exhaustive.*

*The risks described may have a negative impact on the performance and liquidity of the ETC Securities. Please note that several risk factors may simultaneously affect the performance of the ETC Securities without any binding statement being made about their interaction. In addition, other currently unknown or unforeseeable risks may also have a negative impact on the value of the ETC Securities or the ability of the Issuer to fulfil its obligations.*

*All capitalised terms used in this "Risk Factors" section shall have the meanings given to them in other sections of this Base Prospectus unless otherwise defined below.*

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## **1 Risks related to metals markets**

### **1.1 Performance of Metals**

Prospective investors should note that the value of ETC Securities of a given Series will increase and decrease with movements in the price of the relevant Metal (in the case of Single Metal ETC Securities) or of Base Metal(s) or Component(s) comprised in the Basket to which such Series is linked, 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 and as a consequence, the performance of the ETC Securities.

Metal prices are generally more volatile than most other asset classes meaning they are susceptible to sudden and substantial increases or decreases in value, making investments in metals riskier and more complex than other investments, and the value and secondary market price of the ETC Securities may demonstrate similar volatility.

Price declines would negatively affect the value of the Metal comprising the Metal Entitlement and the market price of the ETC Securities backed by those metals. Prospective investors should be aware that any such price fall may be rapid. Any decrease in the price of the underlying Metal will result in a lower return to investors upon a redemption of the ETC Securities, which return will depend upon the price at which the relevant Metals Counterparty is able to sell the Underlying Metal or, with respect to any Metal which the relevant Metals Counterparty is not able to sell, the relevant reference price for such Metal.

As a result of adverse price movements, an ETC Holder may lose the value of its entire investment or part of its investment in the ETC Securities.

### **1.2 Metal-linked securities**

The ETC Securities issued under the Programme are linked to the performance of a single Metal, specifically copper, or nickel or, in the case of Basket ETC Securities, to a Reference Index tracking the performance of a selection of such Base Metals and/or other index components, such as cobalt. Holding an inventory of physical metals poses administrative burdens and costs, including those arising from the need to store, arrange security for or transport physical metals. An investor in a product linked to metals can be indirectly exposed to such administrative burdens and costs.

This, together with other factors, means that the ETC Securities of a Series may trade differently from the performance of the Metal or Metals to which such ETC Securities are linked and changes in the market price of any Metal may not result in a comparable change in the market price of each such ETC Security. .

While the amount which an ETC Holder will be entitled to receive from the Issuer upon a redemption of its ETC Securities will be dependent upon the value of the relevant Underlying Metal, the amount received by an ETC Holder may be less than they would have received had they invested directly in the relevant Underlying Metal. Such a difference in the performance of the ETC Securities of a Series and the relevant Underlying Metal will arise due to the fees which are taken into account in the daily application of the Total Expense Ratio (which reduces the Metal Entitlement per ETC Security) as well as any fees deducted from the Redemption Amount.

### **1.3 Tracking Error and Liquidity Risk of ETC Securities**

At any time, the price at which ETC Securities trade on any exchange or market on which they may be listed or traded may not reflect accurately the price of Metal or the level of the Reference Index to which such ETC Securities are linked. The Subscription and Buy-Back procedures for ETC Securities and the role of certain Authorised Participants and market-makers are intended to minimise this potential difference or “tracking error”. However, the following factors might result in such “tracking error”:

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The reference prices of the Metals represented by the ETC Securities do not reflect any costs associated with the ownership and storage of Metals (which may be substantial). For example, the storage of industrial metal will incur a storage fee, which will be deducted from the Metal Entitlement. This deduction will in turn reduce the value of the ETC Securities and cause a difference between the price of the ETC Securities and the market price of the Metal represented by such ETC Securities.

The market price of ETC Securities will also be a function of supply and demand amongst investors wishing to buy and sell ETC Securities and the bid-offer spread that market-makers are willing to quote for ETC Securities.

The market price of the ETC Securities may be affected by metal shortages. If new demand for ETC Securities exceeds the availability of the physical Metal required to create such new ETC Securities, then the issue of new ETC Securities will be restricted and therefore such ETC Securities may trade at a premium. Investors who pay a premium risk losing the premium on a subsequent sale of such ETC Securities if liquidity in the relevant Metal improves, demand for ETC Securities abates or when new ETC Securities are issued.

### **1.4 Shortages of Physical Metal**

Metal markets 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). Metal price increases could cause the bid/offer spread (the difference between the bid price (i.e. the price at which a holder can sell ETC Securities) and the offer price (i.e. the price at which a holder can buy ETC Securities) on any stock exchange or market where the ETC Securities are traded to widen. This may adversely affect the return to ETC Holders.

The recent growth of investment products offering investors an exposure to metals (including products similar to the ETC Securities and the ETC Securities themselves) which require the purchase and sale of the underlying metal may significantly change the supply and demand in the market for such metal, increasing volatility in the price and supply of the metal.

Any increase or decrease in the value of the Metals as a result of shortages or changes in supply and demand for the Metals due to trading activity may negatively affect the secondary market price of the ETC Securities and the amount received by investors upon any redemption of the ETC Securities. As a result of adverse price movements, an ETC Holder may lose the value of its entire investment or part of its investment in the ETC Securities.

### **1.5 Sales of Metal by national and supranational organisations could adversely affect the value of the ETC Securities**

Central banks, other government agencies and supranational organisations, such as the International Monetary Fund, that buy, sell and hold 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. If there are sales of metals by the public sector to the private sector there may be an excess of supply over demand, leading to a lower price on the open market for such metals and other metals, to the extent their prices are correlated, and consequently a decrease in the value of the Metal Entitlement and the secondary market price of the ETC Securities.

Adverse movements in the price of Metal may negatively affect the return to ETC Holders who sell their ETC Securities at a time when the price of the relevant Metal has decreased since the time they purchased their ETC Securities and the amount received by investors upon any redemption of the ETC Securities. As a result of adverse price movements, an ETC Holder may lose the value of its entire investment or part of its investment in the ETC Securities.

## **1.6 Disruption of markets on which metals are traded**

Markets, exchanges and trading facilities have the potential to suffer from market disruption due to trading failures or other events. Any disruption to the over-the-counter market of the LBMA, or the LME (as applicable) or any other primary exchange or trading facility for the trading of a relevant Underlying Metal can affect the price of such Underlying Metal and the value of the Metal Entitlement of the ETC Securities. Any decrease in the value of the Metal Entitlement will be reflected in a lower secondary market price for the ETC Securities and if such price decrease occurs at a time where the ETC Securities are being redeemed, will lower the price at which the relevant Metals Counterparty is able to liquidate the Metal and thus the Redemption Amount received by the ETC Holders. As a result of adverse price movements, an ETC Holder may lose the value of its entire investment or part of its investment in the ETC Securities.

Such events could also result in a failure to price the Metal and this may result in non-calculation and non-publication of the Metal Entitlement of the ETC Securities, making it difficult for investors to establish accurate prices at which to trade the ETC Securities on the secondary market.

A market disruption could also constitute a Disruption Event under the Conditions of the ETC Securities and in turn lead to the suspension or postponement of Subscriptions, Redemptions or Buy-Backs of ETC Securities. The amount received by investors upon a Redemption of the ETC Securities may be less than it would have been had the suspension or postponement not occurred.

## **2 Risks relating to the ETC Securities**

### **2.1 Potential loss of investment**

The ETC Securities are not principal protected and are a high-risk investment. ETC Holders are neither assured of repayment of the capital invested, nor are they assured of payment of any interest.

The Final Redemption Amount and Early Redemption Amount payable on the ETC Securities will depend upon (a) the prices at which the relevant Metals Counterparty, on behalf of the Issuer, is able to sell the Underlying Metal following the Final Redemption Valuation Date or an Early Redemption Trade Date, as applicable and (b) in respect of any Underlying Metal that could not be sold during the relevant Redemption Disposal Period, the relevant Metal Reference Price(s) for such Underlying Metal at such time.

In the event that the Underlying Metal prices fall to zero or close to zero, ETC Holders may lose some or all of their investment.

### **2.2 Total Expense Ratio reduces the Metal Entitlement**

The Metal Entitlement for each Series starts with the Initial Metal Entitlement on the Series Issue Date (being the Issue Date for the first Tranche of such Series). Thereafter, the Metal Entitlement for each ETC Security is decreased daily at a rate equal to the portion of the Total Expense Ratio applicable to such day (applying the per annum rate and dividing by 365 (or 366 in a leap year)), until the earliest to occur of: (i) a Buy-Back Trade Date relating to such ETC Security, (ii) an Early Redemption Trade Date relating to such Series and (iii) the Final Redemption Valuation Date for such Series. Such decrease will reduce how closely the ETC Securities track the price of the relevant Metal or, in the case of Basket ETC Securities, the level of the relevant Reference Index.

There can be no assurance that increases in the market price of the Underlying Metal for a Series will exceed the Total Expense Ratio. If it does not, the value of an ETC Holder's investment will decrease over time. Assuming a constant price of the relevant Metal or Basket from the date of issue of each Series of ETC Securities linked to such Metal or Basket, the value of the ETC Securities of such Series would gradually decline as the Metal Entitlement in respect of the Series declines. Therefore amounts payable to ETC Holders in respect of the ETC Securities may not be comparable to the yields which could be earned if ETC Holders had invested

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directly in the relevant Underlying Metal. ETC Holders may lose part of their investment due to the application of the Total Expense Ratio, even if the price of the Underlying Metal is stable or increases slightly over time.

In addition, the Total Expense Ratio may be varied by the Issuer at the request of the Administrator from time to time with, in the case of an increase, at least 30 calendar days' prior notice given to ETC Holders in accordance with Condition 19 (*Notices*). An increase in the Total Expense Ratio in respect of a Series will reduce the Metal Entitlement of such Series by more than would have been the case (and at a faster rate) had the Total Expense Ratio not been increased, causing the value of the ETC Securities to decline at a faster rate. Any such reduction operates as an increased charge on holders of ETC Securities and will widen the gap between the yield earned by ETC Holders as compared to the yields that could be earned by investing directly in the Underlying Metal.

Where the market price of the Underlying Metal has not increased sufficiently over time to increase or maintain the value of the Metal or Baskets comprising the Metal Entitlement per ETC Security of the relevant Series notwithstanding the increased Total Expense Ratio deducted since the time the purchaser purchased the ETC Securities, the value of the Metal available to realise on an early or final redemption of the relevant ETC Securities will be lower, which would reduce the purchaser's return on the ETC Securities.

### **2.3 Limited recourse obligations**

In respect of each Series, the Transaction Parties and the ETC Holders will have recourse only to the Secured Property in respect of that Series, subject always to the security for such Series, and not to any other assets of the Issuer. 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.

As a result of the limited recourse provisions of the ETC Securities, if, following realisation in full of the Secured Property relating to such Series (whether by way of liquidation or enforcement) and application of the available proceeds as provided for in Condition 5 (*Security and Application of Proceeds*), any outstanding claim against the Issuer relating to such Series remains unpaid, then such outstanding claim will be extinguished and no obligation will be owed by the Issuer in respect thereof.

As a result, if the amount received or recovered in respect of the Secured Property for a given Series of ETC Securities is less than the principal amount of the Issuer's obligations in respect of such Series, an ETC Holder of such Series will incur a loss corresponding to its proportionate share of the amount of any such extinguished claims.

The Nominal Amount plus the Specified Interest Amount operates as a minimum repayment amount on the early or final redemption of the ETC Securities of a Series.

In the event that the proceeds of liquidation of the Underlying Metal for any Series of ETC Securities is insufficient to fund the Nominal Amount and the Specified Interest Amount of such ETC Securities in full, due to their limited recourse nature, the holders of such ETC Securities may not receive payment of the Nominal Amount and/or the Specified Interest Amount in full and may receive substantially less.

In respect of each ETC Security, payment of the Specified Interest Amount to ETC Holders will rank in priority to payment of the Nominal Amount, such that if the proceeds of liquidation of the Underlying Metal are insufficient to pay the Specified Interest Amount and the Nominal Amount in full, the Specified Interest Amount will be paid first and any remaining proceeds will be applied proportionately towards payment of the Nominal Amount.

### **2.4 Non-petition**

The obligations of the Issuer under the ETC Securities are its corporate obligations only. As such, no personal liability will attach to or be incurred by the shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in any ETC Security or Transaction Document or implied therefrom.

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None of the Transaction Parties, the ETC holders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets ("**Insolvency Proceedings**") (save for lodging a claim in the liquidation of the Issuer which is initiated by another non-Affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer, provided such proceedings do not constitute insolvency or liquidation proceedings) 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).

As a result of such provisions, the ability of the Transaction Parties and the ETC Holders to pursue claims against the Issuer under the ETC Securities and the Transaction Documents is excluded following extinguishment of such claims pursuant to the limited recourse provisions. The ability of the Transaction Parties and the ETC Holders to pursue any claims against the shareholders, officers, agents, employees or directors of the Issuer is excluded at all times. The ability of the Transaction Parties and the ETC Holders to bring Insolvency Proceedings against the Issuer as a means of seeking payment of their claims is also excluded.

There is a risk that the Issuer may become subject to claims or other liabilities (whether in respect of the ETC Securities or otherwise) which are not themselves subject to limited recourse or non-petition limitations, which would mean that the beneficiaries of such claims or liabilities would have the ability to pursue such claims or take insolvency proceedings against the Issuer, notwithstanding that such actions are not permitted to the Transaction Parties or the ETC Holders. If any such claims are successful, there may be insufficient assets of the Issuer available to satisfy its claims under the ETC Securities and the Transaction Documents. If insolvency proceedings are brought against the Issuer by such third parties, the ETC Holders would need to lodge a claim in such proceedings in respect of the Issuer's obligations under the ETC Securities and may not receive the full amount of such obligations.

### **2.5 No guarantee**

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 person or entity. In particular, the ETC Securities 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.

The ETC Securities will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme or any client money protection scheme and are not insured or guaranteed by any government, government agency or other body. If the assets of the Issuer are insufficient to satisfy its obligations under the ETC Securities, the ETC Holders will not have recourse to any other party and may suffer a loss of some or all of their investment.

### **2.6 No right to Underlying Metal**

Investing in the ETC Securities will not make an investor the owner of the Underlying Metal, nor give an investor any right to ownership or any right to require delivery of any of the Underlying Metal, other than the security interests granted by the Issuer in favour of the Security Trustee for itself and as trustee for the other Secured Creditors (including the ETC Holders).

Likewise, ETC Holders have no independent right to enforce or sell the Underlying Metals and must rely on the Security Trustee to do so when permitted under the terms of the ETC Securities and the Security Documents and instructed by the Trustee (which has in turn been instructed by the ETC Holders).

## **Base Prospectus**

As a result the ETC Holders have no ownership interest (legal or beneficial) in the Underlying Metal backing the ETC Securities. The rights of the ETC Holders under the ETC Securities to receive any payments or deliveries of Metal in accordance with the Conditions are contractual only.

### **2.7 Limited enforcement rights**

ETC Holders should note that, notwithstanding they may be owed payments or deliveries of Metal under the ETC Securities, their rights of direct action against the Issuer to enforce those rights are limited as the right to take such action is generally instead vested in the Trustee.

If the Issuer fails to make a payment or delivery when due, only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the ETC Holders and the Trustee is only required to do so if so directed by an Extraordinary Resolution of the ETC Holders of the relevant Series or a direction in writing by the holders of a specified percentage of the outstanding ETC Securities of the relevant Series.

No ETC Holder may proceed directly against the Issuer unless the Trustee fails or neglects to do so within a reasonable time after having become bound to do so (having been directed by the ETC Holders) and such failure is continuing.

In circumstances where the Trustee is not directed to enforce the rights of the ETC Holders, an ETC Holder will have no right to proceed directly against the Issuer and may therefore not be able to realise the value of its investment.

Furthermore, the Conditions specify that only the Security Trustee may exercise the right to enforce the Security on behalf of ETC Holders if a default in payment by the Issuer has occurred. The Security Trustee may enforce the Security at its discretion, but will only be required to enforce the Security on behalf of the ETC Holders if it is directed to do so by the Trustee and provided the Trustee has itself been instructed by a specified portion of the ETC Holders and the Security Trustee has been secured and/or pre-funded and/or indemnified to its satisfaction.

In circumstances where the Security Trustee is not directed to enforce the Security, an ETC Holder will have no right to proceed directly against the Issuer and may therefore not be able to realise the value of its investment.

### **2.8 The Final Redemption Amount or, if applicable, the Early Redemption Amount is calculated and paid irrespective of the current Metal price or prices and may be less than the amount invested**

The Final Redemption Amount and any Early Redemption Amount payable in respect of the ETC Securities is determined by reference to (a) the prices at which the relevant Metals Counterparty, on behalf of the Issuer, is able to sell the Underlying Metal during the relevant Redemption Disposal Period and/or (b) in respect of any Underlying Metal that could not be sold during the relevant Redemption Disposal Period, the reference price(s) for such Underlying Metal at such time.

During the Redemption Disposal Period, the Metals Counterparty/ies (as determined by the Issuer) will attempt to sell the Underlying Metal on behalf of the Issuer at the then-current Metal price(s). Assuming all other factors remain constant, lower Metal prices during the Redemption Disposal Period will lead to lower metal sale proceeds or deemed proceeds and a lower Final Redemption Amount or Early Redemption Amount. ETC Holders may lose some or all of their investment if the relevant Underlying Metal falls in value (or does not increase enough over time to offset the reduction of the Metal Entitlement due to application of the Total Expense Ratio).

As such, there can be no assurance that the Final Redemption Amount or Early Redemption Amount, as applicable, in respect of each ETC Security will be greater than or equal to the amount invested by an investor in the ETC Securities.

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If the ETC Securities are redeemed at a time when the price(s) of the Underlying Metal has decreased since the date on which they purchased the ETC Securities, investors may suffer a substantial loss on their investment.

### **2.9 Risks relating to Metal Sales upon Early Redemption or Final Redemption**

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 the amount received by it from the relevant Metals Counterparty in respect of disposal proceeds of the Underlying Metal.

Upon any Early Redemption or Final Redemption of the ETC Securities, the Metals Counterparty will use its discretion in selling the Underlying Metal, and the Issuer cannot guarantee that such discretion will result in the Metals Counterparty obtaining the optimal price on each Metal Sale Date. The Metals Counterparty will attempt to liquidate the Underlying Metal in respect of the relevant Series regardless of the level of the Metal Reference Price(s) or market spot price(s) applicable to the sale. There can be no guarantee that the Metal Reference Price(s) at the time of sale of the Underlying Metal will be favourable to the Issuer or that the Metals Counterparty will be able to liquidate the Underlying Metal at a fair market price or at all.

A Metals Counterparty may need to liquidate such Underlying Metal over a series of days. The price(s) by reference to which the relevant Metals Counterparty liquidates Underlying Metal on behalf of the Issuer (a Metal Reference Price or market spot price) may fluctuate during the Redemption Disposal Period and, assuming all other factors remain constant, lower Metal prices will lead to a lower Early Redemption Amount or Final Redemption Amount, as applicable, being payable.

Where little or no Underlying Metal can be liquidated by the relevant Metals Counterparty within the relevant Redemption Disposal Period, some or all of the Final Redemption Amount or the Early Redemption Amount, as applicable, will be determined by valuing the unsold Underlying Metal comprising the Metal Entitlement by reference to the Metal Reference Price(s) for such Underlying Metal as at such time. In such circumstances, the proceeds received from any Underlying Metal that was liquidated during the Redemption Disposal Period (if any) will be insufficient to meet the claims of the ETC Holders and the Security Trustee will likely have to enforce the Security on behalf of the ETC Holders to realise value from the unsold Underlying Metal in order to fund payment of the Final Redemption Amount or the Early Redemption Amount, as applicable.

Where (i) the value of the Underlying Metal as at the Final Redemption Valuation Date or the Early Redemption Trade Date, as applicable, is equal to or lower than the value of the Underlying Metal as at the date on which an ETC Holder purchased their ETC Securities and/or (ii) where the liquidation proceeds achieved in respect of the Underlying Metal are low, an investor may not receive back an amount equal to or greater than its initial investment.

In the event that Underlying Metal prices fall to zero or close to zero, investors may lose the entire value of their investment in the ETC Securities.

### **2.10 Events of Default and other Early Redemption Events**

The ETC Securities of a Series may become due and payable prior to their Scheduled Maturity Date at their Early Redemption Amount in connection with the occurrence of an Issuer Call Redemption Event pursuant to Condition 7(c) (*Issuer Call Redemption Event*), any of the events set out in Condition 7(d) (*Early Redemption Events*) or any of the events set out in Condition 13 (*Events of Default*) and as summarised in the section headed "Key Terms of the ETC Securities" in the paragraph therein headed "*Early Redemption of ETC Securities*".

As the Early Redemption Amount will depend upon the Metal Reference Price(s) of the Underlying Metal as at the Early Redemption Trade Date and the liquidation proceeds achieved in respect of the Underlying Metal during the Redemption Disposal Period, there can be no assurance that the Early Redemption Amount will be greater than or equal to the amount invested by a purchaser of the ETC Securities. If such Early Redemption Amount is lower than the amount invested by an ETC Holder, such ETC Holder will suffer a loss.

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Redemption due to an Event of Default, Issuer Call Redemption Event or Early Redemption Event would occur irrespective of the then current price(s) of the Underlying Metal. Consequently, the affected ETC Securities may be redeemed or accelerated at a time when the value of the Underlying Metal is low, thus the amounts payable in respect of each relevant ETC Security on such redemption may be low, and investors may suffer a substantial loss on their investment.

### **2.11 Buy-Back Orders are subject to the Buy-Back Conditions**

The ETC Securities are subject to provisions concerning the delivery of a Buy-Back Order.

The Issuer will only accept a Buy-Back Order and proceed to settlement if the Buy-Back Conditions are satisfied.

In order for a Buy-Back Order to be valid:

- (a) in the case of Single Metal ETC Securities backed by a Base Metal, the relevant Authorised Participant must either (i) have an LME clearing and warrant account for the relevant Base Metal with a member of the LME or (ii) have appointed a person with an LME clearing and warrant account for the relevant Base Metal with a member of the LME to act as its agent in respect of the settlement of such Buy-Back Order; and (iii) must provide the Issuer with details of a USD-denominated cash account to which any cash payment due in connection with settlement of such Buy-Back Order (including any payment on account of Accrued Rent under any LME Warrant) can be delivered; or
- (d) in the case of Basket ETC Securities, the relevant Authorised Participant must provide the Issuer with details of a USD-denominated cash account into which payment of the cash amount due in connection with settlement of such Buy-Back Order can be delivered.

No assurance is given regarding the availability or suitability of any such person referenced in (a)(ii) above to act as agent of an Authorised Participant or ETC Holder in respect of the settlement of any Buy-Back.

In the Buy-Back Order, such Authorised Participant or ETC Holder must, in addition to specifying the relevant account details described above, represent and warrant that (i) it is not a UCITS Fund; and (ii) the acceptance of the delivery of the Buy-Back Settlement Amount is and will be in accordance with all laws and regulations applicable to it.

Each Buy-Back Order must also be submitted by an Authorised Participant or ETC Holder which has complied with all required KYC Procedures. The Issuer is entitled, in its absolute discretion, to determine whether KYC Procedures apply to any ETC Holder submitting a Buy-Back Order and whether such KYC Procedures have been satisfied (including, where the ETC Holder is an Authorised Participant, whether any KYC Procedures have already been satisfied). The failure to deliver any certifications or notices required by the Conditions could result in the loss or inability to receive deliveries otherwise due under the ETC Securities.

Any Buy-Back Order received after the Buy-Back Order Cut-Off Time on any Business Day will be deemed to be duly delivered on the next following Business Day. Such deemed delay may increase or decrease the amount or value of the Buy-Back Settlement Amount from what it would have been but for such deemed delay, as the Metal Entitlement of the ETC Securities being repurchased and/or the relevant Metal Reference Price (or the level of the relevant Reference Index (and thus the value of the Metal Entitlement) may have decreased.

In order for the Issuer to effect settlement of a Buy-Back on the Buy-Back Settlement Date, the Authorised Participant or ETC Holder must have transferred the ETC Securities into an appropriate account of the Principal Paying Agent with the Relevant Clearing System and given correct instructions in accordance with the Buy-Back Order form by the Buy-Back Order Cut-Off Time (as specified in the Final Terms) on the Buy-Back Trade Date.

No interest or other amount shall be payable in connection with late deliveries or payments resulting from a delay or failure by an Authorised Participant or ETC Holder to deliver ETC Securities in connection with a Buy-Back.

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Prospective investors should review the Conditions to ascertain how such provisions apply to the ETC Securities.

ETC Holders wishing to sell ETC Securities having an aggregate value less than the amount of the applicable Buy-Back Fee risk losing a substantial part or potentially all of their investment (if the amount of such fees exceeds the Buy-Back Settlement Amount for such ETC Securities). In such a case, such ETC Holders should consider selling their ETC Securities to an Authorised Offeror or Authorised Participant, on exchange or in an over the counter transaction.

### **3 Risks relating to the Issuer's service providers**

#### **3.1 Potential credit exposure to the Custodian and Primary Sub-Custodians**

The Underlying Metal in respect of each Series of ETC Securities will be held on behalf of the Issuer in off warrant storage (in the case of Base Metals) by the Custodian in segregated accounts with the Primary Sub-Custodians, and may also be held with other Sub-Custodians. Each of the Custodian and the relevant Primary Sub-Custodian are required to reflect in their respective books and ledgers that such Underlying Metals are held as custodial assets on behalf of the Issuer and separate from any other assets of the Custodian, the relevant Primary Sub-Custodian or their respective customers.

ETC Holders will be at risk if the Custodian, a Primary Sub-Custodian or any relevant Sub-Custodian does not, in practice, maintain such a segregation. In such circumstances, the ETC Holders will be relying on the creditworthiness of the Custodian, the Primary Sub-Custodians and any other relevant Sub-Custodians with respect to the Metal, LME Warrants or Bills of Lading held by them for the Issuer.

In the event of an insolvency of the Custodian or any Primary Sub-Custodian, there may be delays and costs incurred in identifying and asserting the Issuer's claims against the Underlying Metal held for the Issuer or a liquidator may seek to freeze access to the Underlying Metals held in all of the accounts maintained by the Custodian or such Primary Sub-Custodian. There can be no assurance that the Issuer will be able to obtain delivery of and/or realise such Underlying Metal (whether in full or in part) on a timely basis, which could delay redemptions and settlement of ETC Securities.

Any delay or additional cost incurred by the Issuer in recovering the Underlying Metal upon an insolvency of the Custodian or a Primary Sub-Custodian could reduce the assets available to the Issuer to satisfy its obligations under the ETC Securities and result in losses to the ETC Holders. If the Issuer is unable to recover the Underlying Metal (in full or in part), such losses could be substantial.

#### **3.2 Issuer Credit Exposure to Metals Counterparties**

There will be short periods of time during which Metal will be held for the Issuer by a Metals Counterparty.

Underlying Metal will be held by the relevant Metals Counterparty pending its sale on behalf of the Issuer: (a) periodically for the purposes of funding payment of the Operational Fee; (b) in connection with any Early Redemption or Final Redemption; and (c) in connection with any rebalancing of the Issuer's holdings of Base Metal(s) and/or of any Component(s) upon a rebalancing of the relevant Reference Index for a Series of Basket ETC Securities.

During those times, the Issuer has no proprietary rights to any specifically identified Metal. The relevant Metals Counterparty has only a contractual obligation to deliver the relevant quantity of Metal (or the proceeds of such Metal) to the Issuer or to its order (in other words, such Metals Counterparty owes the Issuer a debt in respect of its general entitlement to such Metal or the proceeds thereof).

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If the relevant Metals Counterparty does not adequately segregate such Metal in its books and records so that it is clearly identified as being held on trust for the Issuer, in the event that such Metals Counterparty becomes insolvent, to the extent that such Metal is unable to be clearly identified as trust property held for the Issuer, it may be difficult for the Issuer to recover such Metal and the Issuer may instead have a claim against such Metals Counterparty for breach of trust, in respect of which it will rank as an unsecured creditor of such Metals Counterparty. The Issuer may not be able to proceed against a Metals Counterparty unless the Issuer liquidates some Metal or funds are otherwise provided to it for such action.

To the extent the Issuer incurs costs to recover Metal, has to sell Metal to fund any proceedings against a Metals Counterparty or is not able to recover the value of any Metal from a Metals Counterparty, it will have fewer assets available to satisfy its obligations under the ETC Securities and if the Issuer's assets are insufficient, the ETC Holders will suffer a loss in respect of any unpaid claims.

The ability of the Issuer to meet its obligations to make payment of any Early Redemption Amounts or the Final Redemption Amount will depend on the receipt by it of the net proceeds of liquidation of any Underlying Metal to be liquidated on its behalf by the relevant Metals Counterparty. Therefore, the Issuer and, indirectly, the ETC Holders, are exposed to the creditworthiness of such Metals Counterparty with respect to the disposal proceeds of the Underlying Metal.

Any net proceeds of liquidation may be held for some time by the relevant Metals Counterparty as it will only be obliged to transfer such net proceeds of liquidation to the Issuer Cash Account or otherwise to the order of the Issuer on or around the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Settlement Date, as applicable.

If a Metals Counterparty does not pay in full the amount payable in accordance with the relevant Metals Counterparty Agreement when due in connection with the redemption of the ETC Securities, the Security Trustee may need to enforce the Security in order to recover any Metal or liquidation proceeds held by such Metals Counterparty.

However, if, following enforcement and realisation in full of the Secured Property and application of available cash sums as provided in Condition 5 (*Security and Application of Proceeds*), there are any outstanding claims against the Issuer in respect of such ETC Securities which remain unpaid, then such outstanding claims will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances, ETC Holders may not receive back their investment and may receive zero.

### **3.3 Performance risk**

The Issuer's ability to meet its obligations with respect to the ETC Securities will be dependent upon the performance by each of the Administrator, the Custodian, the Primary Sub-Custodians, the Metals Counterparties and the Arranger of their respective obligations under the Administration Agreement, the Custody Agreement, the Primary Sub-Custody Agreements, the Metals Counterparty Agreement(s) and the Fees and Expenses Agreement, respectively, as well as by the Principal Paying Agent, any other Paying Agents, the Account Bank and any other service providers to the Issuer in respect of the ETC Securities making the relevant payments and/or deliveries to, or on behalf of, the Issuer and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder.

On 2 December 2022, the Administrator provided the requisite 90 days' prior notice to the other Transaction Parties of its intention to resign from its role as Administrator under the Programme with effect from 2 March 2023 or such earlier date as mutually agreed between the Issuer and the Administrator. However, as further described in the "*Description of the Administrator*" section of this Base Prospectus, the Arranger is actively engaging with potential replacement administrators with a view to having a replacement administrator appointed on or before 1 March 2023, and Clause 15.6 of the relevant Administration Agreements provides that no resignation of the Administrator will take effect until a replacement administrator has been appointed. Whilst the Administrator's affiliate, the Corporate Services Provider, also resigned on such date there is no equivalent

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provision to Clause 15.6 of the Administration Agreements in the Corporate Services Agreement and therefore there is a risk that no corporate services provider could be in place on 3 March 2023. The Corporate Services Provider's affiliate, the Share Trustee, has not and cannot resign from its role as share trustee to the Issuer under the terms of the Declaration of Trust (for further details please see the "*Description of the Issuer*" section of this Base Prospectus). However, on 5 January 2023, the Issuer agreed a fee proposal with a replacement corporate services provider, administrator and share trustee. Once the replacement corporate services provider, administrator and share trustee entity has formally acceded to the Programme on or around 1 March 2023, a supplement to this Base Prospectus will be published confirming the replacement provider's details and expertise. Each of the current Administrator, the current Corporate Services Provider, the current Share Trustee and the incoming replacement provider are committed to an orderly transition of responsibilities under the Programme. However, the Issuer cannot guarantee that the replacement provider will be appointed by 1 March 2023 and in such an event, the current Administrator and the Share Trustee would be contractually obliged to continue in their respective roles whereas the current Corporate Services Provider would have no further obligations or duties to the Issuer, meaning that certain functions currently performed by the Corporate Services Provider may have to be performed by the Arranger for a period of time until a replacement is appointed. The Issuer views the risk of the Administrator breaching the aforementioned provisions of Clause 15.6 of the Administration Agreements, or the Share Trustee breaching the terms of the Declaration of Trust, as low.

As at the date of this Base Prospectus, economic sanctions and restrictions apply to Russia, Russian entities and certain connected individuals, a key market for certain of the Metals. The sanctions and restrictions may impact supply and demand for the Metals and/or disrupt the ability of the Transaction Parties to perform their respective obligations to the Issuer, which in either case could adversely affect the market price of the ETC Securities. On 11 March 2022, the ETC securities were halted from trading on London Stock Exchange's Main Market. The Issuer announced on 14 March 2022 that it had received communication from the London Stock Exchange notifying it that the London Stock Exchange believed that any new issuance of the ETC Securities would likely be captured under Regulation 16(4D) of the Russia (Sanctions) (EU Exit) Regulations 2019 (as amended) (together with all other sanctions imposed on Russia by the United Kingdom authorities before and after such date, the "**UK's Sanctions against Russia**"). The Issuer did not consider that the ETC Securities would in fact fall within the prohibition on dealing with transferable securities or money market instruments under the UK's Sanctions against Russia. Steps were nonetheless taken to protect the Programme from any perceived influence from Russia including, without limitation the replacement of the Arranger and resignation of the former metals counterparty on 22 April 2022, the change of the Issuer name on 12 May 2022, the appointment of the current Metals Counterparty and change of Programme name on 9 August 2022 and the restructuring of the shareholding of the Custodian on 13 October 2022 (together, the "**Restructuring Steps**").

On 22 April 2022, the Issuer announced to ETC Holders that, as a consequence of certain of the Restructuring Steps: (a) the Administrator at the time had determined that the resignation of the former metals counterparty under the Programme on such date constituted a disruption event for the purposes of Condition 8(a)(ii) (*Service Provider Disruption*) of the ETC Securities; and (b) the Issuer had determined that the Disruption Event and the appointment of the new Arranger constituted significant new factors capable of affecting the assessment of the ETC Securities, and accordingly secondary market trading of the ETC Securities on Borsa Italiana, Deutsche Börse, and SIX Swiss Exchange Ltd. would be suspended until the publication of the supplement to the base prospectus of the Programme, and the ETC Securities remained suspended on the London Stock Exchange. Following approval by the Central Bank of Ireland of a supplement to the CBI Base Prospectus on 9 August 2022, secondary trading in the Elementum Physical Nickel ETC Securities and the Elementum Physical Copper ETC Securities resumed on Borsa Italiana and Deutsche Börse with effect from 23 September 2022. Therefore, it is intended that following approval of this Base Prospectus, application will be made to the London Stock Exchange to resume trading of the ETC Securities on the London Stock Exchange.

As at date of this Base Prospectus, the Issuer is not aware of any Transaction Party or the Issuer itself being the subject of sanctions from the European Union, United Kingdom, the United States or any other relevant jurisdiction under its equivalent regulations or sanctions regimes. However, any such designation impacting the Issuer or any Transaction Party in the future, or any changes to the Programme or the Transaction Parties that may result in the London Stock Exchange suspending or the Issuer requesting suspension of the ETC Securities

## **Base Prospectus**

or the FCA and/or London Stock Exchange declining to list and admit (respectively) new issuances of ETC Securities in the future, could materially adversely impact the value of the ETC Securities and/or the ability of ETC Holders to sell the ETC Securities. None of the proceeds from the issue of the ETC Securities will be used to fund activities or persons that are subject to sanctions imposed by the European Union, the United Kingdom, the United States or any other relevant country.

Furthermore, whilst the LME confirmed on 11 November 2022 that it would not ban Russian metal from being traded and stored in its system, there is a risk that the LME may introduce such a ban in the future which may adversely affect the market price of certain of the underlying Base Metals.

Any failure of a Transaction Party to perform its obligations to the Issuer could, if the Issuer is unable for any reason to recover such amounts, result in the ETC Holders suffering a partial or even full loss of their investment.

### **3.4 Risks Relating to the Performance of the Metals Counterparties**

The Issuer has appointed each Metals Counterparty as its agent to, among other things, effect sales of Underlying Metal in connection with any Early Redemption or Final Redemption of the ETC Securities. The services provided by the Metals Counterparties under the Metals Counterparty Agreement(s) do not presently constitute a regulated activity subject to the supervision and rules of any regulatory authority.

In connection with any sale of Metal, the Issuer will instruct the Custodian to transfer the relevant Metal from the relevant Off-Warrant Account(s) (as applicable) to the order of one or more of the Metals Counterparties and each Metals Counterparty will sell the Underlying Metal delivered to it. Each Metals Counterparty will use its discretion in selling the Underlying Metal, and the Issuer cannot guarantee that such discretion will result in the Metals Counterparties obtaining the optimal price on the Metal. In the case of an Early Redemption or Final Redemption, the lower the price at which the Metals Counterparties sell the Underlying Metal, the lower the Redemption Amount payable to the ETC Holders will be. Where the liquidation proceeds achieved in respect of the Underlying Metal are low, an investor may not receive back an amount equal to or greater than its initial investment.

Under the terms of the Metals Counterparty Agreements, the Issuer would have limited recourse to a Metals Counterparty in circumstances where the Metal is lost or stolen in the course of a Metal Sale. To the extent the Issuer is not able to recover the value of any lost or stolen Metal from a Metals Counterparty, it will have fewer assets available to satisfy its obligations under the ETC Securities and if the Issuer's assets are insufficient, the ETC Holders will suffer a loss in respect of any unpaid claims.

### **3.5 Risks relating to the Authorised Participants**

Only Authorised Participants may deal with the Issuer in applying for ETC Securities to be issued. There can be no assurance that there will at all times be an Authorised Participant to deal with the Issuer in applying for ETC Securities.

In such an event, it may also be difficult or impossible for ETC Holders to sell ETC Securities on the Relevant Stock Exchanges at a price close to the Metal Reference Price or level of the relevant Reference Index or within a reasonable time period.

An ETC Holder wishing to realise on the value of its ETC Securities may need to submit a Buy-Back Order, which, an ETC Holder cannot do directly with the Issuer. A Buy-Back may also take longer and be more costly (due to payment of the applicable Buy-Back Fee and Metals Counterparty Fee) than a sale of such ETC Securities on an exchange. Alternatively, such ETC Holder must make arrangements with an Authorised Participant (either through an exchange or over the counter) for such Authorised Participant to purchase such ETC Securities from the ETC Holder. Any such purchases will be made in accordance with such terms and other arrangements in place between such Authorised Participant and such ETC Holder, including as to price, fee, and settlement arrangements.

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The ETC Holder will not have recourse against any of the Issuer, the Arranger, the Trustee, the Security Trustee, any Agent nor any other Authorised Offeror or Authorised Participant in respect of any loss suffered by the investor in relation to any such transactions with Authorised Participants.

In the event there is no Authorised Participant, such ETC Holder may need to sell its ETC Securities over the counter or on an exchange.

### **3.6 Credit exposure to Metals Counterparties on Buy-Backs**

Upon removal of the representing any Buy-Back Settlement Amount from the Off-Warrant Accounts of the Issuer in connection with a Buy-Back, the ETC Securities the subject of the related Buy-Back Order will be cancelled.

The Issuer will have discharged its obligations in respect of the settlement of any Buy-Back upon delivery by the Issuer of the Metal representing the Buy-Back Settlement Amount to or to the order of the relevant Metals Counterparty with instructions to deliver the Buy-Back Settlement Amount to the Authorised Participant or ETC Holder. None of the Trustee, the Security Trustee nor the Issuer shall be responsible or liable to any Authorised Participant for any failure by the relevant Metals Counterparty to procure a delivery of the relevant Metal, LME Warrants or cash in accordance with the Issuer's instructions.

The Authorised Participant or ETC Holder will therefore bear the risk of any failure by the relevant Metals Counterparty to procure the delivery of the Metal, LME Warrants or cash to the specified Metal Account and/or Cash Account of the Authorised Participant or ETC Holder. As such, the Authorised Participant or ETC Holder will have a credit exposure to the relevant Metals Counterparty with respect to such Metal, LME Warrants or cash. Pending such delivery, the Issuer will have only a contractual right to require the relevant Metals Counterparty to deliver the same to the relevant Authorised Participant or ETC Holder in accordance with the Issuer's instructions, failing which, to return it to the Issuer. The Authorised Participant or ETC Holder will have no direct right, contractual or otherwise, against the Metals Counterparty. If the relevant Metals Counterparty does not adequately segregate such Metal in its books and records so that it is clearly identified as being held on trust for the Issuer, in the event that such Metals Counterparty becomes insolvent, it may be difficult for the Issuer to recover such Metal and the Issuer may instead have a claim against such Metals Counterparty for breach of trust, in respect of which it will rank as an unsecured creditor of such Metals Counterparty. The Issuer will not have financial resources to take action against the Metals Counterparty (including by engaging in any legal proceedings) unless funds are provided to it by the Authorised Participant or ETC Holder for the purpose.

In the event that the relevant Metals Counterparty fails to procure delivery of the Metal, LME Warrants or cash to the Authorised Participant, the Issuer undertakes, if reasonably practicable, to assign its claim against the Metals Counterparty in respect of such Metal, LME Warrants or cash to the Authorised Participant or ETC Holder. The Authorised Participant or ETC Holder will then need to proceed with a claim against the Metals Counterparty to recover the Metal, LME Warrants or cash. The Authorised Participant or ETC Holder may incur costs and there may be delays in connection with any such claim.

In the event of an insolvency of the relevant Metals Counterparty, an Authorised Participant or ETC Holder to which the Issuer has assigned its claim for such Metal, LME Warrants or cash will be an unsecured creditor of such Metals Counterparty and there can be no guarantee that the Metals Counterparty's assets will be adequate to satisfy any claim by such Authorised Participant or ETC Holder for the amount of Metal, LME Warrants or cash held on its account, which could result in a loss to the Authorised Participant or ETC Holder.

### **3.7 Reliance on the records of the Custodian, Primary Sub-Custodians and other Sub-Custodians**

Legal ownership of the specific Lots, Bills of Lading or LME Warrants (in the case of Base Metals) of Underlying Metal held for the Issuer in respect of the ETC Securities will be evidenced by entries in physical, electronic and/or on-line accounts of the Custodian, the Primary Sub-Custodians and any other relevant Sub-Custodians.

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The definitive records of the Custodian, the Primary Sub-Custodian and any other Sub-Custodians in respect of the Underlying Metal held on behalf of the Issuer in respect of each Series of ETC Securities will be maintained by members of their respective operations teams on computer systems, which track the amount of Underlying Metal held in each account.

In the event that there are computer system failures or human error in making any relevant entries to those records, then in the event of an insolvency of the Custodian, a Primary Sub-Custodian or any other Sub-Custodian, it may be difficult to determine the accuracy of any entries and to identify the Metal, Warehouse Releases, LME Warrants or Bills of Lading held for the Issuer and such determination and identification may take significant time. Accordingly, in those circumstances there is a risk that the Issuer may not be able to satisfy its obligations in respect of the ETC Securities, or could be delayed in doing so. This could result in delays in payment or reduced amounts being payable to the ETC Holders.

### **3.8 No privity of contract between the Issuer and the Primary Sub-Custodians or Sub-Custodians**

The Issuer is not a party to the Primary Sub-Custody Agreements or to any Sub-Custody Agreements with Sub-Custodians. As such, the Issuer will not have any direct contractual recourse against the Primary Sub-Custodians or Sub-Custodians with respect to any failure by a Primary Sub-Custodian or Sub-Custodian to perform its obligations under the relevant Primary Sub-Custody Agreement or Sub-Custody Agreement and will be relying upon the Custodian or relevant Primary Sub-Custodian to exercise its rights against the relevant Primary Sub-Custodian or Sub-Custodian.

In some cases, there may not be any written contractual arrangements between Sub-Custodians that hold the Underlying Metal and any of the Issuer, the Custodian or a Primary Sub-Custodian, because traditionally such arrangements are based on the rules, customs and practices of the LBMA or LME as appropriate. In the event of a legal dispute with respect to or arising from such arrangements, it may be difficult to define such customs and practice. The rules of the LBMA or LME as appropriate, may be subject to change outside the control of the Issuer. Under English law, none of the Issuer, the Custodian or the relevant Primary Sub-Custodian would have a supportable breach of contract claim against a Sub-Custodian for losses relating to the safekeeping of Underlying Metal.

If any Underlying Metal is lost or damaged while in the custody of a Primary Sub-Custodian or Sub-Custodian, the Issuer might not be able to recover damages from any of the Custodian, the relevant Primary Sub-Custodian or the relevant Sub-Custodian.

Metal that is deposited by the Custodian or a Primary Sub-Custodian with a Sub-Custodian to be held on behalf of the Issuer is deposited in the name of such Custodian or of such Primary Sub-Custodian. The Sub-Custodian will have a contractual obligation to transfer such Metal to the Custodian or relevant Primary Sub-Custodian (as applicable) and any Metal recovered from a Sub-Custodian is required to be held by the Custodian or relevant Primary Sub-Custodian on trust for the Issuer.

To the extent that any Metal recovered by the Custodian or a Primary Sub-Custodian is unable to be clearly identified as trust property held for the Issuer, it may be difficult for the Issuer to recover such Metal and the Issuer may instead have a claim against the Custodian or the relevant Primary Sub-Custodian for breach of trust.

In the event that the Issuer is not ultimately able to recover any Metal held for it by the Custodian, a Primary Sub-Custodian or any Sub-Custodian, the Issuer may have insufficient assets to satisfy its obligations under the ETC Securities and as a result the ETC Holders may suffer a loss.

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### **3.9 The Custodian and the Primary Sub-Custodians are subject to limited oversight and supervision**

The custodial service provided by the Custodian under the Custody Agreement and by each of the Primary Sub-Custodians under the Primary Sub-Custody Agreements is not a regulated activity subject to the supervision and rules of any regulatory authority.

Should such services eventually become regulated, the Custodian and any affected Primary Sub-Custodian would likely incur additional costs to comply with any applicable regulatory requirements, which costs could be reflected in increased amounts becoming payable to the Custodian by the Issuer and a corresponding increase in the Total Expense Ratio applicable to the affected Series of ETC Securities.

The ability of the Issuer to monitor the performance of the Custodian is limited because, under the Custody Agreement, the Issuer has only limited rights to visit the premises of the Custodian, for the purpose of examining certain records maintained by the Custodian. This access right is subject to such reasonable conditions as the Custodian may require (although the Custodian is obliged to permit such access to its premises at least bi-annually).

The ability of the Issuer to monitor the performance of the Primary Sub-Custodians is even more limited, due to the lack of any contractual relationship between the Issuer and the Primary Sub-Custodians. Under the Primary Sub-Custody Agreements, the Custodian has only limited rights to visit the premises of the Primary Sub-Custodians, for the purpose of examining the physical Metal and to be provided with copies or to inspect certain related records maintained by the Primary Sub-Custodians. These access rights are subject to such reasonable conditions as the relevant Primary Sub-Custodian may require (although each Primary Sub-Custodian is obliged to permit such access by metal auditors to its premises at least bi-annually).

As a result, any failure by the Custodian or a Primary Sub-Custodian to fully comply with its obligations under the Custody Agreement or the relevant Primary Sub-Custody Agreement may not be detected by the Issuer in time to correct such failure, or at all. The Issuer may not have adequate sources of recovery if as a result of any failure by the Custodian or a Primary Sub-Custodian to perform its obligations, the Underlying Metal is lost, damaged, stolen or destroyed.

In the event that the Issuer is not ultimately able to recover any Metal held for it by the Custodian or a Primary Sub-Custodian, the Issuer may have insufficient assets to satisfy its obligations under the ETC Securities and as a result the ETC Holders may suffer a loss.

### **3.10 The liability of the Custodian to the Issuer is limited**

The liability of the Custodian in respect of the ETC Securities of any Series is limited under the Custody Agreement. In accordance with those terms, the Custodian is only liable for losses that are the result of its own negligence, fraud, wilful default or other wrongful act in the performance of its custodial duties. Any such liability is further limited to the market value of any Underlying Metal credited to the Off-Warrant Accounts with the Custodian, as the case may be) plus the value of any LME Warrants or Bills of Lading held by the Custodian on behalf of the Issuer at the time of such negligence, fraud or wilful default.

The ETC Holders do not have the right under the Conditions to assert a direct claim of the Issuer under the Custody Agreement against the Custodian (subject to any applicable assignment of the rights of the Issuer under the Custody Agreement to the Security Trustee for itself and as trustee for the Secured Creditors, including the ETC Holders, under the Irish Law Security Trust Deed).

In the event that the Issuer is not successful in any claim against the Custodian, the Custodian's liability in respect of any loss or theft of the Underlying Metal is excluded or the Issuer is unable to recover such Metal from a responsible third party, the Issuer may have insufficient assets to satisfy its obligations under the ETC Securities and as a result the ETC Holders may suffer a loss.

**3.11 No investigation of effectiveness of Irish Law Security under other laws**

No investigation has been made as to the effectiveness of the security granted to the Security Trustee under the Irish Law Security Trust Deed as against the Custodian, any Primary Sub-Custodian or any Sub-Custodian in the United Kingdom, Switzerland or the Netherlands or any other jurisdiction. The laws of certain jurisdictions may affect some or all of the assets comprising the Secured Property in relation to any Series. In the event that the laws of a jurisdiction do not recognise the security granted by the Irish Law Security Trust Deed or such security has not been fully perfected in such jurisdiction, such security may not be effective in relation to assets located or deemed to be located in that jurisdiction and/or such assets may be subject to claims which would otherwise rank after claims secured by the Irish Law Security Trust Deed.

**3.12 Limited responsibility of Custodian for the performance of the Primary Sub-Custodians and any Sub-Custodians**

In accordance with the Custody Agreement, provided that the Custodian uses reasonable care in the selection of the Primary Sub-Custodians and any Sub-Custodians and does not act negligently or in bad faith in making such appointments, the Custodian will not be liable in contract, tort or otherwise for any loss, damage or expense arising directly or indirectly from any act or omission, or for the insolvency, of a Primary Sub-Custodian or any other Sub-Custodian it appoints.

Should any act or omission, or any change in the solvency, of a Primary Sub-Custodian or any other Sub-Custodian result in a loss to the Issuer, the Issuer may not be able to recover such loss. If, as a result, the Issuer has insufficient assets to satisfy its obligations under the ETC Securities, the ETC Holders will receive less than the full amount of their claims from the Issuer. The Custodian, Primary Sub-Custodian or other Sub-Custodian will not be liable to the ETC Holders for any such loss.

**4 Market risks**

**4.1 Market price of the ETC Securities**

The bid and offer prices for ETC Securities at any time are likely to be different than the value of the Metal or Baskets comprising the Metal Entitlement per ETC Security. This is because the bid and offer prices reflect market liquidity and other market conditions at a particular time, whereas the value of the Metal or Baskets comprising the Metal Entitlement per ETC Security is based solely on the Metal Reference Price of the relevant Metal or the level of the relevant Reference Index in respect of Baskets.

The value of the Metal or Baskets comprising the Metal Entitlement 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.

The value of the Metal Entitlement per ETC Security and the market price of the ETC Securities on any Valuation Day may not reflect their future performance.

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. These factors may have different effects on each Series of ETC Securities as they may impact the markets for different types of Metals in differing ways. Furthermore, future governmental or multilateral policies, such as the implementation of economic sanctions on any country that mines the Metals, may have an adverse effect on trade relations and economic conditions globally, which may impact the market price of the ETC Securities.

The market price of each Series of ETC Securities will be affected by these and other factors beyond the Issuer's control, including, but not limited to:

- (i) the market price, value and/or volatility of the Underlying Metal;

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- (ii) the value and volatility of Metals in general;
- (iii) global supply and demand of the Metal relating to such Series;
- (iv) periods of shortage in the supply of the Metal relating to such Series may cause the relevant markets for such Metal to suffer increased levels of volatility or market disruption;
- (v) global or regional political conditions and economic, financial and political, regulatory or judicial events that affect markets generally (including the implementation of any economic sanctions that may be imposed on any producer of Metals) and which may affect the market price of the Metal relating to such Series;
- (vi) market perception, interest rates, yields, foreign exchange rates and factors affecting the exchange(s) or quotation system(s) on which the Metal relating to such Series may be traded;
- (vii) investors' expectations with respect to the future rates of inflation and movements in world equity, financial and property markets;
- (viii) the value of the US dollar relative to other currencies;
- (ix) the creditworthiness of the Transaction Parties; and
- (x) liquidity in the ETC Securities on the secondary market.

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.

As a result, there can be no assurance as to the future value and market price of the ETC Securities and should the value and/or market price in respect of a Series of ETC Securities decline, the ETC Holders of such Series may suffer a partial or full loss of their investment.

### **4.2 Risks related to trading ETC Securities on the secondary market**

The ETC Securities will not pay periodic interest. The ETC Securities will have a long term and 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. As a result, the only means through which an ETC Holder can realise value from an ETC Security prior to the Scheduled Maturity Date or the occurrence of an Early Redemption are by (i) submitting a Buy-Back Order to the Issuer (which the ETC Holder must do through an Authorised Participant) or (ii) selling such ETC Security at its then market price to an Authorised Offeror or Authorised Participant or to other investors on the secondary market.

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. An Authorised Participant may maintain such bid/ask spread as it determines in its absolute discretion.

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.

The price at which an investor may be able to sell ETC Securities at any time may be substantially less than the price paid by the investor. This may occur as a result of, among other things: (i) there being limited liquidity for the ETC Securities (which may have a severely adverse effect on their market price, as described in the Risk Factor entitled "*Limited Liquidity*" below); (ii) the market price being volatile; or (iii) the Underlying Metal not

having performed sufficiently to increase or maintain the market value of the ETC Securities by such amount as is necessary to negate the decrease in Metal Entitlement (due to application of the Total Expense Ratio) since the time the investor purchased the ETC Securities. Where the market price of the ETC Securities is volatile, it may fall rapidly and ETC Holders may not be able to sell their ETC Securities quickly and/or at a price such that the ETC Holder is able to prevent or minimise any loss of their investment.

ETC Securities will not automatically be placed with purchasers 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).

The market for trading of ETC Securities of one Series may differ from the market, if any, of any other Series of ETC Securities and the performance of one Series of ETC Securities may not be indicative of how any other Series of ETC Securities will perform.

As a result, there can be no assurance at any time that an investor will be able purchase or sell ETC Securities at a suitable price or at all. If an ETC Holder wishing to sell its ETC Securities is unable to find a buyer at a price equal to the amount the ETC Holder has paid to acquire the ETC Securities, such ETC Holder may be unable to sell such ETC Securities without suffering a partial or full loss of their investment.

#### **4.3 Limited liquidity**

The ETC Securities are especially sensitive to commodity, currency or market risks and are designed for specific investment objectives or strategies. Upon initial issuance of each Series of ETC Securities, no secondary market for such Series will exist. There can be no guarantee that a market will develop and any market in such ETC Securities may not be liquid. The ETC Securities will generally have a more limited secondary market and more price volatility than conventional debt securities. Potential investors should be willing to hold the ETC Securities until maturity.

While each Authorised Participant appointed in respect of a Series may make a market for the ETC Securities of such Series, an Authorised Participant is 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. Authorised Participants may discontinue making a market at any time and/or may make a market on a different platform or offer only one way markets. The ETC Securities will also be subject to restrictions on transfer as described under "Subscription and Sale".

Although the ETC Securities have been admitted for trading on regulated market(s), there is no assurance that an active trading market will develop. Likewise, there is no guarantee that the ETC Securities will remain listed and the trading of the ETC Securities on the relevant market may be suspended. Accordingly, there is no assurance as to the development or liquidity of any trading market for any Series of ETC Securities.

Even if a market develops, liquidity is not guaranteed, or it may be discontinued at any time. Investors may not be able to sell their ETC Securities easily or at prices that will provide them with a yield or return comparable to similar investments that have a developed secondary market, including due to changes in the bid/ask spread for the ETC Securities. The "bid/ask spread" is the difference between the bid price (i.e. the price at which a holder can sell ETC Securities) and the ask price (i.e. the price at which a holder can buy ETC Securities). The bid/ask spread will vary from time to time based on trading volume and market liquidity. Bid/ask spread generally decreases if the ETC Securities have high trading volume and market liquidity and increases if the ETC Securities have low trading volume, market liquidity and market volatility.

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 an ETC Holder will only be able to sell ETC Securities in off-

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exchange secondary market transactions and will not be able to sell such ETC Securities in secondary market transactions on an exchange.

As a result, prospective purchasers of the ETC Securities should recognise that they may not be able to make any transfer of the ETC Securities for a substantial period of time, if at all. Illiquidity may have a severely adverse effect on the market value of the ETC Securities.

Investment in the ETC Securities is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the ETC Securities for potentially extended periods.

### **4.4 Cost of trading the ETC Securities**

Investors buying or selling ETC Securities in the secondary market will incur brokerage commissions or other charges. Brokerage commissions are often a fixed amount and may be a significant proportional cost for investors seeking to buy or sell relatively small amounts of ETC Securities.

Due to such trading costs, investors intending to trade the ETC Securities frequently, or in relatively small amounts may incur significant trading costs which will have an impact on the return on the investment in the ETC Securities.

## **5 Risks related to the Metals**

### **5.1 No active management of the Underlying Metal**

No attempt will be made by or on behalf of the Issuer to buy or sell Metal (or any Bills of Lading or LME Warrants) backing the ETC Securities to protect against or to take advantage of fluctuations in the price(s) of the Underlying Metal. The amount payable to the ETC Holders upon any Early Redemption or Final Redemption of the ETC Securities may be less than if the Underlying Metal were actively managed. None of the Issuer, the Trustee or the Security Trustee shall be liable for any decrease in the amount payable to ETC Holders as a result of any failure to actively manage the Underlying Metal.

### **5.2 No test of fineness required by the standards of the LBMA or of quality required by the standards of the LME**

None of the Trustee, the Security Trustee, the Custodian or the Primary Sub-Custodians independently confirms (i) the fineness of the Underlying Metal delivered to the purity, grade or chemical composition of the Underlying Metal delivered to the Off-Warrant Account(s) of the Issuer for Series of ETC Securities backed by Base Metals.

Accordingly, Base Metal verifications upon delivery may not fully prevent the deposit of Base Metal on behalf of Authorised Participants that fails to meet any applicable quality standards of the LME for the relevant Base Metal to be placed on warrant and delivered in settlement of a trade in such Metal.

To the extent that ETC Securities are issued in exchange for Metal of inferior quality, the value of the Metal Entitlement of the relevant Series of ETC Securities, and by extension the value of the ETC Securities of the relevant Series, will be adversely affected. The Issuer may not be able to proceed against a Metals Counterparty, the Custodian or the relevant Primary Sub-Custodian to recover damages unless funds are provided to it for such action or the Issuer sells some Metal in order to obtain such funds.

Any such shortfall in the required fineness of allocated Underlying Metal might reduce the liquidity or the amount of the proceeds obtained by the relevant Metals Counterparty upon liquidation of the Underlying Metal (or, in the case of Base Metals, the Issuer's ability to place the Metal on warrant) and as a result, the amounts payable to ETC Holders under the ETC Securities. To the extent the Issuer incurs costs or has to sell Metal to fund any proceedings against a Metals Counterparty or is not able to recover the value of any Metal from a Metals

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Counterparty, it will have fewer assets available to satisfy its obligations under the ETC Securities and if the Issuer's assets are insufficient, the ETC Holders will suffer a loss in respect of any unpaid claims.

### **5.3 Insurance of Underlying Metal**

Access to the Underlying Metal stored by the Custodian with a Primary Sub-Custodian or any applicable Sub-Custodian could be restricted by, without limitation, natural events, such as earthquakes, or human activities, such as political protests or terrorist attacks. In such circumstances, the Issuer may be prevented or delayed in fulfilling its obligations under the ETC Securities.

Unless otherwise agreed in writing, none of the Custodian or the Primary Sub-Custodians is under an obligation to maintain insurance specific to the Issuer (or the Custodian on behalf of the Issuer) or specific to the Underlying Metal held for the Issuer in respect of any risk of theft, loss, damage, destruction or misdelivery of such Metal and the Issuer does not intend to insure against such risks. In addition, neither the Trustee nor the Security Trustee is responsible for ensuring that adequate insurance arrangements have been made, or for insuring the Metal held in the secured Off-Warrant Accounts, nor shall either of them be required to make any enquiry regarding such matters.

Furthermore, none of the Issuer, the Trustee or the Security Trustee will require any other Sub-Custodians to be insured or bonded with respect to their custodial activities or in respect of the Metal held by them pursuant to any arrangements with the Custodian or a Primary Sub-Custodian.

Under the Custody Agreement and the Primary Sub-Custody Agreements, the Custodian and each Primary Sub-Custodian may make such insurance arrangements in connection with their custodial obligations with respect to Metal held by them for the Issuer as they consider fit. Any insurance maintained by the Custodian or a Primary Sub-Custodian is held for the sole use and benefit of the Custodian or such Primary Sub-Custodian (as applicable) in relation to its business, including the metal and custody business, and no other party may submit any claim under the terms of such insurance.

In the event of any loss of Underlying Metal that cannot be recovered, the Issuer will be reliant on the Custodian or the relevant Primary Sub-Custodian being able to claim successfully on its insurance.

There is therefore a risk that Underlying Metal held by the Custodian, the Primary Sub-Custodians or any other Sub-Custodians could be damaged, stolen or otherwise lost and that any such loss could be uninsured with the result that the Issuer is unable to recover the value of such Metal and is therefore unable to fully satisfy its obligations in respect of the ETC Securities, resulting in a loss to the ETC Holders.

Each Metals Counterparty has agreed in the relevant Metals Counterparty Agreement that it shall make such insurance arrangements for its own benefit in connection with the Metals Counterparty's obligations under the relevant Metals Counterparty Agreement as it considers appropriate, but neither the Trustee nor the Security Trustee is responsible for ensuring that adequate insurance arrangements have been made, or for insuring the Metal held by the Metals Counterparties, and shall not be required to make any enquiry regarding such matters.

There is a risk that Underlying Metal held by a Metals Counterparty could be lost, stolen or damaged and that any such loss could be uninsured with the result that the Issuer is unable to recover the value of such Metal and is therefore unable to fully satisfy its obligations in respect of the ETC Securities, resulting in a loss to the ETC Holders.

### **5.4 Risks related to placing off-warrant Base Metals on warrant**

The Metals Counterparty may, from time to time be required to put Base Metal on warrant for delivery to an Authorised Participant in connection with settlement of Buy-Backs or in connection with TER Metal Sales or upon final liquidation of the Underlying Metal on behalf of the Issuer. This process involves transferring the actual warrants (once created) and possibly the Underlying Metal. Although all Base Metal will be held in LME Approved Warehouses, physical Base Metal may be stored either in the LME-registered area of an LME

Approved Warehouse or in a separate area within the same LME Approved Warehouse, which is not subject to LME Rules or supervision. Although the Issuer believes that the criteria required by the LME for the LME Approved Warehouses will apply for areas that are not subject to LME supervision, the Issuer cannot provide any assurances in this respect.

The administrative process for putting Metal on warrant could increase the risk that the related physical warehouse releases for the physical Metal are lost, stolen or damaged. Although both warrants and warehouse releases can be replaced if lost, stolen or damaged, there can be no assurance that such Metal will not be falsely claimed by unauthorised third parties. In addition, the movement of Metal between the LME and non-LME areas of an LME Approved Warehouse could result in such Metal being lost, stolen or damaged. While the Metals Counterparty may have the benefit of insurance held by the relevant Primary Sub-Custodian to protect against such Metal loss, there can be no assurance that the insurance reimbursement will recover the Metal loss in full.

Any delay or inability to put Metal on warrant may adversely affect the Issuer's ability to settle any Buy-Backs of ETC Securities backed by Base Metals and consequently affect the liquidity or market price of such ETC Securities. There is a risk that Underlying Metal held could be lost, stolen or damaged and that any such loss could be uninsured with the result that the Issuer is unable to recover the value of such Metal and is therefore unable to fully satisfy its obligations in respect of the ETC Securities, resulting in a loss to the ETC Holders.

#### **5.5 Risks related to oxidation of Base Metals**

All metals, will oxidize when exposed to oxygen and an electrolyte (eg, atmospheric moisture). Oxidation is a form of metallic corrosion. During oxidation, electrons move from the metal to the oxygen molecules on the metal's surface, thereby generating negative oxygen ions in the metal and leading to oxide forming on the surface of the metal. For example, in the case of Copper, oxidation occurs as a result of the exposure of Copper to air (although salt water, acidic compounds and heat can also induce corrosion) and results in a green-coloured layer or patina that forms over time on the metal.

As oxidation is a chemical process which occurs by exposure to air, it is exceptionally difficult to protect metal against oxidation, and there is no guarantee that any relevant Base Metal will not be subject to oxidation at any time. While the Issuer has procedures in place to monitor the quality of Base Metals on delivery to a relevant LME Approved Warehouse, there are no procedures in place to measure the quality of the Base Metals on an ongoing basis to ensure no oxidation has occurred. While twice yearly independent audits of the Base Metals will be conducted, such audits will be limited to inspecting the Base Metal held in the Off-Warrant Accounts of the Issuer to ensure that it matches in all respects the Metal disclosed on the Lot List as held for the Issuer, and will not extend to any chemical or other tests designed to detect potential oxidation of the Base Metals.

In respect of the Base Metals, the process of oxidation, if it occurs, could result in the relevant metal ceasing to meet the quality standards set by the LME under the LME Physical Contract Specifications for the relevant type of Base Metal. The occurrence of such oxidation may reduce the liquidity or the amount of the proceeds obtained by the relevant Metals Counterparty upon liquidation of the Underlying Metal or the Issuer's ability to place the relevant Base Metal on warrant and as a result, the amounts payable to ETC Holders under the ETC Securities.

The risk of oxidation increases the longer the relevant metal is stored. The Issuer proposes to mitigate the risk of oxidation of underlying Base Metal through procedures designed to ensure that any required metal sales or physical deliveries use first relevant Base Metals which have been held in storage for the longest period of time. Notwithstanding these procedures there is no guarantee that any relevant Base Metal underlying the ETC Securities will not be subject to oxidation at any time.

**6 Risks relating to the Basket ETC Securities and the Reference Indices to which they are linked**

**6.1 Index-linked securities**

The Basket ETC Securities are index-linked securities. Whilst a "Cash Value per ETC Security" is calculated and ascribed to the Basket ETC Securities of each Series in respect of each Valuation Day, the return on such Series of Basket ETC Securities at redemption is funded solely through the sale of the Issuer's physical holdings of Base Metal(s) and/or of any Component(s) comprised in the Basket tracked by the Relevant Reference Index exclusively in respect of such Series of Basket ETC Securities.

A Series of Basket ETC Securities may trade quite differently from the performance of the Reference Index to which such Basket ETC Securities are linked and changes in the level of the Reference Index may not result in a comparable change in the market price or in the Cash Value per ETC Security of such Basket ETC Securities. Accordingly, the return investors may receive on the Basket ETC Securities through indirect exposure to the Reference Index may not correlate with (and therefore be less than) any return payable had the investors obtained direct exposure to the Index itself.

**6.2 Not an investment in the underlying Metals and/or Components**

The Reference Index to which a Series of Basket ETC Securities is linked will reference the underlying Base Metal(s) and/or Component(s) comprised in the relevant Basket. However, prospective investors should be aware that an investment in a Series of Basket ETC Securities is not the same as a direct investment in the relevant Metals and/or Components or Reference Index to which such Series of Basket ETC Securities is linked. As a result, changes in the price of an underlying Metal or Component will not necessarily result in correlated changes in the level of the Reference Index, nor will it necessarily change to the same degree. In addition, the rules for calculation of the Reference Index may include deductions for fees, a currency hedging component and/or other factors that affect how closely the Reference Index tracks the price of the Metals and/or Components referenced by the Reference Index and may also permit the Index Administrator to make certain adjustments to the level of the Reference Index. Any such deductions and adjustments may cause the level of the Reference Index to diverge from the price of the Metals and/or Components referenced by the Reference Index.

**6.3 The negative performance of one or more components of a Reference Index may outweigh a positive performance of one or more other components**

Prospective investors should note that even in the case of the performance of one or more components which would, when taken alone, have a positive impact on the level of the Reference Index, the level of the Reference Index may still decrease if the performance of one or more of the other components of the Reference Index taken as a whole have a negative impact on the level which outweighs the positive effect of such component(s). If the rules of the Reference Index give greater weight to certain components of the Reference Index than other components, the level of the Reference Index and therefore the Cash Value per ETC Security of the Basket ETC Securities linked to such Reference Index will generally be affected more by changes in the value or price of such weighted components.

**6.4 Role of the Administrator of the Reference Index**

The administrator of a Reference Index is responsible for the composition, calculation and maintenance of that Reference Index. The administrator of the Reference Index will have no involvement in the offer and sale of the Basket ETC Securities linked to such Reference Index and will have no obligations or duties to the Issuer, the Trustee or any ETC Holder with respect to any action taken by it as index administrator. The administrator of the Reference Index has no obligation to take into account and will not take into account the interests of any ETC Holders or the impact on the Cash Value per ETC Security of any Basket ETC Securities when making determinations and taking actions with respect to the Reference Index.

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The administrator of a Reference Index may license the Reference Index, and any of its sub-indices or strategies similar to the Reference Index for use by other market participants, for publication in newspapers and periodicals, for distribution by information and data dissemination services and for various other purposes. Such licensing may contribute to an increased level of investment in the Reference Index or similar strategies and this may have an impact on the level of the Reference Index and the Cash Value per ETC Security of the Basket ETC Securities linked to such Reference Index.

### **6.5 Change in composition or discontinuance of the Reference Index**

The administrator of a Reference Index may add, delete or substitute the components of the Reference Index or make other changes to the methodology for determining the components to be included in the Reference Index or for valuing the Reference Index. A Reference Index may also be subject to periodic rebalancing whereby the composition of such Reference Index and/or the weighting of each component of such Reference Index may change.

The composition of a Reference Index may therefore change over time to satisfy the eligibility criteria applicable to the Reference Index or components currently included in the Reference Index fail to satisfy such criteria. Such changes to the composition of the Reference Index by the index administrator may affect the level of the Reference Index as a newly added component or a component which becomes more heavily weighted within the Reference Index may perform significantly worse or better than the component it replaces or which has a corresponding decrease to its weighting. As the Cash Value per ETC Security of the Basket ETC Securities is linked to the level of the Reference Index, changes in the composition of the Reference Index may have an adverse effect on the Cash Value per ETC Security of the Basket ETC Securities and/or may result in a Market Value Redemption Event and lead to the early redemption of the Basket ETC Securities.

The rules of a Reference Index may confer on the index administrator in certain circumstances the right to make determinations, calculations, modifications and/or adjustments to the Reference Index and the eligible components of the Reference Index and related matters, which involve, in certain circumstances, a degree of discretion. An index administrator will generally, as far as reasonably practicable, exercise any such discretion with the aim of preserving the overall methodology of the relevant Reference Index. The exercise of such discretion may result in the level of the Reference Index on any day being different to that which it may have been had the index administrator not determined to exercise such discretion. Whilst an index administrator is typically required to act reasonably and in good faith in exercising its discretion, there can be no assurance that the exercise of any such discretion by the index administrator will not affect the level of the Reference Index and/or alter the volatility of the Reference Index and have an adverse effect on the Cash Value per ETC Security of the relevant Series of Basket ETC Securities.

If the index administrator discontinues or suspends calculation or publication of the Reference Index, under the terms of the Basket ETC Securities, the Reference Index may, in certain circumstances, be substituted with a Replacement Reference Index. If the Reference Index is replaced with a Replacement Reference Index, the relevant ETC Holders will be exposed to fluctuations in the movements of the Replacement Reference Index and not the Reference Index originally specified in the relevant Final Terms.

The Issuer is not affiliated to the administrator of any Reference Index in any way and has no ability to control or predict its actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the Reference Index.

## **7 Risks relating to taxation**

### **7.1 Taxation and no gross-up**

Each ETC Holder will assume and be solely responsible for any and all Taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local Taxes or other like assessment or charges that may be applicable to any payment to it in respect of the ETC Securities.

In the event that any withholding or deduction for or on account of Tax is imposed on payments made by the Issuer or any Paying Agent in respect of the ETC Securities, the ETC Holders will be subject to such tax or deduction and will not be entitled to receive payment of any additional amounts to compensate for such withholding or deduction. No Event of Default under the ETC Securities will occur as a result of any such withholding or deduction and therefore there will be no obligation of the Issuer to redeem the ETC Securities in such circumstances.

Such withholding or deduction could result in a significant reduction to an investor's return on the ETC Securities. Prospective investors should consult their selling agent for details of fees, expenses, commissions or other costs and their own tax advisors in order to understand fully the tax implications specific to investment in any ETC Securities.

## **7.2 Transfers of Metal may be subject to VAT and other taxes**

Transfers of Metal, Bills of Lading or LME Warrants, as the case may be, to or from the Issuer or transfers of the sale proceeds of Underlying Metal to or to the order of the Issuer under the Metals Counterparty Agreement(s) 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 and/or the Security Trustee) to pay the Final Redemption Amount or the Early Redemption Amount may not be sufficient to satisfy in full the claims of the ETC Holders and all creditors whose claims rank in priority to those of the ETC Holders.

As a result, if the Issuer is required to make payments in respect of VAT or required to account for VAT in respect of transfers of Metal, LME Warrants or Bills of Lading, this may adversely affect the Issuer's ability to meet its obligations under the ETC Securities in full or may reduce the Early Redemption Amount or Final Redemption Amount payable.

Where the Issuer is, or there is a substantial likelihood that it will be, required by any applicable law to make a payment in respect of VAT, register for VAT or be otherwise required to account for VAT in connection with a delivery of Metal, LME Warrants or a Bill of Lading in respect of a Subscription Order, a Buy-Back Order or a sale of TER Metal, or the Issuer has become liable, or become aware that it is liable, for VAT in respect of a prior delivery of Metal, LME Warrants or a Bill of Lading (in each case whether or not such VAT is recoverable), the ETC Securities may become subject to early redemption (see "*Events of Default and other Early Redemption Events*" above). Any such Early Redemption would occur irrespective of the current Metal Reference Price(s) for the relevant Metal(s). Any Early Redemption occurring at a time when the relevant Metal Reference Price(s) is low could result in a loss to an ETC Holder of part or all of its investment in the ETC Securities.

## **7.3 Taxation of Transactions in and Storage of Base Metals**

Pursuant to LME requirements, an LME Approved Warehouse must be located in a jurisdiction that (i) allows for the storage of Metal indefinitely in a secure customs warehousing regime without liability for any duties prior to customs clearance (including any domestically produced Metal or any Metal that has previously cleared customs), (ii) does not impose any tax liability on transactions for Metal held in LME Approved Warehouses, (iii) does not require the determination of ownership of the Metal being stored and (iv) does not impose any taxes on storage costs. As a result, the Issuer does not believe that any VAT, sales tax or customs duties or excises are currently payable in respect of transactions in Warrants or the storage of Base Metals. The Issuer has not undertaken any independent investigation of the relevant tax treatment and is instead relying on the LME requirements for LME Approved Warehouses.

If however, any VAT, sales tax or customs duties or excises are so payable for any reason (including but not limited to any change in law or practice) and such amounts cannot readily be recovered by the Issuer from any other person, the Issuer may have to sell Metal to pay such amounts and such sales may reduce the amount available for ETC Holders on Redemption of their ETC Securities.

#### **7.4 Irish taxation position of the Issuer**

The Issuer has been advised that it should fall within the Irish regime for the taxation of qualifying companies as set out in Section 110 of the Taxes Consolidation Act 1997 (as amended) ("Section 110"), and as such should be taxed only on the amount of its retained profit after deducting all amounts of interest and other revenue expenses due to be paid by the Issuer, subject to the Issuer meeting all relevant conditions of Section 110.

If, for any reason, the Issuer is not or ceases to be entitled to the benefits of Section 110, then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cash flows connected with the ETC Securities and as such adversely affect the tax treatment of the Issuer. This may in turn adversely affect the Issuer's ability to fully meet its obligations under the ETC Securities, resulting in losses to the ETC Holders.

#### **7.5 Uncertain tax treatment of ETC Securities**

The tax treatment of the ETC Securities, including but not limited to the question of whether the ETC Securities should be treated as debt securities or units in a collective investment scheme for tax purposes, is fundamentally unclear in some jurisdictions. None of the Issuer nor any Transaction Party makes any representation or warranty or accepts any responsibility or liability to the ETC Holders as to the tax consequences of the acquisition, holding or disposal of the ETC Securities (or any activities relating to such trading activity).

The tax consequences of an investment in the ETC Securities (including the related impact on the income received by individual ETC Holders from ETC Securities) may differ depending: (i) on the structure and/or location of the relevant ETC Holders; (ii) the tax laws of the prospective investor's jurisdiction; and/or (iii) the tax laws of the Issuer's country of incorporation.

Should any relevant tax authorities determine that the tax treatment of the ETC Securities is different than the tax treatment claimed by the Issuer or any ETC Holder, such determination could lead to more tax being payable by the Issuer or such ETC Holder.

In the event such determination results in any withholding or deduction for or on account of Tax being imposed on payments made by the Issuer or any Paying Agent to an ETC Holder in respect of the ETC Securities, there will not be any corresponding increased payment made by the Issuer to such ETC Holder to compensate for such withholding or deduction.

In addition, if any such determination materially increases the cost to the Issuer of performing its obligations under the ETC Securities or otherwise materially adversely impacts the Issuer, the Issuer may determine to exercise its right to redeem the ETC Securities early. As a result of any such Early Redemption, ETC Holders may receive less, or substantially less, than their initial investment, particularly if such Early Redemption occurs at a time when the relevant Metal Reference Price(s) has decreased.

Prospective investors' attention is drawn to the section entitled "*Taxation*" of this Base Prospectus and the other tax disclosures in this Base Prospectus. Such disclosures are of a general nature, are not exhaustive and do not constitute tax or legal advice. Prospective investors are therefore advised to consult with their tax advisers as to their specific consequences of the acquisition, holding or disposal of the ETC Securities.

#### **7.6 EU Anti-Tax Avoidance Directive I and EU Anti-Tax Avoidance Directive II**

As part of its anti-tax avoidance package, and to provide a framework for a harmonised implementation of the BEPS conclusions across the EU, the EU Council adopted Council Directive (EU) 2016/1164 ("ATAD I") on 12 July 2016. The EU Council adopted Council Directive (EU) 2017/952 ("ATAD II") on 29 May 2017 to provide for minimum standards for counteracting hybrid mismatches involving EU member states and third countries.

EU member states were required to implement ATAD I by 31 December 2018 (subject to derogations for EU member states which have equivalent measures in their domestic law) and Ireland has implemented the relevant

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provisions of ATAD I, including the interest limitation rule which applies to companies with respect to their accounting periods commencing on or after 1 January 2022.

EU member states were required to implement ATAD II by 31 December 2019 (except for measures relating to reverse hybrid mismatches, which were required to be implemented by 31 December 2021) and Ireland has implemented the relevant provisions of ATAD II.

ATAD I and ATAD II contain various measures that could, depending on their implementation and application in Ireland, potentially result in certain payments made by the Issuer ceasing to be fully deductible for Irish tax purposes. There are two measures of particular relevance:

- first, ATAD I provides for an interest limitation rule which restricts the deductible exceeding borrowing costs of an entity to 30 per cent. of its earnings before interest, tax, depreciation and amortisation. Ireland has implemented the interest limitation rule to apply to companies with respect to their accounting periods commencing on or after 1 January 2022. However, the interest limitation rule only applies to the net or 'exceeding' borrowing costs of an entity (being the amount by which its borrowing costs exceed its taxable interest revenues and other economically equivalent taxable revenues). The Issuer may have exceeding borrowing costs if and to the extent its income is not considered to be interest revenues and other economically equivalent taxable revenues. It is possible that income from financial assets other than debt securities and loans would not be considered to be interest revenues and other economically equivalent taxable revenues. If the Issuer does have exceeding borrowing costs, the interest limitation rule may nonetheless permit the Issuer to deduct exceeding borrowing costs in an account in excess of 30 per cent. (and potentially up to 100 per cent.) of its earnings before interest, tax, depreciation and amortisation, if certain conditions are satisfied; and
- second, ATAD II provides for hybrid mismatch rules. These rules are designed to neutralise arrangements where amounts payable between 'associated entities' are deductible from the income of one entity but are not taxable for the other or the same amounts are deductible for two associated entities. Associated for these purposes includes direct and indirect participation in terms of voting rights or capital ownership of 25 per cent. or more or an entitlement to receive 25 per cent. or more (50 per cent. in certain circumstances) of the profits of that entity, as well as entities that are part of the same consolidated group for financial accounting purposes or enterprises that have a significant influence in the management of the taxpayer. The anti-hybrid rules have been in effect in Ireland since 1 January 2020.

## **8 Risks relating to the Issuer**

### **8.1 Special Purpose Vehicle**

The Issuer is a special purpose vehicle with the sole business of establishing the Programme, issuing the ETC Securities, holding the Underlying Metal for each Series through the Custodian and entering into and performing its obligations under the Transaction Documents. 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 and (iii) any rights, property or other assets on which Series of ETC Securities issued under the Programme are secured.

If the assets on which a Series of ETC Securities are secured are not sufficient to meet sums payable by the Issuer in respect of that Series, there are no other assets that are available to the Issuer to make those payments. In such circumstances, the ETC Holders would not receive the full amounts owing to them under the ETC Securities, which may result in ETC Holders receiving less, or substantially less, than their initial investment.

## **8.2 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, insurance or banking laws of its jurisdiction of incorporation and will operate without supervision by any regulatory authority in any jurisdiction. In particular, the Issuer is not and will not be regulated by the Central Bank as a result of issuing the ETC Securities. Therefore, many of the requirements attendant to such licensing, registration or authorisation (which may be viewed as providing additional investor protection) will not apply to the Issuer or the ETC Securities.

There can be no assurance that regulatory authorities in one or more jurisdictions will not determine that the Issuer is required to be licensed, registered or authorised under the securities, commodities, insurance or banking laws of that jurisdiction or that legal or regulatory requirements with respect thereto will not change in the future so as to bring the Issuer's activity relating to the ETC Securities within the scope of such laws.

Any such requirement or change could have an adverse impact on the Issuer or the holders of ETC Securities as a result of additional obligations, requirements or restrictions being applied to the Issuer and/or the ETC Securities. Owing to the special purpose nature of the Issuer, the Issuer may be unable to comply with the requirements imposed by the regulatory authorities of any such jurisdiction.

The taking of an alternative view by any such regulatory authority could therefore have an adverse impact on the Issuer and/or the holders of ETC Securities including, without limitation, the Issuer consequently exercising its right to redeem any affected ETC Securities. The ETC Securities may therefore be redeemed early, which may result in ETC Holders receiving less, or substantially less, than their initial investment.

## **8.3 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 ETC Holders 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*" above). In addition, there are restrictions on the ETC Holders and Transaction Parties bringing insolvency proceedings against the Issuer (see "*Limited recourse obligations*" above). If such provisions are upheld, it would be unlikely that the Issuer could become insolvent.

However, notwithstanding the restrictions described in Condition 6 (*Restrictions*) of the ETC Securities 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 unenforceable 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 ETC Holders and may prevent ETC Holders 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 Security 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, with the result that the Issuer has insufficient assets remaining to fully satisfy its obligations under the ETC Securities.

In addition, certain jurisdictions (including Ireland) have procedures designed to facilitate the survival of companies in financial difficulties. In such jurisdictions, the rights of the Security Trustee to enforce the security may be limited or delayed by such procedures, which could result in delays or reductions in the amounts payable to the ETC Holders.

#### **8.4 Not a bank deposit**

The Issuer is not regulated by the Central Bank by virtue of the issue of the ETC Securities. Any investment in the ETC Securities does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank.

### **9 Regulatory risks**

#### **9.1 Regulatory Requirement Events**

The global financial crisis of 2008 onwards led to an increased regulation of financial activities. The United States of America, the European Union, the UK and other jurisdictions have implemented, and are still in the process of implementing, various reform measures. Such regulatory changes and the method of their implementation may have a significant effect on the operation of financial markets.

Government or regulatory intervention in the financial markets (including the imposition of any economic sanctions or export controls that may impact any Transaction Party in the future) could result in the Issuer or any Transaction Party being unable to perform its obligations in relation to the ETC Securities and/or ETC Holders being unable to hold ETC Securities.

In many cases, it is uncertain how such regulatory reform would affect the Issuer, the treatment of instruments such as the ETC Securities or the activities of other parties that have roles with respect to the ETC Securities, such as (without limitation) the Administrator and the Trustee.

In addition, under the Conditions of the ETC Securities, the Issuer may be required to amend the Conditions and/or the terms of any Transaction Document in order to ensure compliance with all Relevant Regulatory Laws, and the Issuer is permitted to do so without the consent of the ETC Holders.

Any amendments made as a result of a Regulatory Requirement Event may not be beneficial to the Issuer or the ETC Holders and could put the Issuer (and, indirectly, the ETC Holders) in a position that is less advantageous than the position existing immediately prior to effecting such amendments, including by reducing the amounts payable to the ETC Holders under the ETC Securities.

#### **9.2 Recharacterisation as Collective Investment Scheme and Undertakings for Collective Investment in Transferable Securities (UCITS)**

The ETC Securities are issued in the form of debt securities and are listed as non-equity securities on each Relevant Stock Exchange. The Issuer has determined that the ETC Securities are not units in a collective investment scheme for the purposes of the Directive of 13 July 2009 of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (No 2009/65/CE), as amended (the “**UCITS Directive**”).

In addition, the Issuer believes that the ETC Securities are, subject to the below qualifications, eligible for investment by a scheme which is an undertaking for collective investment in transferable securities subject to the UCITS Directive (“**UCITS Scheme**”).

However, there can be no assurance that the courts or regulatory authorities in any jurisdiction would not apply a different interpretation, including recharacterising the ETC Securities as units in a collective investment scheme or a fund or as regards to the eligibility of the ETC Securities for investment by a UCITS Scheme. Any such difference in interpretation may have adverse consequences (including, without limitation, adverse tax consequences) for an investor in the ETC Securities.

Prospective investors that are UCITS Schemes need to satisfy themselves that an investment in the ETC Securities would comply with the UCITS Directive and any laws, regulations or guidelines applicable to them

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and would be in line with their individual investment objectives. Failure to comply with such restrictions may cause a UCITS which is an ETC Holder to be in breach of its compliance obligations under the UCITS Directive, laws of its jurisdiction of incorporation or investment objectives and policies, and therefore to be exposed to regulatory sanctions under its national regime. If in doubt, prospective investors are advised to contact/consult their regulator(s).

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

### **9.3 Legality of Purchase**

The purchase of the ETC Securities by any prospective purchaser may be subject to investment laws, regulations and/or restrictions or review by certain authorities (including controls and/or position limits on the Relevant Stock Exchanges). None of the Issuer, the Trustee, the Security Trustee, the Authorised Participants, any other Transaction Party or any Affiliates of such persons are responsible for compliance by a prospective purchaser of the ETC Securities (whether for its own account or for the account of any third party) with such investment laws, regulations and/or restrictions.

If an investor acquires ETC Securities in contravention of such laws, regulations and/or restrictions, this may result in adverse consequences (including, without limitation, adverse tax consequences) for an investor outside of the Programme.

### **9.4 Change of law and jurisdiction**

In respect of each Series:

- (A) the ETC Securities, the Trust Deed, and all Transaction Documents other than those listed in (B) below will be governed by Irish law; and
- (B) the English Law Security Trust Deed and the Account Bank Agreement will be governed by English Law,

in each case, as in effect as at the date of this Base Prospectus or as at the date of entry into such documents.

No assurance can be given as to the impact of any possible judicial decision or change to Irish or English law or administrative practice after the date of this Base Prospectus or the date of entry into such documents.

It is not possible to predict the consequences of any such changes. Any such change could have a significant adverse effect on the terms, price and/or liquidity of the ETC Securities. For example, such changes in law may include changes in statutory, tax and regulatory regimes during the life of the ETC Securities, which could materially adversely impact the value of any ETC Securities affected.

In addition, should any such changes relate to a Relevant Regulatory Law, they may constitute a Regulatory Requirement Event and result in the Issuer making amendments to the Conditions of the ETC Securities or the Transaction Documents (as described under *Regulatory Requirement Events* above).

If any change in law or regulation materially increases the cost to the Issuer of performing its obligations under the ETC Securities and/or the Transaction Documents or makes it illegal for the Issuer to do the same or to hold, acquire or dispose of the Metal, or otherwise materially adversely impacts the Issuer, the Issuer may determine to exercise its right to redeem the ETC Securities. As a result of any such Early Redemption, ETC Holders may receive less, or substantially less, than their initial investment.

## **9.5 Risk of recharacterisation of the Issuer as an Alternative Investment Fund**

The Issuer does not consider the Issuer or the ETC Securities to constitute an alternative investment fund ("AIF") within the FCA's interpretation of that term as defined in the EU Directive 2011/61/EU on Alternative Investment Fund Managers ("AIFMD"). The FCA has stated that, pending any future clarification at the European Union ("EU") level, it assumes that certain special purpose vehicles ("SPVs") that are set up to invest in financial assets and that finance the purchase of those assets by an issue of debt securities are not AIFs if the arrangements meet the "debt issues" exclusion in paragraph 5 of the Schedule to the CIS Order. However, the definition of AIFs in AIFMD is broad and there is only limited guidance as to how such definitions should be applied in the context of a special purpose vehicle such as the Issuer in jurisdictions such as the UK, or elsewhere.

Were the Issuer to be found to be an AIF, any service provider to the Issuer found to be managing an AIF within the meaning of AIFMD would need to be appropriately regulated, and the Issuer's strategy and operations might be affected or limited by the requirements of AIFMD. Owing to the special purpose nature of the Issuer, it would be unlikely that either the Issuer or the relevant service provider could fully comply with the requirements of AIFMD. To the extent compliance is possible, such compliance would result in additional costs for the Issuer or other affected entity which may adversely affect the value of the ETC Securities and the costs associated with the structure.

Such recharacterisation of the Issuer could also constitute a Regulatory Requirement Event under the Conditions of the ETC Securities, thus giving rise to a right for the Issuer to make such modifications that it determines are required to be made to the Conditions and/or the Transaction Documents in order to ensure compliance with such regulatory requirements. In such circumstances, the Issuer may determine to exercise its right to redeem the ETC Securities. As a result of any such Early Redemption, ETC Holders may receive less, or substantially less, than their initial investment.

Furthermore, any recharacterisation of the Issuer as an AIF may have adverse consequences (including, without limitation, adverse tax consequences) for an investor.

## **9.6 Brexit**

On 31 January 2020, the UK withdrew from the EU (as more particularly described below). At this time, the full consequences of such withdrawal are not clear.

The negotiated withdrawal agreement between the UK and the EU provided for a transition period, commencing on 31 January 2020 and ending at 11.00 p.m. GMT on 31 December 2020, unless extended by a single decision for up to one or two years (such period, the "Transition Period"). The Transition Period was not extended and expired on 31 December 2020 and the UK's membership in the EU terminated on 1 January 2021. The negotiated withdrawal agreement stated that, unless otherwise provided in the agreement, EU law would be applicable to and in the UK during the Transition Period.

Since 1 January 2021, all references to EU Directives or Regulations herein include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or as they have been implemented in UK domestic law, as appropriate.

The UK's withdrawal from the EU has led to political and economic instability and volatility in the financial markets of the UK and more broadly across Europe. It may also lead to weakening in consumer, corporate and financial confidence in such markets as the UK finalises the terms of its exit from the EU. The extent of the impact will depend in part on the nature of the arrangements that are put in place between the UK and the EU and the extent to which the UK continues to apply laws that are based on EU legislation. The longer-term process to implement the political, economic and legal framework that is agreed between the UK and the EU is likely to lead to continuing uncertainty and periods of exacerbated volatility in both the UK and in wider European markets. The UK's exit from the EU or the terms of the exit could also create significant uncertainty in the UK (and potentially global) financial markets, which may materially and adversely affect the performance of the

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Issuer, value of the ETC Securities and returns to investors. It could also potentially make it more difficult to raise capital in the EU and/or increase the regulatory compliance burden which could restrict the Issuer's future activities and thereby negatively affect returns.

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## **POTENTIAL CONFLICTS OF INTEREST**

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### **Transaction Parties**

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

So far as the Issuer is aware, no Transaction Party has an interest material to the offer.

A Transaction Party, Authorised Offeror and/or any of their respective Affiliates may be entitled to receive fees or other payments under or in connection with other products linked to the Underlying Metal 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, Authorised Offeror and/or any of their respective Affiliates may, from time to time, by virtue of such activities and their status as underwriter, Administrator or otherwise, possess or have access to information relating to the Underlying Metal and/or the other Transaction Parties or Authorised Offerors. There is no obligation on any Transaction Party or Authorised Offeror to disclose to any investor in the ETC Securities any such information.

A Transaction Party, Authorised Offeror and/or any of their respective Affiliates may, as an issuer or counterparty of 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 Underlying 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 of the ETC Securities.

### **The Administrator**

Apex Fund Services (Ireland) Limited (“**Apex Fund Services**”) and its Affiliates may act in a number of capacities in respect of the ETC Securities including, without limitation, as Administrator, Corporate Services Provider (although, as further described in the “*Description of the Administrator*” section of this Base Prospectus, it has provided 90 days' notice of its intention to resign from these two roles by 2 March 2023 provided a replacement administrator has been appointed by such time), Trustee and Security Trustee. Apex Fund Services and its Affiliates acting in such capacities in connection with such ETC Securities shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Apex Fund Services and its Affiliates in their various capacities in connection with the ETC Securities may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

In addition, Apex Fund Services and any of its Affiliates may hold positions in respect of any of the ETC Securities and in any Underlying Metal.

In its role as Administrator in respect of ETC Securities of any Series, Apex Fund Services, in accordance with the provisions of the Administration Agreement, makes various non-discretionary determinations that affect the ETC Securities of such Series, including determining, among other things, the Early Redemption Amount or Final Redemption Amount payable upon any redemption of ETC Securities. The value of the ETC Securities of

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any Series could be adversely affected by such determinations. In making its calculations the Administrator will depend upon timely and accurate provision of information and certain constituent values of the Metal Entitlement calculation which are provided to the Administrator by various parties. Any consequent variation in the value of the Metal Entitlement could result in a change to the value of the ETC Securities.

### **Authorised Participants**

The Authorised Participants and/or their respective Affiliates may be active traders in the physical and financial metals markets. The trading activities of the Authorised Participants and/or their Affiliates, including their trading in the underlying Metals may influence the value of one or more of the underlying Metals, which could impact the amount payable on the relevant ETC Securities and thus adverse to the interests of the ETC Holders.

These trading activities may present a conflict between: (i) the interests of the ETC Holders; and (ii) the interests of the Authorised Participants in facilitating transactions (including options and other derivatives transactions) relating to Metals, both in their proprietary accounts and for their customers in accounts under their management.

These trading activities could give rise to conflicts of interest which are adverse to the interests of the ETC holders and could adversely affect the market value of the ETC Securities. With respect to any of the activities described above, none of the Authorised Participants or any of their respective Affiliates has any obligation to the Issuer to take the needs of any buyers, sellers or holders of the ETC Securities into consideration at any time.

### **NTree International Limited as Arranger and Metals Counterparty**

The Arranger to the Programme is NTree International Limited (“NTree”), which also acts as a Metals Counterparty.

NTree, acting in its capacities as Arranger and Metals Counterparty in connection with the ETC Securities shall have only the duties and responsibilities expressly agreed to by it in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. NTree may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor. Subject always to their regulatory obligations (if any) in performing each or any of these roles, NTree, in its capacities as Arranger and Metals Counterparty does not act on behalf of, or accept any duty of care or any fiduciary duty to, any ETC Holder. NTree is permitted to pursue actions and take steps that it deems appropriate in the normal course of its business without regard to the consequences for the purchasers of the ETC Securities or any other person.

NTree 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 purchasers of the ETC Securities.

NTree may also, from time to time, by virtue of its activities, possess or have access to information relating to the Metal and/or the other Transaction Parties. There is no obligation on NTree to disclose to any purchaser of the ETC Securities any such information. Any relevant research carried out by NTree for its account may or may not be considered by it in its capacity as Arranger or Metals Counterparty where it is trading for its own account or those of its customers, as the case may be.

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NTree may, as an issuer or counterparty of metal linked obligations or transactions, engage in sales and purchases of Metal, and other related transactions, in the ordinary course of its business activities 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 of the Metal or Baskets comprising the Metal Entitlement per ETC Security of a Series.

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## FREQUENTLY ASKED QUESTIONS

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

*All capitalised terms used in this “Frequently Asked Questions” section shall have the meanings given to them in other sections of this Base Prospectus unless otherwise defined below.*

### **What are ETC Securities?**

ETC Securities are secured, limited recourse debt securities issued by Elementum Metals Securities plc, a public limited liability company established under the laws of Ireland as a special purpose vehicle for the purpose of issuing the ETC Securities. The ETC Securities offer investors a means of investing in physical metals without the necessity of taking delivery of the physical metals, and to enable investors to buy and sell that interest through the trading of a security on a stock exchange.

### **What are Basket ETC Securities?**

Basket ETC Securities are ETC Securities which provide exposure to the performance of a specified basket of metals and/or other components comprised in a reference index to which such Basket ETC Securities are linked (each, a “**Basket**”) and which are backed by physical holdings of each type of Base Metal and/or other component comprised in such Basket, in quantities proportionate to the weightings of such metals and/or components in such reference index.

Each Basket ETC Security is thus a single security which provides exposure to the performance of a Basket by being linked to a reference index, the level of which serves as a reference price for the relevant Basket (the “**Reference Index**”). The weighting of each type of Base Metal or Component within the Basket is fixed as of the Series Issue Date for the relevant Series and is rebalanced periodically to reflect rebalances in the Reference Index.

At the date of this Base Prospectus, only one Series of Basket ETC Securities is being offered by the Issuer – the Elementum Physical Electric Vehicle Metals ETC Securities, which provide weighted exposure to a Basket comprising a quantity of each of copper, nickel and cobalt (each of which is a component in the production of electric vehicles) for which the Reference Index is the Electric Vehicle Index. For further information on the Basket ETC Securities and details on the composition and calculation of the Electric Vehicle Index, please see the section headed “*Description of the Underlying Metals – Electric Vehicle Index*” below.

### **How does the product give exposure to physical metal?**

The ETC Securities of each Series are backed by physical metals and/or other components held on behalf of the Issuer.

Upon any Early Redemption or Final Redemption in full of the ETC Securities, each ETC Holder will be entitled to receive a cash payment in USD of the Early Redemption Amount or Final Redemption Amount for the relevant Series, calculated by reference to the average price at which the relevant Metals Counterparty is able to dispose of the Underlying Metal during the relevant redemption disposal period, or, in respect of any Underlying Metal the Metals Counterparty is unable to liquidate during such period, the relevant Metal Reference Price (or, in the case of Basket ETC Securities, the relevant Metal Reference Prices).

Upon any repurchase of a Single Metal ETC Security directly with the Issuer, an Authorised Participant will be entitled to receive at the option of the Issuer, an amount in USD or LME Warrants for an amount of the underlying

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metal, in each case with a weight equivalent to the aggregate Metal Entitlement of the ETC Securities being repurchased and a cash payment in USD for any portion of the Metal Entitlement due to the Authorised Participant which cannot be delivered as a whole LME Warrant, plus any Accrued Rent on the LME Warrants delivered.

In the case of any repurchase of Basket ETC Securities, an Authorised Participant will be entitled to receive an amount in USD for a number of relevant Baskets equal to the aggregate Metal Entitlement of the Basket ETC Securities being repurchased on the basis of the level of the relevant Reference Index as of the Buy-Back Trade Date.

### **How is the product physically backed?**

The physical metals backing the ETC Securities of each Series are held for the Issuer in segregated metal custody accounts with the Custodian.

The physical metals backing the ETC Securities are held and stored on the Issuer's behalf by the Custodian in segregated off-warrant metal storage accounts in the name of the Custodian with the relevant Primary Sub-Custodian(s) or other Sub-Custodian(s) and stored at the LME Approved Warehouse premises of such Primary Sub-Custodian(s) or other Sub-Custodian(s). Each Primary Sub-Custodian may in turn store physical Base Metals held by it for the Custodian on behalf of the Issuer at the LME Approved Warehouse premises of any other Sub-Custodian(s) (which may be another Primary Sub-Custodian) duly appointed by such Primary Sub-Custodian with the consent of the Issuer, as specified in the Final Terms for the relevant Series.

In the case of Basket ETC Securities, each type of physical metal comprised within the Basket for each Series is held in a segregated metal custody account with the Custodian and held on the Issuer's behalf by the Custodian in an off-warrant metal storage account in the name of the Custodian with the relevant Primary Sub-Custodian(s) or other Sub-Custodian(s) and stored at the vault or LME Approved Warehouse premises of such Primary Sub-Custodian(s) or other Sub-Custodian(s).

Further explanation of what is meant by holding base metals 'on warrant' and 'off warrant' can be found under the sub-heading "*Warehousing and Storage*" in the section of this Base Prospectus headed *Base Metals Market Overview*.

In the event that, upon a Subscription of ETC Securities backed by Base Metals (or a Basket comprising Base Metals), the relevant Metals Counterparty determines that the required quantity of physical Metal of the relevant type is not available at the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian for delivery to the Issuer on the Subscription Settlement Date, ETC Securities may be issued to an Authorised Participant in exchange for delivery to the Custodian on behalf of the Issuer of:

- (a) specific physical Lots of the relevant type of Metal in transit on board a ship or other vessel, title to which is evidenced by a Bill of Lading, which Bill of Lading shall be held temporarily by the Custodian on behalf of the Issuer with the relevant Primary Sub-Custodian, until such physical Lots are delivered to the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian and deposited to the Off-Warrant Account of the Issuer for the relevant Series, upon which ownership of such Metal will be evidenced by a Warehouse Release; or
- (b) if the quantity of physical Lots of the relevant Base Metal required for any Subscription are not available at the relevant LME Approved Warehouse or in transit, LME Warrants for specific physical Lots of the relevant type of Metal, which LME Warrants shall be held temporarily by the Custodian on behalf of the Issuer with a Primary Sub-Custodian, until such time as the required quantity of physical Lots becomes available in transit or off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian; upon such physical Lots becoming available, the Custodian shall deliver such LME Warrants to a Metals Counterparty in exchange for such physical Lots at the relevant LME Approved

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Warehouse or for a Bill of Lading for Metal in transit on board a ship (with any such Bill of Lading then being held by the Custodian on behalf of the Issuer with the relevant Primary Sub-Custodian until such physical Lots are delivered to the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian and deposited to the Off-Warrant Account of the Issuer for the relevant Series, upon which title to such Metal will be evidenced by a Warehouse Release).

If physical Metal is available at the LME Approved Warehouse of a Primary Sub-Custodian or Sub-Custodian, the Metals Counterparty will use the funds received from the Authorised Participant to purchase such physical Metal and deliver it to the Off-Warrant Account of the Issuer on settlement of the Subscription. Only if such physical Metal is not available, will the Metals Counterparty be permitted to purchase physical Metal in transit (evidenced by a Bill of Lading) and only if no physical Metal in transit is available, the Metals Counterparty may purchase LME Warrants to deliver to the Custodian to be held in custody with a Primary Sub-Custodian for the Issuer on settlement of the Subscription. As soon as physical Metal becomes available (whether in transit and evidenced by a Bill of Lading or at the LME Approved Warehouse of a Primary Sub-Custodian or Sub-Custodian), the Custodian will exchange such LME Warrants for such physical Metal.

### **What is a Bill of Lading?**

A “Bill of Lading”, in respect of any Base Metal in transit delivered by a Metals Counterparty to the Issuer in connection with a Subscription, is a document (which may be in electronic form) issued by the master of a ship carrying a shipment of Base Metal to the person consigning such Base Metal, constituting a receipt for a specified quantity of Base Metal, accompanied by supporting documents identifying the specific Lots comprising such quantity of Base Metal, evidencing the carrier’s obligation to deliver such Metal in good condition to the consignee named in such document, which document has been endorsed to the Issuer and delivered by a Metals Counterparty to the Custodian to hold on behalf of the Issuer, together with a final release document addressed by such Metals Counterparty to the Issuer evidencing the transfer of ownership of such Base Metal to the Issuer. Where a Bill of Lading is endorsed to the Issuer (or to the Custodian on the Issuer’s behalf), the Issuer or the Custodian, as holder of such Bill of Lading has the right to claim safe delivery of the Metal to the consignee and in the event of any failure of the shipper to deliver the Metal or in the event of any loss of such Metal in transit, may proceed against the shipper to recover such loss, which may be covered under the shipper’s insurance. A Bill of Lading will be cancelled upon delivery of the goods to the consignee (in the case of Base Metals, upon delivery of the specific Lots of Base Metal to the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian for deposit to the relevant Off-Warrant Account of the Issuer, whereupon ownership of such Metal will be evidenced by a Warehouse Release).

### **What is a Warehouse Release?**

A “Warehouse Release”, in relation to Base Metals, is a document (which may be in electronic form) issued by an LME Approved Warehouse in the name of the owner of a quantity of Base Metal that evidences the addressee’s ownership of a specified brand and a specified Lot of Base Metal that is stored off warrant at a specified location and warehouse. All Warehouse Releases evidencing the Issuer’s Base Metals will be held in safe custody by the Custodian or the relevant Primary Sub-Custodian holding the account on behalf of the Issuer at the LME Approved Warehouse of such Primary Sub-Custodian or other Sub-Custodian.

### **What is an LME Warrant?**

An “LME Warrant”, in respect of any type of Base Metal, is a bearer document of title issued by an LME Approved Warehouse through a London agent evidencing title to a specified Lot of physical Metal of a specified LME-registered brand stored on warrant in a specified LME Approved Warehouse and which declares conformity of such physical Metal with the applicable LME Physical Contract Specifications. Each LME Warrant is held in electronic form by the Depository in accordance with the LMEsword Regulations as bailee for the owner and electronically registered in LMEsword. LME Warrants are used for the physical settlement of contracts traded on the LME. All LME Warrants delivered to the Issuer upon settlement of any

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Subscriptions will be held in safe custody in a dedicated LME clearing and warrant sub-account for the Custodian on behalf of the Issuer with a Primary Sub-Custodian.

### **How is the physical metal stored?**

The ETC Securities are backed by physical metal held for the Issuer by the Custodian in the case of Base Metals, at the LME Approved Warehouse premises of the relevant Primary Sub-Custodian(s) and/or any other Sub-Custodian(s) located in The Netherlands (as specified in the Final Terms) or in such other location as agreed with the Issuer and notified to the ETC Holders in accordance with Condition 19 (*Notices*).

The physical Base Metals backing each Series of ETC Securities are held on behalf of the Issuer in off-warrant metal storage accounts at LME Approved Warehouses in the name of the Custodian or relevant Primary Sub-Custodian, ownership of which is evidenced by Warehouse Releases. Base Metals, title to which is evidenced by a Bill of Lading or LME Warrant, may also be held temporarily for the Custodian on behalf of the Issuer, with such Bills of Lading and such LME Warrants being held with a Primary Sub-Custodian.

To ensure its quality, the physical Base Metal delivered to the Issuer to back the ETC Securities is required to meet the quality standards set by the London Metal Exchange (the “**LME**”) under the LME Physical Contract Specifications for the relevant type of Base Metal. This is ensured by permitting only Base Metals of LME approved brands and from LME approved producers to be delivered to the Issuer and ensuring that such Base Metal has not been stored outside the LME Approved Warehouse system at any time prior to delivery to the Issuer.

In the case of any deliveries of cobalt to the Issuer, such cobalt is required to be of an accepted brand (including Fastmarkets and any LME-listed brand, excluding any brand which includes feed sourced in the Democratic Republic of the Congo) and must be in the form of physical cobalt in rounds, pellets, broken or cut cathodes, briquettes or other relevant shapes of cobalt, such as coarse grain powder packaged in drums, big bags or other form (the “**Cobalt Specifications**”). Such cobalt may not meet the LME requirements for warrantable cobalt and therefore the Issuer may not be able to put such cobalt on warrant for purposes of sale.

### **What does it mean to hold Metal in an unallocated account?**

An unallocated account may also be held with a custodian. However, unlike Metal held in an allocated account, Metal in an unallocated account does not entitle the customer to a particular bar of Metal and the customer's holding is not segregated from that of other customers or the custodian. Instead, the books and records of the custodian record that the customer is entitled to a specific amount of Metal. As the Metal is not segregated, the customer has a credit risk exposure to the custodian. To avoid this credit risk, the Metal backing the ETC Securities is held on behalf of the Issuer by the Custodian in allocated form (see “*What does it mean to hold Metal in an allocated account?*” above).

Metal in unallocated form is easier to transfer as it simply requires an update of the custodian's books and records rather than movements of physical Metal and for this reason the majority of metal trades in the open market are carried out in unallocated form. Once the level of Metal in an unallocated account reaches an amount equal to one bar, that bar can be transferred to an allocated account.

### **What does it mean to hold Base Metal off warrant?**

Metal stored off-warrant is generally not required to be of an LME approved brand or from an LME approved producer, nor must it conform to the rules of any exchange with respect to the commodity grade, quality or shape. As such, “off-warrant” Metal is not deliverable against an LME contract. Off-warrant Metals may be stored in LME Approved Warehouses or storage facilities pursuant to an LME Facility Storage Agreement. Ownership of off-warrant Metal is evidenced by a Warehouse Release.

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Any off-warrant copper and nickel to be delivered to the Issuer in exchange for ETC Securities must be of an LME approved brand and meet the applicable LME Physical Contract Specifications for the relevant type of Metal, to ensure that such Base Metal may be placed on LME warrant at any time. The Issuer will only store such Base Metal in LME Approved Warehouses, although the actual area for such storage may differ from the area in which Base Metal evidenced by Warrants is stored and such areas may not be subject to LME Rules or supervision. The Issuer will require that the area has appropriate levels of security and that Metal can be kept clean, dry (if relevant), free from contaminants and in good repair. Finally, the LME Approved Warehouse must ensure that the Metal in such area is appropriately recorded in its books and records, which must be independently audited.

### **What does it mean to hold Base Metal in ‘near storage’?**

Base Metal of an LME approved brand which meets the applicable LME Physical Contract Specifications for the relevant Base Metal may be stored off warrant pursuant to an “LME Warranting Agreement”, a type of written agreement for storage of Base Metal off warrant at an LME Approved Warehouse, which includes provisions pursuant to which the metal owner may instruct the warehouse to place the Metal on warrant at any time. This is the basis upon which the Base Metals underlying the ETC Securities will be held for the Issuer pursuant to the Primary Sub-Custody Agreements between the Custodian and each of the Primary Sub-Custodians and pursuant to any Sub-Custody Agreements. Ownership of Metal in near storage is also evidenced by a Warehouse Release.

Metal held pursuant to such an arrangement is referred to as Metal in “near storage”, meaning that it is ready to be placed on warrant and become deliverable against an LME contract on short notice.

### **What does it mean to hold Base Metal on warrant?**

Base metal stored in LME approved storage facilities on warrant must be of an LME approved brand and from an LME approved producer, ensuring conformity to strict rules on commodity grade, quality and shape for such metal to be deliverable under an LME contract. Such metal is held for the holder of a corresponding LME Warrant issued by the LME approved storage facility in which such metal is held subject to an LME On-Warrant Storage Agreement. The holder of the LME Warrant is responsible for payment of the storage fees for the underlying metal.

The holder of LME registered metal stored off warrant in an LME Approved Warehouse can place such metal “on warrant” at any time by providing warranting instructions to the warehouse. Putting the metal “on warrant” makes it deliverable against an LME contract.

Rents for on-warrant storage of metal will be significantly higher than rents for off-warrant storage. The outstanding warehouse fee for storage of metal on LME Warrant accrues from 1 April and such accrual is monitored and calculated by the LME’s system for the electronic transfer of title to warrants, LMEsword. When an LME Warrant is sold, an amount of cash in US dollars equal to the warehouse storage fees accrued from 1 April to the date of the sale (the “**Accrued Rent**”) is paid to the purchaser by the seller. A holder of LME Warrants as of 31 March is required to pay the full amount of annual Accrued Rent to the relevant warehouse (although holders of LME Warrants may negotiate to pre-pay warehouse fees with the relevant warehouse and such pre-payments will be reflected in the calculations of the Accrued Rent made by LMEsword). Where, on a Buy-Back of ETC Securities backed by a Base Metal, the relevant Authorised Participant receives delivery of LME Warrants, such Authorised Participant will also receive, as transferee of such LME Warrants, a payment in USD in respect of the Accrued Rent thereon.

### **How does the custodian identify the Base Metal held in the off-warrant account?**

Base metal may be identified by the custodian based on a combination of criteria: (i) the name of the producer; (ii) the brand; (iii) the lot number; (iv) the bundle number; (v) the gross and net weight; (vi) the quality of the Metal and/or the warehouse storage confirmation reference number. It is important to recognise that any combination of these may be used to identify an individual lot, bundle or quantity of Base Metal held for the

## **Base Prospectus**

Issuer. Two entirely different lots or bundles may have the same lot or bundle number but have a different weight and/or be of a different quality or come from a different producer.

### **Is it possible to know which Lots of physical Base Metal back the ETC Securities?**

Yes. The specific physical Lots (identified by their lot and bundle numbers or other identifying characteristic or storage reference number) of Underlying Metal held for the Issuer in respect of each Series of ETC Securities backed by a Base Metal will be evidenced by entries in physical, electronic and/or on-line accounts of the Custodian, the Primary Sub-Custodians (and any other relevant Sub-Custodians).

The Issuer publishes and updates daily the aggregate weight of the physical Lots of Base Metals of each type (expressed as a number of metric tonnes) (the “**Lot List**”) that are held in off-warrant accounts for the Issuer on its website at [www.elementummetals.com](http://www.elementummetals.com).

Where ETC Securities backed by Base Metals are issued in exchange for a Bill of Lading or LME Warrants for Base Metal, the weight of the physical Base Metals represented by such Bill of Lading or LME Warrants will also be included in the Lot List. There is no change to the Lots of physical Base Metals represented by a Bill of Lading upon delivery of such Base Metals to the relevant Off-Warrant account of the Issuer and issuance of a Warehouse Release for such Metal. Upon any exchange of LME Warrants for physical Lots of off-warrant Base Metal delivered to the relevant Off-Warrant account of Issuer and issuance of a Warehouse Release for such Metal, the Lot List will be updated to reflect the weight of such physical off-warrant Base Metal evidenced by the Warehouse Release.

### **How is the Metal held with the Custodian and Primary Sub-Custodians audited?**

In the case of Base Metals, the Metal held off warrant for the Issuer at the LME Approved Warehouses of the relevant Primary Sub-Custodian(s) or Sub-Custodian(s) to back the ETC Securities is audited twice a year by Bureau Veritas Commodities UK Ltd, who inspect the Metal held in the Off-Warrant Accounts of the Issuer to ensure that it matches in all respects the Metal disclosed on the Lot List as held for the Issuer.

### **What is the London Metal Exchange (LME)?**

The London Metal Exchange (the “**LME**”) is a wholesale metal trading exchange and the relevant trading venue for Base Metals backing the ETC Securities, including copper, nickel and cobalt. According to the LME website and various news organisations including Reuters, the LME is the world centre for industrial metals trading. It provides the environment for trading and regulates the operation of the market. Approved as a recognised investment exchange (“**RIE**”) and conforming with UK and other international regulatory requirements, the LME offers, through price and volume transparency and audit trails, a legally safe forum for metals trading. As an RIE, the Exchange comes under the direct jurisdiction of the UK Financial Conduct Authority (“**FCA**”) and is an exempt person for the purposes of the Financial Services and Markets Act 2000 in respect of its exchange activities. Since 3 December 2019, the LME is also authorised and regulated by the Financial Conduct Authority in respect of its benchmark administration activities under the European Benchmarks Regulation. The LME’s Physical Contract Specifications establish a set of criteria that a refiner and its metal must satisfy before being accepted for trading. For additional information, please see <http://www.lme.com>.

The Issuer’s physically-backed Base Metal ETC Securities are backed only by copper and nickel meeting the applicable LME Physical Contract Specifications.

### **Is the physical metal insured?**

Each of the Custodian and the Primary Sub-Custodians is required to make such insurance arrangements from time to time in connection with their custodial obligations with respect to Metal held by them as they consider to be commercially reasonable.

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Each of the Primary Sub-Custodians maintains such insurance policies covering metals held in its vaults and/or LME Approved Warehouses in accordance with industry standards.

No other direct or indirect Sub-Custodians are required by the Issuer, the Trustee or the Security Trustee to be insured or bonded with respect to their custodial activities or in respect of the Metal held by them pursuant to arrangements with the Custodian or a Primary Sub-Custodian.

In circumstances where the relevant Metal is transferred to a Metals Counterparty, the Metals Counterparty is required to maintain such insurance over the Metal held by it in unallocated form as it believes is commercially reasonable.

### **Who is the Custodian?**

The Custodian is Eternize AG, a private company limited by shares (*Aktiengesellschaft*), incorporated in Switzerland on 14 December 2018 with its registered office at Baarerstrasse 22, 6300 Zug, Switzerland.

### **Who are the Primary Sub-Custodians?**

The Primary Sub-Custodians are:

- (a) The Brink's Company, a company incorporated under the laws of the State of Virginia, with its registered office at P.O. Box 1811, 1801 Bayberry Court, Richmond, Virginia 23226-8100 ("Brink's"); and
- (b) in the case of Base Metals: Metaal Transport B.V., a company incorporated under the laws of The Netherlands, with its registered office at Heijplaatweg 16, 3089 JC, Rotterdam, The Netherlands ("Metaal Transport"),

and, in each case, any other entity appointed by the Custodian to act as a Primary Sub-Custodian, subject to the consent of the Issuer, the entry into a Primary Sub-Custody Agreement and notice being given to the ETC Holders of the relevant Series in accordance with Condition 19 (*Notices*).

### **Who are the Metals Counterparties?**

- (i) NTree International Limited, incorporated as a private limited company in England and Wales under registration number 10701258 on 31 March 2017, with its registered office at 85 Great Portland Street, First Floor, London, England, W1W 7LT, United Kingdom acts as a Metals Counterparty; and
- (ii) the Issuer may from time to time appoint any other entity which is an affiliate of the Arranger or of a Metals Counterparty or a bank or investment firm incorporated in and operating from the UK and authorised by the Prudential Regulatory Authority and/or the Financial Conduct Authority and which, in the case of Base Metals, is a member of the LME and has either an LME clearing and warrant account or a metal storage account with a Primary Sub-Custodian or other Sub-Custodian, to act as a Metals Counterparty in respect of one or more Series of ETC Securities issued under the Programme.

The Metals Counterparty or Metals Counterparties acting in respect of each Series of ETC Securities will be specified in the Final Terms.

### **Who is an Authorised Participant and what do they do?**

Each Authorised Participant is a financial intermediary which is licensed and authorised in each jurisdiction from which it conducts its business to perform the role of an Authorised Participant and which has entered into an Authorised Participant Agreement with the Issuer. Each Authorised Participant will represent to the Issuer that it has and will maintain all licences and regulatory approvals required for it to carry on its business in all relevant jurisdictions.

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The Authorised Participant Agreements between each Authorised Participant and the Issuer provide for, among other things, the right of each Authorised Participant to request from the Issuer a further Subscription of, or for the Issuer to buy back, ETC Securities of any Series.

The Authorised Participants are the only entities permitted to buy ETC Securities directly from the Issuer or to request that the Issuer buy back ETC Securities.

Authorised Participants may, but do not have to, act as market makers for the ETC Securities by buying and selling ETC Securities to and from investors either on exchanges or in over the counter transactions. Details of the Authorised Participants appointed from time to time are listed on the Issuer website <https://elementummetals.com/>.

The Issuer has appointed appropriate market makers to provide market making services in respect of each Series of ETC Securities on each Stock Exchange on which such Series of ETC Securities is listed.

Subject to the offering restrictions set out under the section of this Base Prospectus entitled "*Subscription and Sale*", Authorised Participants may offer ETC Securities to retail clients, professional clients or other eligible counterparties. It is intended that Authorised Participants of a Series will sell ETC Securities in the secondary market to investors who have either directly approached the Authorised Participant or to investors on a stock exchange on which the ETC Securities are admitted for trading for a purchase price and on such other terms and conditions as agreed between the Authorised Participant and such investor(s) in respect of the ETC Securities.

### **Who is the Trustee and what does it do?**

The Trustee is Apex Corporate Trustees (UK) Limited and is an independent entity whose role is to act as trustee on behalf of ETC Holders in accordance with the Trust Deed for each Series. As Trustee for holders of ETC Securities, the Trustee is, among other things, given fiduciary powers to make certain determinations, agree amendments and exercise rights to enforce the terms of the ETC Securities on behalf of the ETC Holders.

### **Who is the Security Trustee and what does it do?**

The Security Trustee is Apex Corporate Trustees (UK) Limited and as Security Trustee its role is to hold the Security on trust for itself, the ETC Holders and the other Secured Creditors, take actions on behalf of the ETC Holders and the other Secured Creditors to enforce the Security and distribute the proceeds of any enforcement among the Secured Creditors in accordance with the Security Documents.

### **What is the Metal Entitlement?**

The Metal Entitlement of a particular Series of ETC Securities is the quantity of the physical Metal of the relevant type or types that each ETC Security represents.

In the case of Copper, such quantity is expressed as a number of metric tonnes rounded to ten decimal places.

In the case of nickel, such quantity is expressed as a number of metric tonnes rounded to ten decimal places.

In the case of Basket ETC Securities, the Metal Entitlement of a particular Series is a number of the relevant Baskets (which may consist of specified quantities of two or more Base Metals and/or Components, as specified in the related Final Terms) that each Basket ETC Security represents. Such Metal Entitlement is expressed as a number of Baskets rounded to ten decimal places.

Each Series of ETC Series is assigned an initial Metal Entitlement on the issue date of the first Tranche of the Series. Thereafter, the Metal Entitlement reduces daily by the Total Expense Ratio (applying the per annum rate and dividing by 365, or 366 in a leap year) in order to fund payment by the Issuer of the Operational Fee to the Arranger in respect of the fees, expenses and amounts payable to the service providers of the Issuer for the

## **Base Prospectus**

account of that Series of ETC Securities. Whenever new ETC Securities are issued or existing ETC Securities are repurchased, this will be done at the then prevailing Metal Entitlement, thereby ensuring that all ETC Securities of the same Series have the same Metal Entitlement and are fully fungible.

### **When will the Metal Entitlement of an ETC Security be calculated and published?**

The Metal Entitlement for the ETC Securities of each Series will be calculated by the Administrator and published on the Issuer's website at [www.elementummetals.com](http://www.elementummetals.com) on each Business Day.

### **What is the cash value of an ETC Security?**

Each ETC Security has an effective entitlement to a quantity of physical metal or the proceeds thereof, and that Metal Entitlement reduces each day by the Total Expense Ratio to reflect the accrual of the Operational Fee. Except in the case of Buy-Backs, which are settled by delivery of cash and/or LME Warrants for Metal (in the case of Single Metal ETC Securities Backed by Base Metals) or cash only (in the case of Basket ETC Securities), most ETC Holders will realise the value of their ETC Securities by buying and selling their ETC Securities on a stock exchange in return for cash.

The price at which the ETC Securities will trade on an exchange is expected to be close to the value of the Metal Entitlement of the ETC Securities multiplied by the spot price of the relevant physical metal or (in the case of Basket ETC Securities) the level of the relevant Reference Index.

The "spot price" of a type of Base Metal is the LME Cash Settlement Price, which is the last cash offer price for the relevant Base Metal during the day's trading.

The spot price is also known as the "fixing" and is published by the London Metal Exchange (LME) (for copper and nickel) on the website at <http://www.lme.com>.

The level of a Reference Index is a single price which is set up to twice a day and is based on the individual reference prices for each metal and/or other component comprised in such Reference Index.

### **Can an investor deliver or take physical delivery of the underlying metals?**

Only Authorised Participants can deliver, via a Metals Counterparty, the underlying metals to the Issuer upon a subscription of ETC Securities.

Subject to the satisfaction of certain conditions, Authorised Participants can also sell ETC Securities directly with the Issuer in exchange for (at the option of the Issuer and as notified to the Authorised Participant upon acceptance of the related Buy-Back Order) a cash payment in USD or LME Warrants for Metal (in the case of Single Metal ETC Securities backed by Base Metals); or (iii) a cash payment in USD (in the case of Basket ETC Securities) by submitting a Buy-Back Order to the Administrator.

An ETC Holder wishing to have their ETC Securities repurchased must make arrangements with an Authorised Participant (either through an exchange or over the counter) for such Authorised Participant to purchase such ETC Securities from the ETC Holder or for such Authorised Participant to effect a Buy-Back Order with the Issuer. Any such repurchases will be made in accordance with such terms and other arrangements in place between such Authorised Participant and such ETC Holder, including as to price, fee, and settlement arrangements. There will be no physical delivery of Metal to Authorised Participants or ETC Holders on settlement of Buy-Backs.

Investors may buy and sell their ETC Securities on any stock exchange on which the ETC Securities are admitted to trading or through Authorised Participants in exchange for cash.

## **Base Prospectus**

Any Early Redemption or Final Redemption in full of the ETC Securities will trigger a liquidation of the Underlying Metal by one or more Metals Counterparties and will be settled by a payment in cash to the ETC Holders equal to the Early Redemption Amount or the Final Redemption Amount, as applicable, of the relevant Series.

Buy-Backs of Single Metal ETC Securities by the Issuer will be settled:

- (a) in the case of Base Metals, by the relevant Metals Counterparty (as specified by the Administrator upon acceptance of the Buy-Back Order) procuring delivery of (at the option of the Issuer and as notified to the Authorised Participant upon acceptance of the related Buy-Back Order) either:
  - (i) an amount in USD equal to the value of the aggregate Metal Entitlement (rounded down to the nearest 0.001 Trading Unit) of the ETC Securities being repurchased, as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date to the specified cash account of the Authorised Participant; or
  - (ii) the highest reasonably practicable whole number of LME Warrants evidencing an amount of Metal having an aggregate weight up to the aggregate Metal Entitlement (rounded down to the nearest 0.001 Trading Unit) of the ETC Securities being repurchased as at the Buy-Back Trade Date to the specified LME clearing and warrant account of the Authorised Participant with a member of the LME and a cash payment in USD equal to the value of any portion of the Metal Entitlement due to the Authorised Participant which cannot be delivered as a whole LME Warrant (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date), plus an amount in respect of any Accrued Rent for the LME Warrants delivered, up to and including the Buy-Back Settlement Date, to the specified cash account of the Authorised Participant.

Buy-Backs of Basket ETC Securities by the Issuer will be settled by the relevant Metals Counterparty (as specified by the Administrator upon acceptance of the Buy-Back Order) procuring delivery of an amount in USD equal to the value of the aggregate Metal Entitlement (rounded down to the nearest 0.001 Basket) of the Basket ETC Securities being repurchased, as determined by the Administrator on the basis of the level of the relevant Reference Index as of the Buy-Back Trade Date, to the specified cash account of the Authorised Participant.

### **How do I buy and sell ETC Securities?**

Only Authorised Participants may request the issuance of ETC Securities directly with the Issuer at the Metal Entitlement on the relevant date. Once an Authorised Participant creates ETC Securities with the Issuer it can then (i) choose to hold the ETC Securities itself; (ii) sell those ETC Securities on one of the stock exchanges on which the ETC Securities are admitted to trading; (iii) sell those ETC Securities in private off exchange transactions (OTC); or (iv) redeem the ETC Securities directly with the Issuer.

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

In addition, subject to the satisfaction of certain conditions, Authorised Participants can also sell ETC Securities directly with the Issuer by submitting a Buy-Back Order to the Administrator.

Transactions in ETC Securities other than those directly with the Issuer can be done at any point during the trading day. Such purchases of ETC Securities will generally be done at a “bid price” and any sales of ETC Securities intraday will generally be done at an “offer price”. The bid and offer prices of an ETC Security are expected to be close to the cash value of the Metal Entitlement of the relevant Series of ETC Security on a particular day (calculated by reference to the spot price of the relevant metal), however, they will not match exactly the cash value of the Metal Entitlement because bid and offer prices also take account of other market

## **Base Prospectus**

conditions such as market liquidity (supply and demand) at the time that the investor is looking to buy or sell their ETC Securities.

### **Can I lose all of my initial investment?**

Yes, an investor may lose all of their initial investment by virtue of the movements in the price of the underlying physical metals or the occurrence of other events as described in the section of this Base Prospectus entitled "Risk Factors".

### **Can I lose more than my initial investment?**

An investor who buys and holds their ETC Securities cannot lose more than their initial investment.

### **What is the minimum investment?**

Subject to any minimum Subscription Amount as specified in the Final Terms, the minimum investment is one ETC Security, which has a value as described above under "What is the cash value of an ETC Security?".

In the case of Single Metal ETC Securities backed by a Base Metal, unless otherwise specified in the Final Terms, the Minimum Subscription Amount will be such number of ETC Securities of the relevant Series as would, as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement equal to no less than the weight represented by one standard LME Lot of the relevant Base Metal (being at the date of this Base Prospectus 25.0 metric tonnes for Copper and 6.0 metric tonnes for Nickel). This is to ensure that the quantity of any Base Metal to be delivered to the Issuer in connection with any Subscription of Single Metal ETC Securities backed by a Base Metal (whether by delivery of physical Lots of Metal, a Bill of Lading or LME Warrants) is equal to at least one standard LME Lot of the relevant Metal which can be physically delivered or represented by a Bill of Lading or LME Warrant.

In the case of Basket ETC Securities, unless otherwise specified in the Final Terms, the Minimum Subscription Amount will be such number of Basket ETC Securities of the relevant Series as would as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement comprising (i) a quantity of each type of Metal included in the relevant Basket equal to no less than the Minimum Subscription Amount (if any) for Single Metal ETC Securities backed by Metal of the same type; and (ii) such minimum number of Trading Units of each Component (if any) included in such Basket, as specified in the Final Terms for such Series.

### **What are the costs of purchasing and holding the product?**

The Issuer charges a Subscription Fee in an amount up to US\$1000.00 to Authorised Participants in connection with each Subscription carried out by an Authorised Participant directly with the Issuer. This fee covers the costs incurred by the Issuer in connection with the processing and settlement of each Subscription Order and may be passed on by the Authorised Participant to investors.

The operational costs of the Issuer are passed on to investors in the form of the Operational Fee payable periodically by the Issuer to the Arranger in respect of amounts due to the Issuer's service providers. The Metal Entitlement for each Series of ETC Securities is reduced daily by a Total Expense Ratio expressed as a percentage and representing an amount of Metal having a value equal to the per diem Operational Fee in respect of the Series. The Issuer will instruct a Metals Counterparty to periodically sell a quantity of Metal sufficient to fund payment of the Operational Fee for the relevant Series ("TER Metal"). The proceeds of the sale of TER Metal are paid by the Metals Counterparty to the Issuer Cash Account or otherwise to the Issuer's order for the relevant Series. The proceeds are then paid to the Arranger as the Operational Fee, in consideration for its services as Arranger and also its agreement to pay amounts due to the other service providers of the Issuer in connection with the Programme.

Investors who buy ETC Securities on exchange or in OTC transactions other than with the Issuer may also be charged additional costs in respect of those transactions.

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### **What are the costs of redeeming the product?**

#### **Buy-Back Fees:**

The Issuer charges a Buy-Back Fee in connection with each Buy-Back carried out by an Authorised Participant. The applicable Buy-Back Fee will be no greater than US\$1000.00 in the case of a Buy-Back Order submitted by an Authorised Participant and no greater than US\$2000.00 in the case of a Buy-Back Order submitted by an ETC Holder which is not an Authorised Participant.

The Buy-Back Fee represents the Issuer's costs of complying with the relevant Buy-Back Order. The amount payable will also include the cost of the Issuer or its agents performing any required KYC Procedures with respect to the relevant Authorised Participant or individual ETC Holder submitting the Buy-Back Order. The amount of the Buy-Back Fee will be notified to the Authorised Participant or individual ETC Holder upon receipt of the Buy-Back Order by the Issuer (or the Administrator on the Issuer's behalf) and is required to be paid in USD to the Issuer, in the case of a Buy-Back Order submitted by an Authorised Participant, on or before the Buy-Back Settlement Date and in the case of a Buy-Back Order submitted by an ETC Holder, as a condition of acceptance of the Buy-Back Order.

#### **Metals Counterparty Fees:**

Each Metals Counterparty also charges a Metals Counterparty Fee in connection with the settlement of Buy-Backs.

In the case of Buy-Backs of Single Metal ETC Securities backed by Base Metals, the Metals Counterparty Fee reflects the cost of removing the Metal representing the Buy-Back Settlement Amount from the Off-Warrant Account of the Issuer and either: (i) transferring the cash value of such Metal to the specified Cash Account of the Authorised Participant or (ii) placing such Metal on warrant or transferring such Metal to the off-warrant account of a purchaser of such Metal in exchange for LME Warrants, effecting a transfer of LME Warrants representing Metal having an aggregate weight up to such quantity of Metal to the Metal Account designated by the Authorised Participant and making a payment in USD in respect of any portion of the Buy-Back Settlement Amount which cannot be delivered as a whole LME Warrant, plus any Accrued Rent for the LME Warrants delivered, to the specified Cash Account of the Authorised Participant. The amount of the Metals Counterparty Fee will be notified to the Authorised Participant upon acceptance by the Issuer of the Buy-Back Order and is required to be paid in USD to the Issuer on or before the Buy-Back Settlement Date.

In the case of Buy-Backs of Basket ETC Securities, the Metals Counterparty Fee reflects the cost of removing the Metals representing the Buy-Back Settlement Amount from the Off-Warrant Account(s) of the Issuer and transferring the cash value of such Metals to the specified Cash Account of the Authorised Participant.

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## INTRODUCTION TO THE PROGRAMME

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The Issuer has established the Programme, under which ETC Securities in Series, each linked to the performance of a specified type of physical Metal (in the case of Single Metal ETC Securities) or to the performance of a Basket (as tracked by the relevant Reference Index) comprising specified types of physical metal and/or other components (in the case of Basket ETC Securities) may be issued from time to time.

### **Subscription**

The Issuer has entered into Authorised Participant Agreements and has agreed with Authorised Participants to issue ETC Securities to those Authorised Participants on an on-going basis (each offer made to the Issuer by an Authorised Participant to subscribe for ETC Securities, a "**Subscription**"). Authorised Participants may sell the ETC Securities on an exchange or in an off exchange transaction or may hold the securities themselves.

Each Series of ETC Securities issued under the Programme will be linked to, and provide exposure to:

- (a) in the case of a Series of Single Metal ETC Securities linked to a Base Metal, one of Copper or Nickel and will be backed by (i) a specific pool of physical Lots of the relevant Base Metal held in segregated metal custody accounts of the Issuer with the Custodian and stored off warrant by the Custodian on behalf of the Issuer in the LME Approved Warehouse premises of the relevant Primary Sub-Custodian(s) and/or other Sub-Custodian(s), ownership of which is evidenced by a Warehouse Release; or (ii) where, upon a Subscription of ETC Securities backed by Base Metals, the required quantity of physical Lots of Base Metal of the relevant type is not available off warrant at the LME Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian for delivery to the Off-Warrant Account of the Issuer on the Subscription Settlement Date, temporarily backed in part by:
  - (i) specific physical Lots of the relevant Base Metal in transit on board a ship or other vessel, title to which is evidenced by a Bill of Lading held by the Custodian on behalf of the Issuer with the relevant Primary Sub-Custodian, until such Base Metal is delivered to the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian and deposited to the Off-Warrant Account of the Issuer for the relevant Series and a Warehouse Release issued for such Base Metal; or
  - (ii) if such quantity of physical Lots of the relevant Base Metal are not available in transit, LME Warrants for specific LME Lots of the relevant Base Metal, held by the Custodian on behalf of the Issuer with a Primary Sub-Custodian, until such time as the required quantity of physical Base Metal becomes available in transit or off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian, upon which the Custodian shall deliver such LME Warrants to an Eligible Seller in exchange for a Bill of Lading (to be held until such Base Metal arrives at the LME Approved Warehouse) or deliver such LME Warrants to an Eligible Seller of such Base Metal in exchange for physical Lots and deposit such Base Metal to the Off-Warrant Account of the Issuer for the relevant Series, upon which a Warehouse Release shall be issued for such Base Metal; or
- (b) in the case of Basket ETC Securities, a Reference Index comprising two or more of Copper, Nickel, Cobalt and/or any Component, as specified in the related Final Terms and will be backed by physical Lots of the relevant Base Metal(s) held in segregated metal custody accounts of the Issuer with the Custodian and stored off warrant by the Custodian on behalf of the Issuer in the LME Approved Warehouse premises of the relevant Primary Sub-Custodian(s) and/or other Sub-Custodian(s), ownership of which is evidenced by a Warehouse Release; or where, upon a Subscription of Basket ETC Securities backed in part by Base Metals, the required quantity of physical Lots of Base Metal of the relevant type is

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not available off warrant at the LME Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian for delivery to the Off-Warrant Account of the Issuer on the Subscription Settlement Date, temporarily backed in part by:

- (i) physical Lots of the relevant Base Metal in transit on board a ship or other vessel, title to which is evidenced by a Bill of Lading held by the Custodian on behalf of the Issuer with the relevant Primary Sub-Custodian until such Metal is delivered to the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian and deposited to the Off-Warrant Account of the Issuer for the relevant Series and a Warehouse Release issued for such Base Metal; or
- (ii) if such quantity of physical Lots of the relevant Base Metal are not available in transit, LME Warrants for specific physical Lots of the relevant Base Metal, held by the Custodian on behalf of the Issuer with a Primary Sub-Custodian, until such time as the required quantity of physical Base Metal becomes available in transit or off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian, upon which the Custodian shall deliver such LME Warrants to an Eligible Seller in exchange for a Bill of Lading (to be held until such Base Metal arrives at the LME Approved Warehouse) or deliver such LME Warrants to an Eligible Seller of such Base Metal in exchange for physical Lots and deposit such Base Metal to the Off-Warrant Account of the Issuer for the relevant Series, upon which a Warehouse Release shall be issued for such Metal,

(each of (a) (b), and (c) above (as applicable), together with any Metal held by a Metals Counterparty pending any sale of such Metal on behalf of the Issuer in accordance with the terms of the relevant Metals Counterparty Agreement, the "**Underlying Metal**").

The Underlying Metal backing each Series of ETC Securities will be completely separate (or "ring-fenced") from the Underlying Metal backing each other Series of ETC Securities, through the holding of such Metal in separate segregated accounts with the Custodian on behalf of the Issuer for the account of each Series.

The first tranche of each Series of ETC Securities is issued on the related series issue date (the "**Series Issue Date**") by the Issuer to one or more Authorised Participants. The ETC Securities can thereafter be issued on a daily basis to Authorised Participants by submitting a subscription order to the Administrator on behalf of the Issuer in accordance with the relevant Authorised Participant Agreement (each, a "**Subscription Order**").

The Issuer may only issue ETC Securities of a Series to the Authorised Participants appointed in respect of such Series. In addition, subject to the satisfaction of certain conditions, only an Authorised Participant may at any time require the repurchase of an ETC Security by submitting a Buy-Back Order to the Administrator (on behalf of the Issuer).

Upon a Subscription of ETC Securities, an Authorised Participant must procure the delivery by a Metals Counterparty (in accordance with the instructions of the Administrator upon acceptance of the related Subscription Order) of:

- (c) in the case of Single Metal ETC Securities backed by Base Metals, a quantity of physical Lots of Base Metal of the relevant type with an aggregate weight equal to the Metal Entitlement for the ETC Securities to be issued to the Off-Warrant Account of the Issuer or, if the Metals Counterparty is unable to source the required quantity of physical Lots of Metal off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian on the Subscription Settlement Date, a Bill of Lading or, failing which, LME Warrants for such quantity of Metal, to the Custodian on behalf of the Issuer; or
- (d) in the case of Basket ETC Securities, a quantity of physical Bars and/or physical Lots (as applicable) of each type of Base Metal and a quantity of each Component comprised in the relevant Basket with an aggregate weight equal to the Metal Entitlement of the Basket ETC Securities to be issued (expressed

## **Base Prospectus**

as a number of Baskets) multiplied by the weight of such type of Metal or of such Component included within such Basket to the Off-Warrant Account of the Issuer

and, in each case, pay a Subscription Fee of up to US\$1000.00 to the Issuer Cash Account by such time as separately agreed with the Administrator.

Upon delivery of the Metal representing the Subscription Settlement Amount to the Off-Warrant Account(s) (as applicable) of the Issuer (or delivery of a Bill of Lading or LME Warrants for any such Base Metal to the Custodian on behalf of the Issuer), the Issuer issues the ETC Securities and the Principal Paying Agent delivers them to the relevant Authorised Participant via the Clearing Systems. Such Metal (including any Base Metal represented by a Bill of Lading or LME Warrant held for the Issuer) shall form part of the pool of Metal available to meet the Issuer's obligations under the ETC Securities of the relevant Series.

Subject to the offering restrictions set out under the section of this Base Prospectus entitled "*Subscription and Sale*", Authorised Participants may offer ETC Securities to retail clients, professional clients or other eligible counterparties. It is intended that Authorised Participants of a Series will sell ETC Securities in the secondary market to investors who have either directly approached the Authorised Participant or to investors on a stock exchange on which the ETC Securities are admitted for trading for a purchase price and on such other terms and conditions as agreed between the Authorised Participant and such investor(s) in respect of the ETC Securities.

ETC Securities can also be bought or sold by investors for cash on any stock exchange or market on which they are admitted to trading or in private off-exchange transactions. Details of the exchanges on which a particular Series of ETC Security can be traded are set out in the related Final Terms. Market makers provide liquidity on those stock exchanges and for those transactions but only Authorised Participants can apply directly to the Issuer for the issuance of ETC Securities.

### **Over-allocation**

Only whole Lots of Base Metal can be physically delivered to or withdrawn from each Off-Warrant Account of the Issuer. Bills of Lading and LME Warrants are only issued in respect of specified quantities or whole Lots of Base Metal.

In the event that, in connection with any deposit of Metal to the Issuer, the aggregate amount of Metal due to be delivered to the Issuer on any day would require the physical delivery of less than a whole number of Bars or Lots of the relevant Metal (or less than the quantity of Metal represented by a whole Bill of Lading or LME Warrant, as applicable), the relevant Metals Counterparty will round up the amount of Metal to be delivered so that it equals a whole number of Bars or Lots (or whole Bill of Lading or LME Warrant, as applicable). Conversely, in the case of any withdrawal of Metal from the Issuer, if the aggregate amount of Metal due to be delivered by the Issuer on any day would require the delivery of less than a whole number of Bars or Lots of the relevant Metal (or less than the quantity of Metal represented by a whole Bill of Lading or LME Warrant, as applicable), the relevant Metals Counterparty will round down the amount of Metal to be delivered so that it equals a whole number of Bars or Lots (or whole Bill of Lading or LME Warrant, as applicable).

This rounding up or rounding down is referred to as an 'over-allocation' of Metal by the Metals Counterparty and ensures that the amount of Metal held in each of the Issuer's Off-Warrant Accounts (together with the amount of Metal represented by any Bills of Lading or LME Warrants held by the Issuer) will always be equal to or greater than the aggregate Metal Entitlement of the outstanding ETC Securities of the relevant Series, with any Metal over-allocated by a Metals Counterparty being treated as a loan by that Metals Counterparty to the Issuer. Once such over-allocated Metal reaches a full Bar, Lot, Bill of Lading or LME Warrant of the relevant Metal, such loan can be repaid to the relevant Metals Counterparty by such Metals Counterparty "under-allocating" Metal to the Issuer upon a future delivery to the Issuer or by such Metals Counterparty

retaining the proceeds of such over-allocated Metal upon any subsequent sale of TER Metal or Underlying Metal by such Metals Counterparty on behalf of the Issuer.

**Repurchase (“Buy-Back”)**

Subject to the applicable Buy-Back Conditions being satisfied (including payment of the applicable Buy-Back Fee and the applicable Metals Counterparty Fee), Authorised Participants may request that the Issuer repurchase their ETC Securities by submitting a Buy-Back Order to the Administrator. An ETC Holder wishing to have their ETC Securities repurchased must make arrangements with an Authorised Participant (either through an exchange or over the counter) for such Authorised Participant to purchase such ETC Securities from the ETC Holder or for such Authorised Participant to effect a Buy-Back Order with the Issuer. Any such repurchases will be made in accordance with such terms and other arrangements in place between such Authorised Participant and such ETC Holder, including as to price, fee, and settlement arrangements.

Upon settlement of a Buy-Back Order which is determined to be valid and accepted by the Issuer, the Authorised Participant or ETC Holder will be entitled to receive, in exchange for delivery of the ETC Securities the subject of the Buy-Back Order and payment of the applicable Buy-Back Fee and the Metals Counterparty Fee (as applicable):

- (a) in the case of a Series of Single Metal ETC Securities backed by a Base Metal, (at the option of the Issuer and as notified to the Authorised Participant upon acceptance of the related Buy-Back Order), either: (i) a cash payment in USD equal to the value of the Metal Entitlement of such ETC Securities as of the Buy-Back Trade Date (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date), to the specified Cash Account of the Authorised Participant; or (ii) delivery of the highest reasonably practicable whole number of LME Warrants evidencing an amount of the relevant Metal having an aggregate weight up to the Metal Entitlement of such ETC Securities as of the Buy-Back Trade Date to the specified Metal Account of the Authorised Participant and a cash payment in USD with respect to any portion of the Metal Entitlement due to the Authorised Participant which cannot be delivered as a whole LME Warrant (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date), plus any Accrued Rent for the LME Warrants delivered, to the specified Cash Account of the Authorised Participant; or
- (b) in the case of Basket ETC Securities, a cash payment in USD equal to the value of the Metal Entitlement of such Basket ETC Securities (expressed as a number of Baskets) as of the Buy-Back Trade Date (as determined by the Administrator on the basis of the level of the relevant Reference Index as of the Buy-Back Trade Date), to the specified Cash Account of the Authorised Participant.

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## TRANSACTION PARTIES

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A number of other parties have roles in connection with the Programme:

### **Arranger**

The Arranger of the Programme is NTree International Limited, incorporated as a private limited company in England and Wales under registration number 10701258 on 31 March 2017, with its registered office at 85 Great Portland Street, First Floor, London, England, W1W 7LT, United Kingdom. Pursuant to a deed of novation to the fees and expenses agreement between, inter alios, the Issuer and the Arranger dated 13 April 2022 (the "Fees and Expenses Agreement"), the Arranger agreed with effect from 22 April 2022, in exchange for the payment by the Issuer of the Operational Fee in respect of each Series, to perform certain services for the Issuer as Arranger and to ensure the payment of all fees, Taxes and expenses of the Issuer, including all amounts payable to each other Transaction Party under the Transaction Documents and any other service providers of the Issuer in connection with the Programme for the account of each Series (excluding any indemnities granted by the Issuer in favour of the other service providers).

### **Authorised Participants**

The Authorised Participant(s) in respect of each Series are such entities which, from time to time, are party to an authorised participant agreement with the Issuer providing for, among other things, the right to request from the Issuer a further Subscription of, or for the Issuer to buy back, ETC Securities in respect of such Series (each, an "**Authorised Participant Agreement**").

The Authorised Participants are the only entities permitted to buy ETC Securities directly from the Issuer or to request that the Issuer buy back ETC Securities. Authorised Participants may also act as market makers by buying and selling ETC Securities from and to investors on an over-the-counter basis or via a stock exchange. However, not all market makers need to be Authorised Participants.

The Issuer has appointed appropriate market makers to provide market making services in respect of each Series of ETC Securities on each Stock Exchange on which such Series of ETC Securities is listed.

The agreement with market makers includes an obligation for market makers to use commercially reasonable endeavours to enter into an agreement with each Stock Exchange on which the ETC Securities are listed (an "**Exchange Agreement**") (where this is required or permitted by the rules of the relevant Stock Exchange), and to the extent such market makers have become a party to an Exchange Agreement, such market makers undertake that they shall use commercially reasonable endeavours to provide a bid and offer price in respect of each Series of ETC Securities listed on such Stock Exchange and to provide market making services in respect of each such Series, including adequate liquidity in respect of all relevant currency listings, subject always to compliance with the applicable maximum spreads.

The Authorised Participant(s) appointed for a Series will be specified in the Final Terms for such Series and at any time, the current Authorised Participant(s) for each Series will be published on the website maintained on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) (or such other website as may be notified to ETC Holders).

### **Metals Counterparties**

The Issuer has appointed NTree International Limited to act as a Metals Counterparty in respect of each Series of ETC Securities to be issued under the Programme and may appoint other entities from time to time to act as a Metals Counterparty in respect of Series of ETC Securities issued under the Programme, as specified in the Final Terms on the Series Issue Date or as notified to the ETC Holders in accordance with Condition 19 (*Notices*). Any such entity shall be an affiliate of the Arranger or of a Metals Counterparty or a bank or investment firm incorporated in and operating from the UK and authorised by the Prudential Regulatory Authority and/or the

## Base Prospectus

Financial Conduct Authority and in the case of Base Metals, shall be a member of the LME which has either an LME clearing and warrant account or a metal storage account with a Primary Sub-Custodian or other Sub-Custodian.

Pursuant to a separate Metals Counterparty Agreement between each Metals Counterparty, the Administrator and the Issuer, (each, a "**Metals Counterparty Agreement**"), each Metals Counterparty will agree, upon instruction by the Administrator on behalf of the Issuer, to periodically sell quantities of TER Metal on behalf of the Issuer in connection with payment of the Operational Fee and to liquidate the Underlying Metal on behalf of the Issuer upon any Early Redemption or Final Redemption of the ETC Securities. Each Metals Counterparty will deliver the proceeds of sales of TER Metal and the proceeds of liquidation of Underlying Metal conducted by it to the Issuer Cash Account for the relevant Series or otherwise to the Issuer's order for payment (as applicable) of the Operational Fee to the Arranger or the Early Redemption Amount or Final Redemption Amount to ETC Holders.

Each Metals Counterparty also undertakes, upon instruction by the Administrator on behalf of the Issuer, to deliver: (a) in the case of Single Metal ETC Securities backed by a Base Metal, at the Issuer's option, LME Warrants and/or cash in USD; or (b) in the case of Basket ETC Securities, cash in USD, in each case to the specified Metal Accounts (and/or Cash Accounts, as applicable) of Authorised Participants or ETC Holders (as applicable) in connection with the settlement of any Buy-Backs.

In connection with Subscriptions of ETC Securities, each of the Metals Counterparties will also undertake (upon instruction by the Issuer or the Administrator on the Issuer's behalf) to deliver, supply or procure physical Metal (or alternatively, in the case of Base Metals, Bills of Lading or LME Warrants for physical Metal) representing the Subscription Settlement Amount for delivery to the Issuer on behalf of Authorised Participants in the case of Base Metals, from itself, another Metals Counterparty, any of its affiliates or the affiliates of another Metals Counterparty, or any bank or investment firm incorporated in an operating from the UK which is a member of the LME and authorised by the Prudential Regulatory Authority and/or the Financial Conduct Authority and which has either an LME clearing and warrant account or a metal storage account at a Primary Sub-Custodian or other Sub-Custodian, (each, an "**Eligible Seller**").

Each Metals Counterparty will also agree with the issuer that, on a best efforts basis and provided there is no material commercial disadvantage as determined in the relevant Metals Counterparty's sole and absolute discretion at the relevant time of such supply or purchase, such Metals Counterparty will supply or purchase physical metal or LME Warrants for metal on behalf of Authorised Participants from producers and metal suppliers which have confirmed their compliance with the Sustainable Development Goals of the UN 2030 Agenda and other global initiatives in sustainable development and responsible mining.

The relevant Metals Counterparty will make or procure the delivery of such Metal on behalf of the Authorised Participant upon settlement of the related Subscription Order in the case of a Series of ETC Securities backed by one or more Base Metals, to the Off-Warrant Account(s) of the Issuer for the relevant Series (or, if a Bill of Lading or LME Warrants are being delivered, to the Custodian to be held on behalf of the Issuer), in each case as instructed by the Administrator.

The purchase of Metal (as collateral for the Series of ETC Securities linked to such Metal) in connection with Subscriptions for such ETC Securities will be settled, in the case of Base Metals, by either (i) physical delivery of the relevant quantity of physical Lots of Metal to or to the order of the relevant Metals Counterparty; (ii) electronic delivery of the relevant Bill of Lading to or to the order of the relevant Metals Counterparty; or (iii) the book-entry transfer of LME Warrants for the relevant amount of such Metal from the LME clearing and warrant account of a member of the LME specified by the Eligible Seller to the specified LME clearing and warrant account of the relevant Metals Counterparty or otherwise to its order.

On the Subscription Settlement Date, as applicable:

## **Base Prospectus**

- (i) physical Lots of Base Metal will be delivered to the Off-Warrant Account of the Issuer for the relevant Series; or
- (ii) any Bills of Lading or LME Warrants will be transferred to the Custodian (or to a Primary Sub-Custodian on its behalf) to be held for the Issuer with such Primary Sub-Custodian until the required quantity of physical Metal becomes available in transit (upon which such LME Warrants shall be exchanged for a Bill of Lading (to be held until such physical Metal arrives at the LME Approved Warehouse)) or off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian (upon which such Metal shall be deposited to the Off-Warrant Account of the Issuer for the relevant Series and a Warehouse Release issued for such Metal).

### **Custodian**

The Issuer has appointed Eternyze AG to act as Custodian pursuant to a metals custody agreement in relation to each Series of ETC Securities (the "**Custody Agreement**").

As Custodian, Eternyze AG will open and maintain in its books and records in relation to Base Metals, a segregated metal custody account in the name of the Issuer in respect of each Series and each type of Metal, evidencing and recording the Metal (by reference to the quantity of Metal and identifying the specific Lots allocated to the Issuer) to which the ETC Securities of each Series are linked and which are held by the Custodian for the Issuer, as well as the withdrawals from and deposits to those accounts (each, an "**Off-Warrant Account (Custodian)**").

In respect of ETC Securities backed by one or more Base Metal(s), the Custodian will hold the Underlying Metal of each type on behalf of the Issuer in a segregated off-warrant metal storage account or segregated book entry metal custody account established in the name of the Custodian with each relevant Primary Sub-Custodian (each, an "**Off-Warrant Account (Primary Sub-Custodian)**"). The relevant Primary Sub-Custodian may hold some or all of the Underlying Metal comprising the balance of an Off-Warrant Account (Primary Sub-Custodian) in a segregated off-warrant metal storage account in the name of such Primary Sub-Custodian with a Sub-Custodian, which may be another Primary Sub-Custodian. Any Primary Sub-Custodian holding Base Metal for the Issuer shall hold all Warehouse Releases evidencing the Issuer's ownership of such Base Metal in safe custody for the Custodian on behalf of the Issuer.

The Custodian may also hold the Underlying Metal on behalf of the Issuer with any other sub-custodian, agent or depository (each, a "**Sub-Custodian**") appointed by the Custodian (with the consent of the Issuer) to perform its duties under the Custody Agreement, in the case of ETC Securities backed by one or more Base Metals, in segregated off-warrant metal storage accounts in respect of each type of Metal established in the name of the Custodian with such Sub-Custodian(s) (each, an "**Off-Warrant Account (Sub-Custodian)**" and, together with the Off-Warrant Account(s) (Custodian) and the Off-Warrant Account(s) (Primary Sub-Custodian), the "**Off-Warrant Accounts**").

In respect of ETC Securities backed by one or more Base Metals, the Custodian may hold the relevant Metal on behalf of the Issuer with the Primary Sub-Custodian(s) or other Sub-Custodian(s) in LME Approved Warehouses in The Netherlands, or such other location(s) as agreed with the Issuer and notified to the ETC Holders in accordance with Condition 19 (*Notices*). The Custodian and any Primary Sub-Custodian holding Base Metals for the Issuer shall hold the Warehouse Releases evidencing the Issuer's ownership of the Base Metal comprising the balance of the relevant Off-Warrant Account(s) in safe custody for and on behalf of the Issuer.

### **Temporary Custody of Bills of Lading and LME Warrants for Base Metals**

Where, upon a Subscription of ETC Securities backed by one or more Base Metals, the relevant Metals Counterparty determines that the required quantity of physical Base Metal of the relevant type is not available off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian for delivery to an Off-Warrant Account of the Issuer on the Subscription Settlement Date, such Metals Counterparty may procure

## **Base Prospectus**

the delivery to the Custodian on behalf of the Issuer, and ETC Securities backed by Base Metals may be issued in exchange for:

- (i) specific physical Lots of the relevant Base Metal in transit on board a ship or other vessel, title to which is evidenced by a Bill of Lading, which Bill of Lading will be held temporarily by the Custodian on behalf of the Issuer with the relevant Primary Sub-Custodian, until such Base Metal is delivered to the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian and deposited to the Off-Warrant Account of the Issuer for the relevant Series, upon which a Warehouse Release will be issued for such Base Metal; or
- (ii) if such quantity of physical Lots of the relevant Base Metal are not available in transit, LME Warrants for such quantity of specific LME Lots Base Metal of the relevant type, which LME Warrants will be held temporarily by the Custodian on behalf of the Issuer in a dedicated LME clearing and warrant sub-account with a Primary Sub-Custodian, until such time as the required quantity of physical Lots of Base Metal becomes available in transit (upon which the Custodian shall deliver such LME Warrants to the Eligible Seller in exchange for a Bill of Lading (to be held until such physical Base Metal arrives at the LME Approved Warehouse)) or off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian (upon which the Custodian shall deliver such LME Warrants to the Eligible Seller of the Base Metal in exchange for such physical Lots and deposit such Base Metal to the Off-Warrant Account of the Issuer for the relevant Series, upon which a Warehouse Release will be issued for such Base Metal).

If physical Base Metal of the relevant type is available at the LME Approved Warehouse of a Primary Sub-Custodian or Sub-Custodian, the Metals Counterparty will use the funds received from the Authorised Participant to purchase such physical Base Metal and deliver it to the Off-Warrant Account(s) of the Issuer on settlement of the Subscription. Only if such physical Base Metal is not available, the Metals Counterparty may purchase physical Base Metal in transit (evidenced by a Bill of Lading) and only if no physical Base Metal in transit is available, the Metals Counterparty may purchase LME Warrants to deliver to the Custodian to be held in custody with a Primary Sub-Custodian for the Issuer on settlement of the Subscription. As soon as physical Base Metal becomes available (whether in transit and evidenced by a Bill of Lading or at the LME Approved Warehouse of a Primary Sub-Custodian or Sub-Custodian), the Custodian will exchange such LME Warrants for such physical Base Metal.

The custodial service provided by the Custodian under the Custody Agreement is not a regulated activity subject to the supervision and rules of any regulatory authority. Should such services eventually become regulated, the Custodian would likely incur additional costs to comply with any applicable regulatory requirements, which costs could be reflected in increased amounts becoming payable to the Custodian by the Issuer and a corresponding increase in the Total Expense Ratio applicable to the ETC Securities. Any such increase to the Total Expense Ratio would be notified to the ETC Holders of the relevant Series in accordance with Condition 19 (*Notices*), and would only take effect 30 calendar days after such notice has been given.

### **Primary Sub-Custodians**

Under the Custody Agreement, the Issuer has authorized the Custodian to appoint each of:

- a. The Brink's Company ("Brink's"); and
- b. Metaal Transport B.V. ("Metaal"),

to act as a Primary Sub-Custodian pursuant to a separate metal custody agreement between the Custodian and the relevant Primary Sub-Custodian (each, a "**Primary Sub-Custody Agreement**"). The Custodian may appoint other entities to act as a Primary Sub-Custodian, subject to the consent of the Issuer, the entry into a Primary Sub-Custody Agreement and notice being given to the ETC Holders of the relevant Series in accordance with Condition 19 (*Notices*).

## **Base Prospectus**

In respect of ETC Securities backed by one or more Base Metals, each relevant Primary Sub-Custodian will hold the Base Metal of each relevant type in segregated off-warrant metal storage accounts established by it in the name of the Custodian and operated by the Custodian on behalf of the Issuer and may hold some or all of the Base Metal comprising the balance of an Off-Warrant Account (Primary Sub-Custodian) in a segregated off-warrant metal storage account in the name of such Primary Sub-Custodian with a Sub-Custodian, which may be another Primary Sub-Custodian. Each Primary Sub-Custodian shall hold any Warehouse Releases evidencing the Issuer's ownership of such Base Metal in safe custody for the Custodian on behalf of the Issuer.

In respect of ETC Securities backed by one or more Base Metals, each Primary Sub-Custodian may hold the relevant Base Metal in LME Approved Warehouses in The Netherlands, or such other location(s) as agreed with the Custodian (with the consent of the Issuer) and specified in the related Final Terms and may appoint such other Sub-Custodians (including another Primary Sub-Custodian) as agreed with the Custodian (with the consent of the Issuer) to hold the relevant Base Metal in LME Approved Warehouses in The Netherlands or such other location(s) as agreed with the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*).

For the avoidance of doubt, a Primary Sub-Custodian may appoint another Primary Sub-Custodian to act as a Sub-Custodian, provided the Custodian (with the consent of the Issuer) has agreed and such appointment has been specified in the Final Terms on the Series Issue Date for the relevant Series or (following the Series Issue Date) notified to the ETC Holders in accordance with Condition 19 (*Notices*).

The custodial service provided by each of the Primary Sub-Custodians under the Primary Sub-Custody Agreements is not a regulated activity subject to the supervision and rules of any regulatory authority. Should such services eventually become regulated, any affected Primary Sub-Custodian would likely incur additional costs to comply with any applicable regulatory requirements, which costs could be reflected in increased amounts becoming payable to the Custodian by the Issuer and a corresponding increase in the Total Expense Ratio applicable to the ETC Securities. Any such increase to the Total Expense Ratio would be notified to the ETC Holders of the relevant Series in accordance with Condition 19 (*Notices*), and would only take effect 30 calendar days after such notice has been given.

## **Administrator**

The Issuer has appointed Apex Fund Services (Ireland) Limited as Administrator in respect of each Series.

Pursuant to an administration agreement between, among others, the Issuer and the Administrator (the **“Administration Agreement”**), the Administrator will perform certain administrative functions for the Issuer in relation to each Series of ETC Securities, including, among other things, assisting in the processing of Subscriptions and Buy-Backs of ETC Securities and the making of certain non-discretionary determinations and calculations in accordance with the Terms and Conditions of the ETC Securities, including, without limitation, the determination and publication of the Metal Entitlement and the Total Expense Ratio on a daily basis and calculation of any Early Redemption Amount and the Final Redemption Amount.

On 2 December 2022, the Administrator provided 90 days' prior notice to the other Transaction Parties of its intention to resign from its role as Administrator under the Programme with effect from 2 March 2023 or such earlier date as mutually agreed between the Issuer and the Administrator. As described in the announcement to ETC Holders on 5 December 2022 ([https://elementummetals.com/storage/product\\_documents/Elementum---Notice-to-Stock-Exchange-\(Administrator-and-CSP-Resignation\)-20221205.pdf](https://elementummetals.com/storage/product_documents/Elementum---Notice-to-Stock-Exchange-(Administrator-and-CSP-Resignation)-20221205.pdf)), the Arranger is actively engaging with potential replacement administrators with a view to having a replacement administrator appointed on or before 1 March 2023, notwithstanding that Clause 15.6 of the Administration Agreements entered into in connection with each of the ETC Securities specifies that no resignation of the Administrator will take effect until a replacement administrator has been appointed.

## **Base Prospectus**

### **Trustee**

Apex Corporate Trustees (UK) Limited will act as trustee for the holders of each Series of ETC Securities (the “**Trustee**”) pursuant to a trust deed (the “**Trust Deed**”) (in accordance with the Master Trust Terms as supplemented in relation to any Series), by which each Series of ETC Securities is constituted. As Trustee for holders of ETC Securities, the Trustee is, among other things, given fiduciary powers to make certain determinations, agree amendments and exercise rights to enforce the terms of the ETC Securities on behalf of the ETC Holders.

### **Security Trustee**

Apex Corporate Trustees (UK) Limited will act as security trustee (the “**Security Trustee**”) pursuant to:

- (i) an Irish law security trust deed (the “**Irish Law Security Trust Deed**”); and
  - (ii) an English law security trust deed (the “**English Law Security Trust Deed**”),
- (together, the “**Security Documents**”).

The Security Trustee will, among other things, hold the Security on behalf of the ETC Holders and the other Secured Creditors, take actions on behalf of the ETC Holders and the other Secured Creditors to enforce the Security and distribute the proceeds of any enforcement among the Secured Creditors in accordance with the applicable payment priorities provided in the Conditions.

### **Account Bank**

The Bank of New York Mellon, London Branch will act as account bank in respect of each Series of ETC Securities (the “**Account Bank**”) pursuant to an account bank agreement (the “**Account Bank Agreement**”) in accordance with the Master Account Bank Terms as supplemented in relation to any Series. The Account Bank will perform certain money management functions for the Issuer in relation to the ETC Securities, including the establishment and maintenance of an interest-bearing cash account in relation to the relevant Series of ETC Securities (the “**Issuer Cash Account**”), into which can be paid: (i) the fees payable to the Issuer in connection with any Subscription or Buy-Back of ETC Securities (ii) the proceeds of liquidation of TER Metal; and (iii) and the proceeds of liquidation of Underlying Metal upon any Early Redemption or Final Redemption of ETC Securities.

The Bank of New York Mellon, London Branch shall also open and maintain for the Issuer an unsecured interest-bearing cash account into which shall be paid the proceeds of the issued share capital of the Issuer and the Issuer Profit Amounts (the “**Share Capital Account**”).

### **Principal Paying Agent**

The Bank of New York Mellon, London Branch acts as principal paying agent (the “**Principal Paying Agent**”) pursuant to an agency agreement between, among others, the Issuer, the Administrator, the Trustee, the Principal Paying Agent, and each relevant Paying Agent (as may be required by the rules of any Relevant Stock Exchange) (the “**Agency Agreement**”). The Principal Paying Agent will, among other things, be responsible for making payments to the ETC Holders under the ETC Securities in respect of which it has been appointed from time to time.

The Issuer may, in respect of any Series of ETC Securities, in accordance with the terms of the Trust Deed applicable to such Series, appoint additional Paying Agents to perform the functions or services in respect of any Series of ETC Securities. For so long as the ETC Securities are represented by a Global Registered Security which is registered in the name of a nominee for, and deposited with, a common safekeeper (in respect of ETC Securities issued in global registered form using the new safekeeping structure) or a common depositary (in respect

## **Base Prospectus**

of ETC Securities issued in classic global note form) for a Clearing System, the Principal Paying Agent will act as paying agent in respect of the ETC Securities.

As at the date of this Base Prospectus, no Paying Agent has been appointed in respect of any Individual Securities which may be issued. The Issuer shall pay or cause to be paid all payments in respect of any such Individual Securities in accordance with the Conditions.

### **Registrar and Transfer Agent**

The Bank of New York Mellon, SA/NV, a credit institution organised and existing under the laws of Belgium, with company number 0806.743.159, and a subsidiary of The Bank of New York Mellon a banking corporation organized under the laws of the State of New York, with head office at 240 Greenwich Street New , New York, NY 10286, U.S.A., acting out of its Luxembourg Branch with its office at Vertigo Building, Polaris, 2-4 rue Eugene Ruppert, L-2453 Luxembourg will act as registrar (the "**Registrar**") and as transfer agent (the "**Transfer Agent**") in respect of each Series of ETC Securities.

As Registrar and Transfer Agent, it will provide registrar and transfer agency services to the Issuer in connection with the ETC Securities, including maintaining the Register for each Series of ETC Securities which constitutes the record of all ETC Securities of such Series issued by the Issuer.

### **Corporate Services Provider**

Apex IFS Limited acts as corporate services provider for the Issuer pursuant to a corporate services agreement (the "**Corporate Services Provider**" and the "**Corporate Services Agreement**"). The Corporate Services Provider provides the registered office and company secretary of the Issuer and performs various administrative and corporate functions on behalf of the Issuer, such as maintenance of the company's registers, record keeping, making of statutory filings and other secretarial functions.

On 2 December 2022, Apex IFS Limited provided 90 days' prior notice to the Issuer of its intention to resign from its role as Corporate Services Provider under the Programme with effect from 2 March 2023 or such earlier date as mutually agreed between the Issuer and the Corporate Services Provider. As described in the announcement to ETC Holders published on 5 December 2022 ([https://elementummetals.com/storage/product\\_documents/Elementum---Notice-to-Stock-Exchange-\(Administrator-and-CSP-Resignation\)-20221205.pdf](https://elementummetals.com/storage/product_documents/Elementum---Notice-to-Stock-Exchange-(Administrator-and-CSP-Resignation)-20221205.pdf)), the Arranger is actively engaging with potential replacement corporate services providers with a view to having a replacement corporate services provider appointed on or before 1 March 2023.

### **Dependence Upon Transaction Parties**

The Issuer's ability to meet its obligations with respect to the ETC Securities will be dependent upon the performance by the Custodian, the Primary Sub-Custodians and the Metals Counterparties of their respective obligations under the Custody Agreement, the Primary Sub-Custody Agreements and the Metals Counterparty Agreement(s), as well as upon the Principal Paying Agent, any other Paying Agents, the Administrator, the Account Bank and any other service providers to the Issuer in respect of the ETC Securities making the relevant payments and/or deliveries to, or on behalf of, the Issuer and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder.

In particular, the ability of the Issuer to pay the Early Redemption Amount or the Final Redemption Amount on the Scheduled Maturity Date or Early Redemption Settlement Date (as applicable) will depend on the receipt by it from each relevant Metals Counterparty of the net proceeds of liquidation of any Metal to be liquidated on its behalf by such Metals Counterparty in accordance with the Conditions and the relevant Metals Counterparty Agreement. The Issuer is thereby exposed to the creditworthiness of each of the Metals Counterparties (although all liquidation proceeds held by a Metals Counterparty will be subject to the security granted by the Issuer pursuant to the Irish Law Security Trust Deed) (See "*Transaction Security*" below). Any net proceeds of

## **Base Prospectus**

liquidation may be held for some time by each relevant Metals Counterparty as it will only be obliged to transfer such net proceeds of liquidation to the Issuer or to the Issuer's order on or around the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Settlement Date, as applicable.

Notwithstanding the fact that on 2 December 2022, the Administrator provided 90 days' prior notice to the other Transaction Parties of its intention to resign from its role as Administrator under the Programme with effect from 2 March 2023 under Clause 15.6 of the Administration Agreements entered into in connection with each of the ETC Securities, no resignation of the Administrator can take effect until a replacement administrator has been appointed.

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## **TRANSACTION STRUCTURE, CASH FLOW AND FLOW OF FUNDS**

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### **Structure**

The Issuer has entered into the Custody Agreement with the Custodian for the Base Metal to be stored off warrant, in each case for and on behalf of the Issuer.

The Custodian has entered into a Primary Sub-Custody Agreement with each of the Primary Sub-Custodians for the custody and storage of Metal backing the ETC Securities, in the case of Base Metals, in off-warrant metal storage accounts in the name of the Custodian, or of a Primary Sub-Custodian for the Custodian, on behalf of the Issuer at the LME Approved Warehouse premises of the relevant Primary Sub-Custodian or Sub-Custodian in The Netherlands.

Each Primary Sub-Custodian holding any Base Metal for the Custodian on behalf of the Issuer in an off-warrant storage account shall hold the related Warehouse Releases evidencing the Issuer's ownership of such Metal in safe custody for the Custodian on behalf of the Issuer.

Metal may be stored by a Primary Sub-Custodian or other Sub-Custodian at vault premises or bonded warehouses or LME Approved Warehouses or in such other locations as may be agreed from time to time with the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*).

On each Series Issue Date, the Authorised Participants will be required to procure the delivery by a Metals Counterparty to the Custodian (for the account of the Issuer) (in accordance with instructions provided by the Administrator upon acceptance of the Subscription Order), as subscription proceeds for the issue of ETC Securities, of:

- (a) in the case of a Series of Single Metal ETC Securities backed by a Base Metal, (i) a quantity of physical Lots of the relevant Base Metal sufficient to cover the aggregate Initial Metal Entitlement for the ETC Securities to be issued for deposit into the Off-Warrant Account of the Issuer for the Series; (ii) if the Metals Counterparty determines that such quantity of physical Lots of the relevant Base Metal are not available off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian, specific physical Lots of the relevant Base Metal in transit on board a ship or other vessel, title to which is evidenced by a Bill of Lading; or (iii) if such quantity of physical Lots of the relevant Base Metal are not available in transit, LME Warrants for such quantity of specific LME Lots of the relevant Base Metal;
- (b) in the case of Basket ETC Securities, (i) a quantity of physical Bars and/or physical Lots (as applicable) of each type of Base Metal or Component comprised in the relevant Basket having an aggregate weight equal to the aggregate Initial Metal Entitlement for the Basket ETC Securities to be issued (expressed as a number of Baskets) multiplied by the weight of such type of Base Metal or Component within such Basket for deposit to the Off-Warrant Account(s) (as applicable) of the Issuer for the Series; or, (ii) in the case of any Base Metals, if the Metals Counterparty determines that such quantity of physical Lots of the relevant Base Metal are not available off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian, specific physical Lots of the relevant Base Metal in transit on board a ship or other vessel, title to which is evidenced by a Bill off Lading; or (iii) if such quantity of physical Lots of the relevant Base Metal are not available in transit, LME Warrants for such quantity of specific LME Lots of the relevant Base Metal,

and pay a Subscription Fee of up to US\$1000.00 to the Issuer Cash Account by such time as separately agreed with the Administrator.

## **Base Prospectus**

The Subscription Fee covers the Issuer's administrative costs related to the processing and settlement of the Subscription Order. Following issuance of the ETC Securities, the Subscription Fee proceeds will be distributed by the Issuer to the entitled service providers.

The Issuer will only issue the ETC Securities once the Custodian confirms to the Administrator that the specific Bars and/or specific Lots (as applicable) of Metal representing the Subscription Settlement Amount have been allocated to the Issuer and transferred into the Off-Warrant Account(s) (as applicable) for the relevant Series or, in the case of Base Metals, that a Bill of Lading for Base Metal in transit or LME Warrants representing the Subscription Settlement Amount have been delivered to the relevant Primary Sub-Custodian to be held for the Custodian on behalf of the Issuer for the relevant Series.

Upon any Buy-Back of ETC Securities, the opposite flow of assets takes place, with the Authorised Participant paying the Buy-Back Fee and the Metals Counterparty Fee (as applicable) to the Issuer Cash Account and delivering the ETC Securities being repurchased to the account of the Issuer with the Principal Paying Agent, in exchange for:

- (a) in the case of a Series of Single Metal ETC Securities backed by a Base Metal, the relevant Metals Counterparty procuring delivery of (at the option of the Issuer as notified to the Authorised Participant upon acceptance of the Buy-Back Order) either:
  - (i) a cash payment in USD equal to the value of the Buy-Back Settlement Amount (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date), to the specified Cash Account of the Authorised Participant; or
  - (ii) the highest reasonably practicable whole number of LME Warrants evidencing an amount of the relevant Metal having an aggregate weight up to the Metal Entitlement of such ETC Securities as of the Buy-Back Trade Date to the specified Metal Account of the Authorised Participant and a cash payment in USD with respect to any portion of the Metal Entitlement due to the Authorised Participant which cannot be delivered as a whole LME Warrant (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date), plus any Accrued Rent for the LME Warrants delivered, to the specified Cash Account of the Authorised Participant; or
- (b) in the case of Basket ETC Securities, the relevant Metals Counterparty procuring delivery of a cash payment in USD equal to the value of a quantity of Baskets representing the Buy-Back Settlement Amount (as determined by the Administrator on the basis of the level of the relevant Reference Index as of the Buy-Back Trade Date), to the specified Cash Account of the Authorised Participant.

Upon confirmation of receipt by the Principal Paying Agent of the ETC Securities the subject of a Buy-Back Order, the Issuer will instruct the Custodian to transfer from the Off-Warrant Account(s), as applicable) of the Issuer for the relevant Series, a quantity of Metal equivalent to the aggregate Metal Entitlement of the ETC Securities which are being repurchased to or to the order of the relevant Metals Counterparty (as selected by the Issuer and notified to the Authorised Participant or ETC Holder upon acceptance of the related Buy-Back Order) with instructions to deliver such Metal and/or cash and/or LME Warrants (as applicable) to the specified Metal Account and/or Cash Account of the ETC Holder or Authorised Participant.

The relevant Metals Counterparty will then, in accordance with the Issuer's instructions:

- (a) in the case of a Buy-Back of Single Metal ETC Securities backed by a Base Metal, procure the delivery of an amount in USD or LME Warrants for such quantity of Metal (plus an amount in USD in respect of the Accrued Rent on such LME Warrants); or
- (b) in the case of a Buy-Back of Basket ETC Securities, procure the delivery of an amount in USD for such quantity of Baskets,

## **Base Prospectus**

to the specified Metal Account (or Cash Account) of the Authorised Participant (or ETC Holder), as applicable.

Where, in connection with a Buy-Back of Single Metal ETC Securities backed by a Base Metal, the amount of Base Metal due to be delivered to the Authorised Participant is not equal to a whole number of LME Warrants for the relevant Base Metal, the Metals Counterparty will round down the number of LME Warrants to be delivered to the nearest whole number and determine the balance (if any) due to the Authorised Participant in USD on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date and pay such amount to the specified Cash Account of the Authorised Participant.

Cancellation of ETC Securities the subject of any Buy-Back Order, will be simultaneous with removal of the relevant quantity of Metal from the Off-Warrant Account of the Issuer. This ensures that the aggregate Metal Entitlement of the ETC Securities of any Series outstanding at any time remains equal to the Metal held in the Off-Warrant Account(s) for such Series at such time.

### **Collateralisation**

On any date, the relevant pool of Underlying Metal for each Series of ETC Securities is expected to comprise an amount of Metal or Baskets no less than the aggregate of the Metal Entitlement for all outstanding ETC Securities of such Series.

With respect to each Series, the Issuer's main assets are:

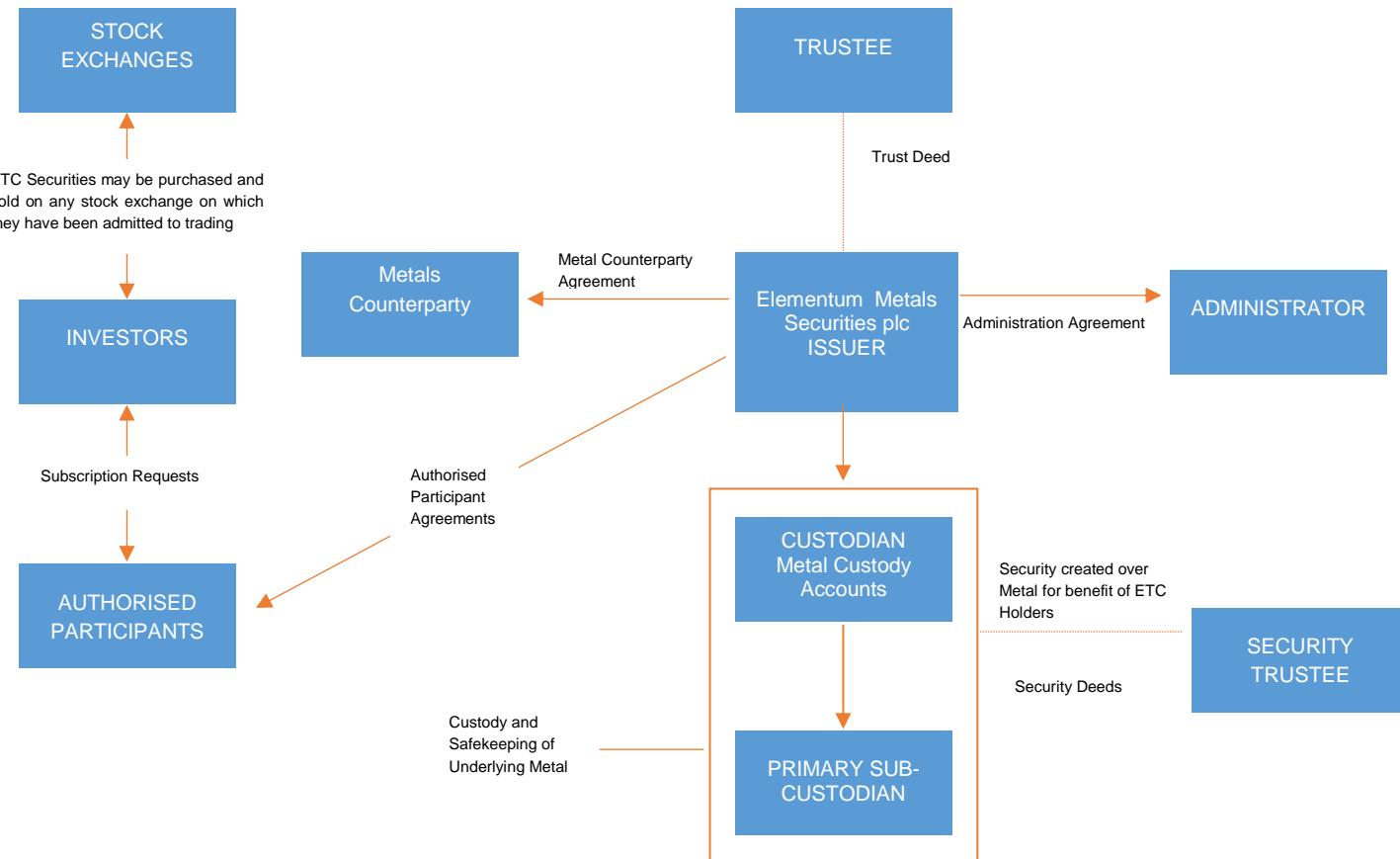
- (i) its rights against the Custodian, the Primary Sub-Custodians and each of the Sub-Custodian(s) (if any) and the Metals Counterparties relating to the Underlying Metal under the Custody Agreement, the Primary Sub-Custody Agreements and any Sub-Custody Agreement(s), the Metals Counterparty Agreement(s) and otherwise;
- (ii) its holdings of Metal in the case of Base Metals, held by or on behalf of the Issuer off warrant in the relevant Off-Warrant Account(s) of the Issuer in respect of such Series (ownership of which is evidenced by a Warehouse Release) or represented by a Bill of Lading or LME Warrant held by the Custodian on behalf of the Issuer;
- (iii) its rights with respect to holdings of Metal held by each of the Metals Counterparties (a) in preparation for settlement of an Early Redemption Amount or Final Redemption Amount, (b) in preparation for payment of the cash proceeds of a sale of TER Metal to the Issuer to fund payment of the Operational Fee; (c) in preparation for delivery of the Buy-Back Settlement Amount to an ETC Holder or (d) otherwise;
- (iv) its contractual rights under each of the documents into which the Issuer will enter in respect of such Series, including the Trust Deed, the Security Documents, the Agency Agreement, the Administration Agreement, the Authorised Participant Agreements, the Custody Agreement, the Metals Counterparty Agreement(s), the Account Bank Agreement and the Corporate Services Agreement (together, the "**Transaction Documents**" and each party to a Transaction Document other than the Issuer, a "**Transaction Party**"); and
- (v) the Issuer Cash Account in respect of the relevant Series of Securities, all amounts from time to time standing to the credit thereof (together with all interest accruing from time to time thereon and the debts represented thereby).

The assets backing each Series have characteristics that demonstrate capacity to service any deliveries due or produce funds to service any payments due on the ETC Securities for such Series.

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### Simplified Transaction Diagram

A diagrammatic representation of the principal aspects of the structure appears below:



## **Metal Entitlement and Total Expense Ratio**

Each ETC Security of a Series will have a "**Metal Entitlement**", which is an amount in weight of the Metal or number of Baskets linked to such Series to which (or to the proceeds of which) each ETC Holder is entitled upon redemption of the ETC Securities.

The Metal Entitlement for Single Metal ETC Securities:

- (a) backed by Copper is expressed in metric tonnes rounded to ten decimal places; and
- (b) backed by Nickel is expressed in metric tonnes rounded to ten decimal places.

The Metal Entitlement for each Basket ETC Security is expressed as a number of relevant Baskets (each comprising a specified quantity of each type of Base Metal or Component included in such Basket proportionate to the weighting of such type of Metal or Component in the relevant Reference Index) rounded to ten decimal places.

On the Series Issue Date, each ETC Security is ascribed with an initial Metal Entitlement (the "**Initial Metal Entitlement**") as specified in the Final Terms. Whenever new ETC securities are issued or existing ETC Securities redeemed, this will be done at the then prevailing Metal Entitlement, thereby ensuring that all ETC Securities of the same Series have the same Metal Entitlement at all times and are fully fungible.

The Metal Entitlement for each Series of ETC Securities is reduced daily by a ratio (the "**Total Expense Ratio**") expressed as an annual percentage and representing an amount of the relevant Metal or a number of Baskets having a value equal to the aggregate of amounts payable by the Issuer in respect of its ongoing fees and expenses in connection with the Programme (including all amounts due to the Transaction Parties under the Transaction Documents and amounts payable to any other service providers, excluding any indemnities granted by the Issuer to other service providers) and attributable to such Series (the "**Operational Fee**").

See below for a Worked Example of the daily calculation of the Metal Entitlement.

Each Series of ETC Securities will be ascribed with an initial Total Expense Ratio as specified in the Final Terms of the first Tranche issued. The Total Expense Ratio reflects the amounts anticipated to be payable by the Issuer in respect of each Series on account of:

- (1) the costs of printing any ETC Securities of such Series or any publication, marketing or advertising materials in respect of such ETC Securities;
- (2) the costs of producing and translating the required legal and/or marketing documentation in relation to each issuance of ETC Securities, including without limitation, the Final Terms, Issue Specific Summary and Key Information Document (as applicable) for each issuance;
- (3) any fees, costs and expenses payable by the Issuer in relation to ETC Securities of such Series to the Trustee, the Security Trustee, the Authorised Participants, the Metals Counterparties, the Principal Paying Agent, the Custodian, the Administrator, the Arranger, the Corporate Services Provider, the Account Bank or any other Transaction Party pursuant to, or in connection with, the Transaction Documents (in each case to the extent not covered by any applicable Subscription Fees, Buy-Back Fees or Metals Counterparty Fees);
- (4) the profit amount payable to the Issuer in the amount of US\$500.00 per year;
- (5) any legal fees and disbursements relating to such ETC Securities payable to the legal advisers, auditors and other professional advisers in Ireland, Switzerland, The Netherlands or the United Kingdom to the Issuer and/or any other legal advisers and any other professional advisers properly appointed by the Issuer (subject to the prior written approval of the Arranger);

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- (6) any legal fees and disbursements relating to such ETC Securities payable to the legal advisers and other professional advisers in Ireland, Switzerland, The Netherlands or the United Kingdom to the Administrator, the Trustee, the Security Trustee and/or any other legal advisers and any other professional advisers properly appointed by the Issuer (with the prior written approval of the Arranger);
- (7) any annual or issue-specific fees payable to any Relevant Stock Exchange in respect of the listing of the ETC Securities on such Relevant Stock Exchange;
- (8) any fees payable with respect to the periodic audit inspection of the Underlying Metal; and
- (9) any other Taxes, fees, costs, expenses or disbursements properly incurred by the Issuer in relation to the issue of the ETC Securities which is not to be reimbursed by any other person.

The Administrator (on the Issuer's behalf) may request an increase or decrease of the Total Expense Ratio from time to time. Any increase or decrease in the Total Expense Ratio will be notified to the ETC Holders of the relevant Series in accordance with Condition 19 (*Notices*), and any increase will only take effect 30 calendar days after such notice has been given.

### **TER Metal Sales**

The Issuer will periodically instruct a Metals Counterparty to sell a quantity of Underlying Metal sufficient to fund payment of the Operational Fee in respect of each Series ("TER Metal").

The proceeds of the sale of TER Metal will be paid by the relevant Metals Counterparty to the Issuer Cash Account for the relevant Series or otherwise to the Issuer's order and applied to pay the Operational Fee to the Arranger, who will in turn make payment of all fees, taxes and expenses of the Issuer in respect of the relevant Series, including, without limitation, all amounts due to the Transaction Parties under the Transaction Documents and any amounts due to other service providers to the Issuer (excluding any indemnities granted by the Issuer to the other service providers).

At any given time, the Metal standing to the credit of the Off-Warrant Account(s) (as applicable) for a Series should at least equal the aggregate Metal Entitlement for all ETC Securities still outstanding for such Series. Such Metal will fund the delivery of any future Buy-Back Settlement Amounts, Physical Redemption Settlement Amounts and the payment of any Early Redemption Amount or Final Redemption Amount in respect of each ETC Security.

The Issuer funds payments under the ETC Securities on any Early Redemption or Final Redemption from the proceeds of the sale by the relevant Metals Counterparty (which may be one or more Metals Counterparties, as determined by the Issuer) of the Underlying Metal held on behalf of the Issuer in respect of the relevant Series (other than in the case of any Redemption to be settled, at the option of the relevant ETC Holder and subject to applicable conditions, by Physical Metal Delivery). The relevant Metals Counterparty will dispose of Underlying Metal during a specified Early Redemption Disposal Period or a specified Final Redemption Disposal Period (as applicable).

On or around the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Settlement Date (as applicable), the relevant Metals Counterparty will pay the net aggregate sale proceeds of such disposals to the Issuer Cash Account maintained by the Account Bank in relation to the relevant Series of ETC Securities for payment of the Early Redemption Amount or Final Redemption Amount to the ETC Holders.

### **Cash Value per ETC Security**

Each ETC Security will have a cash value (the "**Cash Value per ETC Security**"), which, as of the relevant Tranche Issue Date is equal to the Issue Price per ETC Security. On any Valuation Day after the Tranche Issue Date, the Cash Value per ETC Security is determined by the Administrator with reference to the Metal

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Entitlement and the relevant Metal Reference Price or the level of the relevant Reference Index on such Valuation Day. The Issuer (or the Administrator on the Issuer's behalf) shall publish the Cash Value per ETC Security of each Series for each Valuation Day on the Issuer's website at [www.elementummetals.com](http://www.elementummetals.com) by no later than the immediately following Business Day.

The “**Cash Value per ETC Security**” in respect of any Valuation Day shall be an amount per ETC Security expressed in USD and determined by the Administrator as being equal to:

- (i) the Metal Entitlement per ETC Security in respect of the relevant Valuation Day; multiplied by
- (ii) the Metal Reference Price (or the level of the relevant Reference Index) in respect of the relevant Valuation Day.

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

$$VpS_t = E_t \times M_t$$

where

“**VpS**” means, in respect of any day, the Cash Value per ETC Security in respect of the relevant Valuation Day (the Cash Value per ETC Security as of the relevant Tranche Issue Date is equal to the Issue Price per ETC Security);

“**E**” means, in respect of any day (t), the Metal Entitlement per ETC Security in respect of that Valuation Day; and

“**M**” means, in respect of any day (t), the relevant Metal Reference Price (or level of the relevant Reference Index) on that Valuation Day.

## Worked Examples of Calculation of Metal Entitlement and Cash Value per ETC Security

The Administrator will calculate the Metal Entitlement per ETC Security and the Cash Value per ETC Security in the same way for each Valuation Day.

The following worked example shows how the Metal Entitlement per ETC Security and the Cash Value per ETC Security is calculated. Note that the numbers used in this worked example are for illustrative purposes only. The price of the Metal may go up or down and past performance should not be taken as an indication of future performance. The fee levels for any particular Series of ETC Securities may differ from the fee levels used in the worked example.

1.	<ul style="list-style-type: none"><li>• On Thursday 15 December 2022 (the “<b>Series Issue Date</b>”), a new Series of ETC Securities is issued for U.S.\$8.38 each.</li><li>• The initial Cash Value per ETC Security is U.S.\$8.38 matching the Issue Price.</li><li>• The ETC Securities give a return linked to the Underlying Metal which in this case is Copper.</li><li>• On 15 December 2022, the Metal Reference Price of Copper is U.S.\$8,382.00 per tonne.</li><li>• The Initial Metal Entitlement per ETC Security is set at 0.001 tonnes.</li></ul>
2.	To determine the Cash Value per ETC Security for the next day (i.e. Friday 16 December 2022), the Administrator does the following:

	<p><b>Step 1:</b> It first calculates the Metal Entitlement per ETC Security for 16 December 2022 by applying a daily deduction (the “<b>TER Deduction Multiple</b>”) (expressed in tonnes) to the previous day’s (i.e. 15 December 2022) Metal Entitlement per ETC Security.</p> <ul style="list-style-type: none"> <li>The daily TER Deduction Multiple is determined by the annual operational fee percentage, the Total Expense Ratio. The level of the fees, and in turn the level of the Total Expense Ratio, may vary from time to time.</li> <li>For the purposes of this example, the Total Expense Ratio will be set at 0.85% per annum.</li> </ul> <p>To calculate the TER Deduction Multiple, the Administrator :</p> <ol style="list-style-type: none"> <li>Subtracts the Total Expense Ratio (i.e. 0.85%) from one; and</li> <li>Raises it to the power of 1/365. This gives a TER Deduction Multiple equal to 0.9999766131</li> </ol> $TER\ Deduction\ Multiple(t) = [1 - Total\ Expenses\ Ratio]^{(1/N)}$ <p>Where N = 365 (or 366 in a leap year)</p> $TER\ Deduction\ Multiple(16Dec) = [1 - 0.85\%]^{(1/365)}$ $TER\ Deduction\ Multiple(16Dec) = [99.15\%]^{(1/365)}$ $TER\ Deduction\ Multiple(16Dec) = 0.9999766131$ <ol style="list-style-type: none"> <li>which is then multiplied by the previous day’s Metal Entitlement per ETC Security (i.e. 0.001 tonnes) to give a reduced Metal Entitlement per ETC Security for 16 December 2022 (i.e. 0.001 tonnes x 0.9999766131 = 0.0009999766 tonnes):</li> </ol> $Metal\ Entitlement(t) = Metal\ Entitlement(t - 1) \times TER\ Deduction\ Multiple(t)$ $Metal\ Entitlement(16Dec) =$ $Metal\ Entitlement(15Dec) \times TER\ Deduction\ Multiple(16Dec)$ $Metal\ Entitlement(16Dec) = 0.001 \times 0.9999766131$ $Metal\ Entitlement(16Dec) = 0.0009999766$ <p>Because each ETC Security is backed by an amount of Underlying Metal equal to its Metal Entitlement per ETC Security, this reduction in the Metal Entitlement per ETC Security will reduce the amount of Underlying Metal that backs an ETC Security and, therefore, its value.</p> <p><b>Step 2.</b> Once the Administrator has determined the Metal Entitlement per ETC Security for a given Valuation Day, it then determines the Cash Value per ETC Security for that Valuation Day.</p> <ul style="list-style-type: none"> <li>It does this by calculating how much the Metal Entitlement per ETC Security that backs that ETC Security is worth at the relevant Metal Reference Price (i.e. the prevailing prices for the relevant Underlying Metal) on that Valuation Day.</li> <li>So if, on 16 December 2022, the price of Copper was U.S.\$8,231.00 per tonne, the Cash Value per ETC Security would be equal to the product of (i) U.S.\$8,231.00 (the Metal Reference Price) and (ii) 0.0009999766 tonnes (the Metal Entitlement per ETC Security for that day), producing a Cash Value per ETC Security equal to U.S.\$8.23 for 16 December 2022.</li> </ul> $Cash\ Value\ per\ ETC\ Security(t) = Metal\ Reference\ Price(t) \times Metal\ Entitlement(t)$ $Cash\ Value\ per\ ETC\ Security(16Dec)$ $= Metal\ Reference\ Price(16Dec) \times Metal\ Entitlement(16Dec)$ $Cash\ value\ per\ ETC\ Security(16Dec) = US\$8,231.00 \times 0.0009999766$ $Cash\ value\ per\ ETC\ Security(16Dec) = US\$8.23$ <ul style="list-style-type: none"> <li>The Total Expense Ratio is applied daily (including non-Business Days). Hence, the calculation of the Metal Entitlement per ETC Security and Cash Value per ETC Security for a Valuation Day immediately following a non-Business Day will need to reflect the Total Expense Ratio applied for more than one previous day.</li> <li></li> </ul> <p>3. The table below extrapolates from the worked example above over a period of 7 days (5 Valuation Days, plus 2 non-Business Days/non-Valuation Days making up the weekend).</p>
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	Date	Metal Reference Price (1)	TER Deduction Multiple (2)	Metal Entitlement per ETC Security (3)	Cash Value per ETC Security (4)
	Thu 15Dec22	\$8,382.00	-	0.0010000000	\$8.38
	Fri 16Dec22	\$8,231.00	0.9999766131	0.0009999766	\$8.23
	Sat 17Dec22				
	Sun 18Dec22				
	Mon 19Dec22	\$8,329.00	0.9999298408	0.0009999065	\$8.33
	Tue 20Dec22	\$8,301.00	0.9999766131	0.0009998831	\$8.30
	Wed 21Dec22	\$8,326.00	0.9999766131	0.0009998597	\$8.32
	Thu 22Dec22	\$8,344.50	0.9999766131	0.0009998363	\$8.34

(1) Metal reference price in US\$/tonne for the relevant date

(2) TER Deduction Multiple for the relevant date  

$$TER\ Deduction\ Multiple(t) = [1 - Total\ Expenses\ Ratio]^{(1/N)}$$

The TER Deduction Multiple for Mon 19 Dec includes two extra days for the weekend. In other words is TER Deduction Multiple(19Dec) = [1 – Total Expense Ratio ]^(3/365)

(3) Metal Entitlement for the relevant date  

$$Metal\ Entitlement(t) = Metal\ Entitlement(t - 1) \times TER\ Deduction\ Multiple(t)$$

(4) Cash Value per ETC Security for the relevant Valuation Date  

$$Cash\ Value\ per\ ETC\ Security(t) = Metal\ Reference\ Price(t) \times Metal\ Entitlement(t)$$

### Basket ETC Securities

The Metal Entitlement of a Series of Basket ETC Securities consists of a number of the relevant Baskets backing such Basket ETC Securities, with each Basket comprising a quantity of each type of Base Metal or Component included in the relevant Basket proportionate to the weighting of such type of Metal or Component within the relevant Reference Index.

The precise quantity of each type of Base Metal or Component comprised in the Metal Entitlement of a Basket ETC Security can be calculated by multiplying the fixed quantity of such type of Metal included within the relevant Basket by the Metal Entitlement of the Basket ETC Security (expressed as a number of such Baskets).

The Cash Value per Basket ETC Security for any Valuation Day will be determined by calculating how much the Metal Entitlement for such Basket ETC Security (expressed as a number of Baskets) is worth by multiplying such Metal Entitlement by the level of the relevant Reference Index on that Valuation Day.

### Taxation of Transactions or Storage of Metals

Pursuant to LME requirements, an LME Approved Warehouse must be located in a jurisdiction that (i) allows for the storage of Metal indefinitely in a secure customs warehousing regime without liability for any duties prior to customs clearance (including any domestically produced Metal or any Metal that has previously cleared customs), (ii) does not impose any tax liability on transactions for Metal held in LME Approved Warehouses, (iii) does not require the determination of ownership of the Metal being stored and (iv) does not impose any taxes on storage costs. As a result, the Issuer does not believe that any VAT, sales tax or customs duties or excises are currently payable in respect of transactions in LME Warrants or the storage of its LME Physical Metal. The

## **Base Prospectus**

Issuer has not undertaken any independent investigation of the relevant tax treatment and is instead relying on the LME requirements for Approved Warehouses.

The Metals Counterparties have agreed to use commercially reasonable efforts to determine whether the LME Approved Warehouse to which any particular LME Warrants delivered to the Issuer relate has suitable storage facilities, meets all necessary requirements such that no VAT or duties are chargeable or payable on or in respect of Metal stored in such LME Approved Warehouse and is in all other respects located in a suitable jurisdiction for such purpose, and that any Metal represented by LME Warrants held for the Issuer will not be taken off warrant in any jurisdiction that would subject the Issuer to taxation on the storage or sale of such Metal. Furthermore, the Issuer believes that the tax-exempt status of LME Approved Warehouses extends to the storage of Base Metal off warrant.

### **Transaction Security**

The obligations of the Issuer under the ETC Securities and to pay any taxes, fees, costs, charges, expenses, liabilities and other amounts under the ETC Securities and pursuant to the Transaction Documents of a Series are secured pursuant to the Security Documents by an Irish law security interest and an English law security interest.

The Security over the Secured Property for each Series will comprise:

- (a) the Irish Law Security created over the Irish Law Secured Property pursuant to the Irish Law Security Trust Deed; and
- (b) the English Law Security created over the English Law Secured Property pursuant to the English Law Security Trust Deed.

Under the Irish Law Security Trust Deed, such security interest includes:

- (a) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit present and future against the Custodian, the Primary Sub-Custodians and each of the Sub-Custodian(s) (if any) and the Metals Counterparties relating to the Underlying Metal under the Custody Agreement, the Primary Sub-Custody Agreements and any Sub-Custody Agreement(s), the Metals Counterparty Agreement(s) and otherwise;
- (b) a first fixed charge over and to the extent of the Issuer's title in each Off-Warrant Account (in the case of a Series backed by one or more Base Metals), all of the Underlying Metal held in the Off-Warrant Accounts, each Warehouse Release, each LME Warrant and each Bill of Lading held by the Custodian or a Primary Sub-Custodian on behalf of the Issuer from time to time, and all sums and assets derived therefrom;
- (c) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit present and future in, to and under the Administration Agreement, the Authorised Participant Agreements, the Agency Agreement, the Custody Agreement and the Metals Counterparty Agreement(s); and
- (d) a first fixed charge over and to the extent of the Issuer's title in (I) all sums, Metal and/or any other property held now or in the future by the Principal Paying Agent, the Custodian, the Primary Sub-Custodians and/or any Sub-Custodian(s) or the Metals Counterparties to meet payments and/or deliveries due in respect of any Secured Issuer Obligation or Other Issuer Obligation relating to the ETC Securities and (II) all sums, Metal and any other property held or received now or in the future by the Metals Counterparties relating to the sale of TER Metal or Underlying Metal pursuant to the Metals Counterparty Agreement(s),

in favour of the Security Trustee for the benefit of the Secured Creditors (collectively, the "**Irish Law Security**").

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Under the English Law Security Trust Deed, such security interest includes:

- (a) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit present and future in, to and under the Account Bank Agreement; and
- (b) a first fixed charge over the Issuer Cash Account and all amounts from time to time standing to the credit thereof (together with all interest accruing from time to time thereon and the debts represented thereby),

in favour of the Security Trustee for the benefit of the Secured Creditors (collectively, the "**English Law Security**" and, together with the Irish law Security, the "**Security**").

### **Account Bank Agreement**

Under the Account Bank Agreement entered into by the Issuer with the Administrator, the Account Bank and the Security Trustee in relation to each Series, the Account Bank and the Issuer agree that at any time after the Security under the relevant Security Document relating to the relevant Series has become enforceable, the Security Trustee may deliver a notice of exclusive control to the Account Bank (with a copy to the Issuer and the Administrator) and, following the delivery of such notice of exclusive control by the Security Trustee, the Issuer will no longer be entitled to give instructions with regard to the Issuer Cash Account.

### **Enforcement of the Security**

The Security over the Secured Property in respect of a Series will become enforceable if payment of the Final Redemption Amount or Early Redemption Amount, as applicable, is not made in full when due on the Scheduled Maturity Date or the relevant Early Redemption Settlement Date, as applicable.

At any time after the Security has become enforceable, the Security Trustee may, at its discretion, and shall, if so directed in writing by the Trustee, in each case subject to it having been pre-funded and/or secured and/or indemnified to its satisfaction by one or more ETC Holders (or otherwise to its satisfaction), enforce the Security.

The Conditions permit the holders of at least one-fifth in number of the ETC Securities then outstanding (or an Extraordinary Resolution of the ETC Holders) to direct the Trustee to instruct the Security Trustee to enforce the Security at any time after the Security has become enforceable. The Trustee may so instruct the Security Trustee at its discretion, but is not required to do so unless it has been so directed by an Extraordinary Resolution or in writing by the holders of at least one-fifth in number of the ETC Securities of the relevant Series then outstanding.

Pursuant to the terms of the Security Documents, only the Security Trustee may enforce the Security in accordance with the Security Documents and (other than as permitted by the Trust Deed and the Conditions) only the Security 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, but it need not take any such action or step or institute such proceedings unless: (a) it shall have been so directed by the Trustee (the Trustee having been directed by an Extraordinary Resolution or in writing by the holders of at least one-fifth in number of the ETC Securities then outstanding) (in accordance with the Security Documents) and (b) it shall have been secured and/or pre-funded and/or indemnified to its satisfaction by one or more ETC Holders (or otherwise to its satisfaction).

None of the Secured Creditors, the Other Creditors, the ETC Holders or the other Transaction Parties shall be entitled to proceed directly against the Issuer in respect of the Security Documents unless the Security Trustee, having become bound to proceed in accordance with the terms of the Security Documents, fails or neglects to do so within a reasonable time and such failure is continuing.

Neither the Trustee nor the Security Trustee shall in any 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

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and/or pre-funded to its satisfaction whether pursuant to the Trust Deed, the Security Documents, by one or more ETC Holders or otherwise.

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## **DESCRIPTION OF THE ETC SECURITIES**

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### **Type and class**

ETC Securities are secured, limited recourse obligations backed by Metals or Baskets. The ETC securities are designed to give investors a return equivalent (before fees and expenses) to holding physical metal.

ETC Securities will be issued in Series. Each Series of Single Metal ETC Securities will provide exposure to the Metal specified in the Final Terms for that Series.

Each Series of Basket ETC Securities will provide exposure to a Basket comprising a selection of two or more underlying physical Base Metals and/or Components, as specified in the Final Terms for that Series. Basket ETC Securities provide exposure to the underlying Metals and/or Components by being linked to the performance of a Reference Index for the selected Basket and physically backed by the Metals and/or Components comprised in such Basket. The quantity of each type of Metal and/or Component included in the Basket is fixed as of the Series Issue Date by reference to the weighting of such Metal or Component within the relevant Reference Index and is adjusted periodically to track adjustments to such Reference Index.

Each Series may comprise a number of different Tranches issued on identical terms other than the Issue Date, Issue Price per ETC Security and Metal Entitlement and with the ETC Securities of each Tranche of a Series being interchangeable with all other Securities of that Series.

### **Form of ETC Securities**

If the Global Registered Securities are stated in the applicable Final Terms to be held under the NSS, the Global Registered Securities will be delivered on or prior to the original issue date of the relevant Tranches to a common safekeeper for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream, Luxembourg") appointed in respect of such Series (the "Common Safekeeper"). Depositing the Global Registered Security with the Common Safekeeper does not necessarily mean that the ETC Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Registered Securities which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "Common Depositary"). Upon registration of ETC Securities in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Registered Security to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of ETC Securities equal to the nominal amount thereof for which it has subscribed and paid.

Individual securities ("Individual Securities") evidencing holdings of ETC Securities will only be available in certain limited circumstances.

For so long as the ETC Securities are represented by Global Registered Securities, the Principal Paying Agent has agreed to act as paying agent in respect of the ETC Securities.

Transfers of the holding of ETC Securities represented by any Global Registered Security pursuant to Master Condition 17 (*Transfers*) may only be made in part:

- (i) if the ETC Securities represented by the Global Registered Security are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

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- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the ETC Holder has given the Registrar not less than 30 days' notice at its Specified Office of the ETC Holder's intention to effect such transfer. Where the holding of ETC Securities represented by a Global Registered Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Registered Security. Where transfers are permitted in part, Certificates issued to transferees shall be Individual Securities unless the transferee requests otherwise and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

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

Where the ETC Securities are held through a clearing system, because rights under the ETC Securities can only be exercised by the legal holders, you must contact the custodian, broker or other entity through which you hold your interest in the ETC Securities if you wish for any vote to be cast or direction to be given on your behalf.

In certain limited circumstances, the ETC Securities may cease to be cleared in the relevant Clearing Systems and the Issuer and the relevant parties to the Transaction Documents (other than the Issuer, the "**Transaction Parties**") may, in such circumstances, agree such procedures as they determine necessary, including in relation to the transfer of the affected ETC Securities, and will as soon as reasonably practicable give notice thereof to the relevant ETC Holders and to the Authorised Participants.

In addition, each Global Registered Security will contain provisions that modify the Terms and Conditions of the ETC Securities as they apply to the ETC Securities evidenced by the Global Registered Security. The following is a summary of certain of those provisions:

### **Notices**

Notwithstanding Condition 19 (*Notices*), so long as the Global Registered Security is held on behalf of Euroclear, or Clearstream, Luxembourg, notices to Holders of ETC Securities represented by the Global Registered Security may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg and shall be deemed to be given to the Holders of ETC Securities on the same date as such notice is delivered to Euroclear or Clearstream, Luxembourg.

The Section of this Base Prospectus entitled "*Terms and Conditions of the ETC Securities*" contains further details relating to the form of ETC Securities which may be issued under the Issuer's Programme.

### **Restrictions on Transfer**

Interests in ETC Securities traded in any clearing system such as Euroclear or Clearstream, Luxembourg will be transferred in accordance with the procedures and regulations of that clearing system.

The ETC Securities will be freely transferable, subject to certain restrictions on sales of ETC Securities into, amongst other jurisdictions, the United Kingdom, the United States, Italy, and Switzerland and any EEA countries to whose competent authority the Base Prospectus has not been notified or passported.

The Section of this Base Prospectus entitled "*Subscription and Sale*" contains further details relating to the selling and transfer restrictions applicable to the ETC Securities. These restrictions are mainly targeting

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offerings to the public in such jurisdictions, unless certain exemptions apply although some of the restrictions are blanket prohibitions on the offering of the ETC Securities in the relevant jurisdiction.

Other than as expressly disclosed in this Base Prospectus, no action has been taken which would permit a public offering of the ETC Securities or possession or distribution of this Base Prospectus or any other offering material in any jurisdiction where action for this purpose would be required.

### **Maximum Amount of securities to be offered to the public/admitted to trading**

The maximum amount of each Series of ETC Securities to be offered (the Maximum Issue Size) will be specified in the Final Terms related to the first Tranche of such Series.

Any acceptances of the purchase or Subscription of securities may be withdrawn up to two working days after the amount of ETC Securities to be offered to the public has been notified in the Final Terms.

### **Currency of the ETC Securities**

The ETC Securities are denominated in USD and the Early Redemption Amount and Final Redemption Amount (as applicable) will be paid in USD. Any cash amount due (i) to an Authorised Participant in connection with settlement of a Buy-Back of Single Metal ETC Securities backed by a Base Metal or (ii) to an Authorised Participant in connection with settlement of a Buy-Back of Basket ETC Securities, shall also be paid in USD.

### **Rating**

The Issuer has not been assigned a rating and it is not intended that the ETC Securities issued under the Programme will be rated. An ETC Holder should take such steps as it considers necessary to evaluate the ongoing risks and merits of a continued investment in such ETC Security.

### **Scheduled Maturity**

The Scheduled Maturity Date of each Series of ETC Securities will be specified in the related Final Terms.

The Scheduled Maturity Date of each Series of ETC Securities is anticipated to be no less than 60 years from the Series Issue Date.

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## KEY TERMS OF THE ETC SECURITIES

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### **Obligations**

Under the terms of the ETC Securities, the Issuer has the obligation to pay or deliver (as applicable):

- (a) the Operational Fee (equal to the proceeds of sale of an amount of Underlying Metal representing the reduction in the Metal Entitlement by daily application of the Total Expense Ratio for such Series) to the Arranger for onward payment of amounts owing to the relevant Transaction Parties and any other service providers to the Issuer as well as for the payment of any fees, taxes or other ongoing expenses of the Issuer in connection with the Programme and attributable to the relevant Series;
  - (b) at the Issuer's option, an amount in USD equal to the value of the Buy-Back Settlement Amount or LME Warrants for such amount of Metal to an Authorised Participant upon any Buy-Back of Single Metal ETC Securities of a Series backed by a Base Metal (and an amount in cash in respect of any portion of the Buy-Back Settlement Amount which cannot be delivered as a whole LME Warrant, plus any Accrued Rent for the LME Warrants delivered);
  - (c) an amount in USD equal to the value of the Buy-Back Settlement Amount to an Authorised Participant upon any Buy-Back of Basket ETC Securities;
  - (d) an amount in USD equal to the Early Redemption Amount or Final Redemption Amount to ETC Holders upon early or final redemption of the ETC Securities; and
- (each as further described below under *Buy-Back of ETC Securities*", "*Early Redemption of ETC Securities*" and "*Final Redemption of ETC Securities*", respectively, below).

### **Status of the ETC Securities**

The ETC Securities are secured, limited recourse obligations of the Issuer and the ETC Securities of a Series rank *pari passu* and without preference amongst themselves.

### **Limited Recourse and Ranking**

In respect of a Series, the ETC Holders will have recourse only to the Secured Property in respect of that Series, subject always to the security created pursuant to the Security Documents for such Series, and not to any other assets of the Issuer.

If, following realisation in full of the Secured Property of such Series and application of available assets, any outstanding claim against, or debt, liability or obligation of, the Issuer relating to such Series remains unsatisfied, then such outstanding claim, debt, liability or obligation shall be extinguished and no obligation will be owed by the Issuer in respect thereof.

None of the Transaction Parties, the ETC Holders or any other person acting on behalf of any of them shall be entitled to take any steps (i) at any time against any of the Issuer's officers, shareholders, agents, employees, corporate service providers or directors or (ii) following extinguishment of any claims as described above, against the Issuer, in each case to recover any further sum in respect of the extinguished claim, debt, liability or obligation and no debt shall be owed to any such persons by the Issuer in respect of such further sum.

Any proceeds of the Secured Property of a Series will be applied in accordance with the applicable priority of payments set out in the terms and conditions (as described under "*Payment Priorities*" below) and, as such, the rights of the ETC Holders will rank in accordance therewith. As a result of such provisions, the ETC Holders of a Series may not receive in full the Final Redemption Amount or Early Redemption Amount which would otherwise

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be payable in respect of each ETC Security of such Series if the proceeds of the Secured Property are insufficient to meet the claims of all secured creditors of such Series.

### **Payment Priorities**

The claims of the ETC Holders and the other Secured Creditors in respect of the ETC Securities of a Series will rank in accordance with the following order of priorities (as applicable):

#### ***Upon Early or Final Redemption:***

Following liquidation of the Underlying Metal but prior to the enforcement of the Security, the Issuer (or its agent) shall, subject to Condition 5(g) (*Accumulation of Moneys*), apply the proceeds of the liquidation of the Underlying Metal after taking account of (x) any Taxes incurred, withheld or deducted by or on behalf of the Issuer and (y) all amounts which the relevant Metals Counterparty is permitted to deduct from the proceeds of the liquidation of the Underlying Metal in accordance with the terms of the relevant Metals Counterparty Agreement and as further described in Condition 10(d) (*Metal Sale on Early or Final Redemption*), as follows:

- (i) *first*, in payment or satisfaction of all Taxes and other amounts properly incurred by or payable to the relevant Metals Counterparty (which for the purpose of this Condition 5(c) shall include, without limitation, any Taxes (other than any income, corporation or similar tax in respect of such Metals Counterparty's remuneration) required to be paid by such Metals Counterparty in connection with the performance of its obligations under the Conditions and the relevant Metals Counterparty Agreement and/or by such Metals Counterparty on behalf of the Issuer in connection with the liquidation of any Underlying Metal), provided that in no circumstance shall the amount payable to the relevant Metals Counterparty in accordance with Condition 5(c)(ii)(B) duplicate any amounts which such Metals Counterparty has deducted from the proceeds of the liquidation of the Underlying Metal in accordance with the terms of the relevant Metals Counterparty Agreement and as further described in Condition 10(d) (*Metal Sale on Early or Final Redemption*);
- (ii) *secondly*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee and the Security Trustee under or pursuant to the Trust Deed, the Security Documents and/or any other Transaction Documents (which for the purpose of this Condition 5(c) shall include, without limitation, (I) any Taxes required to be paid by the Trustee and/or the Security Trustee in connection with the performance of their respective obligations under the Trust Deed and/or the Security Documents and/or any other Transaction Documents (other than any income, corporation or similar tax in respect of the Trustee's or the Security Trustee's remuneration), (II) the costs of enforcing any rights of the holders of the ETC Securities, (III) the Trustee's and the Security Trustee's remuneration and (IV) any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee);
- (iii) *thirdly*, in payment or satisfaction of the Issuer Series Fees and Expenses;
- (iv) *fourthly*, in payment or satisfaction of any accrued and unpaid sale proceeds of TER Metal to the Administrator in accordance with the terms of the Administration Agreement and as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (v) *fifthly*, in payment of any Specified Interest Amounts owing to ETC Holders by the Issuer *pari passu* and rateably;
- (vi) *sixthly*, in payment of any amounts (other than Specified Interest Amounts) owing to the ETC Holders by the Issuer *pari passu* and rateably; and
- (vii) *seventhly*, in payment of the balance (if any) to the Issuer for itself.

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### ***Upon Enforcement of the Security:***

Upon any enforcement of the Security, the claims of the ETC Holders and the other Secured Creditors in respect of the ETC Securities of a Series will rank in accordance with the following order of priorities:

- (i) *first*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee, the Security Trustee or any receiver under or pursuant to the Trust Deed, the Security Documents and/or any other Transaction Document (which for the purpose of Condition 5(d) and the Security Documents shall include, without limitation, (A) any Taxes required to be paid by the Trustee or the Security Trustee in connection with the performance of their respective obligations under the Trust Deed and/or the Security Documents and/or any other Transaction Document (other than any income, corporation or similar tax in respect of the Trustee's or the Security Trustee's remuneration), (B) the costs of enforcing or realising all or some of the Security, (C) the Trustee's and the Security Trustee's remuneration and (D) any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee;
- (ii) *secondly*, in payment or satisfaction of the Issuer Series Fees and Expenses;
- (iii) *thirdly*, in payment or satisfaction of any accrued and unpaid sale proceeds of TER Metal to the Administrator in accordance with the terms of the Administration Agreement and as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (iv) *fourthly*, in payment of any Specified Interest Amounts owing to ETC Holders by the Issuer pari passu and rateably;
- (v) *fifthly*, in payment of any amounts (other than Specified Interest Amounts but including, for the avoidance of doubt, any Enforcement Surplus Principal Amounts) owing to the ETC Holders by the Issuer pari passu and rateably; and
- (vi) *sixthly*, in payment of the balance (if any) to the Issuer for itself.

### **Redemption and Buy-Back of ETC Securities**

#### **Early Redemption of ETC Securities**

The ETC Securities of a Series shall become due and payable prior to their Scheduled Maturity Date at its Early Redemption Amount due to the occurrence of any of the following events if, following the occurrence of any such event, the Issuer (and/or, in the case of a Market Value Redemption Event or an Event of Default, the Trustee following requisite direction by the ETC Holders) has given notice designating an early redemption of the ETC Securities in full:

- (A) the Issuer at any time and for any reason elects to early redeem the ETC Securities in full (an "**Issuer Call Redemption Event**");
- (B) on the next date on which a delivery of Metal is due (whether in respect of a Subscription, a Buy-Back or a sale of TER Metal), the Issuer is, or there is a substantial likelihood that it will be, required to make payment in respect of VAT or register for VAT or otherwise account for VAT on such delivery of Metal, or the Issuer has become liable, or become aware that it is liable, for VAT in respect of a prior delivery of Metal (a "**VAT Redemption Event**");
- (C) certain key service providers of the Issuer resign or their appointment in relation to such Series is terminated for any reason and no successor or replacement has been appointed within 120 calendar days (a "**Service Provider Non-Replacement Redemption Event**");

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- (D) the prevailing value of an ETC Security on two consecutive non-disrupted days (calculated by the Administrator by reference to each ETC Security's Metal Entitlement and the Metal Reference Price or successor Metal Reference Price (or the level of the relevant Reference Index or successor Reference Index) as may be determined from time to time) on each such non-disrupted day is less than or equal to 20 per cent. of the issue price per ETC Security (calculated by reference to each ETC Security's Metal Entitlement and the Metal Reference Price (or the level of the relevant Reference Index) as at the Series Issue Date) (a "**Market Value Redemption Event**"); or
- (E) an event of default occurs in respect of such Series, including certain breaches by the Issuer of its obligations that are not cured within the applicable cure period and certain insolvency events with respect to the Issuer (each, an "**Event of Default**").

### **Final Redemption of ETC Securities**

No amounts are payable under the ETC Securities prior to their Scheduled Maturity Date. Unless previously redeemed in whole or purchased and cancelled by the Issuer, each ETC Security will become due and payable on the Scheduled Maturity Date for such Series at its Final Redemption Amount.

### **Final Redemption Amount and Early Redemption Amount**

Final Redemptions or Early Redemptions of ETC Securities with the Issuer will be settled by a cash payment in USD equal to the Early Redemption Amount or Final Redemption Amount (as applicable).

The Final Redemption Amount or Early Redemption Amount per ETC Security, as applicable, will be determined by reference to the Average Metal Sale Price of the Underlying Metal held in respect of the Series of ETC Securities sold during the Final Redemption Disposal Period or Early Redemption Disposal Period, as applicable, by the relevant Metals Counterparty, net of associated fees, deductions and taxes, and in respect of any Metal not sold during the relevant disposal period, the Reference Price for the Metal or, in the case of Basket ETC Securities, the Reference Price for each type of Base Metal or Component included in the relevant Basket, as follows:

The "**Final Redemption Amount**" for a Series of Single Metal ETC Securities shall be an amount (which amount may incorporate an interest redemption premium, being any excess over the issue price per ETC Security for the first tranche of such Series) denominated in USD per ETC Security equal to the greater of:

- (A) the product of (a) the Metal Entitlement (expressed, in the case of Copper or Nickel, in metric tonnes) as at the date falling 40 Business Days prior to the Scheduled Maturity Date (the "**Final Redemption Valuation Date**", subject to postponement in certain circumstances) and (b) the average price ascribed to each metric tonne in the case of Copper or Nickel, of Metal held in the Off-Warrant Accounts or evidenced by a Bill of Lading or LME Warrant held by the Custodian on behalf of the Issuer for the account of such Series on the Final Redemption Valuation Date based on (1) the proceeds received on any Metal sold prior to the fifth Business Day immediately preceding the Scheduled Maturity Date plus a pro rata amount of any interest received on the proceeds of such disposal less any negative interest and (2) the reference price for the Metal as published on the relevant price source for such Series (or any successor or replacement price source) in respect of any Metal not sold prior to the fifth Business Day immediately preceding the Scheduled Maturity Date ; and
- (B) an amount equal to 10 per cent. of the Issue Price per ETC Security on the Series Issue Date (the "**Nominal Amount**") plus an amount equal to 1 per cent. of the Nominal Amount (the "**Specified Interest Amount**").

In the case of Basket ETC Securities, the "**Final Redemption Amount**" for a Series shall be an amount (which amount may incorporate an interest redemption premium, being any excess over the issue price per Basket ETC Security for the first tranche of such Series) denominated in USD per Basket ETC Security equal to the greater of:

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- (A) the product of (a) the Metal Entitlement (expressed as a number of Baskets) as at the Final Redemption Valuation Date, subject to postponement in certain circumstances) and (b) the average price ascribed to each Trading Unit (each metric tonne in the case of Copper, Nickel or Cobalt; and each such Trading Unit of any Component comprised in the relevant Basket, as specified in the Final Terms for such Series), held in the Off-Warrant Accounts, as applicable) or evidenced by a Bill of Lading or LME Warrant held by the Custodian on behalf of the Issuer for the account of such Series on the Final Redemption Valuation Date based on (1) the proceeds received on any Trading Units of Metal and/or any Component sold prior to the fifth Business Day immediately preceding the Scheduled Maturity Date, plus a pro rata amount of any interest received on the proceeds of such disposal less any negative interest and (2) the reference price for each type of Base Metal or Component comprised in the Basket as published on the relevant Metal Reference Price Source for each relevant type of Metal or Component (or any successor or replacement Metal Reference Price Source) in respect of any Trading Units of Metal or of any Component not sold prior to the fifth Business Day immediately preceding the Scheduled Maturity Date; and
- (B) the Nominal Amount plus the Specified Interest Amount.

The “**Early Redemption Amount**” for a Series of Single Metal ETC Securities shall be an amount (which amount may incorporate an interest redemption premium, being any excess over the issue price per ETC Security for the first tranche of such Series) denominated in USD per ETC Security equal to the greater of:

- (A) the product of (a) the Metal Entitlement (expressed, in the case of Copper and Nickel, in metric tonnes), as at the date specified in the relevant notice designating an Issuer Call Redemption Event, a VAT Redemption Event, a Service Provider Non-Replacement Redemption Event, a Market Value Redemption Event or an Event of Default, as applicable (the “**Early Redemption Trade Date**”, subject to postponement in certain circumstances) and (b) the average price ascribed to each metric tonne in the case of Copper or Nickel, of Metal held in the Off-Warrant Account or evidenced by a Bill of Lading or LME Warrant held by the Custodian on behalf of the Issuer for the account of such Series on the Early Redemption Trade Date based on (1) the proceeds received on any Metal sold prior to the fifth Business Day immediately preceding the 40th Business Day following the Early Redemption Trade Date (such 40th Business Day following the Early Redemption Trade Date, the “**Metal Sale Cut-Off Date**”) plus a pro rata amount of any interest received on the proceeds of such disposal less any negative interest and (2) in respect of any Metal not sold prior to the fifth Business Day immediately preceding the Metal Sale Cut-Off Date, the Reference Price for the Metal as published on the relevant price source for such Series (or any successor or replacement price source); and
- (B) the Nominal Amount plus the Specified Interest Amount.

In the case of Basket ETC Securities, the “**Early Redemption Amount**” for a Series shall be an amount (which amount may incorporate an interest redemption premium, being any excess over the issue price per Basket ETC Security for the first tranche of such Series) denominated in USD per Basket ETC Security equal to the greater of:

- (A) the product of (a) the Metal Entitlement (expressed as a number of Baskets) as at the Early Redemption Trade Date, subject to postponement in certain circumstances) and (b) the average price ascribed to each Trading Unit (each metric tonne in the case of Copper, Nickel or Cobalt; and each such Trading Unit of any Component comprised in the relevant Basket, as specified in the Final Terms for such Series) held in the Off-Warrant Accounts, as applicable or evidenced by a Bill of Lading or LME Warrant held by the Custodian on behalf of the Issuer for the account of such Series on the Early Redemption Trade Date based on (1) the proceeds received on any Trading Units of Base Metal and/or any Component sold prior to the fifth Business Day immediately preceding the Metal Sale Cut-Off Date, plus a pro rata amount of any interest received on the proceeds of such disposal less any negative interest and (2) in respect of any Trading Units of Base Metal or of such Component not sold prior to the fifth Business Day immediately preceding the Metal Sale Cut-Off Date the reference price for each relevant

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type of Metal or of each Component as published on the relevant Metal Reference Price Source for such type of Metal or such Component (or any successor or replacement Metal Reference Price Source); and

- (B) the Nominal Amount plus the Specified Interest Amount.

Payment of any Early Redemption Amount or the Final Redemption Amount is subject at all times to the limited recourse provisions set out in the terms and conditions of the ETC Securities (see the section titled “*Limited Recourse and Ranking*” under *Key Terms of the ETC Securities* above).

The Issuer will, on or prior to the Scheduled Maturity Date or Early Redemption Settlement Date, publish the determination of the Final Redemption Amount or Early Redemption Amount, as applicable, (which shall include publication of the price, volume and date of each sale of Underlying Metal during the relevant Redemption Disposal Period, including information on any fees, deductions and/or taxes imposed on such sale (including any interest amount received on the proceeds of such disposal or any negative interest deducted), and the determination of the Average Metal Sale Price) on the website maintained on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) (or such other website notified by the Issuer for such Series of ETC Securities from time to time).

In the case of ETC Securities linked to Copper or Nickel, amounts payable may be calculated by reference to the Copper Reference Price or the Nickel Reference Price (as applicable), each provided by the London Metal Exchange as LME Copper and LME Nickel benchmark administrator.

In the case of Basket ETC Securities, amounts payable may be calculated by reference to the level of the relevant Reference Index, as provided by the relevant index administrator, as specified in the Final Terms for the relevant Series. In the case of the Elementum Physical Electric Vehicle Metals ETC Securities, such level is provided by Solactive as administrator of the Electric Vehicle Index.

## **Buy-Back of ETC Securities**

Each ETC Security entitles an Authorised Participant, subject to compliance with the Buy-Back Conditions (defined below), to require the Issuer to repurchase the ETC Security at any time (a “**Buy-Back**”) by delivering or sending by authenticated SWIFT message (confirmed in writing) or otherwise by electronic means made available by the Administrator from time to time, a duly completed buy-back notice in the form obtainable from the Administrator (each, a “**Buy-Back Order**”) and paying to the Issuer’s Cash Account (i) an amount in US dollars equal to the applicable buy-back fee as directed by the Administrator (the “**Buy-Back Fee**”) and (ii) an amount in US dollars equal to the applicable metals counterparty fee as directed by the Administrator (the “**Metals Counterparty Fee**”).

The Buy-Back Fee represents the Issuer’s costs of complying with the relevant Buy-Back Order. The amount payable will also include the cost of the Issuer or its agents performing any required KYC Procedures with respect to the relevant Authorised Participant or individual ETC Holder.

The amount of the Buy-Back Fee payable in respect of a Buy-Back Order submitted by an Authorised Participant shall not exceed US\$1000.00. The amount of the Buy-Back Fee payable in respect of a Buy-Back Order submitted by an ETC Holder who is not an Authorised Participant shall not exceed US\$2000.00. The amount of the Buy-Back Fee will be notified to the Authorised Participant or individual ETC Holder upon receipt by the Administrator of the Buy-Back Order by the Issuer (or the Administrator on the Issuer’s behalf) and must be paid by an Authorised Participant on or before the Buy-Back Settlement Date and by an individual ETC Holder as a condition of acceptance of the Buy-Back Order. ETC Holders wishing to sell ETC Securities having an aggregate value less than the amount of the applicable Buy-Back Fee risk losing a substantial part or potentially all of their investment (if the amount of the Buy-Back Fee exceeds the Buy-Back Settlement Amount for such ETC Securities). In such a case, such ETC Holders should consider selling their ETC Securities to an Authorised

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Offeror or Authorised Participant (who may in turn submit a Buy-Back Order directly with the Issuer), on exchange or in an over the counter transaction.

The Metals Counterparty Fee represents the fee payable to the Metals Counterparty for the removal of the Metal representing the Buy-Back Settlement Amount from the Off-Warrant Account(s) of the Issuer and the transfer of such quantity of Metal in unallocated form or the transfer of LME Warrants for up to such quantity of Metal to the specified Metal Account of the Authorised Participant and the payment of any amount due in USD to the specified Cash Account of the Authorised Participant. The amount of the Metals Counterparty Fee will be notified to the Authorised Participant upon receipt of the Buy-Back Order by the Issuer (or the Administrator on the Issuer's behalf) and must be paid on or before the Buy-Back Settlement Date.

Upon any such Buy-Back, the relevant Authorised Participant (or ETC Holder, where applicable) is entitled to receive, in exchange for delivery of the ETC Securities specified in the relevant Buy-Back Order and payment of the applicable Buy-Back Fee and Metals Counterparty Fee in the case of a Series of Single Metal ETC Securities backed by a Base Metal, at the option of the Issuer, either LME Warrants, an amount in USD (or a combination of LME Warrants and an amount in USD) for an amount of Metal.

The amount of Metal in each of (a), (b) and (c) above shall be such amount, as determined by the Administrator, as being equal to the product of:

- (1) the Metal Entitlement in respect of the Series as of the relevant Buy-Back Trade Date; and
- (2) the total number of ETC Securities being bought back,

(rounded down to the nearest 0.001 metric tonne in the case of Copper or Nickel), (in respect of Single Metal ETC Securities, the "**Buy-Back Settlement Amount**").

Upon any such Buy-Back of Basket ETC Securities, the relevant Authorised Participant is entitled to receive, in exchange for delivery of the Basket ETC Securities specified in the relevant Buy-Back Order and payment of the applicable Buy-Back Fee and Metals Counterparty Fee, an amount in USD, as determined by the Administrator, as being equal to the product of:

- (1) the Metal Entitlement in respect of the Series as of the relevant Buy-Back Trade Date (expressed as a number of Baskets) (rounded down to the nearest 0.001 Basket);
- (2) the total number of Basket ETC Securities being bought back; and
- (3) the level of the relevant Reference Index as of the Buy-Back Trade Date,

(in respect of Basket ETC Securities, the "**Buy-Back Settlement Amount**").

The "**Buy-Back Conditions**" are that:

1. each Buy-Back Order must:
  - (a) relate to ETC Securities of only one Series;
  - (b) specify the Series and number of the relevant ETC Securities the Authorised Participant is requesting the Issuer to repurchase (which amount must be at least equal to the Minimum Buy-Back Amount (if any) and the Minimum Trading Amount (if any) for the relevant Series, in each case as specified in the Final Terms);
  - (c) indicate in the case of Single Metal ETC Securities of a Series backed by a Base Metal, an LME clearing and warrant account in London with a member of the LME where the LME Warrants representing the Buy-Back Settlement Amount can be delivered ( a "**Metal Account**") and the

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number and account name of the Cash Account of the Authorised Participant where any portion of the Buy-Back Settlement Amount payable in USD and any Accrued Rent for such LME Warrants can be delivered; or (iv) in the case of Basket ETC Securities, the number and account name of the Cash Account of the Authorised Participant where the Buy-Back Settlement Amount payable in USD can be delivered;

- (d) contain a representation and warranty from the Authorised Participant or ETC Holder to the effect that: (a) such holder is not a UCITS Fund; and (b) the request for settlement of the Buy-Back by delivery of Metal, cash or LME Warrants for Metal (or Physical Metal Delivery, as the case may be) and the acceptance of the delivery of the relevant Buy-Back Settlement Amount is and will be in accordance with all laws and regulations applicable to such Authorised Participant or ETC Holder; and
- (e) be submitted by an Authorised Participant or ETC Holder which has complied with all compliance and identification checks reasonably required by the Issuer (“**KYC Procedures**”), and the results of such KYC Procedures have been determined to be satisfactory to the Issuer and/or its agents; and

2. all other conditions precedent to a Buy-Back of the ETC Securities must be satisfied.

The Issuer will not be obliged to accept any Buy-Back Order if, amongst other things (i) an Early Redemption Event has occurred (ii) the Administrator is subject to an insolvency or similar event and no replacement has been appointed and/or (iii) a Disruption Event has occurred and the Administrator has determined that any request for Subscriptions and/or Buy-Backs should be temporarily suspended.

The Issuer will only accept a Buy-Back Order and proceed to settlement if the Buy-Back Conditions are satisfied.

The Issuer is entitled, in its absolute discretion, to determine whether KYC Procedures apply to any Authorised Participant or ETC Holder submitting a Buy-Back Order and whether such KYC Procedures have been satisfied (including, where the ETC Holder is an Authorised Participant, whether KYC Procedures have already been satisfied). The Issuer shall not be responsible or liable to any person for any loss or damage suffered as a result of it or its agents conducting KYC Procedures.

If the Issuer (or the Administrator on the Issuer's behalf) determines that the Buy-Back Order complies with the Buy-Back Conditions, it shall confirm to the Authorised Participant or ETC Holder that the Buy-Back Order is valid as soon as reasonably practicable, with the date of such confirmation being the Buy-Back Trade Date.

In order for the Issuer to effect settlement of a Buy-Back on the Buy-Back Settlement Date, the Authorised Participant or ETC Holder must have transferred the ETC Securities into an appropriate account of the Principal Paying Agent with the Relevant Clearing System and given correct instructions in accordance with the Buy-Back Order form the Buy-Back Order Cut-Off Time (as specified in the Final Terms) on the Buy-Back Trade Date. To avoid delays, the Authorised Participant or ETC Holder should seek instructions from the Administrator regarding the details of the account to which ETC Securities should be delivered prior to submitting a Buy-Back Order.

No interest or other amount shall be payable in connection with late deliveries or payments resulting from a failure by an ETC Holder to deliver ETC Securities in connection with a Buy-Back.

### **Suspension or Postponement of Issuance, Buy-Back or Redemption**

If a Disruption Event occurs, the Issuer will have the right to postpone or suspend any request for the further issuance or Buy-Back of ETC Securities, the settlement of any Subscription or Buy-Back of ETC Securities and/or the early or final redemption of the ETC Securities, in each case by giving a Suspension Notice specifying how long such suspension and/or postponement will continue (a “**Suspended Day**” or “**Suspension Period**”).

## **Base Prospectus**

On any Suspended Day or during any Suspension Period, provided it is so specified in the Suspension Notice, the Issuer is entitled not to accept any requests for Subscriptions or Buy-Backs of ETC Securities and/or not to settle any Subscriptions and Buy-Backs of ETC Securities which have traded but are yet to settle.

The Issuer is also entitled (if specified in the Suspension Notice) to postpone any Early Redemption Trade Date, Early Redemption Settlement Date and/or payment of any Early Redemption Amount or to postpone the Final Redemption Valuation Date, the Scheduled Maturity Date and/or payment of any Final Redemption Amount.

ETC Holders should be aware that the occurrence of a Disruption Event (and any consequential Suspended Day or Suspension Period) may have an adverse effect on the calculation of the Metal Entitlement and/or timing relating to a Subscription Order or Buy-Back Order or relating to the early or final redemption of the ETC Securities. No additional amount will be payable or deliverable to any Authorised Participant or any ETC Holder in connection with any postponement to the timing, or any amendment to the method of final or early redemption of the ETC Securities.

## **Provisions Relating to Interest**

The ETC Securities will not pay periodic interest but the Early Redemption Amount or Final Redemption Amount, as applicable, may incorporate an interest redemption premium to the extent such Early Redemption Amount or Final Redemption Amount, as applicable, exceeds the Issue Price per ETC Security for the first tranche of the relevant Series.

Each of the Early Redemption Amount and the Final Redemption Amount incorporates the concept of the Nominal Amount and the Specified Interest Amount, which entitles the ETC Holder, following an Early Redemption Event or on the Scheduled Maturity Date, as applicable, to a minimum repayment of an amount in respect of each ETC Security equal to the sum of (i) 10 per cent. of the Issue Price per ETC Security as at the Series Issue Date of the relevant Series (being the Nominal Amount) and (ii) 1 per cent. of the Nominal Amount (being the Specified Interest Amount).

Due to the limited recourse nature of the ETC Securities, in respect of each ETC Security of a Series, in the event that the proceeds of liquidation of the Metal comprising the Metal Entitlement for such ETC Security is insufficient to fund the Nominal Amount and the Specified Interest Amount of such ETC Security in full, the holder of such ETC Security may not receive payment of the Nominal Amount and/or the Specified Interest Amount in full and may receive substantially less. In respect of each ETC Security, payment of the Specified Interest Amount to ETC Holders will rank in priority to payment of the Nominal Amount.

In order to minimise the likelihood that the proceeds of liquidation of the Metal comprising the Metal Entitlement for each ETC Security of a Series is insufficient to fund the Nominal Amount and the Specified Interest Amount of such ETC Security, the ETC Securities for such Series may be early redeemed in full at the option of the Issuer or, by power of an Extraordinary Resolution, the ETC Holders upon the occurrence of a Market Value Redemption Event.

## **Payments Net of Taxes**

All payments in respect of the ETC Securities will be made net of and after allowance for any required withholding or deduction for, or on account of, any taxes. In the event that any withholding, reduction or deduction for, or on account of, any tax applies to payments in respect of the ETC Securities of any Series, the holders of such ETC Securities will be subject to such tax or reduction or deduction and will not be entitled to receive amounts to compensate for any such tax or reduction or deduction.

No Event of Default will occur as a result of any such withholding or deduction.

## **Base Prospectus**

### **Substitution**

Subject to compliance with the provisions of Condition 15(c)(*Substitution*), the Trustee may, without the consent of the ETC Holders, agree to the substitution, in place of the Issuer (or of any previous substitute) as the principal debtor under the Trust Deed, the Security Documents, the other Transaction Documents to which it is a party and the ETC Securities, of any other company (incorporated in any jurisdiction) (any such company, a "**Substituted Obligor**".)

The Substituted Obligor is required give notice of the substitution to the ETC Holders in accordance with Condition 19 (*Notices*) within 14 calendar days of the execution of the documents relating to the substitution and compliance with the relevant requirements.

### **Further Issues**

New securities issued which form a single series with ETC Securities already in issue and which are expressed to be constituted by the same Trust Deed and secured by the same Security Documents will, upon issue thereof by the Issuer, be secured by the same Secured Property for such ETC Securities (as increased or supplemented in connection with such issue of new securities).

Such further securities will only be issued once the Custodian confirms delivery to the relevant Off-Warrant Account(s) of the Issuer of an amount of the relevant Metal equal to the aggregate Metal Entitlement of the ETC Securities to be issued (or, in the case of a Series of ETC Securities backed by a Base Metal, delivery of a Bill of Lading or LME Warrants for such quantity of Metal to the Custodian on behalf of the Issuer).

### **ETC Holder Representation**

#### *Trustee*

As trustee for holders of ETC Securities, the Trustee acts as representative of the ETC Holders and is, among other things, given fiduciary powers to make determinations, agree amendments and exercise rights to enforce the terms of the ETC Securities on behalf of the ETC Holders.

#### *Meetings*

In respect of each Series, the Trust Deed contains provisions for convening meetings of ETC Holders to consider any matter affecting their interests, including the sanctioning by extraordinary resolution of a modification of any of the terms and conditions of the ETC Securities or any provisions of the relevant Trust Deed. Such a meeting may be convened by ETC Holders holding not less than 10 per cent. of the number of the ETC Securities of the relevant Series for the time being outstanding.

### **Governing Law**

In respect of each Series:

- (A) the ETC Securities, the Trust Deed, and all Transaction Documents other than those listed in (B) below will be governed by Irish law; and
- (B) the English Law Security Trust Deed and the Account Bank Agreement will be governed by English Law.

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 Documents, provided that such change of law, in the opinion of the Trustee, would not be materially prejudicial to the interests of such ETC Holders.

**Prescription**

Claims against the Issuer for payment under the Conditions in respect of an ETC Security shall be prescribed and become void unless made within six years from the date on which the payment of the Redemption Amount or any other amount payable in respect of such ETC Security 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 falling seven days after that on which notice is duly given to the ETC Holders 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**"), save that if the ETC Securities are in global form claims in respect of the Redemption Amount or any such other amounts payable in respect each ETC Security represented by the relevant Global Registered Security shall become void unless the Global Registered Security is presented for payment within a period of six years from the appropriate Relevant Date.

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## RETURN ON THE ETC SECURITIES

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Each Series of ETC Securities is linked to the performance of a specified Metal.

### **Return on Early Redemption or Final Redemption**

On the Scheduled Maturity Date, each ETC Security will become due and payable at the Final Redemption Amount.

If any of the Early Redemption Events occur, each ETC Security will become due and payable at the Early Redemption Amount.

In the case of any Early Redemption and on Final Redemption, the amount of an ETC Holder's return is equal to the difference between: a) the Issue Price per ETC Security at which the relevant ETC Securities are issued; and b) the Early Redemption Amount or the Final Redemption Amount (as applicable).

### **Return on Buy-Backs of ETC Securities**

Each ETC Security entitles an Authorised Participant to require the Issuer to buy back the ETC Security and receive:

- (a) in the case of Single Metal ETC Securities backed by a Base Metal, at the Issuer's option, either an amount in USD or a combination of LME Warrants and an amount in USD for an amount of Metal; or
- (b) in the case of a Series of Basket ETC Securities, an amount in USD,

in each case equal to the aggregate Metal Entitlement of the ETC Securities to be repurchased. If an ETC Holder other than an Authorised Participant wishes to submit a Buy-Back Order, such ETC Holder must do so through an Authorised Participant.

In the case of any Buy-Back of ETC Securities, the return to an Authorised Participant is equal to the difference between:

- (a) the value of the Metal Entitlement at which the relevant ETC Securities are issued; and
- (b) the value of the Metal Entitlement at which the same ETC Securities are repurchased (the Buy-Back Settlement Amount) (less the Buy-Back Fee and the Metals Counterparty Fee).

In the case of any Buy-Back or Early or Final Redemption of ETC Securities, the return to an investor which has purchased such ETC Securities from an Authorised Participant or Authorised Offeror, on an exchange or in an OTC transaction is equal to the difference between:

- (a) the price at which the ETC Securities were purchased by the investor; and
- (b) the Metal Entitlement at which the same ETC Securities are repurchased (the Buy-Back Settlement Amount) (less the Buy-Back Fee) or the Early Redemption Amount, Final Redemption Amount or Physical Redemption Settlement Amount (less any Redemption Fee), as applicable.

### **Return on Trades of ETC Securities**

Investors can also buy and sell ETC Securities on any of the stock exchanges on which they are admitted to trading or in private transactions (OTC).

## **Base Prospectus**

For an investor purchasing and selling in the secondary market, the amount of return is equal to the difference between:

- (a) the price at which the relevant ETC Securities are purchased; and
- (b) the price at which the same ETC Securities are subsequently sold.

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## DESCRIPTION OF THE UNDERLYING METALS

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### **Metals**

Each Series of Single Metal ETC Securities will be backed and secured by physical Lots of Base Metal (one of copper or nickel). The type of Metal backing each Series will be selected by the Issuer and specified in the related Final Terms.

Each Series of Basket ETC Securities will be backed and secured by a quantity of Baskets comprising a combination of (as applicable physical holdings of any Component, in amounts proportionate to the weightings of such Metals and/or Components within the relevant Reference Index for the Series. The Basket backing each Series of Basket ETC Securities and the relevant Reference Index will be selected by the Issuer and specified in the related Final Terms.

Where, upon a Subscription of ETC Securities backed by one or more Base Metals, the relevant Metals Counterparty determines that the required quantity of physical Base Metal of the relevant type is not available at the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian for delivery to an Off-Warrant Account of the Issuer on the Subscription Settlement Date, such Metals Counterparty may deliver (or procure the delivery) to the Custodian, and ETC Securities backed by Base Metals may be issued in exchange for and backed and secured by:

- (i) physical Lots of the relevant Base Metal in transit on board a ship or other vessel, title to which is evidenced by a Bill of Lading, which Bill of Lading will be held, temporarily, by the Custodian on behalf of the Issuer with the relevant Primary Sub-Custodian, until such Base Metal is delivered to the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian and deposited to the Off-Warrant Account of the Issuer for the relevant Series, upon which a Warehouse Release will be issued for such Base Metal; or
- (ii) if such quantity of physical Lots of the relevant Base Metal are not available in transit, LME Warrants for such quantity of specific LME Lots of the relevant Metal, which LME Warrants will be held, temporarily, by the Custodian on behalf of the Issuer with a Primary Sub-Custodian, until such time as the required quantity of physical Base Metal becomes available in transit (upon which the Custodian shall deliver such LME Warrants to the metal supplier in exchange for a Bill of Lading) or off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or other Sub-Custodian (upon which the Custodian shall deliver such LME Warrants to the supplier of the Base Metal in exchange for such physical Base Metal and deposit such Base Metal to the Off-Warrant Account of the Issuer for the relevant Series, upon which a Warehouse Release will be issued for such Base Metal).

The books and records of the Custodian evidence the specific Bars or Lots (as applicable) of Metal held for the Issuer in respect of each Series and segregated from Metal owned or held by the Custodian for other customers or in respect of any other Series.

The Lots of Copper and Nickel held for the Issuer and backing the ETC Securities must meet the applicable physical contract specifications for the relevant Metal, including as to brand, quality, weight, purity, grade or chemical composition and shape set by the LME as the relevant trading venue for Base Metals (the “**LME Physical Contract Specifications**”).

### **PHYSICAL CONTRACT SPECIFICATIONS FOR LME NICKEL**

Quality: The nickel delivered under this contract must be Primary Nickel and conform to one of the following Standards:

## Base Prospectus

	(i) ASTM specification B39-79 (2013) – min 99.80% purity
	(ii) GB/T 6516-2010 - Ni9990 grade
Shape:	Cathodes (full plate and cut), pellets, briquettes
Lot size:	6 tonnes
Warrant:	6 tonnes (with a tolerance of +/-2%)
Brands :	All nickel deliverable against LME contracts must be of an LME approved brand

### PHYSICAL CONTRACT SPECIFICATIONS FOR LME COPPER

Quality:	Grade A copper must conform to the chemical composition of one of the following standards:
	(i) BS EN 1978:1998 - Cu-CATH:-1
	(ii) GB/T 467-2010 - Cu-CATH-1
	(iii) ASTM B115-10 - cathode Grade 1
Shape:	Cathodes
Lot size:	25 tonnes
Warrant:	25 tonnes (with a tolerance of +/-2%)
Brands:	All copper deliverable against LME contracts must be of an LME approved brand.

### COBALT SPECIFICATIONS

Any Cobalt delivered to the Issuer and backing any Basket ETC Securities must be of an accepted brand (including any brand accepted by Fastmarkets and any LME-listed brand, excluding any brand which includes feed sourced in the Democratic Republic of the Congo) and must be in the form of physical cobalt in rounds, pellets, broken or cut cathodes, briquettes or other relevant shapes of cobalt, such as coarse grain powder packaged in drums, big bags or other form (the “**Cobalt Specifications**”). Such Cobalt may not meet the LME requirements for warrantable Cobalt and therefore the Issuer may not be able to place such Cobalt on warrant for purposes of sale.

### Availability of Information

Information relating to copper, nickel and cobalt can be found free of charge on the website of the LME at <http://www.lme.com>.

Information relating to the Solactive Elementum Electric Vehicle Index can be found free of charge on the website of the Electric Vehicle Index administrator, Solactive AG, at <http://www.solactive.com>.

### Impact of Metal Prices on the Value of ETC Securities

For each ETC Security, the Issuer publishes a Metal Entitlement in addition to a value in cash terms. As described above, the Metal Entitlement of each ETC Security is a quantity of Metal or Baskets to which or to the value of which an ETC Security entitles the ETC Holder upon any Buy-Back of ETC Securities. The Early Redemption Amount or Final Redemption Amount payable are also determined on the basis of the proceeds (or deemed proceeds) of liquidation of a quantity of Metal or Baskets equal to the Metal Entitlement. The Metal Entitlement will reduce daily by the Total Expense Ratio (the rate per annum at which the Operational Fee is payable to the Arranger in respect of each Series).

## **Base Prospectus**

Authorised Participants can create or redeem ETC Securities of any Series directly with the Issuer at the Metal Entitlement of that Series on the relevant trade date.

Each investor can realise the cash value of the Metal Entitlement of their ETC Securities through the sale of those ETC Securities on one of the exchanges on which the ETC Securities are admitted to trading (subject to deduction of any costs associated with such sale) or through a private sale transaction.

The cash value of a Single Metal ETC Security can be worked out by multiplying the relevant Metal Entitlement by the cash value of a metric tonne (in the case of copper or nickel) of the relevant underlying Metal.

This cash value of an ETC Security will vary up and down with movements in the cash value of the relevant Metal.

The LME Official Price is used as the global reference price for physical contracts for Base Metals. The LME Official Price is the last bid and offer price quoted for the relevant Base Metal during the second Ring session. The LME Official Settlement Price is the last cash offer price and the price at which all LME futures for the relevant Base Metal are settled.

The LME Official Prices for each of copper and nickel are published daily by the LME between 12:30 and 13:25 pm UK time and are derived directly from trading.

The LME Cobalt Futures close price is determined at 4:20 pm and disseminated to data vendors at 5:30pm.

The LME Official Prices are benchmarks administered by the LME pursuant to the UK Benchmarks Regulation (and collectively constitute the LME Official Prices Benchmark Family).

The LME Closing Price (also known as Valuations) is determined by the LME Quotations Committee with regard to the close of open-outcry (Kerb) trading on the Ring as well as trades, bids and offers (including indicative bids and offers) transacted throughout the whole day. The LME Closing Price is used by LME Clear and LME members for calculating margins.

LME Closing Prices for copper and nickel are published daily by the LME as follows: LME Provisional Closing Prices from: 16:15 pm; LME Closing Prices from: 17:50 (USD) 18:15 (JPY, GBP AND EUR) (all UK time).

The LME Closing Prices are benchmarks administered by the LME pursuant to the UK Benchmarks Regulation (and collectively constitute the LME Closing Prices Benchmark Family).

Because of the daily reduction in the Metal Entitlement, on a day where there was no movement in the cash value of the underlying Metal, there would still be a reduction in the cash value of the ETC Securities as the quantity of Metal they represent would have reduced by the Total Expense Ratio for that day.

The price of a Metal can go down as well as up and the performance of a Metal in any future period may not mirror its past performance.

### **Impact of Reference Index Level on Value of Basket ETC Securities**

In the case of Basket ETC Securities, the cash value thereof can be worked out by multiplying the Metal Entitlement for the relevant Series (expressed as a number of Baskets) by the cash value of a single Basket based on the level of the relevant Reference Index.

The cash value of a Basket ETC Security will vary up and down with movements in the value of the Base Metals and/or Components comprised within the relevant Basket as tracked by the relevant Reference Index.

The level of a Reference Index is determined once daily (at market close) and is based on the aggregate of the closing prices of the Metals and/or Components comprised in the relevant Basket, as tracked by such Reference Index and is published by the Reference Index administrator.

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Because of the daily reduction in the Metal Entitlement, on a day where there was no movement in the cash value of the Basket, there would still be a reduction in the cash value of the Basket ETC Securities as the quantity of Baskets they represent would have reduced by the Total Expense Ratio for that day.

The price of a Basket can go down as well as up and the performance of a Reference Index in any future period may not mirror its past performance.

### Electric Vehicle Index

In the case of the Elementum Physical Electric Vehicle Metals ETC Securities, the relevant Reference Index is the Solactive Elementum Electric Vehicle Index (the “**Electric Vehicle Index**”), which is a regulated benchmark administered by Solactive AG (“**Solactive**”) pursuant to the Benchmarks Regulation.

The universe from which the components of the Electric Vehicle Index (each, an “**Electric Vehicle Index Component**” and together, the “**Electric Vehicle Index Components**”) are selected (the “**Electric Vehicle Index Universe**”) is comprised of all of the Metals listed below:

Name	Metal	BBG	RIC	Type
LME Cash Official Price Nickel	Nickel	LONIDY Comdty	MNI2A0	LME Second Ring Price
LME Cash Official Price Copper	Copper	LOCADY Comdty	MCU2A0	LME Second Ring Price
LME Cobalt (Fastmarkets MB)	Cobalt	BYW1 Comdty	CLCBc1	LME Month 1 Lead Futures Close Price

Solactive, as administrator, has outsourced the determination of the Electric Vehicle Index Universe and selection of the Electric Vehicle Index Components to a selection party (the “**Selection Party**”). Such outsourcing has been made in accordance with the requirements of the Benchmarks Regulation (Article 10). Any discretionary decision of the Selection Party will be made in accordance with the specifications regarding the exercise of discretion or expert judgement established by Solactive as index administrator.

Based on the Electric Vehicle Index Universe, the initial composition of the Electric Vehicle Index, as well as any selection for an ordinary rebalance is determined by the Selection Party on a prescribed day prior to each Rebalance Day (as defined below) (each, a “**Selection Day**”).

### Index Rebalancing

The Electric Vehicle Index is rebalanced annually on a prescribed day (each, a “**Rebalance Day**”), on which each selected Electric Vehicle Index Component is re-weighted in accordance with the composition as provided by the Selection Party in order to achieve the aim of the index.

The Selection Party will perform a review of the future composition of the Electric Vehicle Index prior to each Selection Day and shall determine the Electric Vehicle Index Universe and the Electric Vehicle Index Components that it selects from this index universe.

In order to reflect the new selection of the Electric Vehicle Index Components determined on each Selection Day, the Electric Vehicle Index is adjusted after close of business on the Rebalance Day by implementing the weights as determined on the Selection Day.

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The Issuer's physical holdings of each Electric Vehicle Index Component will be rebalanced annually to correspond with the rebalancing of the Electric Vehicle Index, with such rebalancing taking place on the same date upon which such rebalancing of the Electric Vehicle Index becomes effective.

Solactive will publish any changes made to the Electric Vehicle Index Components with sufficient notice before the Rebalance Day on the Solactive webpage under the section "Announcement", which is available at <https://www.solactive.com/news/announcements/>.

### **Index Adjustments**

Under certain circumstances, an adjustment of the Electric Vehicle Index may be necessary between two regular Rebalance Days. Such adjustment may need to be done in relation to a specific Electric Vehicle Index Component and/or may also affect the number of Electric Vehicle Index Components and/or the weighting of certain Electric Vehicle Index Components.

Solactive will announce any adjustment to the Electric Vehicle Index giving a notice period of at least two trading days (with respect to the affected Electric Vehicle Index Component) on the Solactive website under the Section "Announcements", which is available at <https://www.Solactive.com/news/announcements/>.

Any adjustments to the Electric Vehicle Index will be implemented on the effective day specified in the respective notice.

The Issuer's physical holdings of each Electric Vehicle Index Component will be rebalanced to correspond with any adjustment of the Electric Vehicle Index.

### **Index Publication**

The Solactive Elementum Electric Vehicle Index is published under the following identifiers:

Name	ISIN	Currency	RIC	BBG ticker
Solactive Elementum Electric Vehicle Index	DE000SL0GEW7	USD	SOLELEEV	SOLELEEV Index

The Solactive Elementum Electric Vehicle Index is published on the website of Solactive as Index Administrator ([www.solactive.com](http://www.solactive.com)) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH.

Any publication in relation to the Solactive Elementum Electric Vehicle Index (e.g. notices, amendments to the Guideline) will be available at the website of Solactive as Index Administrator: <https://www.solactive.com/news/announcements/>.

### **Impact of Metal Prices on Early or Final Redemption Amounts**

The Final Redemption Amount or Early Redemption Amount per ETC Security, as applicable, will be determined by reference to the Average Metal Sale Price of the Underlying Metal held in respect of the Series of ETC Securities sold during the Final Redemption Disposal Period or Early Redemption Disposal Period (each as defined in Condition 1 (*Definitions*)), as applicable, by the relevant Metals Counterparty, plus a pro rata amount of any interest received by the Issuer on the proceeds of such disposal less any negative interest charged to the Issuer on such proceeds and net of associated fees, deductions and taxes and, in respect of any Metal not sold during the relevant disposal period, the relevant Metal Reference Price(s) (as defined in Condition 1 (*Definitions*)).

Each of the Early Redemption Amount and the Final Redemption Amount incorporates the concept of the Nominal Amount and the Specified Interest Amount, which entitles the ETC Holder, following an Early

## **Base Prospectus**

Redemption Event or on the Scheduled Maturity Date, as applicable, to a minimum repayment of an amount in respect of each ETC Security equal to the sum of (i) 10 per cent. of the Issue Price per ETC Security as at the Series Issue Date of the relevant Series (being the Nominal Amount) and (ii) 1 per cent. of the Nominal Amount (being the Specified Interest Amount).

If the Metal comprising the Metal Entitlement per ETC Security, or in the case of Basket ETC Securities, the Baskets comprising the Metal Entitlement per Basket ETC Security, is trading at or below an amount equal to the sum of the Nominal Amount and the Specified Interest Amount, then it may be insufficient to fund the Nominal Amount and the Specified Interest Amount in full, in which case the ETC Holders may receive a reduced Specified Interest Amount on redemption of the ETC Securities.

In order to minimise the likelihood that the proceeds of liquidation of the Metal comprising the Metal Entitlement for each ETC Security of a Series is insufficient to fund the Nominal Amount and the Specified Interest Amount of such ETC Security, the ETC Securities for such Series may be early redeemed in full at the option of the Issuer or, by power of an Extraordinary Resolution, the ETC Holders where the value of an ETC Security of such Series on two consecutive non-disrupted days is equal to or below a market value trigger, being 20 per cent. of the Issue Price per ETC Security as at the Series Issue Date of such Series (a Market Value Redemption Event).

### **Market Disruption Events affecting the Underlying Metal**

Metal markets 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 an Authorised Offeror or Authorised Participant) and the offer price (i.e. the price at which a holder can buy ETC Securities from an Authorised Offeror or Authorised Participant)) on any stock exchange or market where the ETC Securities are traded to widen, reflecting short-term forward rates in the metal.

Markets, exchanges and trading facilities have the potential to suffer from market disruption due to trading failures, geopolitical, macroeconomic or other events. Any disruption to the over-the-counter market of the LBMA, the LME or any other primary exchange or trading facility for the trading of a relevant Underlying Metal can affect the price of such Underlying Metal and the value of the ETC Securities. Such events could result in the occurrence of a Disruption Event. (See: *Key Terms of the ETC Securities - Suspension or Postponement of Issuance, Buy-Back or Redemption*) above.

### **Successor Metal Reference Price and Successor Metal Reference Price Source**

The Issue Price per ETC Security, the prevailing value of the Metal Entitlement, the Early Redemption Amount and Final Redemption Amount of an ETC Security are each calculated by reference to the relevant Metal Reference Price.

In the case of Basket ETC Securities, the Issue Price per ETC Security and the prevailing value of the Metal Entitlement are determined by reference to the relevant Reference Index and the Early Redemption Amount and Final Redemption Amount may be calculated by reference to one or more relevant Metal Reference Prices.

If the Administrator determines at any time that a Metal Reference Price has been replaced by a successor price acceptable to the Administrator, and delivers a notice to that effect to the Transaction Parties, such successor price shall be deemed to be the Metal Reference Price for the relevant Base Metal or Component with effect from the Business Day following the date of such notice.

As of the date of this Base Prospectus, the source on which the Metal Reference Price is expected to be displayed or published:

- (a) in respect of ETC Securities linked to Copper, Nickel or Cobalt is the London Metal Exchange; and
- (b) in relation to any Basket ETC Securities linked to a Component, such reference price source as specified in the Final Terms for the relevant Series,

(each, a “**Metal Reference Price Source**”).

If on any Business Day the Administrator determines that the relevant Metal Reference Price Source no longer displays a Metal Reference Price notwithstanding that such Metal Reference Price continues to be determined, then the Administrator will notify such determination to the Issuer and each Transaction Party specifying a replacement price source that does display such Metal Reference Price (a “**Successor Metal Reference Price**”) and, with effect from the first Business Day following the date of such notice, such successor price source shall be deemed to be the Metal Reference Price Source for the purposes of the relevant Metal or Component (the “**Successor Metal Reference Price Source**”).

No Successor Metal Reference Price or Successor Metal Reference Price Source shall affect any calculations or determinations already made using the Metal Reference Price displayed on the Metal Reference Price Source being replaced (including the Nominal Amount).

The Issuer shall, as soon as reasonably practicable after adoption of a Successor Metal Reference Price or Successor Metal Reference Price Source, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).

#### **Successor Reference Index and Successor Reference Index Source**

In the case of Basket ETC Securities, the prevailing value of the Metal Entitlement is calculated by reference to the level of the relevant Reference Index.

If on any Business Day the Administrator determines that the relevant Reference Index has been replaced by a successor reference index acceptable to the Administrator (a “**Successor Reference Index**”), and delivers a notice to that effect to the Issuer and each Transaction Party, such Successor Reference Index shall be deemed to be the Reference Index with effect from the Business Day following the date of such notice.

The source on which the Reference Index for Basket ETC Securities is expected to be displayed or published is the website of the administrator of the relevant Reference Index or as otherwise specified in the related Final Terms (the “**Reference Index Source**”). In respect of the Elementum Physical Electric Vehicle Metals ETC Securities, the Reference Index Source is the website of Solactive as administrator of the Electric Vehicle Metals Index ([www.solactive.com](http://www.solactive.com)).

If on any Business Day the Administrator determines that the relevant Reference Index Source no longer displays the Reference Index notwithstanding that the Reference Index continues to be determined, then the Administrator will notify such determination to the Issuer and each Transaction Party specifying a replacement index source that does display such Reference Index and, with effect from the first Business Day following the date of such notice, such successor reference index source shall be deemed to be the Reference Index Source for the purposes of the relevant Reference Index (the “**Successor Reference Index Source**”).

No Successor Reference Index or Successor Reference Index Source shall affect any calculations or determinations already made using the Reference Index displayed on the Reference Index Source being replaced (including the Nominal Amount).

The Issuer shall, as soon as reasonably practicable after adoption of a Successor Reference Index or Successor Reference Index Source, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).

#### **Metal Reference Price Event**

If at any time the Administrator determines that either (i) there has been a permanent or indefinite cessation in the provision of a Metal Reference Price by the relevant Metal Reference Price Source (and no successor administrator will continue to provide such Metal Reference Price); or (ii) any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of a Metal Reference Price or the administrator or sponsor of a Metal Reference Price has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer, the Administrator or any other entity is not, or will not be, permitted under any applicable law or regulation to use such Metal Reference Price to perform its or their respective obligations under the ETC Securities (a “**Metal Reference Price Event**”), and the Administrator gives notice of such determination (including a description in reasonable detail of the facts relevant to such

## **Base Prospectus**

determination) to the Issuer and each Transaction Party, then for the purposes of the affected Metal or Component, the Metal Reference Price shall be:

- (i) such other reference price for the Metal or Component (as applicable) as the Administrator determines has replaced such Metal Reference Price in customary market usage for the purposes of determining a reference price for such Metal or Component in the primary over-the-counter market, exchange or trading facility for the trading of such Metal or Component; or
- (ii) if the Administrator determines that there is no replacement reference price that can be determined in accordance with paragraph (i) above, then such other reference price for the Metal or Component as the Administrator determines as most comparable to such Metal Reference Price acting in a commercially reasonable manner,

(the “**Replacement Metal Reference Price**”), provided that in each case, the Administrator must also have determined that no Metal Reference Price Event would have occurred or be occurring in respect of such Replacement Metal Reference Price if such Replacement Metal Reference Price were the Metal Reference Price.

The Administrator shall, as soon as reasonably practicable following notification of the occurrence of a Metal Reference Price Event and, in any event, by no later than the final day of any Redemption Disposal Period that had already commenced at the time of such notification, give notice of the Replacement Metal Reference Price determined by it to the Issuer and each Transaction Party.

### **Reference Index Event**

If at any time the Administrator determines that either (i) there has been a permanent or indefinite cessation in the provision of the relevant Reference Index by the relevant Reference Index Source (and no successor administrator will continue to provide the Reference Index); or (ii) any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Index or the administrator or sponsor of the Reference Index has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer, the Administrator or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Index to perform its or their respective obligations under the ETC Securities (a “**Reference Index Event**”) and the Administrator gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer and each Transaction Party, then for the purposes of the relevant Basket ETC Securities, the Reference Index shall be:

- (i) such other reference index for the relevant Basket as the Administrator determines has replaced such Reference Index in customary market usage for the purposes of determining a reference price for such Basket in the primary over-the-counter market, exchange or trading facility for the trading of the Metals and/or Components comprised in such Basket; or
- (ii) if the Administrator determines that there is no replacement reference index that can be determined in accordance with paragraph (i) above, then such other reference index for the Basket as the Administrator determines as being most comparable to the Reference Index, acting in a commercially reasonable manner,

(the “**Replacement Reference Index**”), provided that in each case, the Administrator must also have determined that no Reference Index Event would have occurred or be occurring in respect of such Replacement Reference Index if such Replacement Reference Index were the Reference Index.

The Administrator shall, as soon as reasonably practicable following notification of the occurrence of a Reference Index Event and, in any event, by no later than the final day of any Redemption Disposal Period that had already commenced at the time of such notification, give notice of the Replacement Reference Index determined by it to the Issuer and each Transaction Party.

### **Insurance of Underlying Metal**

Each of the Custodian and the Primary Sub-Custodians is required to make such insurance arrangements from time to time in connection with their custodial obligations with respect to Metal held by them as they consider to be commercially reasonable.

None of the Custodian or either of the Primary Sub-Custodians has an obligation to insure such Metal against loss, theft or damage and the Issuer does not intend to insure against such risks. In addition, neither the Trustee nor the Security Trustee is responsible for ensuring that adequate insurance arrangements have been made, or for insuring the Metal held in the Off-Warrant Accounts, and shall not be required to make any enquiry regarding such matters. In the case of Base Metals in transit, where title to such Metal is evidenced by a Bill of Lading, the shipper of such Metal may have in place insurance in line with industry standards insuring against loss of such Metal as a result of natural events, such as storms or other severe weather events, human error or other human actions. In the event of such an occurrence, the Issuer (or the Custodian on the Issuer's behalf), as holder of the Bill of Lading would have a claim against the shipper for, and would need to seek recovery of, the value of any Metal lost, which may be covered under the shipper's insurance policy. Such proceedings may be costly and time-consuming and there can be no guarantee that the Issuer will fully recover the value of such Metal. If the Issuer incurs costs related to such recovery, for which the Issuer is not compensated by the shipper or under the shipper's insurance, the Issuer may need to sell some Underlying Metal to fund such costs, resulting in a decrease in the amount of the Issuer's assets available to satisfy its obligations under the ETC Securities. Where the full value of any Metal lost in transit is not recovered, the Issuer may have insufficient assets to satisfy its obligations under the ETC Securities, resulting in a loss to the ETC Holders of the affected Series.

Furthermore, none of the Issuer, the Trustee or the Security Trustee will require any other direct or indirect Sub-Custodians to be insured or bonded with respect to their custodial activities or in respect of the Metal held by them pursuant to arrangements with the Custodian or a Primary Sub-Custodian.

Each of the Primary Sub-Custodians maintains insurance policies that cover metals held in its vaults or LME Approved Warehouses (as applicable) in accordance with industry standards.

In circumstances where the relevant Metal is transferred to a Metals Counterparty, such Metals Counterparty is required to maintain such insurance over the Metal held by it for the account of the Issuer as it believes is commercially reasonable. Neither the Trustee nor the Security Trustee is responsible for ensuring that adequate insurance arrangements have been made, or for insuring the Metal held by the Metals Counterparties and shall not be required to make any enquiry regarding such matters.

The Issuer may, subject to confidentiality restrictions, be provided with details of the above insurance coverage arrangements from time to time upon reasonable prior notice.

### **Post-Issuance Information**

The Issuer will provide post-issuance information in relation to the Metal Entitlement, the Cash Value per ETC Security, the Metal Reference Prices, the Reference Index levels and the closing trading prices of each Series of ETC Securities in respect of each calendar day up to (and including) the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable, by no later than the immediately following Business Day on the website maintained on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) (or such other website as may be notified to ETC Holders in accordance with Condition 19 (Notices)).

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## TERMS OF THE OFFER

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### **Reasons for the offer and use of proceeds**

The ETC Securities are designed to offer investors a means of investing in physical metals without the necessity of taking physical delivery of that metal, and to enable investors to buy and sell that interest through trading of a security on a stock exchange.

The net proceeds from the issue of a Series of ETC Securities will be an amount of Metal (or a Bill of Lading or LME Warrants evidencing an amount of Metal) as indicated in Part B of the relevant Final Terms which will ultimately be held in the Off-Warrant Account(s) in respect of such Series. Such Metal shall be used to meet the Issuer's obligations under such Series.

### **Terms and Conditions of the Offer**

The Issuer may elect for any reason or for no reason to refuse to accept any Subscription Order.

In particular, the Issuer may refuse to accept a Subscription order if, amongst other things (i) an Early Redemption Event has occurred; (ii) the Administrator is subject to an insolvency or similar event and no replacement has been appointed; (iii) a Disruption Event has occurred and the Administrator has determined that any request for Subscriptions and/or Buy-Backs should be temporarily suspended; or (iv) the Metals Counterparty determines, in its discretion, that it is unable to source the required quantity of physical Metal of the relevant type or of any Component from an Eligible Seller at the relevant Metal Reference Price.

The ETC Securities are being made available by the Issuer for subscription only to Authorised Participants who have submitted a valid Subscription Order and who have procured the delivery by a Metals Counterparty of a quantity of physical Metal of the relevant type(s) (or, in the case of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants for such quantity of Metal) equalling the aggregate Metal Entitlement of the ETC Securities applied for to specified Off-Warrant Account(s) of the Issuer (or, in the case of a Bill of Lading or LME Warrants, to the Custodian to be held on behalf of the Issuer).

To procure such delivery, Authorised Participants are required, (as instructed by the Administrator upon acceptance of the related Subscription Order), to:

- (a) in the case of Single Metal ETC Securities of a Series backed by a Base Metal: either (i) make payment of an amount in USD sufficient to finance the purchase of the required quantity of Base Metal (as determined on the basis of the relevant Metal Reference Price as of the Subscription Trade Date); or (ii) deliver such quantity of physical Base Metal;

in each case to the relevant Metals Counterparty or to its order. The Metals Counterparty will then:

- (i) using the cash delivered by the Authorised Participant, purchase such quantity of physical Base Metal from an Eligible Seller and procure the delivery of such Base Metal on the Authorised Participant's behalf to the Custodian to be deposited to the relevant Off-Warrant Account of the Issuer; or
- (ii) if such quantity of physical Base Metal is not available off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian, purchase a Bill of Lading for such quantity of physical Base Metal in transit on board a ship or other vessel from an Eligible Seller and procure the delivery of such Bill of Lading to the Custodian to be held on behalf of the Issuer; or
- (iii) if such quantity of physical Base Metal is not available in transit, purchase LME Warrants for such quantity of Base Metal from an Eligible Seller and procure the delivery of such LME Warrants to

## Base Prospectus

the Custodian to be held on behalf of the Issuer until such time as such quantity of physical Base Metal becomes available;

- (b) in the case of Basket ETC Securities, make payment of an amount in USD sufficient to purchase the required quantity of each type of Base Metal and/or Component comprised in the relevant Basket, such quantities having an aggregate weight equal to the number of Baskets comprised in the Metal Entitlement of the Basket ETC Securities to be issued (as determined on the basis of the level of the relevant Reference Index as of the Subscription Trade Date), to the relevant Metals Counterparty or to its order. Base Metal or Component comprised in the Basket from one or more Eligible Sellers, and in each case, will then deliver or procure the delivery of such quantity of each type of Metal and/or Component on the Authorised Participant's behalf to the specified Off-Warrant Account(s) of the Issuer. In the case of Base Metals, if such quantity of physical Base Metal is not available off warrant at the LME Approved Warehouse of the relevant Primary Sub-Custodian or Sub-Custodian, the Metals Counterparty may purchase a Bill of Lading for such quantity of physical Base Metal in transit on board a ship or other vessel from an Eligible Seller and procure the delivery of such Bill of Lading to the Custodian to be held on behalf of the Issuer; or if such quantity of physical Base Metal is not available in transit, purchase LME Warrants for such quantity of Base Metal from an Eligible Seller and procure the delivery of such LME Warrants to the Custodian to be held on behalf of the Issuer until such time as such quantity of physical Base Metal becomes available.

An Authorised Participant must also pay a subscription fee in an amount up to US\$1000.00 as notified to the Authorised Participant upon acceptance of the related Subscription Order by the Issuer (or the Administrator on the Issuer's behalf) (the "**Subscription Fee**") to the Issuer Cash Account by such time as separately agreed with the Administrator.

To be valid, each Subscription Order submitted by an Authorised Participant must be delivered in accordance with the terms of the applicable Authorised Participant Agreement.

In addition, the Issuer will only accept a Subscription Order if the following conditions are met:

- (a) the Subscription Order is determined to be valid by or on behalf of the Issuer;
- (b) the acceptance of such Subscription Order will not cause the Programme Maximum Number of ETC Securities or the Maximum Issue Size of the relevant Series to be exceeded;
- (c) the number of ETC Securities that are the subject of the Subscription Order is (i) at least equal to the Minimum Subscription Amount (if any) for the relevant Series; and (ii) at least equal to the Minimum Trading Amount (if any) for the relevant Series (each as defined below); and
- (d) all other conditions precedent to an issue of the ETC Securities are satisfied.

The ETC Securities will only be issued once the required quantity of Base Metal(s) and/or Components of the relevant type(s) equalling the Metal Entitlement of the ETC Securities applied for has been transferred to the Off-Warrant Account(s) of the Issuer for the relevant Series, or, in the case of a Series of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants for such quantity of Metal has been delivered to the Custodian to be held for the Issuer.

Any valid Subscription Orders received by the Subscription Order Cut-Off Time (as specified in the Final Terms) on a business day will generally enable the Authorised Participant to be registered as the holder of the ETC Securities within two business days.

The Issuer may elect at any time to repurchase all or some of the ETC Securities. Subject to satisfaction of the Buy-Back Conditions, Authorised Participants may also request that the Issuer buys back ETC Securities of a Series at any time.

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During the life of the ETC Securities, ETC Holders can buy and sell ETC Securities through financial intermediaries on each stock exchange on which the ETC Securities are listed and exchange traded from time to time.

### **Minimum Denomination**

Each ETC Security has a face value on issue equal to the price for the quantity of Metal or Baskets comprising the Metal Entitlement as at the relevant Issue Date for the relevant Tranche (the "**Issue Price Per ETC Security**"), as determined by the Administrator.

For the purposes of the UK Prospectus Regulation, the Issue Price per ETC Security of each Series shall be regarded as the minimum denomination of each ETC Security of such Series (the "**Minimum Denomination**"). The ETC Securities are being treated by the Issuer as having a Minimum Denomination of less than the USD equivalent of €100,000.

### **Issue Price Per ETC Security**

The Issue Price per Single Metal ETC Security on the Series Issue Date for a Series will be an amount equal to the price for the quantity of Metal comprising the Metal Entitlement based upon the Metal Reference Price as at the Series Issue Date for the relevant Tranche, as specified in the Final Terms, subject to any applicable fees and commissions of the person offering such ETC Security.

The Issue Price per Single Metal ETC Security for any subsequent tranche of ETC Securities issued after the Series Issue Date will be equal to the value (determined by reference to the Metal Reference Price) of the Metal comprising the Metal Entitlement in respect of the Subscription Trade Date relating to such tranche. Only an Authorised Participant of a Series may request that the Issuer issues further ETC Securities of the relevant Series.

The Issue Price per Basket ETC Security on the Series Issue Date will be an amount in USD equal to the price for the number of Baskets comprised in the Metal Entitlement based on the level of the relevant Reference Index as at the Series Issue Date for the relevant Tranche, as specified in the Final Terms, subject to any applicable fees and commissions of the person offering such Basket ETC Security.

The Issue Price per Basket ETC Security for any subsequent tranche of Basket ETC Securities issued after the Series Issue Date will be equal to the value (determined by reference to the level of the relevant Reference Index) of the number of Baskets comprised in the Metal Entitlement of such Basket ETC Securities as of the Subscription Trade Date relating to such tranche. Only an Authorised Participant of a Series may request that the Issuer issues further Basket ETC Securities of the relevant Series.

### **Minimum Trading Amount**

The number of ETC Securities which may be transferred by an ETC Holder in a single transaction must be equal to at least the minimum amount (if any) specified in the Final Terms (the "**Minimum Trading Amount**") and an integral multiple thereof.

### **Minimum Subscription Amount**

Each Subscription Order must relate to a number of ETC Securities at least equal to the minimum subscription amount (if any) specified in the Final Terms for the relevant Series (the "**Minimum Subscription Amount**").

In the case of ETC Securities backed by a Base Metal, the Minimum Subscription Amount will be such number of ETC Securities of the relevant Series as would, as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement equal to no less than the nominal weight represented by one standard LME Lot of the relevant type of Base Metal (being at the date of this Base Prospectus 25.0 metric tonnes for Copper and 6.0 metric tonnes for Nickel). This is to ensure that the quantity of any Base Metal to be delivered to the Issuer in

## **Base Prospectus**

connection with any Subscription of ETC Securities backed by Base Metal (whether by delivery of physical Lots of Metal, a Bill of Lading or LME Warrants) is equal to at least one Lot of the relevant Metal which can be physically delivered or represented by an LME Warrant.

In the case of Basket ETC Securities, the Minimum Subscription Amount will be such number of Basket ETC Securities of the relevant Series as would, as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement comprising (i) a quantity of each type of Metal included in the relevant Basket equal to no less than the quantity of such type of Metal required to meet the Minimum Subscription Amount (if any) for Single Metal ETC Securities backed by Metal of the same type and (ii) such minimum quantity of each Component (if any) included in such Basket, as specified in the Final Terms for such Series.

### **Minimum Buy-Back Amount and Minimum Physical Metal Delivery Buy-Back Amount**

Each Buy-Back Order must relate to a number of ETC Securities at least equal to the minimum amount (if any) specified in the Final Terms for the relevant Series (the "**Minimum Buy-Back Amount**").

In the case of ETC Securities backed by a Base Metal, unless otherwise specified in the Final Terms, the Minimum Buy-Back Amount will be such number of ETC Securities of the relevant Series as would, as of the relevant Buy-Back Trade Date, have an aggregate Metal Entitlement equal to no less than the nominal weight represented by one standard LME Lot of the relevant type of Base Metal (being at the date of this Base Prospectus 25.0 metric tonnes for Copper and 6.0 metric tonnes for Nickel). This is to ensure that the quantity of any Base Metal to be delivered to an Authorised Participant in connection with any Buy-Back of ETC Securities backed by Base Metal is at least equal to one Lot of the relevant Metal which can be represented by an LME Warrant and delivered to the Authorised Participant.

In the case of Basket ETC Securities, the Minimum Buy-Back Amount will be such number of Basket ETC Securities of the relevant Series as would as of the relevant Buy-Back Trade Date, have an aggregate Metal Entitlement comprising (i) a quantity of each type of Metal included in the relevant Basket equal to no less than the quantity of such type of Metal required to meet the Minimum Buy-Back Amount (if any) for Single Metal ETC Securities backed by Metal of the same type and (ii) such minimum quantity of each Component (if any) included in such Basket, as specified in the Final Terms for such Series.

### **Authorised Offerors and Authorised Participants**

An investor intending to acquire or acquiring any ETC Securities from an Authorised Offeror or Authorised Participant will do so, and offers and sales of the ETC Securities to an investor by an Authorised Offeror or Authorised Participant will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror or Authorised Participant and such investor including as to price, allocations and settlement arrangements. Likewise, any purchase of ETC Securities from an investor by an Authorised Offeror or Authorised Participant will be made in accordance with any terms and other arrangements in place between such investor and such Authorised Participant including as to price, fee and settlement arrangements.

Investors should not have any credit risk to Authorised Offerors or Authorised Participants where purchasing ETC Securities from or selling ETC Securities to Authorised Offerors or Authorised Participants through trades on a Relevant Stock Exchange (as defined in the Conditions), as such trades are settled on a delivery-versus-payment basis through the Clearing Systems. Where investors or ETC Holders enter into over the counter transactions with Authorised Offerors or Authorised Participants for the sale or purchase of ETC Securities, the extent to which such an investor or ETC Holder is exposed to credit risk to the Authorised Offeror or Authorised Participant (or to other risks relating to Subscription Orders or Buy-Back Orders placed by the Authorised Participant, including, without limitation, the risks described in the Risk Factors section of this Base Prospectus entitled "*Issue of ETC Securities dependent on transfer of Metal to Allocated Account(s) and/or Off-Warrant Account(s) of the Issuer*"; "*Disruption Events*"; "*Risk of delay and suspensions in relation to Buy-Backs due to Settlement Disruption Events or Events of Default*"; "*Buy-Back Orders are subject to the Buy-Back Conditions*"; and "*Credit exposure to Metals Counterparties on Buy-Backs*") will depend upon the specific terms of the

## **Base Prospectus**

arrangements between the investor or ETC Holder and the Authorised Offeror or Authorised Participant, including as to price, fees, and settlement arrangements (which may be on a delivery free of payment basis).

None of the Issuer, the Arranger nor any Transaction Party (other than, where applicable, the Authorised Participants) will be a party to any such arrangements with investors and, accordingly, this Base Prospectus and any Final Terms may not contain such information and, in such case, an investor must obtain such information from the relevant Authorised Offeror or Authorised Participant.

Investors should however note the following:

**Amount of the offer:** The number of ETC Securities subject to the offer will be determined on the basis of the demand for the ETC Securities and prevailing market conditions and be published.

**Offer Price:** Such price as is individually agreed between an Authorised Offeror or Authorised Participant and the relevant purchaser.

**Offer Period:** ETC Securities may be offered at any time during the period from and including the date of the Base Prospectus to (but excluding) the date falling 12 months after the date of the Base Prospectus unless such consent is withdrawn prior the date falling 12 months after the date of the Base Prospectus by notice published on the Issuer's website at [www.elementummetals.com](http://www.elementummetals.com) (or such other website as may be notified to ETC Holders).

### **Estimated expenses charged to the investor**

#### **By the Issuer**

##### *Total Expense Ratio, Subscription Fees and Buy-Back Fees*

The initial Total Expense Ratio for each Series shall be set out in the Final Terms of the first tranche of ETC Securities for that Series.

The Total Expense Ratio in respect of a Series may be varied by the Issuer on the request of the Administrator from time to time, provided that no increase may take effect unless the ETC Holders of such Series have been given at least 30 calendar days' prior notice in accordance with Condition 19 (*Notices*).

The Total Expense Ratio from time to time in respect of each Series and any proposed change to the Total Expense Ratio of any Series shall be published on the website maintained on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) (or such other website as may be notified to ETC Holders).

A Subscription Fee of up to US\$1000.00 will be charged by the Issuer to the relevant Authorised Participant in respect of each Subscription of ETC Securities, which cost may be passed on to the investor. The amount payable will be as notified to the Authorised Participant upon acceptance of the related Subscription Order by the Issuer (or the Administrator on the Issuer's behalf).

In connection with any Buy-Back of ETC Securities, the applicable Buy-Back Fee will be no greater than US\$1000.00 in the case of a Buy-Back Order submitted by an Authorised Participant and no greater than US\$2000.00 in the case of a Buy-Back Order submitted by an ETC Holder who is not an Authorised Participant.

The Buy-Back Fee represents the Issuer's costs of complying with the relevant Buy-Back Order. The amount payable by any ETC Holder who is not an Authorised Participant will also include the cost of the Issuer or its agents performing any required KYC Procedures.

The amount of the Buy-Back Fee will be notified to the Authorised Participant or ETC Holder upon receipt of the Buy-Back Order by the Issuer (or the Administrator on the Issuer's behalf) and must be paid, in the case of an

## **Base Prospectus**

Authorised Participant, on or before the Buy-Back Settlement Date and, in the case of an ETC Holder, as a condition of acceptance of the Buy-Back Order.

### *Issuer Profit Amount*

The Total Expense Ratio, Subscription Fees, Buy-Back Fees and Metals Counterparty Fees collected by the Issuer are for the purpose of enabling the Issuer to make payment to the Transaction Parties in respect of the services provided to the Issuer in connection with the Programme. In order to ensure that the Issuer's participation in the programme is to its corporate benefit, the Issuer will charge, in respect of each Series of ETC Securities issued under the Programme, an annual profit amount of US\$500.00 in respect of the issuance of the ETC Securities (the "**Issuer Profit Amount**"). The Issuer Profit Amount will be a component of the Total Expense Ratio and will be paid into the Share Capital Account of the Issuer by the relevant Metals Counterparty out of the proceeds of sales of TER Metal. The Issuer Profit Amount in respect of each Series of ETC Securities will be retained by the Issuer as a profit. Any amounts remaining in the Share Capital Account in respect of such Issuer Profit Amounts following the final redemption of the last Series of ETC Securities, payment of any outstanding liabilities and the costs of winding up the Issuer will be available for distribution to the Issuer's sole shareholder, Apex TSI Limited, as trustee for the beneficiaries of the trust fund established by it under the Declaration of Trust.

No other costs will be charged to investors by the Issuer.

### **By Authorised Offerors and Authorised Participants**

Additional expenses, if any, to be charged to the investor by any Authorised Offeror or Authorised Participant will be disclosed by such Authorised Offeror or Authorised Participant at the time of the relevant offer by such Authorised Offeror or Authorised Participant to such investor.

### **By the Metals Counterparties**

#### *Metals Counterparty Fees*

In connection with any Buy-Back, the relevant Metals Counterparty will charge an amount in USD, to be paid by the Authorised Participant to the Issuer for onward payment to the Metals Counterparty for:

- (i) the removal of the Metal representing the Buy-Back Settlement Amount from the Off-Warrant Account(s) of the Issuer (as applicable);
- (ii) in the case of Single Metal ETC Securities, the delivery of such Metal or, in the case of Base Metals, the placement of such Metal on warrant or the transfer of such off-warrant Metal to an Eligible Purchaser in exchange for LME Warrants and the delivery of such LME Warrants, in each case to the specified Metal Account of the Authorised Participant;
- (iii) in the case of Single Metal ETC Securities of a Series backed by a Base Metal, (if applicable) the transfer of any amount due to the Authorised Participant in respect of a quantity of Metal equalling less than a full Lot of the relevant Metal in USD to the specified Cash Account of the Authorised Participant,
- (iv) in the case of Basket ETC Securities, the transfer of the amount in USD due to the Authorised Participant to the specified Cash Account of the Authorised Participant.

as notified by the Administrator to the Authorised Participant upon receipt of the Buy-Back Order (the "**Metals Counterparty Fee**"). The Metals Counterparty Fee must be paid in cash to the Issuer on or before the Buy-Back Settlement Date.

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The Issuer may from time to time increase or decrease the amount of the Metals Counterparty Fee in respect of any Series by giving no less than 30 days' notice to the ETC Holders in accordance with Condition 19 (*Notices*) prior to such change becoming effective (in the case of any increase) or with immediate effect followed by notice to the ETC Holders (in the case of any decrease).

### **Listing and Admission to Trading**

Application will be made for ETC Securities issued under the Programme within 12 months of this Base Prospectus to be admitted to listing on the London Stock Exchange. Any such listing will be made on the basis of approval of this Base Prospectus by the UK Financial Conduct Authority pursuant to the UK Prospectus Regulation.

*There can be no guarantee that such application will be successful or, if successful, that such admission to trading will be maintained.*

### **Issue Specific Summary**

An issue-specific summary prepared in accordance with Article 8 of the UK Prospectus Regulation (each, an "**Issue Specific Summary**") will be appended to the Final Terms for each Series of ETC Securities.

### **Publication of a Supplement**

If the Issuer publishes a supplement to this Base Prospectus pursuant to the UK Prospectus Regulation which relates to the Issuer or the ETC Securities, investors who have already agreed to purchase ETC Securities before the supplement is published shall have the right to withdraw their acceptances by informing the relevant distributor in writing within 3 working days (or such other longer period as may mandatorily apply in the relevant country) of publication of the supplement. The terms and conditions of the ETC Securities and the terms on which they are offered and issued will be subject to the provisions of any such supplement.

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## **SETTLEMENT PROCEDURES**

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### **Subscription Settlement**

In respect of each Series of ETC Securities, on any day (other than a Saturday or a Sunday) on which:

- (i) the Clearing Systems;
  - (ii) each Relevant Stock Exchange;
  - (iii) the over-the-counter market of the LME (in the case of ETC Securities linked to Copper, Nickel or Cobalt); and
  - (iv) commercial banks in New York, Dublin and London
- are open for business, and
- (v) in respect of ETC Securities linked to Copper, Nickel or Cobalt, on which commercial banks in Rotterdam are open for business; and
  - (vi) in respect of Basket ETC Securities, on which the relevant trading venue for any Component included in the relevant Basket (as specified in the related Final Terms) is open for business,

(each, a "**Business Day**"), an Authorised Participant may request the Issuer to issue further ETC Securities to such Authorised Participant by submitting a Subscription Order to the Issuer.

Upon any Subscription, the Authorised Participant will be required to procure (in accordance with the Administrator's instructions) the delivery by a Metals Counterparty of:

- (i) in the case of Single Metal ETC Securities, an amount of physical Metal (or, in the case of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants for such amount of Metal) equal to the product of (a) the Metal Entitlement on the relevant trade date (the "**Subscription Trade Date**") and (b) the total number of ETC Securities being issued; or
- (ii) in the case of Basket ETC Securities, an amount of each type of physical Base Metal (or, in the case of any portion of such Basket ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants for such amount of Metal) and of each Component comprised in the relevant Basket, equal to the product of: (a) the quantity of such type of Base Metal or Component comprised in the Metal Entitlement for such Basket ETC Securities on the Subscription Trade Date (calculated on the basis of the number of Baskets comprised in such Metal Entitlement multiplied by the weighting of such type of Base Metal or Component within such Basket) and (b) the total number of Basket ETC Securities being issued,

(each of (i) or (ii), as applicable, the "**Subscription Settlement Amount**") to the Off-Warrant Account(s) of the Issuer for such Series (or, in the case of a Bill of Lading or LME Warrants, to the Custodian to be held on behalf of the Issuer for such Series).

Each Subscription will be settled on such date after the Subscription Trade Date (which shall be a Settlement Day) as separately agreed between the Issuer and the Authorised Participant, as specified in the Final Terms of the relevant Tranche (the "**Subscription Settlement Date**"). Any valid Subscription Orders received by the Subscription Order Cut-Off Time (as specified in the Final Terms) on a business day will generally enable the Authorised Participant to be registered as the holder of the ETC Securities within two Business Days.

## **Base Prospectus**

The Issuer will not issue ETC Securities to an Authorised Participant until the Custodian confirms that the Subscription Settlement Amount has been received in the Off-Warrant Account(s) for the Series (or, in the case of a Bill of Lading or LME Warrants, has been received by the Custodian to be held on behalf of the Issuer for such Series).

The terms of the Metals Counterparty Agreement(s) require each Metals Counterparty to use its best efforts to procure the delivery of such Metal (or Bill of Lading or LME Warrants, as the case may be) before the end of the Subscription Settlement Date. It is possible, however, that despite using its best efforts, the relevant Metals Counterparty may be unable to procure delivery of the relevant Metal (or Bill of Lading or LME Warrants) before the end of the Subscription Settlement Date. If this occurs, the Metals Counterparty will then be required to procure the transfer of the Metal to the relevant Off-Warrant Account(s) (as applicable) or such Bill of Lading or LME Warrants to the Custodian by no later than 10:00 London time on the next following Business Day. If the Metals Counterparty fails to procure the delivery of such Metal (or Bill of Lading or LME Warrants) to the Issuer by that time, the Administrator shall notify the Authorised Participant and, unless otherwise agreed by the Administrator on behalf of the Issuer and the Authorised Participant, the Administrator shall liaise with the Metals Counterparty to attempt to settle the Subscription Order on each subsequent Business Day following the Subscription Settlement Date, with each such subsequent day deemed to be the Subscription Settlement Date in respect of such Subscription Order.

In the event that the Administrator and the Metals Counterparty are unable to settle the Subscription Order and do not reasonably expect to be able to settle the Subscription Order in the foreseeable future, the Subscription Order may be cancelled, subject to the agreement of the Authorised Participant and the Administrator on behalf of the Issuer, each acting in good faith and in a commercially reasonable manner.

In the event of any such cancellation, any portion of the Subscription Settlement Amount which has been delivered to the relevant Off-Warrant Account of the Issuer (or in the case of a Bill of Lading or LME Warrant, to the Custodian on behalf of the Issuer) shall be applied in payment of the Subscription for such number of ETC Securities as may be settled by such portion of the Subscription Settlement Amount (a "**Partial Subscription ETC Securities**") and the Partial Subscription of ETC Securities shall settle on the date on which the Subscription Order has been cancelled. No ETC Securities will be issued to the Authorised Participant in respect of the cancelled portion of the Subscription Order.

Any excess Metal (or Bill of Lading or LME Warrants) received by the Issuer and not applied to a Partial Subscription of ETC Securities shall be returned by the Issuer to the Authorised Participant. Pursuant to the relevant Metals Counterparty Agreement, any cash paid or unallocated Metal delivered by the Authorised Participant to the Metals Counterparty and not applied to the acquisition of physical Metal (or a Bill of Lading or LME Warrants) which has been delivered to the Issuer shall be returned by the Metals Counterparty to the Authorised Participant.

In connection with each Subscription, the Authorised Participant will also be required to pay the applicable Subscription Fee, in the amount notified to the Authorised Participant upon acceptance of the related Subscription Order by the Issuer (or the Administrator on the Issuer's behalf), which amount shall not exceed US\$1000.00, to the Issuer Cash Account by such time as separately agreed with the Administrator.

## **Buy-Back Settlement**

On any Business Day, provided that the Buy-Back Conditions are met, an Authorised Participant may request that the Issuer buys back ETC Securities from such Authorised Participant or ETC Holder by submitting a Buy-Back Order to the Administrator on the Issuer's behalf.

Prior to settlement of a Buy-Back, the Authorised Participant (or, if applicable, the ETC Holder) will be required to deliver to the Principal Paying Agent on behalf of the Issuer the relevant ETC Securities being bought back. In order for the Issuer to effect settlement of a Buy-Back on the Buy-Back Settlement Date, the Authorised Participant or ETC Holder must have transferred the ETC Securities into an appropriate account of the Principal

## **Base Prospectus**

Paying Agent with the Relevant Clearing System and given correct instructions in accordance with the Buy-Back Order form by the Buy-Back Order Cut-Off Time (as specified in the Final Terms) on the Buy-Back Trade Date. To avoid delays, the Authorised Participant or ETC Holder should contact the Administrator for details of the Issuer's account with the Principal Paying Agent prior to submitting a Buy-Back Order.

No interest or other amount shall be payable in connection with late deliveries or payments resulting from a failure by an ETC Holder to deliver ETC Securities in connection with a Buy-Back Order.

The Issuer will not instruct the Custodian to deliver the relevant quantity of Metal to or to the order of the relevant Metals Counterparty for onward delivery of such Metal (or cash or LME Warrants for such Metal, as applicable) to the Authorised Participant or ETC Holder until the Principal Paying Agent has confirmed receipt of such ETC Securities.

In connection with each Buy-Back, the Authorised Participant or ETC Holder will also be required to pay, as directed by the Administrator the applicable Buy-Back Fee to the Issuer Cash Account.

The amount of the Buy-Back Fee will be notified to the Authorised Participant or ETC Holder upon receipt of the Buy-Back Order by the Issuer (or the Administrator on the Issuer's behalf), and will be no greater than US\$1000.00 in the case of a Buy-Back Order submitted by an Authorised Participant and no greater than US\$2000.00 in the case of a Buy-Back Order submitted by an ETC Holder who is not an Authorised Participant.

The amount of the Metals Counterparty Fee will be notified to the Authorised Participant upon receipt of the Buy-Back Order by the Issuer (or the Administrator on the Issuer's behalf).

Where an Authorised Participant or ETC Holder lodges a valid Buy-Back Order in respect of ETC Securities, upon confirmation of receipt of such ETC Securities by the Principal Paying Agent, the Issuer will instruct the Custodian to transfer Metal in an amount equal to the Buy-Back Settlement Amount from the Off-Warrant Account(s) of the Issuer to or to the order of the relevant Metals Counterparty with instructions to the relevant Metals Counterparty to:

- (i) in the case of Single Metal ETC Securities backed by Base Metals, procure delivery of (at the option of the Issuer) an amount in USD for such quantity of Metal or LME Warrants for up to such quantity of Metal (and any remaining amount due to the Authorised Participant, as well as any Accrued Rent for such LME Warrants in USD); or
  - (ii) in the case of Basket ETC Securities, procure delivery of an amount in USD in respect of such quantity of Baskets,
- in each case to the specified Metal Account (and/or Cash Account, if applicable) of the Authorised Participant or ETC Holder.

Upon removal of such Metal from the Off-Warrant Account(s) (as applicable) of the Issuer, the ETC Securities the subject of the related Buy-Back Order will be cancelled.

Where, in connection with a Buy-Back of Single Metal ETC Securities backed by a Base Metal, the amount of Base Metal due to be delivered to the Authorised Participant is not equal to a whole number of LME Warrants for the relevant Base Metal, the Metals Counterparty will round down the number of LME Warrants to be delivered to the nearest whole number and determine the balance due to the Authorised Participant in USD on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date and pay such amount to the specified Cash Account of the Authorised Participant.

The Settlement Date for any Buy-Back will occur on the day on which the Custodian instructs the delivery of the relevant quantity of Metal from the Off-Warrant Account(s) (as applicable) of the Issuer to or to the order of the relevant Metals Counterparty for onward delivery of such Metal (or cash or LME Warrants for such quantity of Metal) to the Metal Account and/or Cash Account of the Authorised Participant or ETC Holder (which shall be a

## **Base Prospectus**

Settlement Day), as separately agreed between the Administrator and the Authorised Participant or ETC Holder (the “**Buy-Back Settlement Date**”).

There is a minimum time lag of two Business Days following delivery of a Buy-Back Order until the Buy-Back Settlement Amount is due to be delivered to the relevant Metal Account and/or Cash Account of the Authorised Participant or ETC Holder.

### **Settlement of Early Redemptions and Final Redemptions**

Final Redemptions or Early Redemptions of ETC Securities will be settled by the ETC Holder delivering the ETC Securities to be redeemed to the Principal Paying Agent, followed by the Issuer (or the relevant Paying Agent on the Issuer's behalf) making a cash payment in USD to such ETC Holder equal to the aggregate Early Redemption Amount (on the Early Redemption Settlement Date) or Final Redemption Amount (on the Scheduled Maturity Date) (as applicable) in respect of the ETC Securities being redeemed.

### **Settlement Failure on Buy-Backs**

In connection with the settlement of any Buy-Backs of ETC, the Issuer will have discharged its obligations to the Authorised Participant in respect of the settlement of each Buy-Back upon delivery by the Issuer of the Metal representing the Buy-Back Settlement Amount to or to the order of the relevant Metals Counterparty with instructions to deliver such Metal (or cash or LME Warrants for such Metal, as the case may be) to the specified Metal Account (or Cash Account, as applicable) of the Authorised Participant. None of the Trustee, the Security Trustee nor the Issuer shall be responsible or liable to any Authorised Participant for any failure by the relevant Metals Counterparty to procure the delivery of the relevant Metal, LME Warrants or cash in accordance with the Issuer's instructions.

Pending such delivery, the Issuer will not have any proprietary rights to specifically identified Lots (in the case of Base Metals) of the relevant Metal, but only a contractual right to require the Metals Counterparty to procure the delivery of the same to the relevant Authorised Participant in accordance with the Issuer's instructions, failing which, to return it to the Issuer.

In the event that the relevant Metals Counterparty fails to procure the delivery of the Metal, LME Warrants or cash to the Authorised Participant, the Issuer undertakes, if reasonably practicable, to assign its claim against the Metals Counterparty in respect of such Metal, LME Warrants or cash to the Authorised Participant. The Authorised Participant will then need to proceed with a claim against the Metals Counterparty to recover the Metal, LME Warrants or cash. The Authorised Participant may incur costs and there may be delays in connection with any such claim. The Issuer will not have any obligation to pursue any action against the Metals Counterparty (including by engaging in any legal proceedings) and will not have financial resources to do so unless funds are provided to it by the Authorised Participant for the purpose.

### **Settlement of trades**

Investors may sell the ETC Securities from time to time in the secondary market to third parties or Authorised Participants.

See the section of this Base Prospectus entitled “*Clearing System Settlement Arrangements*” for details on settlement of trades in ETC Securities through the Clearing Systems.

*Any offer or sale of ETC Securities to a prospective purchaser by an Authorised Offeror or Authorised Participant will be made in accordance with any terms and other arrangements in place between such Authorised Offeror or Authorised Participant and such prospective purchaser including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus or Final Terms, it will be the responsibility of the applicable financial intermediary at the time of such offer to provide the prospective*

## **Base Prospectus**

*purchaser with that information and neither the Issuer, the Administrator or other Authorised Offeror or Authorised Participant has any responsibility or liability for such information.*

### **Settlement on the London Stock Exchange**

The standard settlement cycle for settlement of trades on the London Stock Exchange is two business days (T+2). On creation or redemption of the ETC Securities, settlement will occur (provided certain conditions are met) on the second business day following receipt of the relevant Subscription Order or Buy-Back Order.

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## BASE METALS MARKET OVERVIEW

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*The information provided below does not purport to be a complete summary of information relating to copper or nickel or their storage, trading or relevant legislation. Prospective purchasers of ETC Securities are advised to conduct their own independent investigation of the relevant Metal(s) or consult with their relevant advisors as to the prospects and consequences of a purchase of ETC Securities linked to such Metal(s).*

*The following information has been extracted from the sources identified below. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced inaccurate or misleading.*

*Further information relating to Copper and Nickel can be found on the website of the London Metal Exchange at <http://www.lme.com>.*

### **Introduction**

Base metals are non-ferrous industrial metals including copper, aluminium, lead, nickel, tin, cobalt and zinc.

### **Common Usage of Base Metals**

Base metals appear in industrial and commercial applications.

- Copper - commonly used in wiring in electrical equipment due to its excellent conductivity.
- Aluminium - commonly used in the transportation industry for use in aircraft, cars and bicycles. Being largely resistant to corrosion, aluminium is also used in the food and beverage industry for drinks cans, kitchen foil and packaging.
- Lead - is soft, highly malleable and ductile and is predominantly used commercially in the manufacture of batteries.
- Zinc - often used in alloys, where a metal is made by combining two or more metallic elements to give improved properties, creating brass by combining zinc with copper. Zinc alloys are often used in industries such as shipbuilding and commercial uses in cars, electrical components and household fixtures.

Source: CME

### **Market Participants**

Different types of firms are actively engaged in Base Metals trading for a variety of reasons.

Some firms are hedging a physical price exposure due to their involvement in the supply chain of the metal. Others trade Base Metals as an investment asset or for speculative purposes.

Source: CME

### **Mining and Producer Sector**

This group includes mining companies that specialise in base metal production; mining companies that produce these metals as a by-product of other production; scrap merchants and recyclers.

## **Base Prospectus**

### ***Banking Sector***

Banks provide a variety of services to the base metals market and its participants, thereby facilitating interactions between other parties. Services provided by the base metals banking community include traditional banking products as well as mine financing, physical base metal purchases and sales, hedging and risk management, inventory management for industrial users and consumers, deposit and loan instruments and structured trade finance solutions.

### ***Investment Sector***

This sector includes the investment and trading activities of both professional and private investors and speculators. These participants range from large hedge and mutual funds to day-traders on futures exchanges and institutional investors.

### ***Manufacturing Sector***

The fabrication and manufacturing sector represents all the commercial and industrial users of base metals for whom base metals are a daily part of their business.

### **Trading Base Metals**

Producers (those who sell the metal they mine and refine) are at risk of prices falling, and consumers (those who buy and make things from metal) are at risk of prices rising.

Hedging against these price movements using futures and options enables the metal industry to focus on their core business.

Benefits of hedging:

- protect against adverse price movements
- lock in margins and offer long-term fixed prices to customers
- improve budget forecasts
- turn inventory into cash or security for finance
- protect physical inventory against price falls
- hedge physical purchases in times of production difficulty.

Base metals can be traded directly in physically settled transactions between producers and consumers at agreed prices based on quantity, grade and place of delivery. Metal can also be traded in the “over the counter” market or on exchanges via futures and options, which can either be cash or physically settled. Exchanges that offer trading of various Metals include the London Metals Exchange (the LME), the COMEX, the Shanghai Futures Exchange and the Tokyo Commodity Exchange.

### **Traditional ways to access base metals**

Historically, investors looking to add base metals exposure to their portfolios had three primary options to choose from. These are described below along with the fourth option of using exchange traded funds, notes or commodities.

## **Base Prospectus**

### ***Physical metal***

Holding physical base metals and certificates linked to the relevant base metal provides pure access to the relevant base metal. These forms of base metal exposure, however, generally are not as liquid as holding a security (like a stock or futures contract) and may be impractical or costly to store, buy and/or secure.

### ***Derivatives and futures contracts***

Derivatives and futures contracts have predominantly been limited to large institutional investors with the resources and experience to administer these positions themselves.

### ***Investments in the equities of mining stocks or in base metal mutual funds***

Prior to the introduction of exchange traded commodities and exchange traded funds, mutual funds provided convenient access to metal-linked investments in a generally cost-efficient manner and with low investment minimums. However, these vehicles typically have less historical correlation to the underlying metal and a higher historical correlation to the equity market than products that hold either physical metal or invest in metal futures.

### ***Exchange traded funds and exchange traded commodities***

These products represent a recent innovation for accessing the base metals market. These investment vehicles typically offer the ability for investors to buy and sell their investment in base metals through a brokerage account. Within exchange traded funds and exchange traded commodities, there are several approaches for delivering base metals exposure:

- ***Equities***

These products typically gain exposure by investing in equities tied to the relevant base metal market, such as copper or nickel mining companies. These products typically have less historical correlation to the relevant metal spot prices and higher historical correlation to the equity market than products holding physical base metals or investing in base metal futures.

- ***Metal-based futures, options and forwards***

There are two main ways to manage risk in the base metals markets: by trading futures and options or by trading forwards over the counter. Base metals futures and options cover a wide range of products and are either physically-delivered or cash-settled using price reporting agency indexes or assessments.

A “future” is the obligation to buy or sell a standard quantity of a specified asset (metal) on a set date, at a fixed price agreed today.

### **Futures Contracts**

Futures contracts are standardized contracts for the purchase and sale of financial instruments or physical commodities for future delivery on a regulated commodity futures exchange. Futures carry market risk, but credit risk is limited to the exchange's clearing house, minimizing counterparty risk. The daily mark-to-market settlement for cash-settled futures contracts ensures all accounts are properly collateralized and daily profits or losses are applied. LME futures are physically settled, so forward profit & loss is realised on the specific prompt date of the contract.

An “option” is the right, but not the obligation, to buy or sell a futures contract at a price (the strike price) agreed today.

## Base Prospectus

A “prompt date” is the date by which an LME warrant must be delivered by the seller and paid for by the buyer of a futures contract, also known as the “settlement date”.

### Forward Contracts

Forward contracts are customized contracts between two parties to buy or sell assets at a specified price on a future date and are privately negotiated and traded over-the-counter.

Forward contracts are customized contracts between two parties to buy or sell assets at a specified price on a future date and are privately negotiated and traded OTC (Over-The-Counter). Forwards carry both credit and market risk, leaving traders open to counterparty default. Settlement happens upon contract expiration, therefore profits or losses may be realized at the point of transaction but the actual cash settlements only occur after the contracts expire. Although LME futures are not OTC, they settle in the same fashion, with any profit & loss realised on the contract's prompt date.

Futures and forwards contracts are similar in nature but trading futures has certain benefits over trading forwards.

Source: CME

FUTURES CONTRACTS	FORWARDS CONTRACTS
Standardized	Changeable
Exchange-traded	Over the counter
Limited market credit risk	Higher market and credit risk
Settlement price fixed (last trading date or monthly average)	Settlement price agreed at initial trade date

Base Metals futures contracts that result in physical delivery on maturity help to ensure that there is a convergence in pricing between the physical market and the futures market at the futures' expiry.

Copper and Nickel futures are physically deliverable contracts that allow market participants to hedge volatile Copper and Nickel prices to mitigate price risk exposures.

Hedging strategies can be used by many different market participants, including but not limited to miners, refiners, smelters, traders, banks and consumers.

Source: CME

### ▪ ***Physical metals backed ETCs***

These exchange traded commodities offer investors participation in a structure that holds actual physical copper or nickel. Because they hold physical metal, these products offer the most direct access to the current price of the relevant base metal.

## **Base Prospectus**

### **Investing in the ETC Securities to gain exposure to metal prices**

The ETC Securities offer investors instant, easily-accessible and flexible exposure to the movement in spot prices of the relevant metal.

The ETC Securities potentially offer:

- immediate, cost-efficient exposure to an asset class that has not always been easy to access;
- the potential to enhance a portfolio's risk-adjusted returns by lowering overall portfolio volatility;
- broadened asset class opportunities that expand the range and depth of possible investment strategies; and
- new levels of investment flexibility, with the liquidity provided by an exchange listing.

The ETC Securities provide a simple and cost-effective means of gaining exposure very similar to a direct investment in the relevant metal. The objective is for the value of the ETC Securities to reflect, at any given time, the price of the relevant metal underlying such ETC Securities at that time, less fees and expenses. Investors who previously had difficulty purchasing, storing or insuring copper or nickel or who may have been prohibited from holding physical commodities or derivatives, may now invest in securities that seek to track the price of copper or nickel. Although the ETC Securities are not the exact equivalent of an investment in copper or nickel, they provide investors with an alternative that allows a level of participation in the base metals market through the securities market. The ETC Securities may be traded, borrowed, and shorted, and settle into – and can be transferred between – brokerage accounts.

### **Trading and market regulation**

#### **Trading Venue**

The relevant trading venue for the physical metals underlying the ETC Securities backed by Base Metals is the London Metal Exchange (the “**LME**”) for both copper and nickel.

#### **The LME**

The London Metal Exchange is the world centre for the trading of industrial metals – the majority of all non-ferrous metal futures business is transacted on LME’s three trading platforms: LMEselect (electronic), the Ring (open outcry) and the 24-hour telephone market.

In 2019, 176 million lots were traded at the LME equating to \$13.5 trillion and 3.9 billion tonnes notional with a market open interest (MOI) high of 2 million lots.

Trading on the LME often exceeds world metal production by a factor of 40.

The global metal community uses the LME to trade futures and options to hedge against adverse price movements – prices which are discovered on LME markets and used as the global reference.

A member of HKEX Group, the LME brings together participants from the physical industry and the financial community to create a robust and regulated market operating 24 hours a day.

Investors value the LME as a vibrant futures exchange but also for its close links to industry. The possibility of physical delivery via the world-wide network of LME Approved Warehouses makes it the perfect hedging venue for industry and provides a reference price they trust.

## **Base Prospectus**

The Exchange provides producers and consumers of metal with a physical market of last resort and, most importantly of all, with the ability to hedge against the risk of rising and falling world metal prices.

The LME has been in operation since 1877.

*Source: LME*

### **Trading on the LME**

#### **The London Metals Exchange**

The LME is by far the world's largest futures exchange by trading volume for base and other metals. The LME allows for cash trading, and offers hedging, worldwide reference pricing and physical settlement (generally via Warrants).

Commodities traded on the LME include aluminium, aluminium alloy, copper, lead, nickel, tin and zinc. Trades on the LME are in futures, options and TAPOs (traded average price contracts, a form of Asian option). Participants can trade six different types of contract against 14 underlying metals on a choice of three platforms.

The LME is a principal to principal market and only LME Members may trade on the exchange. LME trading takes place through its inter-office telephone market, the LMEselect electronic trading platform and the open outcry trading between the 12 ring dealing members that have exclusive rights to trade by open outcry. The LME plays an important role in price discovery and its official prices are used by a wide variety of market participants. The LME uses the second open outcry ring session, where most of the LME trading is concentrated, to establish the LME Cash Settlement Price.

Trades on the LME may be closed out or settled in cash or physically, generally in the form of Warrants. As a result, the LME is often the market of "last resort" for the sale and purchase of Metal. Each Warrant represents one lot of metal, although the exact tonnage may differ by plus or minus two per cent. of the specified tonnage for any given contract (e.g., a Warrant on copper, which has a specified tonnage per lot of 25 metric tonnes, could represent between 24.5 and 25.5 metric tonnes).

Warrants are generally transferred as settlement for LME futures at the LME Cash Settlement Price for the relevant Metal. They are also traded by market participants in the "over the counter" markets, where certain Warrants can trade at a premium to the LME Cash Settlement Price. Premiums can vary widely and are generally determined by supply and demand dynamics. They depend on a variety of factors, including the specific grade of the metal, its location, its brand, delivery and other transaction costs.

Warrants are physically stored with the Depository and transferred and recorded in the LMEsword System. Generally only LME Members may open accounts in LMEsword but non-members may open such accounts subject to the discretionary approval of the LME.

### ***Market Regulation***

The LME is a wholesale market offering products designed for institutional investors and for those wishing to hedge their exposure to fluctuations in metals prices.

The LME is subject to the obligations of the Packaged Retail and Insurance-Based Investment Products Regulations and has prepared Key Information Documents in relation to its Futures and Options contracts.

The Exchange provides the environment for trading and regulates the operation of the market. It has a statutory requirement to ensure that business on its markets is conducted in an orderly manner, providing proper protection to investors.

## **Base Prospectus**

Approved as a recognised investment exchange ("RIE") and conforming with UK and other international regulatory requirements, the LME offers, through price and volume transparency and audit trails, a legally safe forum for metals trading. As an RIE, the Exchange comes under the direct jurisdiction of the UK Financial Conduct Authority ("FCA") and is an exempt person for the purposes of the Financial Services and Markets Act 2000 in respect of its exchange activities.

Since 3 December 2019, the LME is also authorised and regulated by the Financial Conduct Authority in respect of its benchmark administration activities under the European Benchmarks Regulation.

Regulation of the market is largely carried out by the LME, while the majority of members' business is regulated by the FCA or their home regulator.

Beyond this, both the Exchange and its members are subject to regulatory controls and input from various UK bodies and government offices, as well as EU directives. In international trading, rules applied by overseas regulatory bodies such as the US Commodity Futures Trading Commission also have to be taken into account.

### LME Rules

All LME members must follow the rules and regulations of the Exchange. These govern the operation of the Exchange and its members. These are found in the LME Rulebook and in key member notices.

### LME Rulebook

This sets out the rules and regulations of the London Metal Exchange. It is separated into 13 parts and each part focuses on a specific area.

### Notices

These are key member notices with the binding effect of rules. They form a crucial part of the LME's regulations alongside the Rulebook.

### LME Clear Rulebook

Clearing of LME contracts is undertaken by LME Clear and is subject to the LME Clear Rules and Regulations.

Participants wishing to trade on the LME must do so with an LME member firm.

This can be done either directly with an LME member or through member-sponsored access to the LME's electronic trading platform, LMEselect.

Counterparty risk is mitigated by LME Clear, the LME's own clearing house, purpose-built for the metals market. As a Recognised Investment Exchange, the LME has a statutory requirement to ensure that business on its markets is conducted in a fair and orderly manner, providing proper protection to investors.

The LME is regulated by the Financial Conduct Authority (FCA) and the Bank of England regulates LME Clear. The FCA also regulates those LME members that conduct investment business.

### Trading platforms at LME

Futures and options are traded on three platforms at the LME.

*The Ring | Trading hours: 11.40 – 17.00*

Open-outcry trading floor. Liquidity is concentrated into five-minute sessions known as Rings. LME Official, Unofficial and Closing Prices are all, or in part, derived from trading activity on the Ring.

## **Base Prospectus**

*LMEselect | Trading hours: 01.00 – 19.00\**

Electronic trading platform, for the trading of all LME contracts. Offers a range of advanced features all tailored to the LME's unique prompt date structure.

*Inter-office telephone | Trading hours: 24 hours*

Members' indicative quotes are distributed via the vendor network and can be executed by telephone.

A full list of LME member firms can be found on the LME's website at [www.lme.com/trading](http://www.lme.com/trading).

*Source: LME*

### **Base Metal Pricing, Trading Units, Settlement**

The prices of copper and nickel are volatile and their fluctuations are expected to have a direct impact on the value of the ETC Securities of the respective Series.

Pricing of base metals can be impacted by fundamental issues of supply and demand, along with political and economic considerations. Base metals are considered a store of value, so any political and economic uncertainty, and deflation or inflation fears can stimulate accumulation and higher prices.

#### **LME Base Metal Prices**

The London Metal Exchange is the trading and price-formation venue of choice for industrial metals globally. Participants can trade one of a number of metals using futures, options, TAPOs, Monthly Average Futures and LMEminis.

LME participants can trade and take or make delivery of aluminium, copper, tin, nickel, zinc, lead, aluminium alloys and premiums.

The LME is the de facto price formation venue for non-ferrous metals. The prices "discovered" on the LME's platforms are used as the global reference and basis for physical trading as well as in the valuation of portfolios, in commodity indices and metal ETFs.

The LME is the most liquid and most traded industrial metals market in the world. The LME's global network of warehouses ensures these prices are truly reflective of supply and demand.

Real-time bid and offer prices are available 24 hours a day via the LME's market data service LMElive and also from approved data vendors. The LME also aggregates and publishes a set of reference prices that are based on highly liquid periods of the trading day.

*Source: LME*

## Base Prospectus

### LME reference prices

What are they and how are they calculated?	How are they used?	Prompt dates	When are they established?	Currency
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#### LME Official Price and Official Settlement Price

The LME Official Price is the last bid and offer quoted during the second open-out-cry (or Ring) session and the LME Official Settlement Price is the last cash offer price	The LME Official Price is used as the global reference for physical contracts and the LME Official Settlement Price is the price at which all LME futures are settled	Cash, 3 month and 3-forward December prices* (which roll annually)	12.30 – 13.25**	USD (we also publish exchange rates for EUR, GBP, JPY)
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#### LME Unofficial Price

The LME Unofficial Price is the last bid and offer quoted during the third Ring	The LME Unofficial Price is a good indicator of afternoon trading and is used as a reference price	Cash, 3 month and 3-forward December prices* (which roll annually)	15.00 – 15.40 (ex minors)	USD
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#### LME Closing Price (or Valuation)

The LME Closing Price (also known as the Evening Evaluation) is determined by the LME Quotations Committee after the close of trading on the Ring	Used by LME Clear and LME members for calculating margins	All prompt dates	Provisional Closing Prices from 16.15 Closing Price 17.50 Closing Price 18.15	USD JPY, GBP, EUR
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#### LME Asian Reference Price

The LME Asian Reference Price is calculated on the volume-weighted average price (VWAP) of trades transacted on our electronic trading platform, LMEselect, between 06.55–07.00 or 07.55–08.00 during British Summer Time (BST)	The LME Asian Reference Price provides traders with a useful early-day guide to trading in one of the most significant and liquid periods of the day	3 month LME Aluminium, LME Copper and LME Zinc	07.01 – 07.03 (08.01 – 08.03 BST)	USD
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\* 15 month official and closing prices published for tin and minor metals. 15 month unofficial price also available for tin. \*\* All times are Greenwich Mean Time (GMT) unless otherwise stated.

## **Base Prospectus**

### **Currency Unit**

The market is generally quoted in U.S. dollars per tonne. Quotations in other currencies are available upon negotiation. In addition to a U.S. dollar price, the London fixings for base metals offer benchmark prices in pounds sterling, euros and Japanese yen. However, for the purposes of the ETC Securities, only the U.S. dollar price is used.

### **Trading Units**

All LME contracts are traded in lots - which vary in size from 1 to 65 metric tonnes depending on contract type and the underlying metal - and are priced in US dollars.

The LME publishes official exchange rates to enable settlement in pound sterling, Japanese yen and euros, as well as US dollars.

*Source: LME*

### **LME Contract types**

LME Participants can trade one of 14 underlying metals using futures, options, TAPOs, Monthly Average Futures, LMEminis and our index product, LMEX.

LME contracts allow all those along the metal supply chain, as well as investment communities, to hedge against or take on price risk. The LME prompt-date structure provides flexibility for the metal community to trade daily, weekly and monthly, mirroring physical trading.

*Source: LME*

### **LME Clearing**

LME Clear is the central counterparty for all LME clearing members and their trading activity. It provides a financial guarantee to every traded contract, acting as “the seller to every buyer and the buyer to every seller”.

In the event of a clearing member default, LME Clear will step in and manage the defaulting clearing member's outstanding risk positions swiftly and efficiently.

LMEmercury, LME Clear's dedicated clearing system, allows members to monitor and assess the risk they are taking on in real time. This means clearing members have more control over their business in key areas such as portfolio management, option expiry handling and reporting.

LME Clear regularly introduces new services to meet customer needs. We have added a position-transfer service, inter-prompt spread methodology, trade compression, warrants and offshore Renminbi as collateral, averaging solutions and gross segregated accounts.

### ***Types of LME contracts***

#### **LME futures**

Physically settled contracts daily out to 3 months, weekly out to 6 months and monthly up to 123 months; cash-settled contracts out to 15 months.

## **Base Prospectus**

### LME traded options

American-style monthly options up to 63 months.

### LME TAPOS

(traded average price options) Asian-style monthly average-price options up to 63 months.

### Monthly Average Futures

A contract where the difference between the 'fixed' price and 'floating' Monthly Average Settlement Price (MASP) is financially settled.

### LMEminis

Small-lot, cash-settled monthly futures out to 12 months.

### HKEX London Minis

Small-lot, cash-settled monthly futures traded on HKEX, traded and priced in renminbi and US dollars.

## **LME Contract Specifications:**

<b>LME Copper</b>	25mt	Cathodes	Grade A copper	Futures
				Traded options
				TAPOs
<b>LME Nickel</b>	6mt	Cathodes	Primary nickel of 99.80% purity (minimum)	Futures
				Traded options
				TAPOs

### ***LMEsword***

The Exchange operates a secure electronic transfer system for LME warrants called LMEsword. The LMEsword system facilitates the transfer of ownership of LME warrants and stock reporting. Warrants are held in a central depository, are produced to a standard format and include a unique barcode. The London Agents of listed warehouse companies who issue these warrants must record all details of the warrant in LMEsword. The LME also offer a similar solution for the electronic transfer of ownership for off-warrant commodities via [LMEshield](#).

LME member firms who hold a net outstanding short position in an LME contract on the settlement date must make warrants available via LMEsword to settle their obligations. Those with an outstanding long position receive warrants via the LMEsword system. The efficient transfer of warrants using LMEsword is an important part of driving price correlation with the physical market. Owners of warrants can also use LMEsword to quickly and easily transfer title to material held on warrant to facilitate stock financing and other commercial arrangements.

As a terminal market for the materials that are traded on the LME, the amount of material held on warrant in LME warehouses is often used as an indicator of the underlying supply and demand situation for a material. LMEsword provides a fast and efficient mechanism to monitor stock levels. Detailed stock level reports are

## **Base Prospectus**

produced and distributed each day by LME market data vendors. Stock reports are produced by LMEsword and are a key part of operating an orderly and transparent market.

LMEsword produces daily reports on metals stocked in LME Approved Warehouses. You can see these on the individual metal pages or a monthly stock report.

LMEsword is supported 09.00-18.00, Monday - Friday, however the system is open 24 hours, seven days a week.

### **LMESELECT**

LMEselect is the electronic member to member trading system. Its tradable hours are 01.00-19.00 for Base metals, Monday-Friday (London Time) with pre-trade and post-trade periods 00.45-01.00 and 19.00-19.30 (Base).

LMEselect can be accessed by membership categories 1 & 2 and allows members to anonymously execute trades with other member firms. All LME contracts - futures, options and TAPOs can be traded this way.

LMEselect benefits from straight through processing efficiencies where trades are automatically sent to the matching and clearing systems - [LMEsmart](#) and the LME Clear system ([LMEmercury](#)).

Clients of members can connect to LMEselect via a member using third party applications via FIX API protocol. FIX applications are developed by members internally or via an Independent Software Vendor (ISV).

The available connectivity options to LMEselect in production are via LMEnet or CDC. In Member test, LMEselect can be accessed via Internet, LMEnet or CDC.

Source: *LME*

### **Settlement**

LME contracts are a bit like FX forwards – both are physically settled and have daily quoting conventions. The main difference is the settlement process – FX forwards are bilaterally settled whereas LME contracts are settled through a centralized clearing mechanism. LME contracts are quoted daily up to 3 months – a unique feature since most futures markets operate with monthly (crude oil) or seasonal (corn, soybeans) settlement conventions.

Most end-consumers are familiar with the rolling LME cash and 3-months contracts. The cash price is widely quoted in physical market transactions. It reflects the price payable for delivery of standard LME specification metal (effectively zero physical premium) in an LME Approved Warehouse. Physical traders, LME broker dealers and banks actively source physical liquidity from the LME. The metal acquired through physical delivery is often delivered to end-consumers.

For the main Base Metal futures, the warrant is used as the means of delivery.

### **LME Warrants**

Metal (stored in an LME Approved Warehouse) that's deliverable against an LME contract is accompanied by an LME warrant.

The LME warrant is a:

- Bearer document of title, of a specified brand, of a specified lot of metal in a specified location and warehouse
- Declaration of conformity with the LME rules

## **Base Prospectus**

*Source: LME*

These warrants are created and stored electronically. The warrant is created by the warehouse and is held in the exchange's systems by the metal owner's clearing member firm. The warrant contains all the relevant information related to the metal held in storage.

*Source: CME*

Futures contracts are settled or mature against LME warrants. To acquire a warrant, a participant must physically settle a long LME contract position - when the contract expires the participant acquires a warrant.

The LME is known as a terminal market because a metal owner can warrant metal and get paid promptly by delivering the metal against a short LME contract - for zero premium (in theory).

To take physical delivery of warrants against an LME contract, a participant needs to have an LME clearing and warrant account (and financing to pay for the warrants). Because of the liquid nature of LME warrants, financing is cheaper for metal on-warrant versus off-warrant but rent is more expensive.

### Intention to Deliver

Futures contracts typically reference a calendar month for assessing a price reference or for effecting delivery. For each of the Copper and Aluminium futures contracts, delivery can be made on any exchange business day during the contract month.

This can be two exchange business days prior to the first day of the contract delivery month until one business day prior to the last business day of the contract month.

The seller of the futures contract starts the delivery process by providing a formal notice of intention to deliver to the clearinghouse. The seller must identify the warrant they intend to deliver. In turn, the clearinghouse assigns the obligation to take delivery to a holder of a long futures contract. Delivery occurs two business days after the seller provides the notice of intent. Delivery takes place by the transfer of ownership of the metal warrant, at the settlement price set by the exchange on the day the seller provides the notice of intent. The amount of metal in a bar can vary from bar to bar. Whilst a futures contract is for a standardized amount of metal (e.g. 25,000 pounds for the Copper futures contract), the exact weight of metal is taken into account when the payment amount is calculated.

When futures buyers take delivery of metal warrant, they can choose what to do with it. For example, they can choose to leave it on warrant in the warehouse, take it off warrant and sell the metal privately, or ask for its removal from the warehouse for use or storage elsewhere – a process known as load out.

All shipping and warehouse charges must be paid and settled.

*Source: CME*

### Base Metals Financing

Base metal warrants may be pledged as collateral to banks in order to receive cash funds in the form of loans. Banks that offer this service or are engaged in such activity are often called CTF banks (Commodity Trade Finance banks).

Traditionally, this financing of base metal warrants occurs when base metal markets are in contango market structure, meaning the futures contracts are trading at a premium to the spot price, generating an upward sloping forward curve.

*Source: CME*

## **Base Prospectus**

### Transferring Ownership of Warrants

Warrants may be pledged by the trader to the financing bank. If the clearing broker (FCM – Futures Clearing Merchant) is different to the financing bank, they will facilitate this process but not transfer ownership of the warrants.

Any clearing member engaging in this service would have warrants put in lien status for the duration of the time the loan is outstanding. The warrants in lien status cannot be used for any deliveries until the financing bank indicates the lien can be removed.

A list of such warrants is sent to the financing bank.

*Source: CME*

### ***Warehousing and Storage***

Metal can be stored anywhere, but storage locations are mainly determined by proximity to production, and/or transport. The majority of Metal is (and all of the Issuer's Metal will be) stored in LME Approved Warehouses. Metal which is evidenced by a Warrant (and therefore satisfies the applicable LME Special Contract Rules for the relevant Metal) is referred to as "**LME Physical Metal**". The LME has over 600 Approved Warehouses in 37 locations throughout the USA, Europe, the Middle and the Far East. Criteria for choosing locations for Approved Warehouses include appropriate fiscal and regulatory systems, service by a good transport network, a tax regime that allows for storage without payment of duty and political and economic stability. Holders of Warrants must have clear title to and be able to take possession of the underlying LME Physical Metal in the event of an insolvency of the Approved Warehouse. Taxation on the storage and transfer of Metal is an important criteria in determining the location of Approved Warehouses and to that end, the LME conducts due diligence to ensure that jurisdictions in which Approved Warehouses are located allow for the storage of Metal indefinitely in a secure customs warehousing regime without liability for any duties prior to customs clearance (including any domestically produced Metal or any Metal that has previously cleared customs), do not impose any tax liability on transactions for Metal held in Approved Warehouses, do not require the determination of ownership of the Metal being stored and do not impose any taxes on storage costs. Each Approved Warehouse must enter into a warehouse agreement with the LME that requires the Approved Warehouse to maintain minimum levels of insurance and appropriate security. Each Approved Warehouse is generally subject to at least one independent audit a year relating to its stock and its storage facilities.

Approved Warehouses may only store LME Physical Metal in areas that comply with LME Rules and are subject to LME supervision; such areas may also contain Metal evidenced by a warehouse receipt and which was previously the subject of a Warrant (and therefore satisfies the LME Special Contract Rules that were applicable at the time such Metal ceased to be the subject of a Warrant ("**Warehouse Physical Metal**"). Warehouse Physical Metal may also be held in areas that are not subject to the LME Rules or supervision.

Storing Metal incurs an annual warehouse fee payable to the relevant warehouse at a specified rate charged on a US cents per tonne per day basis. For LME Physical Metal, the LME publishes annually the maximum warehouse fees being charged by each Approved Warehouse for the period between April 1 and March 31 of that year. Warehouse Physical Metal is often (but not always) stored at a discount to those maximum warehouse rental fees. Actual warehouse rental fees for both LME Physical Metal and Warehouse Physical Metal may be subject to negotiation by the holder of such Metal and the relevant warehouse.

For LME Physical Metal, the outstanding Warehouse Fee accrues from 1 April and such accrual is monitored and calculated by LMEsword. When LME Physical Metal is sold, an amount of cash in US dollars equal to the fees accrued from 1 April to the date of the sale is paid to the purchaser by the seller. A holder of Warrants as of 31 March is required to pay the annual Warehouse Fee to the relevant warehouse (although holders of Warrants may negotiate to pre-pay Warehouse Fees with the relevant warehouse and such pre-payments will be reflected in the calculations of the accrued Warehouse Fee made by LMEsword.)

## **Base Prospectus**

There are 500 LME approved storage facilities in 34 locations across the USA, Europe and Asia.

Locations for Approved Warehouses include: Baltimore, Chicago, Detroit, Long Beach, Los Angeles, Louisville, Mobile, New Orleans, Owensboro, St. Louis and Toledo in the USA; Antwerp, Barcelona, Bilbao, Bremen, Genoa, Hamburg, Helsingborg, Hull, Liverpool, Rotterdam, Trieste, Tyne & Wear and Vlissingen in Europe; Dubai in the Middle East and Busan, Johor, Nagoya, Singapore and Yokohama in the Far East. The LME's approved and licensed network of warehouses and storage facilities around the world supports the mechanism of physical delivery. Warehouse companies must meet strict criteria before they are approved for the handling of metals.

To be delivered against a futures contract, metal must be delivered to an exchange-approved warehouse. A warehouse provides secure storage of metal and inventory management to the exchange and its members. The weighmaster arranges weighing of the metal to confirm the shape and size.

Once approved metal has been delivered to the warehouse, the owner of the metal can choose to register the metal with the exchange by 'placing the metal on warrant'.

### Approved warehouses

The LME does not own or operate warehouses, nor does it own the material they contain. It simply authorises warehouse companies and the warehouses they operate to store LME-registered brands of metal, on behalf of warrant holders, and issue LME warrants through their London agent for material delivered into their approved warehouses.

The LME also approves warehouses as part of its LMEshield offering, which facilitates the electronic transfer of ownership for off-warrant commodities.

### Approved warehouse list

The list of approved warehouses is only available to logged in users of the LME website who have requested access.

### Rent and FOT rates and charges

LME warrant holders are responsible for the payment of charges for storage of material in LME approved storage facilities.

Information about the amount of metal held on warrant at LME Approved Warehouses, and the volume of deliveries taking place in base metals contracts is available on [www.lme.com](http://www.lme.com).

(Source: LME)

### On-Warrant Storage

All metals stored in LME approved storage facilities on warrant are LME approved brands from LME approved producers ensuring conformance to the Exchange's strict rules on commodity grade, quality and shape. Such metals are held subject to an LME On-Warrant Storage Agreement.

The holder of LME registered metal stored in an LME Approved Warehouse can put his/her metal "on warrant" at any time by providing warranting instructions to the warehouse. Putting the metal "on warrant" makes it deliverable against an LME contract.

Rents for on-warrant storage of metal will be significantly higher than rents for off-warrant storage.

### Off-Warrant Storage

## **Base Prospectus**

Metals stored off-warrant in LME approved storage facilities are held subject to an LME Off-Warrant Storage Agreement.

On 9 July 2020 the LME published its first set of summary statistics of off-warrant stocks, designed to deliver increased transparency of global metal availability. The obligation for warehouses to report metal subject to an LME Off-Warrant Storage Agreement was introduced in LME Decision Notice 19/347, following a consultation in 2019.

If metal is not accompanied by an LME warrant (but sits in an LME Approved Warehouse) then it is "off warrant" and not deliverable against an LME contract until it is placed on warrant.

A warrant owner can decide whether to keep the metal on or off-warrant. To extract the metal from the LME warehouse the owner must "cancel" the warrant first - or take it off-warrant. Some warrant owners might do this just to pay lower rent.

*Source: LME*

### Near Storage

The LME also has a program of reporting warehouse inventory in "near storage" — meaning metal which is stored in LME warehouses but not on warrant. Such metal is not in the LME system but has the potential to be delivered at short notice.

### Delivering Metal into a Warehouse

When metal is delivered into a warehouse and is determined to be eligible, storage for that metal is paid to the warehouse directly by the owner of the metal. A customer may decide to warrant (register) the metal, usually for the purpose to use for delivery against an exchange futures contract.

The warehouse is responsible for warranting the metal. If a warehouse is directed to warrant the eligible metal, it creates an electronic warrant through an exchange-based system to register the metal. The warrant, which is in the name of the customer's clearing member, contains pertinent information with respect to the metal that is being registered including the brand, weight, warrant number and warehouse identification. A warrant can only be created or cancelled by the warehouse.

Once the metal is on warrant, storage is then assessed and paid through the exchange's system. At the end of the month, LME Clearing assesses the registered metal. Clearing debits the account of the clearing member on behalf of the customer for the storage charge for the following month and pays directly to the warehouse. If the warrant is transferred, the previous owner's account is reimbursed for prepaid storage fees and the new owner's account is debited.

For Copper only, handling charges are paid upon warranting, whereas for the other metals, handling charges are paid upon cancellation for load out. If the Copper warrant is transferred, the handling charge is reimbursed to the seller and debited from the buyer. (*Source: CME*)

### Removing Metal from a Warehouse

If metal is requested to be loaded out of a warehouse, the customer must instruct the clearing firm to request a "cancel for load out". The customer is responsible for scheduling and coordinating transportation and must have all charges paid prior to release of the metal from the warehouse.

Each metal has a specific minimum load out rate that the warehouse is obligated to meet on a daily basis and conveyance requirements. For Copper, it is required that the warehouse has both direct truck and rail access. The minimum daily load out rate for Copper is 500 short tons per day, combination of truck and rail. For Aluminium, Zinc and Lead the Warehouse must have direct truck and/or rail access and must meet the minimum

## **Base Prospectus**

load out requirement for the primary conveyance it has chosen. For Aluminium, the minimum daily load out requirement is 2% of total inventory with a minimum daily rate of 1,000 metric tons by primary conveyance. For Zinc and Lead, the minimum daily load out requirement is 500 metric tons per day via primary conveyance.

(Source: CME)

Each warehouse must report to the exchange an inventory of the eligible and registered metal it has in store each day. For base metals, these figures are reported for each location showing the movement of metal into and out of the warehouse as well as metal that has moved between the eligible and registered status as depicted in an inventory report publicly available on the LME website.

In addition to providing transparency in providing the daily inventory of metal in each warehouse location, a warrant line up report is also publicly available to show the schedule of shipments from the individual warehouses. This report provides additional colour to the inventory report as it identifies the specific warehouse and its current shipment schedule which is valuable information for the market users involved in physical delivery.

### ***Branding***

LME brand lists determine which brands of metal can be delivered against LME contracts. Many global physical supply contracts stipulate LME brands for delivery.

The LME delivery system relies on a user being guaranteed a specified quality and quantity of metal. To ensure a consistency in quality, all metal delivered into LME approved storage facilities must be an LME approved brand and conform to specifications on quality, shape and weight.

Producers looking to register their production for LME delivery must meet certain criteria for each brand before gaining LME approval.

### ***Chemical composition***

All metal to be placed on warrant must be in compliance with the Special Contract Rules.

### ***Brand listing process***

Producers looking to register a brand for delivery against LME contracts must follow strict guidelines with regards to quality, grade, shape and weight, as stated in the physical specifications for each metal.

### ***Listed Samplers and Assayers***

LME Listed Samplers and Assayers (“**LSA**”s) are independent organisations skilled in the chemical analysis of metals.

From an LME perspective, the approved organisations play an important role before and after brands are listed.

#### **Before**

LSA’s are required to sample and evaluate the chemical quality of metals, which are subject to assessment, before a brand is approved. Evaluation must comply with the quality requirements outlined in contract specifications.

#### **After**

LSA’s will issue certificates of analysis basis agreed sampling procedures for metals to be placed on LME warrant where original producer documentation may not be available.

(Source: LME)

### Overview of Base Metals

In the following sections a brief overview of each base metal relating to the Programme is set out, including information regarding the primary sources of demand and supply, an overview of historical pricing and the operation of the copper and nickel markets.

#### Copper

Copper is one of the oldest metals known to man, which was discovered and first used around 10,000 years ago for coins and ornaments. It was an essential element in transitioning from the Stone Age to the Bronze Age, as copper is mixed with tin to create bronze.

Copper is one of the most widely used industrial metals because it is a ductile and malleable metal with great thermal and electrical conductivity. It is also attractive for its corrosion resistance and antimicrobial properties. The Egyptians used copper to sterilise water and treat infections and due to these characteristics, was also extremely important in the industrial revolution.

Naturally occurring copper is typically found in sulfide, carbonate, or silicate form. Copper metal is produced through smelting and refining the naturally occurring ore or is recycled from every day goods and materials.

Copper is also used to produce the alloys of brass (a copper-zinc alloy) and bronze (a copper-tin alloy), both of which are far harder and stronger than pure copper. Electrical uses of copper including power transmission and generation, and electrical equipment account for about 65 per cent. of total copper usage. Copper is biostatic, meaning that bacteria will not grow on its surface, and is therefore used in air-conditioning systems, food processing surfaces, and doorknobs to prevent the spread of disease. Building construction is the single largest market for copper, followed by industrial applications, power utility, diverse, consumer and general products and automotive.

Due to its attractive properties Copper is used in thousands of goods including, approximately 43% in building construction, 20% in electrical and electronic products, 20% in transport equipment, 10% in consumer products and 7% in industrial equipment. The widespread usage of copper in the economy has earned it the label "Dr. Copper" with its markets closely followed as a barometer of global economic activity.

Sources: US Geological Society (<https://www.usgs.gov/centers/nmic/copper-statistics-and-information>), International Copper Study Group (<https://icsg.org/statistical/>) and LME website [www.lme.com](http://www.lme.com)

Copper's main industry uses are:

- Wiring
- Piping
- Electric product manufacturing
- Building construction
- Infrastructure
- Power generation

## Base Prospectus

- Transportation

Its use in construction is preferred in part because of its aesthetic appeal but also because it does not burn, melt or release toxic fumes in the event of a fire. It also protects water systems from dangerous bacteria. The metal is one of the few that does not lose its chemical or physical properties during the recycling process.

Source: LME

### Copper Production

Copper ore is found in the earth's crust and is either mined from open pits or underground. Most of the world's copper ore originates from Chile (approximately 30%). The Escondida copper mine in northern Chile is the world's largest copper mine by reserve. In 2012, it had 32 million metric tons in copper reserves.

Copper ore is processed by breaking the rocks into smaller pieces and is turned into copper concentrates through the process of beneficiation. Then, through the smelting process, copper is extracted from the ore. Once copper is extracted from the smelter, it is melted and cast as anodes. High-purity copper cathodes are created from anodes in the final step of the process.

Copper is a commodity and, if meeting all specifications, can be delivered into exchange-approved warehouses.

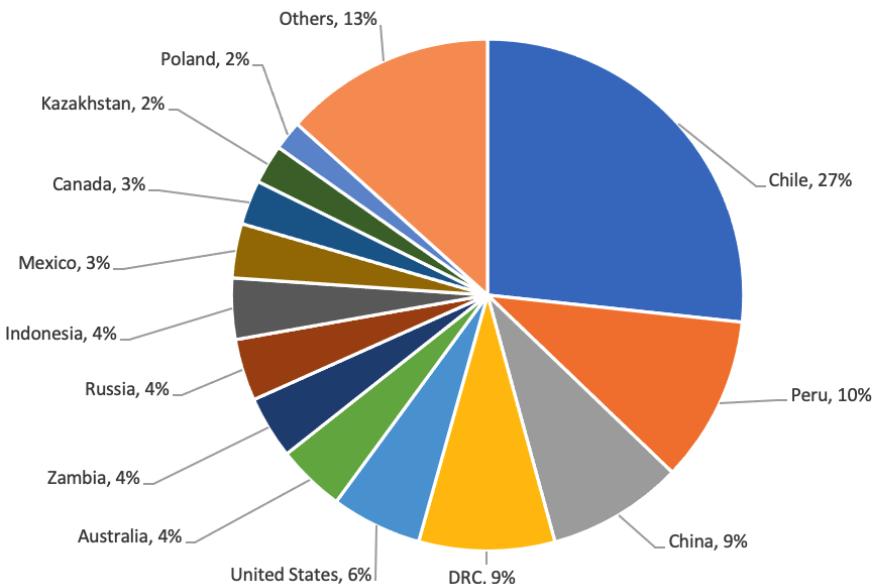
### Market Participants

The largest copper producers are BHP, Codelco, Freeport, Glencore and Southern Copper.

### World Copper Supply and Demand

According to the US Geological Society, in 2021 over 60% of copper was mined in the following five countries: Chile, Peru, China, the DRC and the USA.

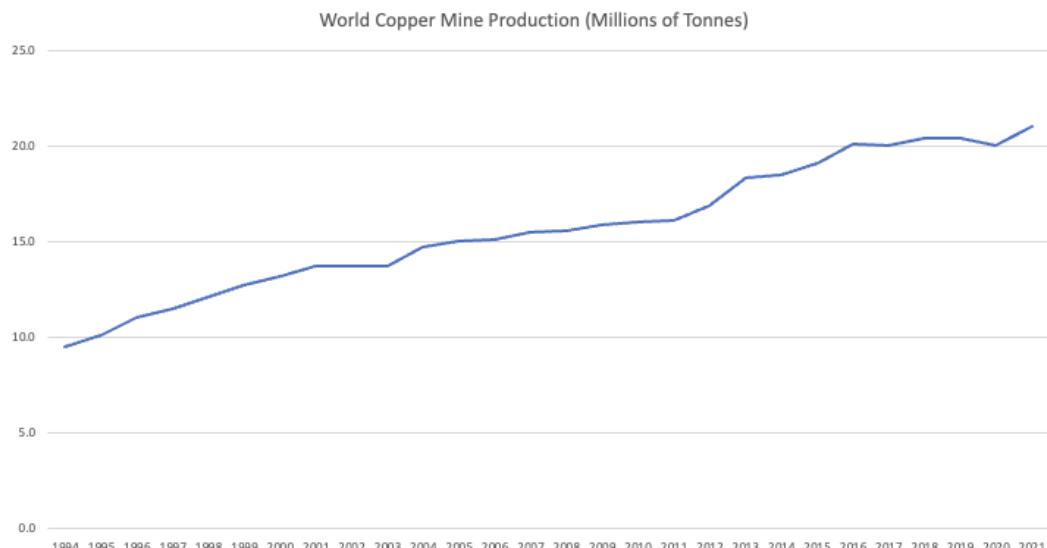
Copper: Primary Mine Production 2021



Source: US Geological Society

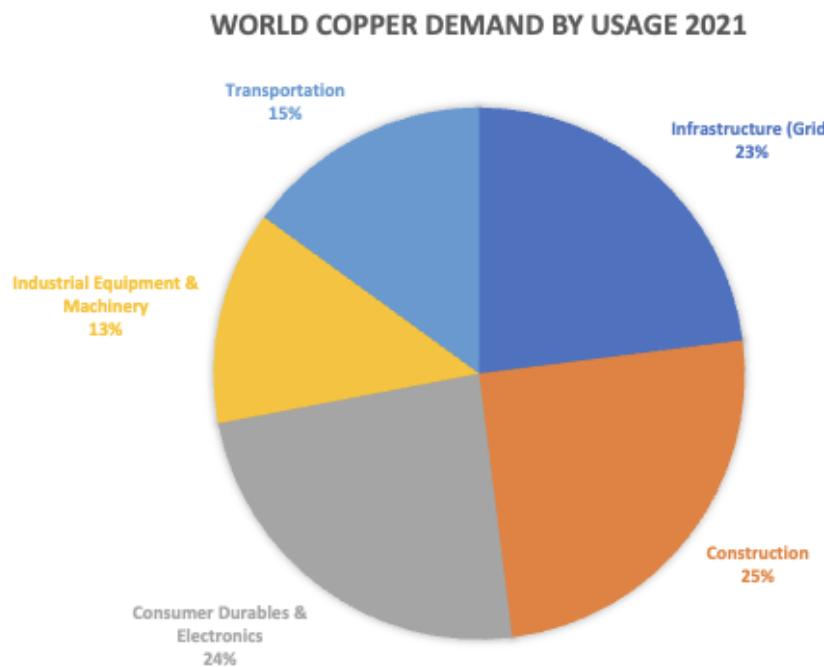
## Base Prospectus

Copper supply has increased over the last 10 years in response to China's industrialization during the commodity "super cycle." To meet China's demand, world supply from copper mines increased from around 9.5m MT in 1994 to almost 21m MT in 2021. Copper's price performance is well-linked to the performance of the Chinese economy.



Source: US Geological Society

Copper is widely used in both industrial and commercial markets, from electronics and plumbing to power generation, and is viewed as a reliable indicator of economic health. Copper is often referred to as Dr. Copper because of its ability to predict turning points in the global economy.



Source: US Geological Society

## Base Prospectus

Other factors that positively impact copper demand are government-backed copper, intensive power infrastructure, home appliance subsidy schemes, and promotion of electric vehicles. The growth in urban population with higher disposable incomes increases demand for buildings, home appliances and consumer electronics.

(Source: CME)

### ***Historical Supply and Demand for Copper***

Metric Tonnes	2014	2015	2016	2017	2018	2019	2020
Refined Production	22,448,343	22,926,024	23,237,294	23,479,445	23,655,316	23,466,533	24,151,470
Refined Consumption	22,747,936	22,790,241	23,183,164	23,335,118	23,935,740	24,005,263	24,837,830
	(299,593)	135,783	54,130	144,327	(280,424)	(538,730)	(686,360)

Source: World Bureau of Metal Statistics

The copper price as of 14<sup>th</sup> October 2022 was \$7687.50/t.

Source: LME (<https://www.lme.com/en/Metals/Non-ferrous/LME-Copper#Trading+day+summary>)

The LME Official Price for copper, discovered on the Ring between 12:30 -12:35, is used as the global reference. Contracts for material in a pre-refined state will be priced at a ‘discount’ to the LME price and material further along the value chain, at a ‘premium’. The LME Copper Closing Price, discovered at 16:35, is used for margining and valuation purposes.

The LME is the LME Copper benchmark administrator. As at the date of this Base Prospectus, the LME is included in the register of administrators and benchmarks maintained by the European Securities and Markets Authority under the Benchmarks Regulation.

### ***Historical Price of Copper 2014-2021 (average over 12 month period)***

Year	2014	2015	2016	2017	2018	2019	2020	2021
Price, USD/t	6862	5494	4863	6166	6523	6000	6181	9322

Source: LME

The average copper price in 2019 was \$6,000/t, indicating a decrease of 8%, as compared with 2018. The copper price increased to \$6,550 in Q1 due to the weak mine supply from Chile, Peru and Indonesia, combined with rising imports from China, but plummet to \$5,550/t in Q2 and Q3 on the back of the US-China trade tensions causing concerns over weaker demand. In Q4, the copper price started to recover on the news of strikes and protests at Peruvian and Chilean mines and amid reports of falling exchange stocks. The growth was further bolstered by a preliminary trade deal between the USA and China, bringing the price up to \$6,200/t by the end of December.

### ***Operation of the copper market***

#### Trading copper on the LME

Copper was the first metal traded on the London Metal Exchange (LME) when it was founded in 1877.

Adding copper to a portfolio can help to diversify the investment profile. All the LME’s base metals contracts have close ties with the physical market. The prices discovered on the LME’s markets are used the world over in physical contracts, and because they can be physically settled – using the LME warehouse network – LME prices converge with the physical market.

## **Base Prospectus**

The interaction on the LME between the physical and financial communities provides highly liquid and deep order books with tight spreads.

The LME's unique prompt date structure allows market participants to trade daily out to three months, weekly out to six months and monthly out to ten years.

### LME Copper facts

- Lot size: 25 metric tonnes
- Tick value: \$12.50
- Cost to tick ratio: 0.216
- Contract types: Futures, Options, TAPOs, Monthly Average Futures, LMEminis and HKEX London Minis traded on HKEX derivatives platform.

### Useful reports and data

LME Copper trading volumes, price and stocks data can be found on the LME website at: [www.lme.com/reports](http://www.lme.com/reports).

Real-time and historical LME trading data from LME-licensed distributors can be found at: [www.lme.com/licenseddistributor](http://www.lme.com/licenseddistributor).

Copper-specific data can be found at:

[www.lme.com/copper](http://www.lme.com/copper).

### LME Copper trading venues and prices

*Telephone* – The Exchange supports an inter-office market between LME members, which operates 24 hours a day. All telephone trades are matched and cleared through the LME's matching platform, LMEsmart, and clearing house, LME Clear.

*Electronic* – LMEselect is the LME's electronic trading platform, which integrates with member trading platforms via a FIX API, either from member sites or via data centres to facilitate low latency trading strategies. LMEselect is open for trading between 01:00 and 19:00 (London time). LMEselect is only available to LME members. Clients of LME members can access LMEselect via member systems or member-sponsored Independent Software Vendor (ISV) platforms (see below for more details).

\**The Ring* – The Ring, the LME's open-outcry trading floor, is central to the process of price discovery. Each LME metal is traded in highly liquid five-minute Ring sessions, which are themselves representative of global market supply and demand. Copper is traded on the Ring at these times: 12:00-12:05, 12:30-12:35, 15:10-15:15, 15:50-15:55 and ceases trading at 16:35 (London time).

*ISVs* - Members and their clients may choose to access LMEselect via member-sponsored ISV platforms. Client traffic passes through an ISV pre-trade risk engine endorsed and fully controlled by the sponsoring member's compliance team.

## LME Copper contract specification

Contract specification	LME Copper		
<b>Contract names and codes</b>	LME Copper (CA)		
<b>Contract type</b>	Futures		
<b>Delivery type</b>	Physically settled		
<b>Lot size</b>	25 metric tonnes		
<b>Price quotation</b>	US dollars per metric tonne		
<b>Clearable currencies</b>	US dollars, Japanese yen, sterling, euro		
<b>Trading venues</b>	Ring, LMEselect and inter-office telephone		
	Ring: 11:40 - 17:00 London time		
<b>Trading hours</b>	LMEselect: 01:00 - 19:00 London time Inter-office: 24 hours a day		
	Daily: out to 3 months Weekly: 3 out to 6 months Monthly: 7 out to 123 months		
<b>Contract period</b>	<b>Venue</b>	<b>Outright</b>	<b>Carries</b>
<b>Minimum price fluctuation (tick size) per metric tonne</b>	Ring	\$0.50	\$0.01
		\$0.50	\$0.01
	LMEselect	\$0.01	\$0.01
<b>Termination of trading</b>	Up until the close of the first Ring the day before the prompt date		
<b>Margining</b>	Contingent Variation Margin applied		

(Source: LME)

More information about LME Copper is available on the LME's website at [www.lme.com/copper](http://www.lme.com/copper).

A more detailed description including historical data of the copper industry can also be found at <http://www.icsg.org>, which is updated from time to time by the International Copper Study Group.

## **Nickel**

Nickel was first identified in 1751 by Swedish chemist Axel Fredrik Cronstedt but can be traced in bronzes from the Middle East as far back as 3500 BC. Miners in the 15th century called it 'Kupfernickel' (devil's copper) due to the reddish hue of the ore and the difficulty it took to extract. Nickel is a silvery-white, high-shine metal originally used in coins and now predominantly used to make stainless steel. It is one of only three elements which are ferromagnetic at, or close to, room temperature (the others are iron and cobalt). Often nickel is alloyed and used for plating because of both its corrosion-resistant nature and the stress it can endure under high and low temperatures.

Nickel is a naturally occurring metal with attractive chemical and physical properties including, being highly ductile, resists corrosion, has a high melting point and can be fully recycled. Nickel is a hard, malleable, ductile metal that can take on a high polish. Nickel is also a fair conductor of heat and electricity.

Approximately 70% of global nickel production is used in the manufacture of austenitic stainless steel, with another 16% of production used in the manufacture of superalloys (e.g., Inconel 600) or nonferrous alloys (e.g., cupronickel) (often for highly specialised industrial, aerospace and military applications), 8% is used in plating, 5% used in batteries and the remaining 1% used in other products including catalysts and other chemicals, and coinage. Due to its crucial role in battery technology, Nickel will play a big part in the developing electric vehicle (EV) and energy storage stories. Nickel plating techniques are employed in applications such as turbine blades, helicopter rotors, extrusion dies, and rolled steel strip.

Nickel use has been growing at a rate of about 4% a year since 2010 while use of nickel-containing stainless steel has been growing at roughly 6% according to the Nickel Institute. The metals market as a whole has recognised that green energy will play a key role in nickel's future. The rapid rise of electric vehicles and growing importance of battery technology are likely to increase demand for higher purity nickel. Whilst EV's only represent a small share of current automotive manufacturing, and in turn a small part of the nickel story, government policy and the strategic plans of well-known automotive players are driving the renewable energy industry forward, which will impact the nickel futures market.

Sources: US Geological Society (<https://www.usgs.gov/centers/nmic/nickel-statistics-and-information>); the Nickel Institute (<https://www.nickelinstitute.org/about-nickel#properties>) and the LME website: [www.lme.com](http://www.lme.com).

## ***Market Participants***

The largest nickel producers are Tsingshan Group, Nornickel, Vale, Jinchuan and Delong.

## ***World Nickel Supply and Demand***

According to the US Geological Society, over 75% of nickel mined in the following 6 countries: Indonesia, the Philippines, Russia, New Caledonia, Australia, Canada.

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### *Historical Supply and Demand for Nickel*

Metric Tonnes	2014	2015	2016	2017	2018	2019	2020
Refined Production	1,835,986	1,840,555	1,839,656	2,055,562	2,244,070	2,401,375	2,507,039
Refined Consumption	1,582,409	1,734,239	1,859,122	2,095,074	2,342,352	2,430,578	2,414,376
	253,577	106,316	(19,466)	(39,512)	(98,282)	(29,203)	92,663

Source: *World Bureau of Metal Statistics*

The nickel price as of 14<sup>th</sup> October 2022 was \$21,905/t.

Source: LME (<https://www.lme.com/en/Metals/Non-ferrous/LME-Nickel#Trading+day+summary>)

The LME Official Price for nickel, discovered on the Ring between 13:00-13:05, is used as the global reference. Contracts for material in a pre-semi-fabricated state will be priced at a “discount” to the LME price and material further along the value chain, like nickel sulfate, at a “premium”. The LME Nickel Closing Price, discovered at 17:00, is used for margining and valuation purposes.

The LME is the LME Nickel benchmark administrator. As at the date of this Base Prospectus, the LME is included in the register of administrators and benchmarks maintained by the European Securities and Markets Authority under the Benchmarks Regulation.

### *Historical Price of Nickel 2014-2021 (average over 12 months)*

Year	2014	2015	2016	2017	2018	2019	2020	2021
Price, USD/t	16,867	11,807	9,609	10,411	13,122	13,936	13,789	18,498

Source: LME

### ***Operation of the nickel market***

Nickel started trading on the London Metal Exchange (LME) in 1979.

In 2017, nearly 22m lots of LME Nickel were traded on exchange, equating to approximately 132m tonnes and \$1.4 trillion in notional value with a market open interest high of over 345,000 lots (2.07m tonnes).

### Trading LME Nickel

All of the LME’s non-ferrous metals contracts have close ties with the physical market. The prices discovered on the LME are used the world over in physical contracts, and because they can be physically settled (using the LME warehouse network), LME prices are truly reflective of global supply and demand.

The interaction on the LME between the physical and financial communities provides highly liquid and deep order books with tight spreads.

The LME’s unique prompt date structure means nickel can be traded daily out to three months, weekly out to six months and monthly out to 63 months.

### LME Nickel facts

- Lot size: six metric tonnes
- Tick value: \$30 (per lot)

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- Cost per tick ratio: \$0.09
- Contract types: futures, options, TAPOs, monthly average futures, LMEminis and HKEX London minis traded on HKEX derivatives platform.

### Useful reports

LME Nickel trading volumes, prices and stocks data can be found at: <https://www.lme.com/Metals/Non-ferrous/LME-Nickel#Trading+day+summary>.

Real time and historical LME trading data can be obtained on the LME's browser-based service LMElive: [www.lme.com/lmeline](http://www.lme.com/lmeline) or from any of the LME's licensed distributors by visiting: <https://www.lme.com/en/Market-data/Accessing-market-data/Licensed-distributors>.

Nickel-specific data can be found at: <https://www.lme.com/Metals/Non-ferrous/LME-Nickel/Contract-specifications>.

### LME Nickel trading venues and prices

*Telephone* – The Exchange supports an inter-office market between LME members which operates 24 hours a day. All telephone trades are matched and cleared through the LME's matching platform, LMEsmart, and clearing house, LME Clear.

*Electronic* – LMEselect is the LME's electronic trading platform, which integrates with member trading platforms via a FIX API, either from member sites or via data centres to facilitate the lowest latency trading strategies. LMEselect is open for trading between 01:00 and 19:00 (London time). LMEselect is only available to LME members but clients of LME members can access it via member systems or member-sponsored Independent Software Vendor (ISV) platforms (see below for more details).

*Open outcry* – The Ring, the LME's open-outcry trading floor, is central to the process of price discovery. LME Nickel is traded in four, highly liquid five-minute Ring sessions, which are themselves representative of global supply and demand. Nickel is traded on the Ring at these times: 12:15-12:20, 13:00-13:05, 15:25-15:30, 16:05-16:10 and ceases trading at 17:00 (London time).

*ISVs* - Members and their clients may choose to access LMEselect via member-sponsored ISV platforms. Client traffic passes through an ISV pre-trade risk engine endorsed and fully controlled by the sponsoring member's compliance team.

### LME Nickel trading data

#### *Average daily volume*

Daily volume for LME Nickel averages over 75,000 lots per day, with LMEselect volumes accounting for about 40% of all market traded volume.

#### *3-Month price and intraday volatility*

The 3-month (3M) price represents the price agreed to settle or deliver material three months from the time that the price is agreed and concentrates liquidity on one day.

Volatility is an important parameter for some participants as it can often determine the level of involvement in a financial instrument.

#### *3rd Wednesday price*

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3rd Wednesday contracts are monthly futures that exist within the current prompt date structure for all major LME contracts expiring on the 3rd Wednesday of each month.

### *3M to 3rd Wednesday spread*

This is the spread between the 3M rolling forward contract and a monthly futures contract or an adjustment of a position from the daily expiry (three months forward) into monthly expiry.

### *Calendar spread*

3rd Wednesday to 3rd Wednesday are calendar spreads (known as carries on the LME) used for rolling a position from one month to another.

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### LME Nickel arbitrages

Regional prices for nickel can vary with different factors like economic, physical and logistical influences all playing a role. Traders can arbitrage these temporary differences and often do so by buying LME Nickel and selling Shanghai Futures Exchange (SHFE) nickel, or vice versa.

### LME Nickel contract specification

Contract specification	LME Nickel		
<b>Contract name and code</b>	LME Nickel (NI)		
<b>Contract type</b>	Futures		
<b>Delivery type</b>	Physically settled		
<b>Lot size</b>	6 metric tonnes		
<b>Contract period</b>	Daily: out to 3 months Weekly: 3 out to 6 months Monthly: 7 out to 63 months		
<b>Price quotation</b>	US dollars per metric tonne		
<b>Clearable currencies</b>	US dollars, Japanese yen, sterling, euro		
	Venue	Outright	Carries
<b>Minimum price fluctuation (tick size) per metric tonne</b>	Ring LMEselect Inter-office	\$5.00 \$5.00 \$0.01	\$0.01 \$0.01 \$0.01
<b>Termination of trading</b>	Up until the close of the first Ring the day before the prompt date		
<b>Trading venues</b>	Ring, LMEselect and inter-office telephone		
<b>Trading hours</b>	Ring: 11:40 - 17:00 London time LMEselect: 01:00 - 19:00 London time Inter-office: 24 hours a day		
<b>Margining</b>	Contingent variation margin		

More information about LME Nickel is available on the LME's website at [www.lme.com/nickel](http://www.lme.com/nickel).

Source: LME

## **Cobalt**

Cobalt is a type of chemical element found in the earth's crust only chemically combined form. It is a free element that is produced by reductive smelting. Cobalt is a by-product of copper and nickel so; most of the cobalt is produced by the production of nickel and copper. Pure metallic cobalt is a lustrous, hard, silver-gray metal and is usually used in several industrial applications counting high-temperature superalloys, stainless steels, medical prosthetics, hard-facing products and cemented carbides.

The application of cobalt in the industrial sector is in the form of a compound and it is rarely used as a free element. The key applications of cobalt are life sciences, binder materials, orthopedics, magnets, thermal spray coatings, water resistant alloys, super alloys, and reusable energy storage systems. Among all the application segments, reusable energy systems emerged dominant and are likely to retain a lead in the global cobalt market over the forecast period.

Cobalt-based super alloys have features such as weldability, enhanced thermal fatigue resistance, and high melting point. As a result of this, the demand for cobalt is significantly high from the electronics, automotive, and aerospace industry. The growth of the global cobalt market can be attributed to the rising demand for lightweight electric cars for combating climate change issues. Rechargeable batteries are deployed in electric vehicles, giving rise to the demand for cobalt as it is the main compound added in batteries. Owing to the use of cobalt alloys in airplane engines, the demand for cobalt is anticipated to rise from the aviation industry over the forthcoming years.

### **Major applications of cobalt:**

- Reusable energy storage systems
- Super alloys
- Wear-resistant alloys
- Thermal spray coatings
- Magnets
- Orthopedics
- Binder materials
- Life sciences

## **Cobalt Market**

The growing use of cobalt for metallurgical uses mainly in high-temperature alloys (superalloys) has highly influenced growth of the cobalt market. In line with this, the Increase in the use of cobalt in the electric vehicle as well as the high demand of cobalt owing the recyclable nature is also acting as a key determinant favoring the growth of the cobalt market over the forecast period of 2022 to 2028. Also the rapid increase in lithium ion battery production, superior energy density, recyclability of cobalt and strong presence of major construction companies are also positively impacting the growth of the cobalt market. The major factor accountable for the growth of the market is the rapid technological advancements along with rapid urbanization and globalization as well as the rising disposable incomes.

However, the irregularity in supply occurring due to a lack of advanced infrastructure and political volatility may act as key restraint towards cobalt market growth rate in the forecast period of 2022 to 2028, whereas due to

## **Base Prospectus**

the inconsistency between the supply and demand, the prices of cobalt are probable to rise which have the potential to challenge the growth of the cobalt market in the above mentioned forecast period.

Furthermore, rapid development and commercialization of environment friendly recyclable cobalt as well as growing population and the rising penetration of consumer electronics in emerging economies will further offer a variety of growth opportunities for the cobalt market in the above mentioned forecast period.

The rising application of cobalt in the medical sector is also expected to further bode well for the growth of the market. Due to features of cobalt such as corrosion resistance, strength, durability, and biocompatibility, it is used to manufacture hip and knee replacement components. It also has applications as a biomedical metal in trauma fixation dentistry, surgical instruments, and implants.

However, the demand for cobalt is likely to be hindered by the irregularity in supply occurring due to a dearth of advanced infrastructure and political instability in leading cobalt producing and exporting countries, such as the Democratic Republic of the Congo. Owing to the discrepancy between the supply and demand, the prices of cobalt are likely to rise, causing an adverse impact on its sales.

Region-wise, the global cobalt market is categorized into Asia Pacific, North America, Europe, and the Rest of the World.

Forms: (Chemical Compound, Metal, Purchased Scrap),

Applications: (Battery Chemicals, Super Alloy, Ceramic and Pigments, Hard Metals, Magnets, Life Science, Binder Material),

End Users: (Electronics, Automotive, Aerospace, Medical),

Countries: (U.S., Canada, Mexico, Brazil, Argentina, Rest of South America, Germany, France, Italy, U.K., Belgium, Spain, Russia, Turkey, Netherlands, Switzerland, Rest of Europe, Japan, China, India, South Korea, Australia, Singapore, Malaysia, Thailand, Indonesia, Philippines, Rest of Asia-Pacific, U.A.E, Saudi Arabia, Egypt, South Africa, Israel, Rest of Middle East and Africa)

## **Market Participants**

The leading producers of cobalt in the world are Australia, Zambia, China, and Canada. The U.S. and China are the leading consumers of cobalt owing to the growth of the aviation and automotive industries in these countries. The key regional segments in the global cobalt market are North America and Asia Pacific due to the high demand for cobalt from the U.S. and China.

To increase their profit margin, the leading companies operating in the global cobalt market are focusing on enhancing their extraction activities and improve their production units. The key players in the market are Umicore, Jinchuan, Glencore Xstrata plc, Freeport-McMoran Copper and Gold, and Huayou Cobalt.

The major players covered in the cobalt market report are China Molybdenum Co., Ltd., Glencore, Sheritt International Corporation, Vale, SUMITOMO METAL MINING CO LTD., Norilsk Nickel, GEM Co., Ltd., Huayou Cobalt Co., Ltd., BHP, Yantai Cash Industrial Co Ltd., Freeport Cobalt, Sumitomo Corporation, Horizonte Minerals, CMOC, Jervois Mining, Missouri Cobalt, LLC, FLEURETTE PROPERTIES LIMITED, McKinsey & Company, Jinchuan Group International Resources Co. Ltd., and Umicore among other domestic and global players.

Asia-Pacific leads the cobalt market because of the high demand for cobalt from China within this particular region. Europe is expected to expand at a significant growth rate over the forecast period of 2022 to 2028 because of the strict regulations pertaining to the fuel-economy standards and vehicle emissions in this particular region.

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Source: <https://www.databridgemarketresearch.com/reports/global-cobalt-market>

### World Resources

Identified cobalt resources of the United States are estimated to be about 1 million tons. Most of these resources are in Minnesota, but other important occurrences are in Alaska, California, Idaho, Michigan, Missouri, Montana, Oregon, and Pennsylvania. With the exception of resources in Idaho and Missouri, any future cobalt production from these deposits would be as a byproduct of another metal. Identified world terrestrial cobalt resources are about 25 million tons. The vast majority of these resources are in sediment-hosted stratiform copper deposits in Congo (Kinshasa) and Zambia; nickel-bearing laterite deposits in Australia and nearby island countries and Cuba; and magmatic nickel-copper sulfide deposits hosted in mafic and ultramafic rocks in Australia, Canada, Russia, and the United States. More than 120 million tons of cobalt resources have been identified in manganese nodules and crusts on the floor of the Atlantic, Indian, and Pacific Oceans.

### World Cobalt Mine Production and Reserves:

Reserves for multiple countries were revised based on industry reports.

	Mine production		Reserves <sup>8</sup>
United States	500	600	53,000
Australia	5,740	5,700	91,400,000
Canada	3,340	3,200	220,000
China	2,500	2,300	80,000
Congo (Kinshasa)	100,000	95,000	3,600,000
Cuba	3,800	3,600	500,000
Madagascar	3,400	700	100,000
Morocco	2,300	1,900	14,000
Papua New Guinea	2,910	2,800	51,000
Philippines	5,100	4,700	260,000
Russia	6,300	6,300	250,000
South Africa	2,100	1,800	40,000
Other countries	6,320	6,400	560,000
World total (rounded)	144,000	140,000	7,100,000

### Substitutes

Depending on the application, substitution for cobalt could result in a loss in product performance or an increase in cost. The cobalt contents of lithium-ion batteries, the leading global use for cobalt, are being reduced; potential commercially available cobalt-free substitutes use iron and phosphorus. Potential substitutes in other applications include barium or strontium ferrites, neodymium-iron-boron, or nickel-iron alloys in magnets; cerium, iron, lead, manganese, or vanadium in paints; cobalt-iron-copper or iron-copper in diamond tools; copper-iron-manganese for curing unsaturated polyester resins; iron, iron-cobalt-nickel, nickel, ceramic-metallic composites (cermets), or ceramics in cutting and wear-resistant materials; nickel-based alloys or ceramics in jet engines; nickel in petroleum catalysts; rhodium in hydroformylation catalysts; and titanium-based alloys in prosthetics.

Source: U.S. Geological Survey, *Mineral Commodity Summaries, January 2021*

### Events, Trends, and Issues

Congo (Kinshasa) continued to be the world's leading source of mined cobalt, supplying approximately 70% of world cobalt mine production. With the exception of production in Morocco and artisanally mined cobalt in Congo (Kinshasa), most cobalt is mined as a byproduct of copper or nickel. China was the world's leading producer of refined cobalt, most of which was produced from partially refined cobalt imported from Congo (Kinshasa). China

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was the world's leading consumer of cobalt, with more than 80% of its consumption being used by the rechargeable battery industry.

Cobalt mine and refinery production were forecast to decrease in 2020. Estimated annual average cobalt prices declined from those of 2019. Cobalt production in Madagascar was suspended to prevent the spread of COVID-19. Increased production from recently started operations in Congo (Kinshasa) was more than offset by reduced production at other operations in response to low prices and restrictions resulting from the COVID-19 pandemic.

### **Historical Price of Cobalt**

Year	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
Price, USD/t	37,026	36,134	33,199	32,182	34,163	46,748	45,545	53,008	64,012	77,777

*Source: LME*

The cobalt price as of 14 October 2022 was \$56,570.62/t.

*Source: LME (<https://www.lme.com/en/Metals/EV/LME-Cobalt-Fastmarkets-MB#Trading+day+summary>)*

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## MASTER TERMS AND CONDITIONS OF SINGLE METAL ETC SECURITIES BACKED BY BASE METALS

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*The following is the text of the terms and conditions (the "Conditions") that, subject to completion in accordance with the provisions of the Final Terms of the relevant Series, shall be applicable to each Series of Single Metal ETC Securities backed by a Base Metal.*

*Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the relevant Final Terms or (ii) these terms and conditions as so completed, shall be endorsed on the ETC Securities. For the avoidance of doubt, in the case of (i) above the blanks in the text of these terms and conditions shall be deemed to be completed by the information contained in the relevant Final Terms as if such information were inserted in such provisions; alternative or optional provisions in these terms and conditions which are not specified or which are expressly disappled or deleted in the relevant Final Terms shall be deemed to be deleted from these terms and conditions; and all provisions of these terms and conditions which are inapplicable to the ETC Securities (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these terms and conditions, as required to give effect to the terms of the relevant Final Terms.*

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

These terms and conditions apply separately to each Series and, accordingly, references in these terms and conditions to "**ETC Securities**" are to the ETC Securities of the relevant Series only and references to any defined term that applies in respect of each Series is to such defined term as it relates to such relevant Series (unless specified otherwise or unless the context otherwise requires).

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

Copies of the relevant Issue Deed, Trust Deed, Security Documents and Conditions referred to in these terms and conditions are available for inspection during normal business hours at the Specified Office of the Issuer and each of the Paying Agents and on the website of the Issuer at the following links:

<https://elementummetals.com/product/elementum-physical-copper-etc#documents>

<https://elementummetals.com/product/elementum-physical-nickel-etc#documents>

and will be sent to TC Holder on request to the Issuer, the Principal Paying Agent 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:

**"Account Bank"** means The Bank of New York Mellon, London Branch and any successor or replacement thereto as account bank under the Account Bank Agreement.

**“Account Bank Agreement”** means, in respect of a Series, the account bank agreement in the form of the Master Account Bank Terms dated on or about the Series Issue Date created by the entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Administrator, the Account Bank and any other parties specified in such Issue Deed as being a party to such Account Bank Agreement, as amended and/or supplemented by such Issue Deed and as such Account Bank Agreement is amended, supplemented, novated or replaced from time to time.

**“Accrued Rent”** means in respect of any LME Warrant and any day, the rent payable pursuant to the terms of such LME Warrant as at such day then accrued and unpaid.

**“Actual Redemption Sale Proceeds”** has the meaning given to it in the definition of Total Redemption Sale Proceeds.

**“Administration Agreement”** means, in respect of a Series, the administration agreement in the form of the Master Administration Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Administrator, and any other parties specified in such Issue Deed as being a party to such Administration Agreement, as amended and/or supplemented by such Issue Deed and as such Administration Agreement is amended, supplemented, novated or replaced from time to time.

**“Administrator”** means Apex Fund Services (Ireland) Limited and any successor or replacement thereto as administrator under the Administration Agreement in respect of a Series.

**“Administrator/Benchmark Event”** means any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Metal Reference Price or the administrator or sponsor of the Metal Reference Price has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer, the Administrator or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Metal Reference Price to perform its or their respective obligations under the ETC Securities.

**“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 (i) 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 (ii) direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

**“Agency Agreement”** means, in respect of a Series, the agency agreement in the form of the Master Agency Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Administrator, the Trustee, the Principal Paying Agent, each relevant Paying Agent (as may be required by the rules of any Relevant Stock Exchange), the Registrar, the Transfer Agent and any other parties specified in such Issue Deed as being a party to such Agency Agreement, as amended and/or supplemented by such Issue Deed and as such Agency Agreement is amended, supplemented, novated or replaced from time to time.

**“Agents”** means the Administrator, the Custodian, each Metals Counterparty, the Principal Paying Agent, any other Paying Agent(s), the Registrar, the Transfer Agent and such other agent(s) as may be appointed from time to time in relation to the ETC Securities under the Administration Agreement, the Custody Agreement, the Metals Counterparty Agreement(s), the Agency 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.

**“Appointee”** means any agent, delegate, sub-delegate or nominee appointed by the Trustee or the Security Trustee under the Trust Deed or the Security Documents, as applicable.

**“Arranger”** means NTree International Limited in its capacity as arranger under the Programme and any successor and/or replacement thereto.

**“Authorised Participant”** means, in respect of a Series, any authorised participant that is appointed as an Authorised Participant for such Series under an Authorised Participant Agreement, and any successor or replacement thereto.

**“Authorised Participant Agreement”** means, in respect of a Series and in respect of an Authorised Participant, the authorised participant agreement entered into by the Issuer, the Administrator, the relevant Authorised Participant and any other parties thereto relating to such Authorised Participant’s appointment as such, as amended, supplemented, novated or replaced from time to time.

**“Average Metal Sale Price”** means, in respect of a Redemption Disposal Period, a price determined by the Administrator and expressed in the format of “USD per metric tonne” in the case of Copper or Nickel as being equal to:

- (i) the Net Redemption Sale Proceeds in respect of such Redemption Disposal Period; divided by
- (ii) the total number of Trading Units comprising the Underlying Metal as at the start of such Redemption Disposal Period.

**“Base Metal”** means one of Copper or Nickel and **“Base Metals”** means both of them.

**“Bill of Lading”** means, in respect of any Base Metal, a document (which may be in electronic form) issued by the master of a ship carrying such Metal to the person consigning such Metal, constituting a receipt for the specific Lots of such Base Metal listed therein and evidencing the carrier’s obligation to deliver such Metal in good condition to the consignee named in such document, which document has been endorsed by a Metals Counterparty to the Issuer and delivered to the Custodian to be held on behalf of the Issuer, together with the corresponding final release document addressed by such Metals Counterparty to the Issuer, evidencing the transfer of ownership of such quantity of Base Metal to the Issuer and accompanied by supporting documents identifying the specific Lots comprising such quantity of Base Metal.

**“Bundle”** means a lot or bundle of cathodes (full plate and cut), pellets, briquettes or other relevant shapes of Base Metal, as applicable.

**“Business Day”** means, in respect of a Series, each day (other than a Saturday or a Sunday) on which (i) the Clearing Systems, (ii) each Relevant Stock Exchange and (iii) commercial banks in London and Dublin are open for business and in relation to any ETC Securities backed by Copper or Nickel, a day which is an LME Business Day.

**“Buy-Back”** has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**“Buy-Back Conditions”** has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**“Buy-Back Fee”** has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**“Buy-Back Order”**, in the case of a Buy-Back request submitted by an Authorised Participant or ETC Holder which is not an Authorised Participant, has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**"Buy-Back Order Cut-Off Time"** means, in respect of a Series and a Buy-Back Order in respect of ETC Securities of such Series, such time as specified in the Final Terms for the first Tranche of such Series as the cut-off time for receipt of such Buy-Back Order.

**"Buy-Back Settlement Date"** means, in respect of a buy-back of ETC Securities, the date (which shall be a Settlement Day) on which the Custodian instructs the delivery of an amount of the relevant Metal representing the Buy-Back Settlement Amount from the Off-Warrant Account of the Issuer to or to the order of the relevant Metals Counterparty for onward delivery of such Metal (whether in unallocated form or physical Bars or in the case of Base Metal, cash or LME Warrants for such Metal) to the specified Metal Account (or Cash Account, as applicable) of the Arranger or the relevant Authorised Participant or ETC Holder, which date shall be as separately agreed between the Administrator and the Arranger, Authorised Participant or ETC Holder.

**"Buy-Back Trade Date"** means a Business Day on which a Buy-Back Order is submitted by an Authorised Participant or an ETC Holder by the relevant Cut-Off Time and determined to be valid and accepted and processed by or on behalf of the Issuer in accordance with Condition 7(e) (*Purchases and Buy-Backs*).

**"Cash Account"** means a cash account of the Arranger, an Authorised Participant or ETC Holder with a bank in London able to accept USD-denominated transfers.

**"Cash Value per ETC Security"**, in relation to a Series of ETC Securities, shall have the meaning ascribed thereto in Condition 4(b) (*Determination of Metal Entitlement and Cash Value per ETC Security*).

**"Clearing System"** means any of Euroclear, Clearstream, Luxembourg, or any replacement clearing system and **"Clearing Systems"** shall be construed accordingly.

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*, Luxembourg.

**"Common Depository"** means, in relation to a Series of ETC Securities issued in classic global note form, the common depositary on behalf of Euroclear and Clearstream, Luxembourg appointed in respect of such Series.

**"Common Safekeeper"** means, in relation to a Series of ETC Securities held under the new safekeeping structure, the common safekeeper for Euroclear and Clearstream, Luxembourg appointed in respect of such Series.

**"Conditions"** means these terms and conditions, as supplemented and/or varied or completed, as applicable, in respect of a Series or a particular Tranche by Part A of the relevant Final Terms and the provisions of any Global Registered Security.

**"Copper"** means, if the ETC Securities are linked to copper, (i) physical Lots of copper complying with the applicable Physical Contract Specifications for LME Copper from time to time in effect; (ii) a Bill of Lading evidencing a specified quantity of copper and identifying the specific Lots of copper so evidenced; or (iii) LME Warrants evidencing a specified quantity of copper and identifying the specific LME Lots of copper so evidenced; and (iv) a contractual obligation against the Custodian to transfer an amount of copper complying with the applicable Physical Contract Specifications for LME Copper from time to time in effect, not including copper included under (i), (ii) or (iii) above.

**"Copper Reference Price"** means in respect of Copper and any given day and subject to Condition 9 (*Successor Metal Reference Price or Metal Reference Price Source and Metal Reference Price Event*), that day's LME Official Settlement Price, being the last cash offer price quoted during the second Ring session for physical contracts per metric tonne of Copper stated in US dollars, as calculated and administered by the LME and published by the LME on its website at [www.lme.com](http://www.lme.com); provided, however, that if the Administrator becomes aware that a Metal Trading Disruption has occurred or exists on such

day, the Administrator will notify the Issuer and the Copper Reference Price shall be the price determined by the Administrator taking into consideration the latest available Copper Reference Price as of a date on which no Metal Trading Disruption existed and any other information which the Administrator deems relevant.

**"Corporate Services Agreement"** means the corporate services agreement in respect of the Issuer dated on or about 1 December 2020 entered into by the Issuer and the Corporate Services Provider as amended, supplemented, novated or replaced from time to time.

**"Corporate Services Provider"** means, with respect to the Issuer, Apex IFS Limited and any successor or replacement thereto.

**"Custodian"** means Eternize AG and any successor or replacement thereto, as custodian under the Custody Agreement.

**"Custody Agreement"** means, in respect of a Series, the custody agreement in the form of the Master Custody Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Custodian, the Administrator, the Security Trustee and any other parties specified in such Issue Deed as being a party to such Custody Agreement, as amended and/or supplemented by such Issue Deed and as such Custody Agreement is amended, supplemented, novated or replaced from time to time.

**"Cut-Off Time"** means, in respect of a Series, the Buy-Back Order Cut-Off Time or the Subscription Order Cut-Off Time, as applicable.

**"Denomination"** has the meaning ascribed thereto in Condition 2 (*Form, Denomination and Title*).

**"Depository"** means the Depository under and for the purposes of the LMEsword Regulations.

**"Deutsche Börse"** means the *Deutsche Börse* Cash Market and any replacement or successor thereto as the regulated market of the *Deutsche Börse* stock exchange.

**"Disrupted Redemption Method"** has the meaning given to it in Condition 8(c)(i) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*).

**"Disruption Event"** has the meaning given to it in Condition 8(a) (*Disruption Events*).

**"Disruption Postponable Date"** has the meaning given to it in Condition 8(c)(i) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*).

**"Early Redemption"** means, in relation to a Series of ETC Securities, a redemption in accordance with these Conditions of all outstanding ETC Securities of such Series following the occurrence of (i) an Issuer Call Redemption Event, (ii) an Early Redemption Event or (iii) an Event of Default.

**"Early Redemption Amount"** means an amount (which amount may incorporate an interest redemption premium, being any excess over the Issue Price per ETC Security for the first Tranche of the Series) per ETC Security determined by the Administrator and denominated in USD equal to the greater of:

- (i) the product of (a) the Metal Entitlement (expressed, in the case of Copper or Nickel, in metric tonnes, as at the Early Redemption Trade Date and (b) the Average Metal Sale Price for the relevant Redemption Disposal Period, plus a pro rata amount of any interest received on the proceeds of disposal of the Underlying Metal less any negative interest; and
- (ii) the Nominal Amount plus the Specified Interest Amount.

**“Early Redemption Event”** has the meaning given to it in Condition 7(c) (*Issuer Call Redemption Event*) and Condition 7(d) (*Early Redemption Events*).

**“Early Redemption Settlement Date”** means, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the earlier of:

- (i) the fifteenth Business Day following the receipt by the Issuer of the Net Actual Redemption Sale Proceeds in respect of a liquidation of the Underlying Metal in full during the Redemption Disposal Period; and
- (ii) the Metal Sale Cut-off Date,

provided that if such date is not a Settlement Day, the Early Redemption Settlement Date shall be the next following Settlement Day.

**“Early Redemption Trade Date”** means, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the earlier of (i) the date of occurrence of an Early Redemption Event determined in accordance with Condition 7(c) (*Issuer Call Redemption Event*) or 7(d) (*Early Redemption Events*) and (ii) the date of an Event of Default Redemption Notice, provided that if such date is not a Business Day, the Early Redemption Trade Date shall be the next following Business Day.

**“Eligible Purchaser”** has the meaning ascribed thereto in Condition 10(e) (*Metal Sale on Early or Final Redemption*).

**“English Law Secured Property”** means, in respect of a Series, the Secured Assets and the Secured Agent Rights which are secured pursuant to the English Law Security Trust Deed for such Series.

**“English Law Security”** means, in respect of a Series, the security constituted by the English Law Security Trust Deed for such Series.

**“English Law Security Trust Deed”** means, in respect of a Series, the English law security trust deed entered into as a deed in the form of the Master English Law Security Trust Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Security Trustee and any other parties specified in such Issue Deed as being a party to such English Law Security Trust Deed, as amended and/or supplemented by such Issue Deed and as such English Law Security Trust Deed is amended, supplemented, novated or replaced from time to time.

**“Eligible Buy-Back Trade Date”** means each Business Day.

**“Enforcement Surplus”** means an amount equal to the greater of:

- (i) where the Enforcement Unsold Metal Proceeds exceed the Deemed Redemption Sale Proceeds, such excess; and
- (ii) zero.

**“Enforcement Surplus Principal Amount”** means an amount per ETC Security determined by the Administrator equal to such ETC Security’s *pro rata* share of any Enforcement Surplus, representing, when taken together with all amounts previously paid in respect of such ETC Security’s Redemption Amount prior to enforcement of the Security, what the Redemption Amount in respect of such ETC Security ought to have been had the Metal been capable of liquidation during the Redemption Disposal Period.

**“Enforcement Unsold Metal Proceeds”** means, in respect of an enforcement of the Security, an amount denominated in USD equal to the total sale proceeds of all Trading Units of Underlying Metal which had not been liquidated by the relevant Metals Counterparty during the relevant Redemption Disposal Period in accordance with Condition 10 (*Metal Sale on Early or Final Redemption*) but which has subsequently been liquidated pursuant to a realisation of such unsold Underlying Metal in accordance with Condition 5(f) (*Realisation of Security*).

**“ETC Holder”** or **“holder”** means each person who is for the time being a holder of the ETC Securities (being each person who is for the time being shown in the Register as the holder of a particular number of ETC Securities or, in the case of a joint holding, the person first named in the Register) save that, in respect of the ETC Securities of any Series, for so long as such ETC Securities are represented by a Global Registered Security deposited with a common depositary for, and registered in the nominee name of, a common depositary for Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg, as applicable) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of the ETC Securities shall be deemed to be the holder of such number of ETC Securities (and the registered holder of such Global Registered Security shall be deemed not to be the holder) for all purposes other than with respect to (a) the payment of principal, premium (if any) or interest (if any) and (b) the Provisions for Meetings of ETC Holders;

**“ETC Securities”** means, unless the context otherwise requires, the securities in the form of notes issued in respect of a particular Series, as further described in the relevant Final Terms for such ETC Securities.

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

**“Event of Default”** has the meaning given to it in Condition 13 (*Events of Default*).

**“Event of Default Redemption Notice”** has the meaning given to it in Condition 13 (*Events of Default*).

**“Exchange Date”** has the meaning given to it in Condition 17 (*Transfers*).

**“Extraordinary Resolution”** means, in respect of a Series, either:

- (i) 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 of such Series 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 ETC Holders duly convened and held in accordance with the relevant provisions of the Trust Deed; or
  
- (ii) a resolution given by way of electronic consents by a majority of at least 75 per cent. of the votes cast by or on behalf of the holders of not less than 75 per cent. of the aggregate number of the ETC Securities of such Series who for the time being are entitled to receive notice of a meeting held in accordance with the Trust Deed communicated through the electronic communications systems of the relevant Clearing System(s) to the Paying Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders.

**“Fees and Expenses Agreement”** means the fees and expenses agreement entered into on 1 December 2020, as amended on 21 December 2020 and novated to the Arranger pursuant to a deed of novation dated 13 April 2022 between inter alios the Issuer and the Arranger pursuant to which the Arranger agreed, in exchange for the payment of the Operational Fee, to ensure the payment of all fees, taxes and other expenses of the Issuer, including, without limitation, all amounts payable to each

other Transaction Party under the Transaction Documents and to any other service providers of the Issuer, (but excluding any indemnities granted by the Issuer in favour of the other service providers) in respect of the ongoing fees and expenses of the Issuer in connection with the Programme.

**"Final Redemption"** means, in relation to a Series of ETC Securities, a redemption in accordance with these Conditions of all outstanding ETC Securities of such Series upon the occurrence of the Scheduled Maturity Date for such Series.

**"Final Redemption Amount"** means an amount (which amount may incorporate an interest redemption premium, being any excess over the Issue Price per ETC Security for the first Tranche of the Series) per ETC Security determined by the Administrator and denominated in USD equal to the greater of:

- (i) the product of (a) the Metal Entitlement (expressed, in the case of Copper or Nickel, in metric tonnes) as at the Final Redemption Valuation Date and (b) the Average Metal Sale Price for the relevant Redemption Disposal Period plus a pro rata amount of any interest received on the proceeds of disposal of the Underlying Metal less any negative interest; and
- (ii) the Nominal Amount plus the Specified Interest Amount.

**"Final Redemption Valuation Date"** means, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the date falling 40 Business Days prior to the Scheduled Maturity Date.

**"Final Terms"** means, in respect of a Series and a Tranche, the final terms issued specifying the relevant issue details of such Tranche of ETC Securities for such Series, in the form and on the same terms as set out in the Issue Deed relating to the first Tranche of ETC Securities for such Series (and with the final terms for each Tranche of a Series resulting in the same terms and conditions as the ETC Securities in all respects other than the Issue Date and Metal Entitlement and so that such further Tranche shall be consolidated and form a single series with the ETC Securities pursuant to Condition 18 (*Further Issues*), provided that, for the avoidance of doubt, different issue dates and updated references to the number of ETC Securities of the Series and updated references to other variables as they stand at or around the issue date of the Tranche shall not result in different terms and conditions or to the final terms for the Tranche being deemed to be on different terms or in a different form).

**"Global Registered Security"** means, in respect of each Series, the registered certificate substantially in the form set out in Schedule 1 (*Form of Global Registered Security (other than Global Registered Security held under the NSS)*) of the Master Trust Terms or, as the case may be, in the form set out in Schedule 2 (*Form of Global Registered Security (Global Registered Security held under the NSS)*) of the Master Trust Terms representing the ETC Securities of one or more Tranches of such Series.

**"ICSD"** means an International Central Securities Depository.

**"Individual Securities"** means ETC Securities in individual, definitive registered form and any registered certificate representing one or more ETC Securities of the same Series and, save as provided in the Conditions, comprising the entire holding by an ETC Holder of ETC Securities of that Series being substantially in the form set out in Schedule 3 (*Form of Individual Security*) of the Master Trust Terms.

**"Initial Early Redemption Event"** has the meaning given to it in Condition 7(b)(iii) (*Early Redemption*).

**"Initial Metal Entitlement"** means, in respect of a Series, the Metal Entitlement on the Series Issue Date which will be specified in relevant Final Terms of the first Tranche of ETC Securities for such Series.

**"Irish Law Secured Property"** means, in respect of a Series, the Secured Assets and the Secured Agent Rights which are secured pursuant to the Irish Law Security Trust Deed for such Series.

**"Irish Law Security"** means, in respect of a Series, the security constituted by the Irish Law Security Trust Deed for such Series.

**"Irish Law Security Trust Deed"** means, in respect of a Series, the Irish law security trust deed entered into as a deed in the form of the Master Irish Law Security Trust Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Security Trustee and any other parties specified in such Issue Deed as being a party to such Irish Law Security Trust Deed, as amended and/or supplemented by such Issue Deed and as such Irish Law Security Trust Deed is amended, supplemented, novated or replaced from time to time.

**"Issue Date"** means, in respect of a Tranche of ETC Securities, the date on which the ETC Securities of such Tranche are due to be issued to the relevant Authorised Participant(s) which has subscribed for such Tranche of ETC Securities, as specified in the Final Terms relating to such Tranche.

**"Issue Deed"** means, in respect of a Series, the issue deed made between, amongst others, the Issuer, the Trustee, the Security Trustee and any other parties specified therein and which constitutes such Series (as amended, supplemented, novated or replaced from time to time) and which will be entered into at the time of the first Tranche of ETC Securities for that Series and which will apply, without further action and without the need for re-execution or execution of a new Issue Deed, to any further Tranches of that Series.

**"Issue Price per ETC Security"** means, in respect of a Series and a Tranche of ETC Securities, an amount equal to the price for the quantity of Metal comprising the Metal Entitlement as at the relevant Issue Date for such Tranche, as determined by the Administrator by reference to the Metal Reference Price on such Issue Date.

**"Issuer"** means Elementum Metals Securities plc, a public limited liability company incorporated and registered in Ireland with registration number 673920, or any replacement or successor thereto.

**"Issuer Call Redemption Event"** has the meaning given to it in Condition 7(c) (*Issuer Call Redemption Event*).

**"Issuer Call Redemption Notice"** has the meaning given to it in Condition 7(c) (*Issuer Call Redemption Event*).

**"Issuer Cash Account"** means, in respect of a Series, an interest-bearing cash account denominated in US dollars opened with the Account Bank (and any successor or replacement thereto) in the name of the Issuer and operated by the Issuer or the Administrator (as authorised by the Issuer), into which amounts received by or on behalf of the Issuer shall be paid from time to time, including but not limited to, the Net Actual Redemption Sale Proceeds.

**"Issuer Profit Amount"** means, in respect of each Series, the annual profit amount payable to the Issuer in the amount of US\$500.00 in respect of the issuance of the ETC Securities.

**"Issuer Series Fees and Expenses"** means, in respect of a Series, any fees, Taxes, expenses and other amounts payable by the Issuer pursuant to the Transaction Documents and/or properly incurred by the Issuer, including for the avoidance of doubt, the Operational Fee, in each case, relating to such Series and (in the case of the Principal Paying Agent) reimbursement in respect of any proper payment of Redemption Amounts and default interest (if any) made to the ETC Holder and any other amounts due to the Account Bank and Principal Paying Agent.

**"KYC Procedures"** has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buybacks*).

**"LME"** means the London Metal Exchange Limited, being a wholesale metal trading exchange, which provides platforms for the professional trading in London of base metals, including copper and nickel, and any replacement or successor thereto.

**“LME Approved Warehouse”** means a warehouse or storage facility which has been approved by the LME as meeting the LME’s criteria for the secure storage of LME-registered brands of metal on behalf of warrant holders and to issue LME Warrants through a London agent for material delivered into such approved warehouse.

**“LME Business Day”** means a day which is a “Business Day” for the purposes of the LME Rules (being currently defined as any day except Saturday, Sunday or any public or bank holiday in England or a day during which trade on the LME has been suspended by or under the authority of any enactment or a day which the directors of the LME declare not to be a Business Day).

**“LME Lot”**, in relation to a Base Metal, means, a lot (or quantity) of such Base Metal consisting of Bundles of such Base Metal, meeting the LME Physical Contract Specifications from time to time in effect, pursuant to which, in the case of Copper, each Lot weighs 25 metric tonnes (+/- 2%) and in the case of Nickel, each Lot weighs 6 metric tonnes (+/- 2%).

**“LME Physical Contract Specifications”** means, as applicable, the Physical Contract Specifications for LME Copper or the Physical Contract Specifications for LME Nickel.

**“LMEsword”** or the **“LME Sword System”** means the LME system for the electronic transfer of title to Warrants governed and constituted by the LMEsword Regulations.

**“LMEsword Regulations”** means the LMEsword Regulations issued by LME as supplemented by the operating procedures relating to LMEsword as published by the LME.

**“LME Warrant”** means a ‘warrant’ as defined in the LMEsword Regulations in respect of any type of Base Metal (being a bearer document of title issued by an LME Approved Warehouse through a London agent evidencing title to a specified Lot of physical Metal of a specified LME-registered brand stored in a specified LME Approved Warehouse and which declares conformity of such physical Metal with the applicable LME Physical Contract Specifications), which document is held as bailee by the Depository in accordance with the LMEsword Regulations and electronically registered in LMEsword and used for the physical settlement of contracts traded on the LME.

**“Lot”**, in relation to a Base Metal, means, a lot (or quantity) of such Base Metal consisting of one or more Bundles of such Base Metal, meeting the applicable LME Physical Contract Specifications as to brand, quality, weight, purity, grade or chemical composition and shape.

**“Market Value Event Notice”** has the meaning given to it in Condition 7(d)(iii) (*Market Value Redemption Event*).

**“Market Value Redemption Event”** has the meaning given to it in Condition 7(d)(iii) (*Market Value Redemption Event*).

**“Market Value Redemption Notice”** has the meaning given to it in Condition 7(d)(iii) (*Market Value Redemption Event*).

**“Master Administration Terms”** means, in respect of a Series, the master administration terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Agency Terms”** means, in respect of a Series, the master agency terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Custody Terms”** means, in respect of a Series, the master custody terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master English Law Security Trust Terms”** means, in respect of a Series, the master English law security trust terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Irish Law Security Trust Terms”** means, in respect of a Series, the master Irish law security trust terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Metals Counterparty Terms”** means, in respect of a Series, the Master Metals Counterparty Terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Terms and Conditions”** means, in respect of a Series, the master terms and conditions relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Trust Terms”** means, in respect of a Series, the master trust terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Metal”** means, in respect of a Series of ETC Securities, the physical metal to which such Series is linked, which may be any of Copper or Nickel, as specified in the Final Terms relating to such Series.

**“Metal Entitlement”** has the meaning given to it in Condition 4(b) (*Determination of Metal Entitlement*).

**“Metal Reference Price”** means,

- (a) in respect of ETC Securities linked to Copper, the Copper Reference Price; and
- (b) in respect of ETC Securities linked to Nickel, the Nickel Reference Price,

and **“relevant Metal Reference Price”** shall be construed accordingly.

**“Metal Reference Price Event”** means:

- (i) a permanent or indefinite cessation in the provision of the relevant Metal Reference Price by the relevant Metal Reference Price Source (and no successor administrator will continue to provide the Metal Reference Price); or
- (ii) the occurrence of an Administrator/Benchmark Event.

**“Metal Reference Price Source”** means any screen or other source on which the Metal Reference Price is expected to be displayed or published, as such screen or source may be replaced or succeeded pursuant to Condition 9 (*Successor Metal Reference Price or Metal Reference Price Source and Metal Reference Price Event*), and at the date of this Base Prospectus means:

- (a) in respect of ETC Securities linked to Copper, the London Metal Exchange; and
- (b) in respect of ETC Securities linked to Nickel, the London Metal Exchange,

and “**relevant Metal Reference Price Source**” shall be construed accordingly.

“**Metal Sale Cut-Off Date**” means the date falling 40 Business Days following the Early Redemption Trade Date.

“**Metals Counterparty**” means, in respect of a Series, (i) NTree International Limited, any successor or replacement thereto; and/or (ii) any other entity which is an affiliate of the Arranger or of a Metals Counterparty or a bank or investment firm incorporated in and operating from the UK and which is authorised by the Prudential Regulatory Authority and/or the Financial Conduct Authority and, in the case of Base Metals, is a member of the LME and has either an LME clearing and warrant account or a metal storage account with a Primary Sub-Custodian or other Sub-Custodian, appointed by the Issuer from time to time as metals counterparty under a Metals Counterparty Agreement and any successor or replacement thereto, as specified in the Final Terms on the Series Issue Date or as notified to the ETC Holders in accordance with Condition 19 (*Notices*) and “**relevant Metals Counterparty**” means, in respect of a Series: (i) in the context of a Subscription of ETC Securities, such Metals Counterparty as determined by the Issuer and notified to the relevant Authorised Participant upon acceptance of the related Subscription Order; (ii) in the context of a Buy-Back of ETC Securities, such Metals Counterparty as determined by the Issuer and notified to the relevant Authorised Participant or ETC Holder upon acceptance of the related Buy-Back Order; (iii) in the context of sales of TER Metal on behalf of the Issuer, such Metals Counterparty as determined by the Issuer and specified by the Administrator in the related TER Metal Sale Notice; and (iv) in the context of any Early Redemption or Final Redemption of the ETC Securities, each Metals Counterparty (which, for the avoidance of doubt, may include more than one Metals Counterparty) which is instructed by the Issuer to conduct a sale of Underlying Metal on behalf of the Issuer as specified in the related Redemption Notice.

“**Metals Counterparty Agreement**” means, in respect of a Series and a Metals Counterparty, the Metals Counterparty Agreement in the form of the Master Metals Counterparty Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, such Metals Counterparty, the Administrator and any other parties specified in such Issue Deed as being a party to such Metals Counterparty Agreement providing for, among other things, the appointment of such Metals Counterparty and the sale and delivery of Metal by such Metals Counterparty on behalf of the Issuer in respect of such Series, as amended and/or supplemented by such Issue Deed and as such Metals Counterparty Agreement is amended, supplemented, novated or replaced from time to time.

“**Metals Counterparty Fee**” means, in connection with any Buy-Back, the fee charged by the relevant Metals Counterparty for (i) the removal of the Metal representing the Buy-Back Settlement Amount from the Off-Warrant Account of the Issuer (as applicable); and (ii) in the case of Base Metals, either: the transfer of an amount in USD representing the value of such Metal (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date) to the specified Cash Account of the Authorised Participant or the placement of such Metal on warrant, or the transfer of such Metal to the off-warrant account of an Eligible Purchaser of such Metal in exchange for LME Warrants and the delivery of such LME Warrants to the specified Metal Account of the Authorised Participant, and (if applicable) the transfer of any amount due to the Authorised Participant in respect of a quantity of Metal equalling less than a full LME Warrant, plus any Accrued Rent in respect of LME Warrants delivered, in USD to the specified Cash Account of the Authorised Participant, the amount of which fee shall be notified to the Authorised Participant upon receipt of the Buy-Back Order and payable by the Authorised Participant in cash to the Issuer on or before the Buy-Back Settlement Date.

**"Metal Trading Disruption"** has the meaning ascribed thereto in Condition 8(a)(i)(*Metal Trading Disruption*);

**"Minimum Buy-Back Amount"** means, in respect of any Series, the minimum number of ETC Securities which may be the subject of any Buy-Back Order, which shall be such number of ETC Securities as would have, as of the relevant Buy-Back Trade Date, an aggregate Metal Entitlement equal to no less than the weight (if any) specified in the Final Terms. Unless otherwise specified in the Final Terms, the Minimum Buy-Back Amount for ETC Securities of a Series backed by a Base Metal will be such number of ETC Securities of the relevant Series as would, as of the relevant Buy-Back Trade Date, have an aggregate Metal Entitlement equal to no less than the nominal weight represented by one LME Warrant of the relevant type of Base Metal, (being at the date of this Base Prospectus 25.0 tonnes for Copper and 6.0 tonnes for Nickel) and must be an integral multiple of such number.

**"Minimum Subscription Amount"** means, in respect of any Series, the minimum number of ETC Securities which may be the subject of any Subscription Order, which shall be such number of ETC Securities as would have, as of the relevant Subscription Trade Date, an aggregate Metal Entitlement equal to no less than the weight (if any) specified in the Final Terms. Unless otherwise specified in the Final Terms, the Minimum Subscription Amount for ETC Securities of a Series backed by a Base Metal will be such number of ETC Securities of the relevant Series as would, as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement equal to no less than the nominal weight represented by one standard LME Lot of the relevant type of Base Metal, (being at the date of this Base Prospectus 25.0 tonnes for Copper and 6.0 tonnes for Nickel).

**"Minimum Trading Amount"** means, in respect of any Series, the minimum number (if any) of ETC Securities which may be transferred by a an ETC Holder in a single transaction, as specified in the Final Terms.

**"Near Storage"** means, in relation to Base Metal, that such Base Metal is held pursuant to a written agreement for the storage of such Base Metal off warrant at an LME Approved Warehouse which includes provisions pursuant to which the metal owner may instruct the warehouse to place the Metal on warrant at any time.

**"Net Actual Redemption Sale Proceeds"** has the meaning given to it in the definition of Net Redemption Sale Proceeds.

**"Net Redemption Sale Proceeds"** means, in respect of a Redemption Disposal Period, an amount denominated in USD equal to the sum of:

- (i) the Actual Redemption Sale Proceeds less (a) all amounts which the relevant Metals Counterparty is entitled to deduct from the proceeds of sale in accordance with Condition 10(d) (*Metal Sale on Early or Final Redemption*) and (b) any Redemption Fees (the "**Net Actual Redemption Sale Proceeds**"); and
- (ii) the Deemed Redemption Sale Proceeds.

**"Nickel"** means, if the ETC Securities are linked to nickel, (i) physical Lots of nickel complying with the applicable Physical Contract Specifications for LME Nickel from time to time in effect; (ii) a Bill of Lading evidencing a specified quantity of nickel and identifying the specific Lots of nickel so evidenced; or (iii) LME Warrants evidencing a specified quantity of nickel and identifying the specific LME Lots of Nickel so evidenced; and (iv) a contractual obligation against the Custodian to transfer an amount of nickel complying with the applicable Physical Contract Specifications for LME Nickel from time to time in effect, not including nickel included under (i), (ii) or (iii) above.

**"Nickel Reference Price"** means in respect of Nickel and any given day and subject to Condition 9 (*Successor Metal Reference Price or Metal Reference Price Source and Metal Reference Price Event*), that day's LME Official Settlement Price, being the last cash offer price quoted during the second Ring session for physical contracts per metric tonne of Nickel stated in US dollars, as calculated and administered by the LME and published by the LME on its website at [www.lme.com](http://www.lme.com); provided, however, that if the Administrator becomes aware that a Metal Trading Disruption has occurred or exists on such day, the Administrator will notify the Issuer and the Nickel Reference Price shall be the price determined by the Administrator taking into consideration the latest available Nickel Reference Price as of a date on which no Metal Trading Disruption existed and any other information which the Administrator deems relevant.

**"Nominal Amount"** means, in respect of a Series, an amount equal to 10 per cent. of the Issue Price per ETC Security for the first Tranche of such Series, as shall be specified in the Final Terms for each Tranche of such Series.

**"Non-Disrupted Day"** means the Series Issue Date and each day thereafter that is a Business Day and is not a Suspended Day or a day which falls within a Suspension Period.

**"Obligor"** means each person that has an obligation to the Issuer pursuant to the Secured Property.

**"Off-Warrant Account (Custodian)"** means, in respect of a Series for which any physical Base Metal owned by the Issuer is held by the Custodian off warrant, ownership of which is evidenced by a Warehouse Release, the segregated metal custody account opened and maintained by the Custodian in the name of the Issuer for the account of such Series, evidencing and recording the amount of Metal (by reference to the quantity of Metal and identifying the specific Lots of Metal credited to such account) held by the Custodian on behalf of the Issuer for the account of such Series, as well as the withdrawals from and deposits to that account.

**"Off-Warrant Account (Primary Sub-Custodian)"** means, in respect of a Series for which any physical Base Metal owned by the Issuer is held by the Custodian off warrant and deposited with or received by a Primary Sub-Custodian to be held by such Primary Sub-Custodian as bailee for the Custodian on behalf of the Issuer for the account of such Series, ownership of which is evidenced by a Warehouse Release, the segregated off-warrant metal storage account or segregated book entry metal custody account (as applicable) established and maintained by such Primary Sub-Custodian in the name of the Custodian (and operated by the Custodian on behalf of the Issuer), evidencing and recording the amount of Metal (by reference to the quantity of Metal and identifying the specific Lots of Metal credited to such account) held by such Primary Sub-Custodian off-warrant for the Custodian in the LME Approved Warehouse of such Primary Sub-Custodian (or in an account in the name of such Primary Sub-Custodian at the LME Approved Warehouse of a Sub-Custodian, which may be another Primary Sub-Custodian) located in The Netherlands or such other location as approved by the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*), as well as the withdrawals from and deposits to that account and **"Off-Warrant Accounts (Primary Sub-Custodian)"** means all of them.

**"Off-Warrant Account (Sub-Custodian)"** means, in respect of a Series for which any Base Metal owned by the Issuer is held by the Custodian off warrant and deposited with or received by another Sub-Custodian to be held by such Sub-Custodian as bailee for the Custodian on behalf of the Issuer for the account of such Series, ownership of which is evidenced by a Warehouse Release, the segregated off-warrant metal storage account established and maintained by such Sub-Custodian in the name of the Custodian (and operated by the Custodian on behalf of the Issuer), evidencing and recording the amount of Metal (by reference to the quantity of Metal and identifying the specific Lots of Metal credited to such account) held by such Sub-Custodian off warrant for the Custodian in the LME Approved Warehouse of such Sub-Custodian in The Netherlands or such other location as approved by the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with

Condition 19 (*Notices*), as well as the withdrawals from and deposits to that account and “**Off-Warrant Accounts (Sub-Custodian)**” means all of them.

“**Off-Warrant Accounts**” means, in respect of a Series, the Off-Warrant Account (Custodian), the Off-Warrant Accounts (Primary Sub-Custodian) and the Off-Warrant Accounts (Sub-Custodian) in respect of such Series, and “**Off-Warrant Account**” means any of them.

“**Operational Fee**” means, in respect of each Series, the operational fee payable by the Issuer to the Arranger in exchange for the Arranger’s services and its undertaking to ensure payment of all fees, Taxes and expenses of the Issuer attributable to such Series, including, without limitation, any amounts due to the relevant Transaction Parties under the Transaction Documents and other service providers to the Issuer and the Issuer Profit Amount, as calculated by the Administrator on the basis of the Total Expense Ratio.

“**Other Creditor**” means, in respect of a Series, each person that is entitled to the benefit of Other Issuer Obligations for such Series.

“**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:

- (i) on the Series Issue Date, the ETC Securities issued on such date; and
- (ii) on any day thereafter, all the ETC Securities issued on or prior to such day except:
  - (a) those that have been redeemed in accordance with Condition 7 (*Redemption, Purchase and Options*);
  - (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 Principal Paying Agent and which remain available for payment against presentation and surrender of ETC Securities;
  - (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 either the settlement date for which has not yet been reached or the relevant Authorised Participant has not delivered in full the relevant subscription amount to the Custodian for the purposes of such settlement;
  - (f) those that have been purchased, settled and cancelled as provided in Condition 7(e) (*Purchases and Buy-Backs*);
  - (g) those mutilated or defaced ETC Securities that have been surrendered in exchange for replacement ETC Securities;
  - (h) (for the purpose only of determining how many ETC Securities are outstanding and without prejudice to their status for any other purpose) those ETC Securities alleged to have been lost, stolen or destroyed and in respect of which replacement ETC Securities have been issued; and

- (i) any Global Registered Security to the extent that it shall have been exchanged for one or more Individual Securities pursuant to its provisions,

provided that for the purposes of (I) ascertaining the right to attend and vote at any meeting of the ETC Holders, (II) the determination of how many ETC Securities are outstanding for the purposes of the Conditions, the Trust Deed and the Security Documents and (III) 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 ETC Holders, 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.

**"Over-allocated Metal"** means, in respect of a Series, the amount of Metal (i) held in an Off-Warrant Account of such Series (as applicable), or, in the case of a Base Metal, (ii) represented by a Bill of Lading held by a Primary Sub-Custodian for the Issuer; or (iii) represented by an LME Warrant held by a Primary Sub-Custodian for the Issuer, which relates to any over-allocation of Metal by a Metals Counterparty upon any deposit or withdrawal of Metal to or from such Off-Warrant Account or any deposit or withdrawal of a Bill of Lading or of an LME Warrant to or from such Primary Sub-Custodian in connection with a Subscription, Buy-Back or sale of TER Metal in order to allow for:

- (i) a delivery of an amount of Metal into such Off-Warrant Account that equates to a whole number of Bars or Lots (as applicable), notwithstanding that the amount of Metal due to the Issuer was less than the weight of such whole number of Bars or Lots;
- (ii) a delivery of a whole Bill of Lading to such Primary Sub-Custodian to be held for the Issuer, notwithstanding that the amount of Metal due to the Issuer was less than the weight of the Lots evidenced by such whole Bill of Lading;
- (iii) a delivery of a whole number of LME Warrants to such Primary Sub-Custodian to be held for the Issuer, notwithstanding that the amount of Metal due to the Issuer was less than the weight of the LME Lots evidenced by such whole number of LME Warrants;
- (iv) a sale by such Metals Counterparty of TER Metal on behalf of the Issuer where the amount of such TER Metal is less than the weight of a whole Bar or Lot (as applicable);
- (v) a withdrawal of an amount of Metal by such Metals Counterparty from such Off-Warrant Account (as applicable) that equates to a whole number of Bars or Lots (as applicable) notwithstanding that the amount of Metal due from the Issuer was greater than the weight of such whole number of Bars or Lots (as applicable);
- (vi) a withdrawal of a whole Bill of Lading from such Primary Sub-Custodian, notwithstanding that the amount of Metal due from the Issuer was greater than the weight of the Lots evidenced by such whole Bill of Lading; or
- (vii) a withdrawal of a whole number of LME Warrants from such Primary Sub-Custodian, notwithstanding that the amount of Metal due from the Issuer was greater than the weight of the LME Lots evidenced by such whole number of LME Warrants.

**"Over-allocated Metal Cash Proceeds"** means an amount denominated in USD determined by the relevant Metals Counterparty equal to:

- (i) prior to an enforcement of the Security but following a liquidation of the Underlying Metal in accordance with Condition 10 (*Metal Sale on Early or Final Redemption*), the product of (a) the number of Trading Units of Metal comprising the Over-allocated Metal and (b) the Average Metal Sale Price determined in respect of the relevant Redemption Disposal Period;

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- (ii) in respect of any Over-allocated Metal realised in a liquidation of TER Metal, the product of (a) the number of Trading Units of TER Metal comprising the Over-allocated Metal sold and (b) the average sale price achieved in respect of any TER Metal realised during such liquidation of TER Metal, expressed in the format of "USD per metric tonne" in the case of Copper or Nickel; or
- (iii) in respect of any Over-allocated Metal realised in the enforcement of the Security pursuant to Condition 5(f) (*Realisation of Security*), the product of (a) the number of Trading Units of Metal comprising the Over-allocated Metal sold and (b) the average sale price achieved in respect of any Metal realised during such enforcement process, expressed in the format of "USD per metric tonne" in the case of Copper or Nickel.

**"Paying Agent"** means the Principal Paying Agent and any other paying agent appointed by the Issuer under the Agency Agreement with its Specified Office in any city where a Stock Exchange on which the ETC Securities are listed requires there to be a Paying Agent and specified in the Final Terms (including any successor or replacement thereto).

**"Physical Contract Specifications for LME Copper"** means the following LME physical contract specifications for Copper, as amended, supplemented or replaced from time to time:

Quality: Grade A copper must conform to the chemical composition of one of the following standards:

- (i) BS EN 1978:1998 - Cu-CATH:-1
- (ii) GB/T 467-2010 - Cu-CATH-1
- (iii) ASTM B115-10 - cathode Grade 1

Shape: Cathodes

Lot size: 25 tonnes

Warrant: 25 tonnes (with a tolerance of +/-2%)

Brands: All copper deliverable against LME contracts must be of an LME approved brand.

**"Physical Contract Specifications for LME Nickel"** means the following LME physical contract specifications for Nickel, as amended, supplemented or replaced from time to time:

Quality: The nickel delivered under contract must be Primary Nickel and conform to one of the following Standards:

- (i) ASTM specification B39-79 (2013) – min 99.80% purity
- (ii) GB/T 6516-2010 - Ni9990 grade

Shape: Cathodes (full plate and cut), pellets, briquettes

Lot size: 6 tonnes

Warrant: 6 tonnes (with a tolerance of +/-2%)

Brands : All nickel deliverable against LME contracts must be of an LME approved brand.

**"Post-enforcement Minimum Accumulated Amount"** has the meaning given to it in Condition 5(g) (*Accumulation of Moneys*).

**"Pre-enforcement Minimum Accumulated Amount"** has the meaning given to it in Condition 5(g) (*Accumulation of Moneys*).

**"Primary Sub-Custodian"** means, (i) The Brink's Company; and/or (ii) Metaal Transport B.V.; (iii) any successor or replacement thereto or any delegate or sub-delegate thereof in the capacity as primary sub-custodian under the relevant Primary Sub-Custody Agreement; and (iv) any other entity appointed by the Custodian with the consent of the Issuer to act as a primary sub-custodian under a Primary Sub-Custody Agreement, in each case as specified in the Final Terms on the Series Issue Date or as notified to the ETC Holders in accordance with Condition 19 (*Notices*); and **"relevant Primary Sub-Custodian"** means, in respect of a Series, each Primary Sub-Custodian which the Custodian has instructed to hold Underlying Metal on behalf of the Issuer for the account of such Series.

**"Primary Sub-Custody Agreement"** means, in respect of a Series, each written agreement between the Custodian, a Primary Sub-Custodian and any other parties specified as being a party to such agreement pursuant to which the relevant Primary Sub-Custodian is appointed to act as primary sub-custodian in connection with the performance of certain duties and obligations of the Custodian under the Custody Agreement, including (without limitation) the custody and safekeeping of Metal in off warrant in Near Storage (in the case of Base Metals) on behalf of the Issuer and the custody and safekeeping of any Bills of Lading or LME Warrants for Base Metal held for the Custodian on behalf of the Issuer from time to time in respect of such Series, as amended, supplemented, novated or replaced from time to time.

**"Principal Paying Agent"** means The Bank of New York Mellon, London Branch and any successor or thereto or any delegate or sub-delegate thereof in its capacity as principal paying agent under the Agency Agreement.

**"Proceedings"** has the meaning given to it in Condition 22(b) (*Jurisdiction*).

**"Programme"** means the Elementum Physical Metal ETC Securities Programme of the Issuer.

**"Programme Maximum Number of ETC Securities"** means six billion (6,000,000,000).

**"Qualifying Assets"** shall have the meaning given to it in section 110(1) of the TCA.

**"Record Date"** means the Business Day immediately prior to the date for on which any payment is required to be made in accordance with the Conditions.

**"Redemption"** means, in respect of any Series of ETC Securities, any Early Redemption or Final Redemption of the ETC Securities of such Series.

**"Redemption Amount"** means the Final Redemption Amount or Early Redemption Amount, as applicable.

**"Redemption Disposal Period"** means:

- (i) in respect of an early redemption of the ETC Securities, the period from (and including) the Early Redemption Trade Date to (but excluding) the fifth Business Day immediately preceding the Metal Sale Cut-Off Date (the **"Early Redemption Disposal Period"**); or
- (ii) in respect of a final redemption of the ETC Securities, the period from (and including) the Final Redemption Valuation Date to (but excluding) the fifth Business Day immediately preceding the Scheduled Maturity Date (the **"Final Redemption Disposal Period"**).

**"Redemption Fee"** means an amount determined by the Issuer, or the Administrator on its behalf, equal to the costs incurred by or on behalf of the Issuer in connection with the Early Redemption or Final Redemption of the ETC Securities, as applicable, and **"Redemption Fees"** shall be construed accordingly.

**"Redemption Notice"** means an Event of Default Redemption Notice, and Issuer Call Redemption Notice, a Market Value Event Notice, a Service Provider Non-Replacement Redemption Notice or a VAT Redemption Notice.

**"Registrar"** means any such person appointed by the Issuer from time to time to maintain the registers of persons holding the ETC Securities.

**"Regulatory Requirement Amendments"**, for a Series, has the meaning given to it in Condition 20 (*Regulatory Requirement Amendments*).

**"Regulatory Requirement Amendments Certificate"**, for a Series, has the meaning given to it in Condition 20(iv) (*Regulatory Requirement Amendments*).

**"Regulatory Requirement Event"** means, for a Series, that, as a result of a Relevant Regulatory Law:

- (i) the ETC Securities or any of the transactions contemplated by the Conditions and the Transaction Documents are not, or will cease to be, compliant with one or more Relevant Regulatory Laws;
- (ii) the Issuer and/or any Transaction Party is not, or will cease to be, compliant with one or more Relevant Regulatory Laws; or
- (iii) the Issuer and/or any Transaction Party is not, or will cease to be, able to continue to transact future business (as issuer of ETC Securities or as a transaction party to the Issuer pursuant to the Programme) in compliance with all Relevant Regulatory Laws.

**"Relevant Clearing System"** means, in respect of a Series, each of the Clearing Systems and any additional or alternative clearing system approved by the Issuer, the Trustee and the Principal Paying Agent for such Series.

**"Relevant Date"** has the meaning given to it in Condition 12 (*Prescription*).

**"Relevant Regulatory Law"** means, in respect of a Series:

- (i) the Dodd-Frank Act, the Bank Holding Company Act of 1956 and the Federal Reserve Act of 1913 (or similar legislation in other jurisdictions) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (ii) Regulation 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, central counterparties and trade repositories, including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018, The Trade Repositories (Amendment and Transitional Provision) (EU Exit) Regulations 2018, and The Central Counterparties (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;

- (iii) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (iv) Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (v) Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and/or Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 (2019/328) (as applicable) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (vi) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and/or Part I of the UK Banking Act 2009 and any other law or regulation applicable in the UK relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings) (as applicable) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (vii) Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (viii) Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (ix) the implementation or adoption of, or any change in, any applicable law, regulation, rule, guideline, standard or guidance of any jurisdiction (whether within the European Union or not) after the Relevant Regulatory Law Reference Date, and with applicable law, regulation, rule, guideline, standard or guidance for this purpose meaning (a) any similar, related or analogous law, regulation, rule, guideline, standard or guidance to those in paragraphs (i) to (viii) above or any law or regulation that imposes a financial transaction tax or other similar tax or (b) any law, regulation, rule, guideline, standard or guidance of any jurisdiction that is changed or that is implemented as a result of the UK's departure from the E.U. (or, where such change or implementation occurs in the UK only, after the UK's departure from the E.U);

- (x) any arrangements or understandings that any Transaction Party or any of its Affiliates may have made or entered into with any regulatory agency with respect to its or any of their legal entity structure or location with regard to (a) any of paragraphs (i) to (ix) above or (b) the United Kingdom's departure from the E.U.; or
- (xi) any change in any of the laws, regulations, rules, guidelines, standards or guidance referred to in paragraphs (i) to (ix) above as a result of the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction after the Relevant Regulatory Law Reference Date or as a result of the public or private statement or action by, or response of, any court, tribunal or regulatory authority with competent jurisdiction or any official or representative of any such court, tribunal or regulatory authority acting in an official capacity with respect thereto.

**"Relevant Regulatory Law Reference Date"** means, for a Series, the date specified in the Final Terms.

**"Relevant Stock Exchange"** means, in respect of a Series, each Stock Exchange on which the ETC Securities of such Series is to be listed, as specified in the Final Terms.

**"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 (or an agent acting on the Issuer's behalf) from time to time.

**"Rotterdam Business Day"** means a day (other than a Saturday or a Sunday or a public holiday in The Netherlands) on which commercial banks generally are open for the transaction of business in Rotterdam.

**"Scheduled Maturity Date"** means, in respect of a Series, the date specified in the Final Terms of the first Tranche of ETC Securities for that Series, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*) and provided that if such date is not a Business Day, the Scheduled Maturity Date shall be the next following Business Day.

**"Secondary Early Redemption Event"** has the meaning given to it in Condition 7(b)(iii) (*Early Redemption*).

**"Secured Agent Rights"** means, in respect of a Series, the rights and interest of the Issuer in and under the Agency Agreement, the Administration Agreement, the Authorised Participant Agreements, the Custody Agreement, the Metals Counterparty Agreement(s) and the Account Bank Agreement for such Series and the rights, title and interest of the Issuer in all property, assets and sums derived from such agreements.

**"Secured Assets"** means, in respect of a Series, (i) the Issuer's rights against the Custodian, the Primary Sub-Custodians, any Sub-Custodians and the Metals Counterparties under the Custody Agreement, the Primary Sub-Custody Agreements, any Sub-Custody Agreements and the Metals Counterparty Agreement(s) in respect of the Underlying Metal; (ii) the Issuer's title in each Off-Warrant Account (in the case of a Series backed by a Base Metal), all Underlying Metal held in each such Off-Warrant Account (including the corresponding Warehouse Releases evidencing ownership of such Metal) and any Bills of Lading or LME Warrants held by the Custodian on behalf of the Issuer with a Primary Sub-Custodian; (iii) the Issuer Cash Account and all funds standing to the credit of the Issuer Cash Account; (iv) all property, assets and sums held by the Principal Paying Agent, the Account Bank, the Custodian, each Primary Sub-Custodian, any other Sub-Custodian and/or each Metals Counterparty (including, for the avoidance of doubt the proceeds of any sale or liquidation of Underlying Metal but excluding any Metal held by a Metals Counterparty for delivery to an Authorised Participant or ETC Holder in connection with the settlement of a Buy-Back) in connection with such Series and/or

any Transaction Document; (v) the Issuer's rights against each Transaction Party under each Transaction Document; and (vi) 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 Security Trustee for the benefit of the Secured Creditors pursuant to each Security Document, and that, in each case, have not been released in accordance therewith.

**"Secured Creditor"** means, in respect of a Series, each person that is entitled to the benefit of Secured Issuer Obligations for such Series.

**"Secured Issuer Obligations"** means, in respect of a Series, the obligations and duties of the Issuer (i) under the Trust Deed, the Security Documents and each ETC Security, (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 Metals Counterparties (iii) to pay the Taxes (other than any income, corporation or similar tax), fees, expenses or other amounts due to the Principal Paying Agent and the Paying Agents pursuant to the Agency Agreement, due to the Custodian pursuant to the Custody Agreement, due to the Administrator pursuant to the Administration Agreement, due to the Account Bank pursuant to the Account Bank Agreement and due to any other party pursuant to any other agreement in respect of which the Issuer and the Security Trustee have agreed as constituting Secured Issuer Obligations and (iv) to pay any other amount payable by the Issuer that is listed in Condition 5(d) (*Application of Proceeds of Enforcement of Security*), in each case to the extent such amounts relate to such Series, and **"Secured Issuer Obligation"** means any of them.

**"Secured Property"** means, in respect of a Series, the Irish Law Secured Property and the English Law Secured Property.

**"Security"** means, in respect of a Series, the Irish Law Security and the English Law Security.

**"Security Document"** means, in respect of a Series, the Irish Law Security Trust Deed and the English Law Security Trust Deed, and **"Security Documents"** shall refer to both of them.

**"Security Trustee"** means Apex Corporate Trustees (UK) Limited and any successor or replacement thereto as security trustee under the Security Documents in respect of any Series of ETC Securities.

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

**"Series Issue Date"** means, in respect of a Series, the issue date of the first Tranche of such Series.

**"Service Provider Non-Replacement Redemption Event"** has the meaning given to it in Condition 7(d)(ii) (*Service Provider Non-Replacement Redemption Event*).

**"Service Provider Non-Replacement Redemption Notice"** has the meaning given to it in Condition 7(d)(ii) (*Service Provider Non-Replacement Redemption Event*).

**"Settlement Day"** means a day which is a Business Day and on which commercial banks in New York City are open for the settlement of international transactions in US dollars.

**"Specified Interest Amount"** means, in respect of an ETC Security, 1 per cent. of the Nominal Amount and which shall represent interest on the Nominal Amount payable by the Issuer as part of the Final Redemption Amount or Early Redemption Amount, as the case may be.

**"Specified Office"** means, in relation to any Agent, the office identified in respect of such Agent in the relevant Transaction Document or any other office approved by the Trustee and notified to ETC Holders in accordance with Condition 19 (*Notices*).

**"Stock Exchange"** means any of the *Deutsche Börse*, the *Borsa Italiana*, the London Stock Exchange plc, or any other stock exchange on which the Issuer has agreed a Series of ETC Securities are to be listed, as specified in the Final Terms for such Series.

**"Sub-Custodian"** means, any sub-custodian, agent, delegate or depositary (including an entity within the Custodian's or a Primary Sub-Custodian's corporate group) appointed by the Custodian in accordance with the Custody Agreement or by a Primary Sub-Custodian in accordance with the relevant Primary Sub-Custody Agreement to perform any of the duties of the Custodian under the Custody Agreement or of such Primary Sub-Custodian under such Primary Sub-Custody Agreement (as applicable), including the custody and safekeeping of Metal owned by the Issuer off warrant in Near Storage (in the case of a Base Metal) on behalf of the Custodian or Primary-Sub-Custodian in accordance with the relevant Sub-Custody Agreement, and any successor or replacement thereto from time to time.

**"Sub-Custody Agreement"** means an agreement or arrangement between the Custodian or a Primary Sub-Custodian and a Sub-Custodian pursuant to which the Sub-Custodian is appointed to act as sub-custodian to perform any of the duties and obligations of the Custodian under the Custody Agreement or of such Primary Sub-Custodian under the relevant Primary Sub-Custody Agreement, including the custody and safekeeping of Metal owned by the Issuer in off warrant in Near Storage (in the case of a Base Metal) on behalf of the Custodian or Primary Sub-Custodian, as amended, supplemented, novated or replaced from time to time.

**"Subscription"** means an offer by an Authorised Participant to the Issuer to subscribe for ETC Securities, being an offer on terms referred to in a Subscription Order and these Conditions and (in the case of a Subscription Order made by an Authorised Participant) in accordance with the provisions of the relevant Authorised Participant Agreement.

**"Subscription Fee"** means, in connection with each Subscription, the fee payable by the Authorised Participant to the Issuer Cash Account by such time as separately agreed with the Administrator and in such amount as notified to the Authorised Participant upon acceptance of the related Subscription Order by the Issuer (or the Administrator on the Issuer's behalf), which amount shall not exceed US\$1000.00.

**"Subscription Order"** means a request for the Issuer to issue ETC Securities delivered by an Authorised Participant in accordance with the relevant Authorised Participant Agreement.

**"Subscription Order Cut-Off Time"** means, in respect of a Series and a Subscription Order for ETC Securities of such Series, such time as specified in the Final Terms for the first Tranche of such Series as the cut-off time for receipt of such Subscription Order.

**"Subscription Settlement Amount"** means, in respect of a Subscription for ETC Securities and the related Subscription Settlement Date, an amount of Metal determined by the Administrator as being equal to the product of the Metal Entitlement 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 the relevant Authorised Participant Agreement, such date after the Subscription Trade Date (which shall be a Settlement Day) as separately agreed between the Issuer and the Authorised Participant, as specified in the Final Terms of the relevant Tranche.

**"Subscription Trade Date"** means a Business Day on which a Subscription Order is submitted by the Authorised Participant by the relevant Cut-Off Time and determined to be valid and accepted and processed by or on behalf of the Issuer in accordance with the relevant Authorised Participant Agreement.

**"Substituted Obligor"** has the meaning given to it in Condition 15(c) (*Substitution*).

**“Suspended Day”** has the meaning given to it in Condition 8(b)(i)(Y) (*Determination of Disruption Events and Suspension Notices*).

**“Suspension Notice”** has the meaning given to it in Condition 8(b)(i) (*Determination of Disruption Events and Suspension Notices*).

**“Suspension Period”** has the meaning given to it in Condition 8(b)(i)(Y) (*Determination of Disruption Events and Suspension Notices*).

**“Tax”** means any present or future 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.

**“TCA”** means the Taxes Consolidation Act, 1997, of Ireland (as amended).

**“TER Metal”** has the meaning given to it in Condition 4(c)(iv) (*Total Expense Ratio*).

**“TER Metal Sale”** has the meaning given to it in Condition 4(d) (*Total Expense Ratio*).

**“TER Metal Sale Notice”** has the meaning given to it in Condition 4(d)(iv) (*Total Expense Ratio*).

**“Total Expense Ratio”** has the meaning given to it in Condition 4(d)(i) (*Total Expense Ratio*).

**“Total Redemption Sale Proceeds”** means, in respect of a Redemption Disposal Period, an amount denominated in USD equal to the sum of:

- (i) in respect of each Trading Unit of Underlying Metal liquidated by the relevant Metals Counterparty during such Redemption Disposal Period in accordance with the terms of the relevant Metals Counterparty Agreement (and as further described in Condition 10 (*Metal Sale on Early or Final Redemption*)), the total sale proceeds received for such Underlying Metal (the **“Actual Redemption Sale Proceeds”**); and
- (ii) in respect of each Trading Unit of Underlying Metal that has not been liquidated by the relevant Metals Counterparty by the close of business on the final day of such Redemption Disposal Period in accordance with the terms of the relevant Metals Counterparty Agreement (and as further described in Condition 10 (*Metal Sale on Early or Final Redemption*)), the Metal Reference Price as at the final day of such Redemption Disposal Period for such amount of Underlying Metal that has not been liquidated (the **“Deemed Redemption Sale Proceeds”**).

**“Trading Unit”** means, in the case of Copper or Nickel, one metric tonne.

**“Tranche”** means, in relation to ETC Securities of a Series, the ETC Securities that are subscribed on the same Subscription Trade Date (with the same Metal Entitlement as at such date) and issued on the same Issue Date.

**“Transaction Document”** means, in respect of a Series, each of the Issue Deed, the Trust Deed, each Security Document, the Corporate Services Agreement, the Administration Agreement, the Agency Agreement, the Custody Agreement, each Metals Counterparty Agreement, each Authorised Participant Agreement, the Account Bank Agreement, the Fees and Expenses Agreement and any other document specified by the Issuer, from time to time, to be a **“Transaction Document”** in respect of such Series, 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).

**“Trust Deed”** means, in respect of a Series, the trust deed entered into as a deed in the form of the Master Trust Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Trustee, the Administrator and any other parties specified in such Issue Deed as being a party to such Trust Deed, as amended and/or supplemented by such Issue Deed and as such Trust Deed is amended, supplemented, novated or replaced from time to time.

**“Trustee”** means Apex Corporate Trustees (UK) Limited and any successor or replacement thereto as trustee under the Trust Deed in respect of any Series of ETC Securities.

**“Underlying Metal”** means, in respect of a Series, all Metal recorded and identified in the Off-Warrant Accounts, ownership of which is evidenced by a Warehouse Release (in the case of a Series backed by a Base Metal) as being held for the Issuer for the account of such Series, including, for the avoidance of doubt: (i) any Over-allocated Metal; (ii) any TER Metal; (iii) in the case of a Series of ETC Securities backed by a Base Metal, any Metal represented by a Bill of Lading or LME Warrants held by the Custodian on behalf of the Issuer; and (iv) any Metal, Bills of Lading or LME Warrants held by the Metals Counterparties pending any sale of such Metal on behalf of the Issuer in connection with an Early Redemption or Final Redemption, in accordance with these Conditions and the terms of the Metals Counterparty Agreement(s).

**“Valuation Day”** means, in respect of a Series, the Series Issue Date and each Non-Disrupted Day thereafter.

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

**“VAT Redemption Event”** has the meaning given to it in Condition 7(d)(i) (*VAT Redemption Event*).

**“VAT Redemption Notice”** has the meaning given to it in Condition 7(d)(i) (*VAT Redemption Event*).

**“Warehouse Release”** means, in relation to Base Metals, a document (which may be in electronic form) issued by an LME Approved Warehouse in the name of the owner of a quantity of Base Metal that evidences the addressee’s ownership of a specified brand and a specified Lot of such Base Metal that is stored off warrant at a specified location and warehouse.

**“Website”** means the website maintained by or on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) or such other website as may be notified to ETC Holders in accordance with Condition 19 (*Notices*) from time to time).

**“Zurich Business Day”** means a day (other than a Saturday or a Sunday or a public holiday in Switzerland) on which commercial banks generally are open for the transaction of business in Zurich.

## **2. Form, Denomination and Title**

- (a) **Form:** The ETC Securities of each Series issued under the Programme will be issued in registered form and will be represented by a global note in registered form (either in global registered form using the new safekeeping structure or in classic global note form as specified in the Final Terms) (the “**Global Registered Security**”).

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The Global Registered Security will (a) if the ETC Securities are intended to be issued in global registered form using the new safekeeping structure, be registered in the name of a nominee for, and shall be deposited on its issue date with a Common Safekeeper on behalf of, Euroclear and Clearstream, Luxembourg; and (b) if the ETC Securities are intended to be issued in classic global note form, be registered in the name of a nominee for, and shall be deposited on its issue date with a Common Depository on behalf of, Euroclear and Clearstream, Luxembourg.

- (b) *Denomination:* the Issue Price per ETC Security of each Series shall be regarded as the denomination of each ETC Security of such Series (the "**Denomination**"). All ETC Securities of the same Series shall have the same Denomination.
- (c) *Title:* For so long as ETC Securities are represented by a Global Registered Security deposited with a Common Depository or Common Safekeeper for, and registered in the name of, a common nominee of, Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg, as applicable) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of the ETC Securities shall be deemed to be the holder of such number of ETC Securities (and the registered holder of such Global Registered Security shall be deemed not to be the holder) for all purposes other than with respect to (a) the payment of principal, premium (if any) or interest (if any) and (b) the Provisions for Meetings of ETC Holders.

Title to the Global Securities shall pass by and upon registration in the Register which in relation to Global Securities the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. The registered holder of a Global Registered Security may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Registered Security regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

- (d) *Individual Securities:* ETC Securities in individual, definitive registered form ("**Individual Securities**") will only be issued in the limited circumstances set out in Condition 17(b) (*Transfer of ETC Securities Represented by Permanent Global Registered Securities*).
- (e) *Transfer of ETC Securities in definitive registered form:* Title to Individual Securities shall only pass by and upon registration of the transfer in the Register, which the Issuer shall procure to be kept in accordance with Clause 9 (*Additional Duties of the Registrar*) of the Agency Agreement.

One or more ETC Securities in individual, definitive registered form may be transferred upon the surrender (at the Specified Office of the Registrar) of the Individual Security representing such ETC Securities to be transferred, together with the form of transfer endorsed on such Individual Security, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar may reasonably require. In the case of a transfer of part only of a holding of ETC Securities represented by one Individual Security, a new Individual Security shall be issued to the transferee in respect of the part transferred and a further new Individual Security in respect of the balance of the holding not transferred shall be issued to the transferor.

- (f) *Closed Periods:* No ETC Holder may require the transfer of an ETC Security to be registered (i) during the period of 15 calendar days ending on the due date for Final Redemption of that ETC Security, (ii) during the period of 15 calendar days prior to any date on which ETC Securities may be redeemed following the occurrence of (i) an Issuer Call Redemption Event, (ii) an Early Redemption Event or (iii) an Event of Default or (iii) during the period of seven days ending on (and including) any Record Date.
- (g) *Exercise of Buy-Back:* In the case of an exercise of an Authorised Participant's (or, if applicable, an individual ETC Holder's) right to submit a Buy-Back Order in respect of a holding of ETC Securities

represented by a single Individual Security, a new Individual Security shall be issued to the holder in respect of the balance of the holding not subject to the exercise of such Buy-Back.

- (h) Each new Individual Security to be issued pursuant to Conditions 2(d) (*Transfer of ETC Securities in definitive registered form*) and 2(e) (*Exercise of Buy-Back*) will be available for delivery within five Business Days of surrender of the relevant Individual Security and, if applicable, receipt of the relevant request for exchange, form of transfer or Buy-Back Order together with such other evidence (if any) as may be required pursuant to the relevant Condition. Delivery of new Individual Securities shall be made at the Specified Office of the Registrar to whom surrender of such Individual Security and, if applicable, delivery of such request, form of transfer or Buy-Back Order shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Buy-Back Order or otherwise in writing, shall be mailed at the risk of the holder entitled to the new Individual Security to such address as may be so specified.

### **3. Constitution and Status**

The ETC Securities are constituted by the Trust Deed for the relevant Series and secured by each Security Document for the relevant Series. 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 5 (*Security and Application of Proceeds*) and recourse in respect of which is limited in the manner described in Condition 5(h) (*Shortfall after Application of Proceeds (Limited Recourse) and Non-Petition*) and Condition 14 (*Enforcement*). The ETC Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement and each Security Document.

### **4. Metal Entitlement, Total Expense Ratio and Cash Value Per ETC Security**

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

In respect of each Series and each calendar day up to (and including) the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable, the Administrator shall calculate the Metal Entitlement and in respect of each Valuation Day up to (and including) the Early Redemption Date or Final Redemption Valuation date, as applicable, the Administrator shall calculate the Cash Value per ETC Security for such Valuation Day.

#### **(b) Determination of Metal Entitlement and Cash Value per ETC Security**

The “**Metal Entitlement**” in respect of a Series and any calendar day shall be an amount of Metal per ETC Security (expressed in metric tonnes in the case of Copper or Nickel (rounded to ten decimal places)) and determined by the Administrator as follows:

- (i) if the relevant calendar day is the Series Issue Date, the Metal Entitlement shall be equal to the Initial Metal Entitlement;
- (ii) in relation to any subsequent calendar day, the Metal Entitlement shall be an amount calculated by the Administrator in accordance with the formula below:

$$MEt = MEt-1 \times (1 - TERt)^{1/N}$$

Where:

“**MEt**” means the Metal Entitlement in respect of the relevant calendar day;

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“**MEt-1**” means the Metal Entitlement in respect of the immediately preceding calendar day;

“**TERt**” means the Total Expense Ratio as at the relevant calendar day, expressed as a decimal; and

“**N**” means 365 (or 366 in a leap year).

The “**Cash Value per ETC Security**” in respect of a Valuation Day shall be an amount per ETC Security expressed in USD and determined by the Administrator as being equal to:

- (i) the Metal Entitlement per ETC Security in respect of the relevant Valuation Day (the Cash Value per ETC Security as of the relevant Tranche Issue Date is equal to the Issue Price per ETC Security); multiplied by
- (ii) the Metal Reference Price in respect of the relevant Valuation Day.

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

$$VpS, = E, \times M,$$

Where

“**VpS**” means, in respect of a Valuation Day, the Cash Value per ETC Security in respect of that Valuation Day (the Cash Value per ETC Security as of the relevant Tranche Issue Date is equal to the Issue Price per ETC Security);

“**E**” means, in respect of a Valuation Day (t), Metal Entitlement per ETC Security in respect of that Valuation Day; and

“**M**” means, in respect of a Valuation Day (t), the relevant Metal Reference Price on that Valuation Day.

### (c) **Publication of Metal Entitlement and Cash Value per ETC Security**

In respect of each Series and on each Valuation Day up to (and including) the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable, the Issuer (or the Administrator on the Issuer's behalf) shall publish the Metal Entitlement and the Cash Value per ETC Security for such Valuation Day notified to it by the Administrator on the Website by no later than the immediately following Business Day.

### (d) **Total Expense Ratio**

- (i) The “**Total Expense Ratio**” is the rate per annum at which the Operational Fee payable by the Issuer in respect of each Series is calculated. The Total Expense Ratio reflects the amounts anticipated to be payable by the Issuer in respect of each Series on account of:

- (1) the costs of printing any ETC Securities of such Series and any publication, marketing or advertising materials in respect of such ETC Securities;
- (2) the costs of producing and translating the required legal and/or marketing documentation in relation to each issuance of ETC Securities, including without limitation, the Issue Specific Summary for each issuance;

- (3) any fees, costs and expenses payable by the Issuer in relation to ETC Securities of such Series to the Trustee, the Security Trustee, the Authorised Participants, the Metals Counterparties, the Principal Paying Agent, the Custodian, the Administrator, the Corporate Services Provider, the Account Bank or any other Transaction Party pursuant to, or in connection with, the Transaction Documents (in each case to the extent not covered by any applicable Subscription Fees, Buy-Back Fees or Metals Counterparty Fees);
  - (4) any legal fees and disbursements relating to such ETC Securities payable to the legal advisers, auditors and other professional advisers in Ireland, the United Kingdom, The Netherlands or Switzerland to the Issuer and/or any other legal advisers and any other professional advisers properly appointed by the Issuer (subject to the prior written approval of the Arranger);
  - (5) any legal fees and disbursements relating to such ETC Securities payable to the legal advisers and other professional advisers in Ireland, the United Kingdom, The Netherlands or Switzerland to the Administrator, the Trustee, the Security Trustee and/or any other legal advisers and any other professional advisers properly appointed by the Issuer (subject to the prior written approval of the Arranger);
  - (6) any annual or issue-specific listing fees payable to any Relevant Stock Exchange in respect of the listing of the ETC Securities on such Relevant Stock Exchange;
  - (7) any fees payable with respect to the periodic audit inspection of the Underlying Metal;
  - (8) the Issuer Profit Amount; and
  - (9) any other Taxes, fees, costs, expenses or disbursements properly incurred by the Issuer in relation to the issue of the ETC Securities which is not to be reimbursed by any other person.
- (ii) The Total Expense Ratio in respect of a Series is applied to the Metal Entitlement for such Series on a daily basis to determine a daily deduction of an amount of Metal from such Metal Entitlement (applying the per annum rate and dividing by 365 (or 366 in a leap year)). The initial Total Expense Ratio for each Series shall be set out in the Final Terms of the first Tranche of ETC Securities for that Series and the Total Expense Ratio shall cease to apply to an ETC Security for a Series on the earliest to occur of (i) a Buy-Back Trade Date relating to such ETC Security, (ii) an Early Redemption Trade Date relating to such Series and (iii) the Final Redemption Valuation Date for such Series. For the avoidance of doubt, if a Buy-Back Order is cancelled in respect of an ETC Security, the Metal Entitlement for such ETC Security following such cancellation shall be adjusted to reflect the Total Expense Ratio that should have applied to such Metal Entitlement from (and including) the relevant Buy-Back Trade Date to (and including) the relevant date of cancellation of such Buy-Back Order, and the immediately following TER Metal Sale Notice shall account for any such adjustment.
- (iii) The Total Expense Ratio in respect of a Series may be varied by the Issuer on the request of the Administrator from time to time, provided that no increase in the Total Expense Ratio in respect of a Series will take effect unless ETC Holders of such Series have been given at least 30 calendar days' prior notice in accordance with Condition 19 (*Notices*).
- (iv) The Total Expense Ratio in respect of each Series from time to time and any proposed change to the Total Expense Ratio of any Series shall be published on the Website.
- (v) The accrued Metal representing the reduction in the Metal Entitlement due to the daily application of the Total Expense Ratio will be sold by the relevant Metals Counterparty (on behalf of the Issuer) on a monthly or such other periodic basis as may be agreed between the Custodian, the relevant Metals Counterparty and the Issuer (or the Administrator on its behalf) from time to time. Upon effective delivery of a notice from the Administrator (acting on behalf of the Issuer) to each of the Issuer, the

Custodian, the relevant Metals Counterparty, the Administrator and the Security Trustee (a “**TER Metal Sale Notice**”) specifying the amount of Metal determined by the Administrator (the “**TER Metal**”) to be sold on the date on which the TER Metal Sale Notice is effective (the “**TER Metal Sale Date**”), the Custodian will instruct the transfer to or to the order of the relevant Metals Counterparty for sale on behalf of the Issuer of an amount of Metal equal to the TER Metal (a “**TER Metal Sale**”). For the avoidance of doubt the TER Metal shall, in respect of each ETC Security that has been issued since the previous TER Metal Sale Notice, include any Metal representing the reduction in the Metal Entitlement for each such ETC Security accrued between such ETC Security’s Subscription Trade Date and its Issue Date.

(e) **TER Metal Sales**

- (i) Pursuant to the terms of the Irish Law Security Trust Deed, the Security in respect of the TER Metal described in Condition 4(d)(v) shall automatically be released without further action on the part of the Security Trustee to the extent necessary to effect the TER Metal Sale, provided that nothing in this Condition 4(e)(i) shall operate to release the charges and other security interests over the proceeds of the sale of the TER Metal.
- (ii) Following receipt by the relevant Metals Counterparty of a TER Metal Sale Notice, and delivery of the TER Metal to the relevant Metals Counterparty or to its order, on the TER Metal Sale Date, the relevant Metals Counterparty shall, acting as agent of the Issuer, sell the TER Metal in a timely fashion in accordance with all applicable laws and the terms of the relevant Metals Counterparty Agreement.
- (iii) In selling the TER Metal, the relevant Metals Counterparty may take such steps as it, acting in a commercially reasonable manner, considers appropriate in order to effect an orderly sale in a timely fashion, and may effect such sale in one transaction or in multiple transactions. The relevant Metals Counterparty will not be liable to the Issuer or to the Trustee, the ETC Holders or any other person merely because a higher price could have been obtained had all or part of the TER Metal Sale been delayed or taken place at a different time or had the TER Metal Sale not been effected in stages. The Issuer shall not be liable to the Trustee, the ETC Holders or any other person for any alleged failure to obtain a higher price for all or part of the TER Metal as a result of the Issuer’s selection of the relevant Metals Counterparty.
- (iv) Subject as provided above, in carrying out any TER Metal Sale, the relevant Metals Counterparty 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 the TER Metal being disposed of in the relevant transaction. In carrying out such liquidation, the relevant Metals Counterparty shall sell to one or more Eligible Purchasers, provided that, in each case:
  - (1) the relevant Metals Counterparty shall, acting in good faith and a commercially reasonable manner, use reasonable efforts to ensure that such a sale would be conducted in a manner that would minimise the VAT that may be charged, withheld or deducted on such sale which would reduce the net sale proceeds (as compared to the position if no VAT were due); and
  - (2) where the relevant Metals Counterparty is unable to sell the TER Metal in the manner set out in Condition 4(e)(iv)(1), such Metals Counterparty shall use its discretion to sell the TER Metal to any Eligible Purchaser in any manner as it deems fit.
- (v) The cash proceeds of a sale of TER Metal (less any Taxes or other deductions permitted to be made by the relevant Metals Counterparty in accordance with the relevant Metals Counterparty Agreement) will be paid by such Metals Counterparty to the Issuer Cash Account or otherwise to the Issuer’s order and applied towards payment of the Operational Fee to the Arranger.

**5. Security and Application of Proceeds**

(a) **Security**

(i) The Secured Issuer Obligations are secured in favour of the Security Trustee for the benefit of itself and as trustee for the other Secured Creditors by:

(A) Pursuant to the Irish Law Security Trust Deed,

(I) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit present and future against the Custodian, the Primary Sub-Custodians and the Sub-Custodian(s) (if any) and the Metals Counterparties relating to the Underlying Metal under the Custody Agreement, the Primary Sub-Custody Agreements and any Sub-Custody Agreement(s), the Metals Counterparty Agreement(s) and otherwise;

(II) a first fixed charge over and to the extent of the Issuer's title in Off-Warrant Accounts (in the case of a Series backed by one or more Base Metal(s)), all of the Underlying Metal held in the Off-Warrant Account(s), each Warehouse Release, each LME Warrant and each Bill of Lading held by the Custodian or a Primary Sub-Custodian on behalf of the Issuer from time to time and all sums and assets derived therefrom;

(III) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit, present and future, in, to and under the Administration Agreement, the Authorised Participant Agreements, the Agency Agreement, the Custody Agreement and the Metals Counterparty Agreement(s); and

(IV) a first fixed charge over and to the extent of the Issuer's title in (I) all sums, Metal and/or any other property held now or in the future by the Principal Paying Agent, the Custodian, the Primary Sub-Custodians and/or any Sub-Custodian(s) or the Metals Counterparties to meet payments and/or deliveries due in respect of any Secured Issuer Obligation or Other Issuer Obligation relating to the ETC Securities and (II) all sums, Metal and any other property held or received now or in the future by the Metals Counterparties relating to the sale of TER Metal or Underlying Metal pursuant to the Metals Counterparty Agreement(s),

(collectively, the "**Irish Law Security**"); and

(B) Pursuant to the English Law Security Trust Deed,

(I) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit, present and future, in, to and under the Account Bank Agreement; and

(II) a first fixed charge over the Issuer Cash Account and all amounts from time to time standing to the credit thereof (together with all interest accruing from time to time thereon and the debts represented thereby),

(collectively, the "**English Law Security**" and, together with the Irish Law Security, the "**Security**").

(ii) The Security is granted to the Security Trustee as continuing Security for the Secured Issuer Obligations. In accordance with each Security Document, prior to any enforcement of the Security, the Security shall be automatically released without the need for any notice or other formalities (and without liability to the Security Trustee) with respect to:

sums and/or Metal held by or on behalf of the Issuer, the Custodian, the Primary Sub-Custodians or any Sub-Custodian, the Metals Counterparties, the Administrator, the Account Bank, the Principal

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Paying Agent and/or any Paying Agent(s), 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 or deliverable and which, for the avoidance of doubt, shall include, without limitation:

(A)

- (I) amounts payable in respect of the Redemption Amount or any other amount payable in accordance with these Conditions or under the Trust Deed;
- (II) Underlying Metal deliverable to or to the order of a Metals Counterparty pursuant to these Conditions and/or the relevant Metals Counterparty Agreement for the purposes of effecting a sale of such Underlying Metal;
- (III) TER Metal deliverable to or to the order of a Metals Counterparty and the proceeds of any sale thereof that is payable to the Arranger as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (IV) Metal in respect of Buy-Back Settlement Amounts and Physical Redemption Settlement Amounts deliverable to a Metals Counterparty or to its order in accordance with the terms of the relevant Metals Counterparty Agreement;
- (V) following any sale of the Underlying Metal in connection with an early or final redemption of the ETC Securities, any Over-allocated Metal Cash Proceeds retained by the relevant Metals Counterparty prior to the payment of the Redemption Amount to any ETC Holder;
- (VI) any LME Warrants or Bills of Lading held by the Custodian or a Primary Sub-Custodian on behalf of the Issuer to be exchanged for physical Lots of Metal (represented by a Bill of Lading or a Warehouse Release, as applicable); and
- (VII) any Underlying Metal deliverable to or to the order of a Metals Counterparty and the proceeds of any sale thereof for the purposes of funding any indemnity payment due from the Issuer to a Transaction Party under the Transaction Documents or any other exceptional expenses of the Issuer not payable by the Arranger under the Fees and Expenses Agreement.

Any release pursuant to Conditions 5(a)(ii)(A)(III) and (IV) shall be subject to the condition that, in respect of the ETC Securities and the Off-Warrant Accounts (in the case of a Series backed by a Base Metal) holding Over-allocated Metal, an amount of Metal at least equal to such Over-allocated Metal shall at all times remain in such Off-Warrant Accounts. Where the Security is released over any Over-allocated Metal Cash Proceeds in accordance with (V), such proceeds shall be retained by the relevant Metals Counterparty only and shall not be paid to any other Secured Creditor, Other Creditor or other person; and

- (B) any part of the Secured Property to the extent required to comply with and subject to the provisions of Conditions 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*), 5(h) (*Shortfall after Application of Proceeds (Limited Recourse) and Non-Petition*) and 5(i) (*Issuer's Rights as Beneficial Owner of Secured Property*).
- (b) ***Money Received by a Paying Agent Prior to Liquidation of Underlying Metal or Enforcement of Security***
  - (i) Pursuant to the terms of the Trust Deed, the Issuer agrees, on any date on which a payment of the Redemption Amount or any other amounts payable under these Conditions in respect of any ETC Security becomes due, unconditionally to pay the relevant Paying Agent (or to the order of the Principal Paying Agent) in same day funds, in accordance with the Trust Deed, the Redemption Amount or such

other amounts payable in respect of each such ETC Security which is due and payable on that date. Notwithstanding anything to the contrary in these Conditions or the Trust Deed,

- (A) payment of the Redemption Amount or any such other amounts due under each ETC Security pursuant to these Conditions made to the relevant Paying Agent in accordance with the terms of the Agency Agreement shall, to that extent, satisfy the Issuer's obligation to make payment of the Redemption Amount or such other amount in respect of each such ETC Security except to the extent that there is failure by such Paying Agent to pass such payment to the relevant ETC Holders (whether via payment through the Clearing System or otherwise); and
- (B) a payment of any Redemption Amounts or any other amounts payable in respect of the ETC Securities 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 Issuer Call Redemption Event or any other Early Redemption Event shall be deemed to have been made when the full amount due has been received by a relevant Paying Agent and notice to that effect has been given to the ETC Holders, except to the extent that there is failure by such Paying Agent to pass such payment to the relevant ETC Holders (whether via payment through the 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 ETC Holders according to their respective interests.

- (ii) Save for any moneys received in connection with the liquidation of the Underlying Metal or enforcement of all or part of the Secured Property (in which case the waterfalls set out in Conditions 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*) and 5(d) (*Application of Proceeds of Enforcement of Security*) shall apply, respectively), all moneys held by or on behalf of the Issuer in relation to the Issuer's covenant to pay the Redemption Amounts or any other amounts payable pursuant to Condition 5(b)(i) will, despite any appropriation of all or part of them by the Issuer, be held by the party holding such funds on trust to apply them:
  - (A) first, in payment or satisfaction of the fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee and the Security Trustee under or pursuant to the Transaction Documents (including, without limitation, (I) any Taxes (other than any income, corporation or similar tax in respect of the Trustee's and/or the Security Trustee's remuneration), (II) the costs of enforcing any rights of the holders of the ETC Securities and (III) sums required to be paid by the Trustee and/or the Security Trustee in connection with the performance of its obligations under the Transaction Documents (including any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee) and the Trustee's and the Security Trustee's remuneration);
  - (B) secondly, in payment of any amounts owing to the Principal Paying Agent, the Account Bank and any other Agent including reimbursement in respect of any proper payment of Redemption Amounts made to the ETC Holders;
  - (C) thirdly, in payment of any amounts owing to the holders of ETC Securities pari passu and rateably; and
  - (D) fourthly, in payment of any balance to the Issuer for itself.

If a Paying Agent holds any moneys in respect of ETC Securities that have become void or in respect of which claims have become prescribed, such Paying Agent will hold them on trust for the ETC Holders according to their respective interests.

- (c) ***Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date***
- (i) Following the occurrence of an Early Redemption Trade Date or the Final Redemption Valuation Date, the Custodian shall deliver or procure the delivery of all of the Underlying Metal held by the Custodian, the Primary Sub-Custodians (or any Sub-Custodian(s)) to or to the order of the relevant Metals Counterparty in accordance with Condition 10 (*Metal Sale on Early or Final Redemption*) to effect a sale of the Underlying Metal.
- (ii) Following liquidation of the Underlying Metal but prior to the enforcement of the Security, the Issuer (or its agent) shall, subject to Condition 5(g) (*Accumulation of Moneys*), apply the proceeds of the liquidation 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 Taxes and other amounts which the relevant Metals Counterparty is permitted to deduct from the proceeds of the liquidation of the Underlying Metal in accordance with the terms of the relevant Metals Counterparty Agreement and as further described in Condition 10(d) (*Metal Sale on Early or Final Redemption*), as follows:
- (A) *first*, in payment or satisfaction of all Taxes and other amounts properly incurred by or payable to the relevant Metals Counterparty (which for the purpose of this Condition 5(c) shall include, without limitation, any Taxes (other than any income, corporation or similar tax in respect of such Metals Counterparty's remuneration) required to be paid by the Metals Counterparty in connection with the performance of its obligations under these Conditions and the relevant Metals Counterparty Agreement and/or by such Metals Counterparty on behalf of the Issuer in connection with the liquidation of any Underlying Metal), provided that in no circumstance shall the amount payable to a Metals Counterparty in accordance with this Condition 5(c)(ii)(B) duplicate any amounts which such Metals Counterparty has deducted from the proceeds of the liquidation of the Underlying Metal in accordance with the terms of the relevant Metals Counterparty Agreement and as further described in Condition 10(d) (*Metal Sale on Early or Final Redemption*);
- (B) *secondly*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee and the Security Trustee under or pursuant to the Trust Deed, the Security Documents and/or any other Transaction Documents (which for the purpose of this Condition 5(c) shall include, without limitation, (I) any Taxes required to be paid by the Trustee and/or the Security Trustee in connection with the performance of their respective obligations under the Trust Deed and/or the Security Documents and/or any other Transaction Documents (other than any income, corporation or similar tax in respect of the Trustee's or the Security Trustee's remuneration), (II) the costs of enforcing any rights of the holders of the ETC Securities, (III) the Trustee's and the Security Trustee's remuneration and (IV) any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee);
- (C) *thirdly*, in payment or satisfaction of the Issuer Series Fees and Expenses;
- (D) *fourthly*, in payment or satisfaction of any accrued and unpaid sale proceeds of TER Metal to the Arranger in accordance with the terms of the Fees and Expenses Agreement and as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (E) *fifthly*, in payment of any Specified Interest Amounts owing to ETC Holders by the Issuer *pari passu* and rateably;
- (F) *sixthly*, in payment of any amounts (other than Specified Interest Amounts) owing to the ETC Holders by the Issuer *pari passu* and rateably; and

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(G) *seventhly*, in payment of the balance (if any) to the Issuer for itself.

(d) ***Application of Proceeds of Enforcement of Security***

Pursuant to the terms of each Security Document and subject to Condition 5(g) (*Accumulation of Moneys*), the Security Trustee shall apply the proceeds derived from the realisation of the Secured Property following enforcement of the Security (after taking account of (x) any Taxes incurred, payable, withheld or deducted by or on behalf of the Issuer and (y) any Taxes and other amounts which the relevant Metals Counterparty is permitted to deduct from the proceeds of the realisation of the Underlying Metal in accordance with Condition 5(c) properly incurred by such Metals Counterparty prior to the enforcement of the Security by the Security Trustee (which shall have been certified (including the amounts due to such Metals Counterparty) by the Issuer and such Metals Counterparty to the Security Trustee which certificate shall be conclusive and binding)) as follows:

- (i) *first*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee, the Security Trustee or any receiver under or pursuant to the Trust Deed, the Security Documents and/or any other Transaction Document (which for the purpose of this Condition 5(d) and the Security Documents shall include, without limitation, (A) any Taxes required to be paid by the Trustee or the Security Trustee in connection with the performance of their respective obligations under the Trust Deed and/or the Security Documents and/or any other Transaction Document (other than any income, corporation or similar tax in respect of the Trustee's or the Security Trustee's remuneration), (B) the costs of enforcing or realising all or some of the Security, (C) the Trustee's and the Security Trustee's remuneration and (D) any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee);
- (ii) *secondly*, in payment or satisfaction of the Issuer Series Fees and Expenses;
- (iii) *thirdly*, in payment or satisfaction of any accrued and unpaid sale proceeds of TER Metal to the Arranger in accordance with the terms of the Fees and Expenses Agreement and as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (iv) *fourthly*, in payment of any Specified Interest Amounts owing to ETC Holders by the Issuer *pari passu* and rateably;
- (v) *fifthly*, in payment of any amounts (other than Specified Interest Amounts but including, for the avoidance of doubt, any Enforcement Surplus Principal Amounts) owing to the ETC Holders by the Issuer *pari passu* and rateably; and
- (vi) *sixthly*, in payment of the balance (if any) to the Issuer for itself.

(e) ***Enforcement of the Security***

The Security shall become enforceable if payment of the Redemption Amount in respect of any ETC Security is not made in full when due on the Scheduled Maturity Date or the relevant Early Redemption Settlement Date (if applicable).

(f) ***Realisation of Security***

At any time after the Security has become enforceable, the Security Trustee may, at its discretion, and shall, if so directed in writing by the Trustee (the Trustee having been directed in writing by the holders of at least one-fifth in number of the ETC Securities then outstanding or by an Extraordinary Resolution

of the ETC Holders), in each case subject to it having been pre-funded and/or secured and/or indemnified to its satisfaction by one or more ETC Holders (or otherwise to its satisfaction), enforce the Security.

To do this, the Security Trustee may, at its discretion,

- (i) enforce, terminate and/or realise any relevant Transaction Document (other than the Corporate Services Agreement and any Authorised Participant Agreements) relating to the ETC Securities and any Secured Agent Rights 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, but subject to the following sentence, 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 ETC Holders; and/or
- (iii) take any other actions specified in the relevant Security Document.

Notwithstanding anything to the contrary in the Security Documents, the Security Trustee may not require any Metal to be delivered to or to the account of the Security Trustee (whether by physical delivery of the Metal or by book-entry transfer in an account) or any other person (other than directing a Metals Counterparty to sell Metal in accordance with the terms of the Security Documents) that is not a full member of the LME (in the case of Copper or Nickel), provided that if the Security Trustee is unable to sell some or all of the Metal to a full member of the LME (in the case of Copper or Nickel), it may sell in its discretion, subject to and in accordance with any instructions received from the ETC Holders, such unsold Metal to any counterparty or one or more counterparties that are willing to purchase the Metal.

The Security Trustee may, in writing and in accordance with the terms of the Security Documents, appoint a receiver in respect 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 Security Trustee nor any receiver appointed by it or any attorney or agent of the Security Trustee will, by reason of taking possession of any Secured Property relating to the ETC Securities or any other reason (including refraining to act) 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, wilful default or gross negligence.

The Security Trustee shall not be required to take any action, step or proceeding 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 by one or more ETC Holders (or otherwise to its satisfaction).

Following the conclusion of any enforcement process, if the liquidation proceeds derived from the realisation of the unsold Metal comprising the Secured Property results in an Enforcement Surplus, an Enforcement Surplus Principal Amount shall become due and payable by the Issuer in respect of each ETC Security on the first Business Day immediately following such conclusion of the enforcement process.

(g) **Accumulation of Moneys**

If the amount of the moneys at any time available to the Issuer for payment of the Redemption Amount in respect of each ETC Security in accordance with Condition 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*) is less than 10 per cent. of the aggregated Redemption Amount of all ETC Securities outstanding (and with the number of ETC Securities outstanding being as determined on the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable) (the “**Pre-enforcement Minimum Accumulated Amount**”), the Issuer shall not be obliged to make any payments in accordance with Condition 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*) and may, at its discretion, accumulate such moneys until the accumulations, together with any other funds for the time being available for such payment (and, for the avoidance of doubt, the Issuer shall not be required to exercise any form of investment discretion with respect to such amounts), amount to at least the Pre-enforcement Minimum Accumulated Amount. If such accumulated moneys amount to less than the Pre-enforcement Minimum Accumulated Amount, all such moneys may be placed on deposit at such bank or financial institution and in such currency as the Issuer may think fit (having reasonable regard to the standing and respectability of the bank or financial institution) in light of the cash needs of the transaction and not for the purposes of generating income. Moneys held by the Issuer may at its election be placed on deposit into an account bearing a market rate of interest (and for the avoidance of doubt, the Issuer shall not be required to obtain best rates or be responsible for any loss occasioned by such deposits or exercise any other form of investment discretion with respect to such deposits). The Issuer shall accumulate such moneys until the accumulations, together with any other funds for the time being available for such payment, amount to at least the Pre-enforcement Minimum Accumulated Amount and then such accumulations and funds (after deduction of, or provision for, any applicable Taxes) shall be applied as specified in Condition 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*).

If the amount of the moneys at any time available to the Security Trustee for payment of the Redemption Amount or any Enforcement Surplus Principal Amount in respect of each ETC Security in accordance with Condition 5(d) (*Application of Proceeds of Enforcement of Security*) is less than 10 per cent. of the aggregated Redemption Amount of all ETC Securities outstanding (and with the number of ETC Securities outstanding being as determined on the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable) (the “**Post-enforcement Minimum Accumulated Amount**”), the Security Trustee shall not be obliged to make any payments in accordance with Condition 5(d) (*Application of Proceeds of Enforcement of Security*) and may, at its discretion (and shall if so instructed by the Trustee), accumulate such moneys until the accumulations, together with any other funds for the time being under the control of the Security Trustee and available for such payment (and, for the avoidance of doubt, the Security Trustee shall not be required to exercise any form of investment discretion with respect to such deposits), amount to at least the Post-enforcement Minimum Accumulated Amount. If such accumulated moneys amount to less than the Post-enforcement Minimum Accumulated Amount, all such moneys in the name or under the control of the Security Trustee may be placed on deposit at such bank or financial institution and in such currency as the Security Trustee may think fit (having reasonable regard to the standing and respectability of the bank or financial institution) in light of the cash needs of the transaction and not for the purposes of generating income. Moneys held by the Security Trustee may at its election be placed on deposit into an account bearing a market rate of interest (and for the avoidance of doubt, the Security Trustee shall not be required to obtain best rates or be responsible for any loss occasioned by such deposits or exercise any other form of investment discretion with respect to such deposits). If such moneys are placed on deposit with a bank or financial institution which is a subsidiary, holding company, Affiliate or associated company of the Security Trustee, it need only account for an amount of interest equal to the standard amount of interest payable by it on a deposit to an independent customer. The Security Trustee shall accumulate such moneys until the accumulations, together with any other funds for the time being under its control and available for such payment, amount to at least the Post-enforcement Minimum Accumulated Amount and then such accumulations and funds (after deduction of, or provision for, any

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applicable Taxes) shall be applied as specified in Condition 5(d) (*Application of Proceeds of Enforcement of Security*).

### **(h) *Shortfall after Application of Proceeds (Limited Recourse) and Non-Petition***

- (i) In respect of the ETC Securities, the Transaction Parties and the ETC Holders 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 assets as provided in this Condition 5, the Trust Deed and the Security Documents, as applicable, any outstanding claim against, or debt, liability or obligation of the Issuer in respect of the Secured Issuer Obligations or Other Issuer Obligations remains unpaid, then such outstanding claim, debt, liability or obligation shall be extinguished and no debt shall be owed by the Issuer in respect thereof. None of the Transaction Parties, the ETC Holders or any other person acting on behalf of any of them shall be entitled to take any steps (i) at any time against any of the Issuer's officers, shareholders, agents, employees, corporate service providers or directors or (ii) following extinguishment in accordance with this Condition 5(h), against the Issuer, in each case to recover any further sum in respect of the extinguished claim, debt, liability or obligation and no debt shall be owed to any such persons by the Issuer in respect of such further sum.
- (ii) It being expressly agreed and understood that the ETC Securities and the Transaction Documents are corporate obligations of the Issuer, each party agrees that no personal liability shall attach to or be incurred at any time by the shareholders, officers, agents, employees, corporate service providers or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in the ETC Securities or any Transaction Document or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee, corporate service provider or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee, corporate service provider or director, is hereby deemed expressly waived by the Transaction Parties and the ETC Holders.
- (iii) None of the Transaction Parties, the ETC Holders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining any insolvency, administration, bankruptcy, winding-up, liquidation, 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 (i) attributable to any other securities issued by the Issuer (save for any further securities which form a single series with the ETC Securities) or (ii) not attributable to any particular Series, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-Affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer (provided such proceedings do not constitute insolvency or liquidation proceedings) and without limitation to the Security Trustee's right to enforce and/or realise the security constituted by the Security Documents (including by appointing a receiver or an administrative receiver but provided that such actions do not constitute insolvency or liquidation proceedings).

The provisions of this Condition 5(h) shall survive notwithstanding any redemption of the ETC Securities or the termination or expiration of any Transaction Document.

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

Without prejudice to Condition 15(a) (*Meetings of ETC Holders*), 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 Security Trustee (acting upon instructions from 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), 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 from the ETC Holders or the Security Trustee to the extent necessary in connection with any of the circumstances described in Condition 5(a) (*Security*) in relation to which the Security is released.

## 6. **Restrictions**

So long as any of the ETC Securities remain outstanding, the Issuer shall not, without the prior written consent of the Trustee and except as provided for or contemplated in the Conditions or any other Transaction Document:

- (a) engage in any business other than (a) the issuance of series of securities (including any Series) and any amendment, exchange, repurchase, cancellation or reissue or resale of the same, (b) the acquisition and holding of related assets from or comprising the proceeds of such issue and (c) the entry into of related agreements and transactions (including the Transaction Documents for that Series or the same for any other series) and the performing of acts required thereunder or which relate or are incidental thereto or reasonably necessary (in the opinion of the Issuer) in connection therewith or in furtherance thereof, and provided that:
  - (i) each series of securities shall be secured on assets of the Issuer other than the Issuer's rights under the Corporate Services Agreement, the Issuer's share capital and Issuer Profit Amounts (and any account to which such amounts are credited) and any assets securing any other series of securities; and
  - (ii) each series of securities and any related agreements entered into by the Issuer (other than any agreements pursuant to which the Issuer engages any financial, legal, accounting or other adviser) contain provisions that (A) limit the recourse of any holder of such securities and of any party to any agreement entered into by the Issuer relating specifically to such securities to assets other than those which do not relate to such series of securities and those to which any other series of securities have recourse and (B) prevent any persons from instituting any form of insolvency or similar proceedings with respect to the Issuer or any of its directors; and
  - (iii) the terms of any such series of securities comply with all applicable laws.

For the avoidance of doubt, acts incidental or reasonably necessary in connection therewith or in furtherance thereof shall include (without limitation): (1) the appointment of auditors, administrators, corporate administrators, banks, advisors or any other service provider necessary to maintain the Issuer and/or keep it operating and/or to comply with any laws, regulations or rules applicable to it, (2) the amendment or termination of any related agreement to the relevant series of securities, (3) the entry into, amendment or termination of any agreement relating to the Issuer generally and not to any specific series of securities but which is to facilitate the issuance by the Issuer of securities and its ongoing administration of the same (including, without limitation, any agreement relating to the operation of one or more

- unallocated accounts or off-warrant accounts) and (4) entering into any arrangements with any party relating to the Programme or any other issue of securities (including the issue of any separate series of securities and/or the entry into of a termination fee side letter with the Administrator) to entitle that party to receive any payment from the Issuer provided that such payments are not made from the secured property of any series of securities;
- (b) cause or permit the terms of the Security granted under the Security Documents and the order of priority specified in the Conditions, the Trust Deed and the Security Documents, as applicable, to be amended, terminated or discharged (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
  - (c) release any party to the Trust Deed, the Security Documents or any other Transaction Document (other than an Authorised Participant Agreement) from any existing obligations thereunder (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
  - (d) have any subsidiaries;
  - (e) sell, transfer or otherwise dispose of the Secured Property or any right or interest therein or thereto or create or allow to exist any charge, lien or other encumbrance over the Secured Property (to the extent it relates to the Issuer) except in accordance with the Conditions, the Trust Deed, the Security Documents and any other Transaction Document;
  - (f) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the terms of the Conditions, the Trust Deed, the Security Documents or any other Transaction Document (other than any Authorised Participant Agreement and other than as contemplated by the Conditions, the Trust Deed, the Security Documents or the Transaction Documents);
  - (g) acquire any asset at any time that is not regarded as a Qualifying Asset or carry out any other business apart from the holding, managing or both the holding and the management (in each case in Ireland) of Qualifying Assets (and activities which are ancillary to that business);
  - (h) make an election under Section 110(6) of the TCA;
  - (i) carry on a “specified property business” within the meaning of Section 110 of the TCA;
  - (j) apply to become part of a VAT group for the purposes of Section 15(1) of the Value-Added Tax Consolidation Act 2010;
  - (k) 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 Trust Deed and the Conditions for any Series);
  - (l) have any employees;
  - (m) issue any shares other than such shares in the capital of the Issuer as were issued at the date of initial establishment of the Programme and which are ultimately held on charitable trust by its holders or make any distribution to its shareholders in excess of EUR 3,000 per annum;
  - (n) open or have any interest in any account with a bank or financial institution unless such account (A) is an Issuer Cash Account; (B) relates to the issuance of a Series of ETC Securities and such Series of securities has the benefit of security over the Issuer's interest in such account; (C) is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it; or (D) is otherwise reasonably necessary

- (in the opinion of the Issuer) in relation to any Series of ETC Securities or the operation of the Issuer in relation to the issuance of ETC Securities;
- (o) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);
  - (p) 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;
  - (q) 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;
  - (r) except as contemplated by any Transaction Document and/or the Conditions relating to a Series, 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 such Series, to any other entity or person; or
  - (s) permit or cause any Underlying Metal to be transferred out of the Off-Warrant Accounts (in the case of a Series backed by a Base Metal) other than:
    - (i) to the relevant Metals Counterparty or to its order in connection with the settlement of a Buy-Back Order submitted by an Authorised Participant or an ETC Holder;
    - (ii) to the relevant Metals Counterparty or to its order in order to effect a sale of TER Metal following valid delivery of a TER Metal Sale Notice;
    - (iii) to the relevant Metals Counterparty or to its order following an Early Redemption Trade Date or the Final Redemption Valuation Date in accordance with Condition 5(c) and the relevant Metals Counterparty Agreement; and
    - (iv) otherwise as permitted pursuant to Condition 5(a)(ii) or by the Conditions, the Trust Deed, the Security Documents or any other Transaction Document,

provided that the Issuer shall not take any action (even where the prior written consent of the Trustee is obtained) if such action is, in the opinion of the Issuer, inconsistent with the objects of the Issuer as specified in its constitution (including, without limitation, its memorandum and articles of association).

So long as any of the ETC Securities remain outstanding, the Issuer shall not, without the prior written consent of the Security Trustee (acting upon instructions of the Trustee) and except as provided for or contemplated in the Conditions or any other Transaction Document:

- (a) cause or permit the terms of the Security granted under the Security Documents and the order of priority specified in the Conditions, the Trust Deed and the Security Documents, as applicable, to be amended, terminated or discharged (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
- (b) release any party to the Trust Deed, the Security Documents or any other Transaction Document (other than an Authorised Participant Agreement) from any existing obligations thereunder (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
- (c) sell, transfer or otherwise dispose of the Secured Property or any right or interest therein or thereto or create or allow to exist any charge, lien or other encumbrance over the Secured

- Property (to the extent it relates to the Issuer) except in accordance with the Conditions, the Security Documents and any other Transaction Document;
- (d) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the terms of the Conditions, the Security Documents or any other Transaction Document (other than any Authorised Participant Agreement and other than as contemplated by the Conditions relating to the relevant Series, the Trust Deed relating to the relevant Series, the Security Documents or the Transaction Documents relating to the relevant Series); or
- (e) subject as provided in Condition 5(a) (*Security*), incur any other indebtedness for borrowed moneys, other than issuing further ETC Securities (which may or may not form a single series with the ETC Securities of any other series and may or may not be guaranteed by a third party) and creating or incurring further obligations relating to such Series, provided that, in the case of ETC Securities that are to form a single series with any existing series:
- (i) such further ETC Securities and obligations are secured *pari passu* upon the Secured Property relating to the Series 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 the Conditions of the relevant Series; and
  - (ii) if further ETC Securities which are to form a single series with a Series are being issued, the relevant Authorised Participant has delivered or procured the delivery to or to the order of the Issuer an amount of Metal (or, in the case of ETC Securities of a Series backed by a Base Metal, a Bill of Lading or LME Warrants for an amount of Metal) in respect of each further ETC Security equal to the Metal Entitlement on the relevant Subscription Trade Date.

## 7. **Redemption, Purchase and Options**

- (a) ***Final Redemption***
- (i) Unless previously redeemed in whole or purchased and cancelled by the Issuer as provided below, each ETC Security shall become due and payable on the Scheduled Maturity Date at its Final Redemption Amount. Where the Scheduled Maturity Date is postponed in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Final Redemption Amount in respect of each such ETC Security shall not become due and payable until the postponed Scheduled Maturity Date.
- (ii) Subject to Condition 8(c)(iv) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Issuer will, on or prior to the Scheduled Maturity Date, publish on the Website (or procure the publication on the Website of) 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, including information on any fees, deductions and/or Taxes imposed on such sale (including, for the avoidance of doubt, any Redemption Fees), and the determination of the Average Metal Sale Price in respect of the Redemption Disposal Period).
- (iii) The Issuer shall as soon as reasonably practicable give notice to each Transaction Party and the ETC Holders in accordance with Condition 19 (*Notices*) of the occurrence of the Final Redemption Valuation Date.

(b) ***Early Redemption***

- (i) If (A) an Issuer Call Redemption Event occurs, (B) any of the other Early Redemption Events listed in Condition 7(d) (*Early Redemption Events*) occur or (C) an Event of Default Redemption Notice is issued, each ETC Security outstanding as at the Early Redemption Trade Date shall become due and payable on the Early Redemption Settlement Date at its Early Redemption Amount. Where the Early Redemption Settlement Date is postponed in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Early Redemption Amount in respect of each such ETC Security shall not become due and payable until the postponed Early Redemption Settlement Date.
- (ii) Subject to Condition 8(c)(iv) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Issuer will, on or prior to the Early Redemption Settlement Date, publish on the Website 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, including information on any fees, deductions and/or Taxes imposed on such sale (including, for the avoidance of doubt, any Redemption Fees), and the determination of the Average Metal Sale Price in respect of the Redemption Disposal Period).
- (iii) Notwithstanding anything to the contrary in the Conditions or any Transaction Document and provided that no Early Redemption Trade Date or Final Redemption Valuation Date has already occurred, if at any time following notice being given that an Issuer Call Redemption Event or any other 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 Issuer Call Redemption Event or any other Early Redemption Event occurs (the "**Secondary Early Redemption Event**") in respect of which the Early Redemption Trade Date relating thereto occurs (or would occur) prior to the date that would have been the Early Redemption Trade 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.
- (iv) The Issuer shall as soon as reasonably practicable give notice to each Transaction Party and the ETC Holders in accordance with Condition 19 (*Notices*) of the Early Redemption Trade Date, the Metal Sale Cut-Off Date and the Early Redemption Settlement Date of the ETC Securities.

(c) ***Issuer Call Redemption Event***

The Issuer may, on giving an irrevocable notice to the Administrator and the ETC Holders in accordance with Condition 19 (*Notices*), elect to early redeem the ETC Securities in full and designate an Early Redemption Trade Date for such purposes, provided that the date designated as the Early Redemption Trade Date shall not be earlier than the 30th 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**"). An "**Early Redemption Event**" in the form of an "**Issuer Call Redemption Event**" will occur on the Early Redemption Trade Date designated in the Issuer Call Redemption Notice. 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 Administrator and the ETC Holders.

(d) ***Early Redemption Events***

Each of the following events shall be an early redemption event (and with an Issuer Call Redemption Event and each of the following events each being an "**Early Redemption Event**"):

- (i) **VAT Redemption Event:** on the next date on which a delivery of Metal or LME Warrants for Metal is due either (A) in respect of a Subscription Order, (B) in respect of a Buy-Back Order or (C) in respect of a sale of TER Metal by the relevant Metals Counterparty, if the Issuer is, or

there is a substantial likelihood that it will be, required by any applicable law to make a payment in respect of VAT or register for VAT or otherwise account for VAT on such delivery of Metal or LME Warrants (as applicable) (in each case whether or not such VAT is recoverable), or if the Issuer has become liable, or become aware it is liable, for VAT in respect of a prior delivery of Metal or LME Warrants (as applicable), the Issuer may (but shall not be obliged to), in each case, give the Transaction Parties and the ETC Holders in accordance with Condition 19 (*Notices*) notice that the ETC Securities are to be early redeemed in full (such notice, a “**VAT Redemption Notice**”) and designate a date on which an Early Redemption Event occurs for such purposes, provided that such designated date is at least four Business Days following the date of the VAT Redemption Notice (such event, a “**VAT Redemption Event**”).

A VAT Redemption Event will occur on the date so designated in the VAT Redemption Notice;

- (ii) **Service Provider Non-Replacement Redemption Event:** if any of the Administrator, the Custodian, any of the Primary Sub-Custodians, the Principal Paying Agent, all of the Authorised Participants and/or each of the Metals Counterparties resigns or their appointment in relation to the ETC Securities is terminated for any reason and no successor or replacement has been appointed within 120 calendar days of the date of notice of resignation or termination or the date the appointment was automatically terminated in accordance with the Administration Agreement, the Custody Agreement, the relevant Primary Sub-Custody Agreement, the Agency Agreement, the Authorised Participant Agreements or the Metals Counterparty Agreement(s), as applicable, the Issuer may (but shall not be obliged to) give the Transaction Parties and the ETC Holders in accordance with Condition 19 (*Notices*) notice that the ETC Securities are to be early redeemed in full (such notice, a “**Service Provider Non-Replacement Redemption Notice**”) and designate a date on which an Early Redemption Event occurs for such purposes, provided that such designated date is at least four Business Days following the date of the Service Provider Non-Replacement Redemption Notice (such event, a “**Service Provider Non-Replacement Redemption Event**”).

A Service Provider Non-Replacement Redemption Event will occur on the date so designated in the Service Provider Non-Replacement Redemption Notice; and

- (iii) **Market Value Redemption Event:** if the prevailing Cash Value per ETC Security on two consecutive Non-Disrupted Days (calculated by the Administrator by reference to each ETC Security’s Metal Entitlement and the Metal Reference Price on each such Non-Disrupted Day) is less than or equal to 20 per cent. of the Issue Price per ETC Security as at the Series Issue Date, the Administrator shall give notice of the same to the Issuer, copied to each other Transaction Party (a “**Market Value Event Notice**”). The Issuer shall, as soon as reasonably practicable after receipt of a Market Value Event Notice, give notice thereof to the ETC Holders in accordance with Condition 19 (*Notices*).

Following receipt of a Market Value Event Notice (or notice of the same from the Issuer):

- (A) the Issuer may (but shall not be obliged to) give the Transaction Parties and the ETC Holders in accordance with Condition 19 (*Notices*) notice that the ETC Securities are to be early redeemed in full and designate in such notice a date on which an Early Redemption Event occurs for such purposes; or
- (B) the Trustee shall, if so directed by an Extraordinary Resolution (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction by one or more ETC Holders (or otherwise to its satisfaction)), give notice to the Issuer (copied to each Transaction Party and the ETC Holders in accordance with Condition 19 (*Notices*)) that the ETC Securities are to be early redeemed in full and designate in such notice a date on which an Early Redemption Event occurs for such purposes,

each, a “**Market Value Redemption Notice**”, provided that no Market Value Redemption Notice may be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date and the date designated as the date of occurrence of the Early Redemption Event for such purposes must be at least four Business Days following the date of the Market Value Redemption Notice (such event, a “**Market Value Redemption Event**”).

A Market Value Redemption Event will occur on the date so designated in the Market Value Redemption Notice.

(iv) ***Settlement of Early Redemptions and Final Redemptions by Physical Metal Delivery:***

- (1) In connection with any settlement of an Early Redemption or Final Redemption of ETC Securities by Physical Metal Delivery, upon removal of the Metal representing the Physical Redemption Settlement Amount from the Allocated Account of the Issuer, all title to and risks in such Metal shall pass to the ETC Holder. The obligations of the Issuer in respect of the ETC Securities being redeemed by Physical Metal Delivery shall be satisfied by the Issuer transferring the required quantity of Metal to or to the order of the relevant Metals Counterparty with instructions to deliver such Metal to the specified Metal Account of the ETC Holder and the remainder (if any) of the Physical Redemption Settlement Amount due to the ETC Holder to the specified Cash Account of the ETC Holder. The settlement date for any Early Redemption or Final Redemption to be settled by Physical Metal Delivery (the “**Physical Redemption Settlement Date**”) shall be the date on which the relevant Metal is removed from the Allocated Account of the Issuer and delivered to or to the order of the relevant Metals Counterparty, as agreed between the Administrator and the ETC Holder or (a) if such day is not a Physical Delivery Business Day, the next Physical Delivery Business Day; or (b) if the Metals Counterparty determines that settlement will not be completed on such date, the Physical Redemption Settlement Date will be such later date which is a Physical Delivery Business Day on which settlement is completed. None of the Trustee, the Security Trustee or the Issuer shall be responsible or liable for any failure by the Metals Counterparty to procure a delivery of the Metal representing the Physical Redemption Settlement Amount to the specified Metal Account of the ETC Holder or any amount in USD to the specified Cash Account of the ETC Holder in accordance with the instructions of the Issuer. However, in the event of such failure, the Issuer shall, to the extent practicable, assign to the ETC Holder its claims in relation to such Physical Redemption Settlement Amount in satisfaction of all claims of such ETC Holder in respect of the ETC Securities to be redeemed and the ETC Holder shall have no further claims against the Issuer or the Secured Property in respect of such ETC Securities. Likewise, none of the Trustee, the Security Trustee or the Issuer will be responsible for any failure by the Physical Delivery Bank to account to the ETC Holder for the relevant Metal. It is the responsibility of the ETC Holder to ensure that it has in place arrangements with the Physical Delivery Bank which are adequate to ensure onward delivery or storage of the relevant Metal on behalf of the ETC Holder.

(e) ***Purchases and Buy-Backs***

- (i) *At the option of the Issuer:* The Issuer may (without the consent of the Trustee, the Security Trustee or any ETC Holder), from time to time, elect to buy back all or some of the ETC Securities from Authorised Participants or other ETC Holders.
- (ii) *At the option of ETC Holders:* The Issuer shall, at the option of any Authorised Participant, provided the applicable Buy-Back Conditions are satisfied, repurchase any ETC Security the subject of a valid Buy-Back Order by transfer of the relevant Buy-Back Settlement Amount on the relevant Buy-Back Settlement Date in accordance with Condition 7(e)(x)(Settlement of Buy-Back) (each, a “**Buy-Back**”).

## Base Prospectus

- (iii) *Buy-Back Orders:* In order to exercise the option contained in Condition 7(e)(ii), the Authorised Participant (or, if applicable, the ETC Holder) must, before the relevant Cut-Off Time on the desired Buy-Back Trade Date:
- (1) deliver to the Issuer such ETC Securities as are being repurchased by depositing them to an account of the Principal Paying Agent with the Relevant Clearing System as notified by the Administrator;
  - (2) pay to the Issuer Cash Account an amount in US dollars equal to the applicable buy-back fee as directed by the Administrator (the “**Buy-Back Fee**”);
  - (3) pay to the Issuer Cash Account an amount in US dollars equal to the applicable Metals Counterparty Fee as directed by the Administrator; and
  - (4) deliver or send by authenticated SWIFT message (confirmed in writing) or otherwise by electronic means made available by the Administrator from time to time, a duly completed buy-back notice in the form obtainable from the Administrator (a “**Buy-Back Order**”) to the Administrator.

The Buy-Back Fee payable by any Authorised Participant or ETC Holder will be an amount equal to the Issuer’s costs of complying with the Buy-Back Order (including the cost of the Issuer or its agents performing any required KYC Procedures). The amount of the Buy-Back Fee will be notified to the Authorised Participant or ETC Holder following receipt of the Buy-Back Order by the Issuer (or the Administrator on the Issuer’s behalf), and will be no greater than US\$1000.00 in the case of a Buy-Back Order submitted by an Authorised Participant and no greater than US\$2000.00 in the case of a Buy-Back Order submitted by an ETC Holder who is not an Authorised Participant.

Any Buy-Back Order and ETC Securities delivered, and Buy-Back Fee paid, on a day which is not an Eligible Buy-Back Trade Date or after the relevant Cut-Off Time on any Eligible Buy-Back Trade Date shall be deemed to have been delivered or paid (as applicable) on the next following Eligible Buy-Back Trade Date. Any Buy-Back Order, once delivered, is irrevocable. No ETC Securities, once so delivered and accompanied by a duly completed Buy-Back Order in accordance with this Condition 7(e) may be withdrawn; provided, however, that if, prior to the relevant Buy-Back Settlement Date, the ETC Securities so deposited become immediately due and payable, such ETC Securities shall, without prejudice to the exercise of the Buy-Back option, be returned to the relevant Authorised Participant or ETC Holder.

The Issuer will not be obliged to accept any Buy-Back Order if (i) an Early Redemption Event has occurred (ii) the Administrator is subject to an insolvency or similar event and no replacement has been appointed and/or (iii) a Disruption Event has occurred and the Administrator has determined that any Buy-Backs should be temporarily suspended.

In relation to any Buy-Back Order, such order may be cancelled in certain circumstances including, without limitation, where an Early Redemption Trade Date or the Final Redemption Valuation Date (as applicable) has occurred prior to the settlement of such Buy-Back or where the Issuer or the Authorised Participant (or, if applicable, the ETC Holder) has failed to perform its obligations with respect to the Buy-Back for a prolonged period of time. In the event of any such cancellation, the ETC Securities shall be returned to the relevant Authorised Participant or ETC Holder.

- (iv) *Buy-Back Conditions:* The Issuer will only accept a Buy-Back Order if the Issuer (or the Administrator on the Issuer’s behalf) determines that the following conditions are met:

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- (1) The Buy-Back Order:
  - (A) relates to ETC Securities of only one Series;
  - (B) specifies the Series and number of the relevant ETC Securities the Authorised Participant or ETC Holder (as applicable) is requesting the Issuer to repurchase;
  - (C) relates to a number of ETC Securities equal to at least the Minimum Buy-Back Amount or Minimum Physical Metal Delivery Buy-Back Amount (if any) and at least the Minimum Trading Amount (if any) and an integral multiple thereof for the relevant Series, in each case as specified in the Final Terms;
  - (D) indicates the number and account name of the Metal Account where the relevant Buy-Back Settlement Amount can be delivered and, in the case of a Buy-Back of ETC Securities backed by a Base Metal, the number and account name of the Cash Account of the Authorised Participant or ETC Holder (as applicable) where any portion of the Buy-Back Settlement Amount payable in USD can be delivered;
  - (E) contains a representation and warranty from the Authorised Participant or ETC Holder (as applicable) to the effect that: (a) such holder is not a UCITS Fund; and (b) the request for settlement of the Buy-Back by delivery of Metal, cash, LME Warrants or Physical Metal Delivery (as applicable) and the acceptance of the delivery of the relevant Buy-Back Settlement Amount is and will be in accordance with all laws and regulations applicable to such holder; and
  - (F) has been submitted by an Authorised Participant or ETC Holder (as applicable) which has complied with all compliance and identification checks reasonably required by the Issuer ("**KYC Procedures**"), and the results of such KYC Procedures have been determined to be satisfactory to the Issuer and/or its agents; and
- (2) all other conditions precedent to a Buy-Back of the ETC Securities are satisfied, together, the "**Buy-Back Conditions**".

In the case of a Buy-Back, the information and certification in (1) and (2) above must be included in the related Buy-Back Order. In the case of an Early Redemption or Final Redemption, such information and certification must be provided by the ETC Holder to the Issuer by a notice in writing (in such form as the Issuer shall determine) and received by the Issuer by no later than, in the case of an Early Redemption, 4 Business Days following delivery by the Issuer of notice of the Early Redemption or, in the case of a Final Redemption, by no later than 4 Business Days prior to the Final Redemption Valuation Date or, in each case, such other date as notified by the Issuer to the ETC Holders in accordance with Condition 19 (*Notices*) (a "**Physical Delivery Notice**").

- (v) *Failure to properly complete and deliver a Buy-Back Order.* Failure to properly complete and deliver a Buy-Back Order or otherwise comply with the requirements of Condition 7(e)(iv) (and, if applicable, Condition 7(e)(v)) shall result in such Buy-Back Order being treated as null and void by the Issuer with the consequence set out in Condition 7(e)(viii) below. Any determination as to whether such notice has been properly completed and delivered and compliance with the other requirements of Condition 7(e)(iv) or Condition 7(e)(v) shall be made by the Administrator and shall be conclusive and binding on the Issuer and the Authorised Participant or ETC Holder (as applicable). If an ETC Holder is unable to certify in its Buy-Back Order that it is not a Prohibited ETC Holder and/or a delivery by the Issuer of the relevant Metal to the relevant ETC Holder would constitute a Prohibited Physical Redemption, such Buy-Back Order shall not be valid and shall be treated as null and void by the Issuer with the consequence set out in Condition 7(e)(viii) below.

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- (vi) The Issuer is entitled, in its absolute discretion, to determine whether KYC Procedures apply to any Authorised Participant or ETC Holder submitting a Buy-Back Order and whether such KYC Procedures have been satisfied (including, where the ETC Holder is an Authorised Participant, whether KYC Procedures have already been satisfied). The Issuer shall not be responsible or liable to any person for any loss or damage suffered as a result of it or its agents conducting KYC Procedures.
- (vii) In the event that any Buy-Back Order is determined to be null and void, if the relevant Authorised Participant or ETC Holder still wishes to elect for repurchase of the relevant ETC Securities, it must submit a new, duly completed, Buy-Back Order in accordance with Condition 7(e)(iii) (and, for the avoidance of doubt, the relevant Buy-Back Trade Date in respect of such redemption will be the Eligible Buy-Back Trade Date on which such new, duly completed, Buy-Back Order is delivered or deemed to have been delivered in accordance with Condition 7(e)(iii) and comply with the other requirements of Condition 7(e)(iv) and, if applicable, Condition 7(e)(v) (to the extent not already complied with), provided however that if such new, duly completed, Buy-Back Order is not received within 5 Business Days, the ETC Securities delivered to the Issuer in accordance with Condition 7(e)(iii) shall be returned to the relevant Authorised Participant or ETC Holder.
- (viii) The Administrator *shall* promptly on the Business Day following receipt of a Buy-Back Order send a copy thereof to the Issuer and such other persons as the Issuer may specify.
- (ix) *Settlement of Buy-Back:* In respect of any ETC Securities the subject of a Buy-Back Order which has been accepted by the Issuer, the Issuer shall discharge its obligation to deliver the Buy-Back Settlement Amount in respect of such ETC Securities by delivering such quantity of Metal to or to the order of the relevant Metals Counterparty with instructions to deliver, on the agreed Buy-Back Settlement Date in the case of ETC Securities backed by a Base Metal, at the option of the Issuer and as notified to the Authorised Participant upon acceptance of the related Buy-Back Order, either: (i) an amount in USD equal to the value of the Buy-Back Settlement Amount, as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date to the Cash Account specified by the Authorised Participant in the Buy-Back Order; or (ii) the highest reasonably practicable whole number of LME Warrants evidencing an amount of Metal having an aggregate weight up to the Buy-Back Settlement Amount to the Metal Account specified by the relevant Authorised Participant in the Buy-Back Order and an amount in USD equal to the value of the remainder (if any) of the Buy-Back Settlement Amount due to the Authorised Participant which cannot be delivered as a whole LME Warrant (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date), plus any Accrued Rent for such LME Warrants up to and including the Buy-Back Settlement Date, to the Cash Account specified by the Authorised Participant in the Buy-Back Order,

and upon the removal of such Metal from the Off-Warrant Account (as applicable) of the Issuer, such ETC Securities will be cancelled.

- (f) *Settlement Disruption:* In respect of a Buy-Back of any of the ETC Securities, if the Administrator becomes aware that a Settlement Disruption Event has occurred or exists and which has prevented the delivery of a Buy-Back Settlement Amount on the original day that but for such Settlement Disruption Event would have been the Buy-Back Settlement Date (the "**Original Buy-Back Settlement Date**"), then the Administrator will advise the Issuer of the same and the Buy-Back Settlement Date will be the first succeeding day on which the relevant delivery can take place, unless a Settlement Disruption Event prevents settlement on each of the 10 Business Days immediately following the relevant Original Buy-Back Settlement Date. In that case, (a) if the relevant delivery can be effected in a commercially reasonable manner, then the Buy-Back Settlement Date will be that 10th Business Day with delivery being effected in such manner, and (b) if the relevant delivery cannot be effected on or by that 10th Business Day in a commercially reasonable manner, then the Buy-Back Settlement Date will be postponed until the delivery can be effected in a commercially reasonable manner.

For the purposes hereof:

**"Settlement Disruption Event"** means, as determined by the Administrator, an event (other than an event contemplated in Condition 8 (*Disruption Events and Postponement or Suspension*) below) which is beyond the control of the Issuer and as a result of which the Issuer (or the Administrator, the Custodian, the relevant Metals Counterparty or any other agent on the Issuer's behalf) is unable to effect or procure a relevant delivery.

- (g) **Cancellation:** 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 Documents, the relevant portion of the Secured Property relating to the ETC Securities so purchased and cancelled will be automatically released from such Security without the need for any notice or other formalities.

## **8. Disruption Events and Postponement or Suspension**

### **(a) Disruption Events**

The Administrator (or, in the case of a service provider disruption in respect of the Administrator in accordance with Condition 8(a)(ii), the Issuer) may (but is not obliged to), with respect to any day, determine that one or more of the following disruption events has occurred or exists on such day (each such event a "**Disruption Event**"):

- (i) **Metal Trading Disruption:**

Either:

- (A) trading and/or settlement in the relevant Metal is subject to a material suspension or material limitation on the over-the-counter market of the LME (in the case of Copper or Nickel) or any other primary exchange or trading facility for the trading of such Metal; or
- (B) the over-the-counter market of the LME (in the case of Copper or Nickel) or any other primary exchange or trading facility for the trading of the relevant Metal is not open for trading for any reason (including a scheduled closure); or
- (C) trading in the Metal on such over-the-counter market of the LME (in the case of Copper or Nickel) or any other primary exchange or trading facility for the trading of such Metal has been permanently discontinued or has disappeared,

each a "**Metal Trading Disruption**";

- (ii) **Service Provider Disruption:** save as otherwise agreed in the relevant Transaction Document(s), if any of the Administrator, the Custodian, any of the Primary Sub-Custodians, the Principal Paying Agent, all of the Authorised Participants and/or each of the Metals Counterparties resigns or their appointment is terminated for any reason and a successor or replacement has not yet been appointed, for such time until a successor or replacement has been appointed or a Service Provider Non-Replacement Redemption Event has occurred in accordance with Condition 7(d)(ii) (*Service Provider Non-Replacement Redemption Event*);

- (iii) **Issuer Call Disruption:** if an Issuer Call Redemption Notice has been given in accordance with Condition 7(c) (*Issuer Call Redemption Event*) on or prior to such day;

- (iv) **Off-Warrant Accounts Disruption:** in the case of a Series of ETC Securities backed by a Base Metal, any Underlying Metal is no longer held in the Off-Warrant Accounts, other than where permitted in accordance with the Conditions and the Transaction Documents.

**(b) Determination of Disruption Events and Suspension Notices**

- (i) If the Administrator determines that a Disruption Event has occurred or exists with respect to any day, it may (but shall not be obliged to) on the immediately following Business Day give notice of the postponement and/or suspension of:
  - (A) any request for the Subscription and/or Buy-Back of ETC Securities;
  - (B) the settlement of any Subscription and/or Buy-Back of ETC Securities that has traded but has yet to settle;
  - (C) any Early Redemption Trade Date (whether or not such date has yet been designated), any Early Redemption Settlement Date and/or the payment of any Early Redemption Amount in connection therewith; and/or
  - (D) the Final Redemption Valuation Date, the Scheduled Maturity Date and/or the payment of any Final Redemption Amount in connection therewith,

to the Issuer, the Authorised Participants, the Administrator, the Trustee, the Security Trustee and the Principal Paying Agent, specifying:

- (X) the Disruption Event which has occurred or is existing on the relevant day;
- (Y) whether the suspension and/or postponement relating to such Disruption Event will be in respect of a single day (a "**Suspended Day**") or for as long as the Disruption Event continues (a "**Suspension Period**"); and
- (Z) which of the dates and/or events set out in Conditions 8(b)(i)(A) to (D) will be postponed and/or suspended on such Suspended Day or during such Suspended Period, as applicable (and, in determining this, the Administrator shall consider whether the relevant Disruption Event would disrupt the actions required to be performed by the Issuer, any Authorised Participant, the relevant Metals Counterparty and/or any other Transaction Party in connection with a Subscription of ETC Securities, a Buy-Back of ETC Securities, the Final Redemption of the ETC Securities and/or any Early Redemption of the ETC Securities),

such notice, a "**Suspension Notice**". If the Suspension Notice is in respect of a Suspension Period, such period will end when the Administrator notifies the Issuer, the Authorised Participants, the Administrator, the Metals Counterparties, the Trustee, the Security Trustee and the Principal Paying Agent that such suspension and/or postponement is over.

- (ii) The Administrator is not under any obligation to monitor whether or not a Disruption Event has occurred or is continuing with respect to any day unless a Suspension Notice has been given in respect of a Suspension Period in which case the Administrator's obligation to monitor the relevant Disruption Event will continue until it has determined that such Disruption Event has ceased (following which it will give notification of the end of the Suspension Period in accordance with Condition 8(b)(i)). The Administrator shall have no liability to the Issuer, the Trustee, the Security Trustee, any ETC Holder, any Authorised Participant or any other person for any determination or non-determination that it makes in respect of the occurrence or existence of a Disruption Event.
- (iii) Neither the Trustee nor the Security Trustee shall have any duty to monitor, enquire or satisfy itself as to whether a Disruption Event has occurred.

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- (iv) The Issuer shall, as soon as reasonably practicable after receipt by it of a Suspension Notice, give notice thereof to the ETC Holders in accordance with Condition 19 (*Notices*).
- (c) ***Postponement relating to the Final Redemption or Early Redemption of the ETC Securities***
- (i) If, in respect of a Disruption Event, the Administrator has specified in the related Suspension Notice that the Final Redemption Valuation Date, the Scheduled Maturity Date, any Early Redemption Trade Date and/or any Early Redemption Settlement Date (a “**Disruption Postponable Date**”) shall be postponed until following the end of the Suspended Day or Suspension Period, then if any Disruption Postponable Date does occur on the Suspended Day or during the Suspension Period, such Disruption Postponable Date shall be deemed to have been postponed until the first following Non-Disrupted Day, provided that if no such Non-Disrupted Day has occurred on or prior to the 10<sup>th</sup> Business Day following such Disruption Postponable Date, the Issuer, acting in good faith and in consultation with the Administrator, shall determine an appropriate method for redeeming the ETC Securities and determining the Final Redemption Valuation Date, Scheduled Maturity Date, Early Redemption Trade Date and/or Early Redemption Settlement Date, as applicable, for the purposes of such redemption of the ETC Securities (a “**Disrupted Redemption Method**”). For the avoidance of doubt, if any Disruption Postponable Date is postponed in accordance with this Condition 8(c)(i), then any other dates or periods determined by reference to such Disruption Postponable Date that have yet to occur or conclude as at the time of such postponement shall also be postponed or adjusted accordingly.
- (ii) The Issuer shall, as soon as reasonably practicable following determination of any Disrupted Redemption Method, notify each Transaction Party and the ETC Holders of the details of such Disrupted Redemption Method in accordance with Condition 19 (*Notices*).
- (iii) No additional amount shall be payable or deliverable to any Authorised Participant or any ETC Holder in connection with any postponement to the timing, or any amendment to the method, in each case in accordance with Condition 8(c)(i), of final or early redemption of the ETC Securities.
- (iv) If any postponement has occurred in accordance with this Condition 8(c), the Issuer shall ensure that its obligation to publish on the Website information relating to the Final Redemption Amount (pursuant to Condition 7(a)(ii) (*Final Redemption*)) or the Early Redemption Amount (pursuant to Condition 7(b)(ii) (*Early Redemption*)), as applicable, is met in a timely manner taking into account any postponement to the Scheduled Maturity Date or the Early Redemption Settlement Date, as applicable.
9. **Successor Metal Reference Price or Metal Reference Price Source and Metal Reference Price Event**
- (a) ***Successor Metal Reference Price***
- If on any Business Day, the Administrator determines that the Metal Reference Price has been replaced by a successor price acceptable to the Administrator, then the Administrator shall notify such determination to the Issuer and each Transaction Party and, with effect from the first Business Day following the date of such notice, such successor price shall be deemed to be the Metal Reference Price for the purposes of the ETC Securities but provided that it shall not affect any calculations or determinations already made using the Metal Reference Price being replaced (including the Nominal Amount). The Issuer shall, as soon as reasonably practicable thereafter, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).
- (b) ***Successor Metal Reference Price Source***
- If on any Business Day the Administrator determines that the Metal Reference Price Source no longer displays the Metal Reference Price notwithstanding that the Metal Reference Price continues to be determined, then the Administrator will notify such determination to the Issuer and each Transaction

Party specifying a replacement price source that does display such Metal Reference Price and, with effect from the first Business Day following the date of such notice, such successor price source shall be deemed to be the Metal Reference Price Source for the purposes of the ETC Securities but provided that it shall not affect any calculations or determinations already made using the Metal Reference Price displayed on the Metal Reference Price Source being replaced (including the Nominal Amount). The Issuer shall, as soon as reasonably practicable thereafter, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).

(c) **Metal Reference Price Event**

If at any time the Administrator determines that a Metal Reference Price Event has occurred and gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer and each Transaction Party, then for the purposes of the ETC Securities, the Metal Reference Price shall be:

- (i) such other reference price for the Metal as the Administrator determines has replaced the Metal Reference Price in customary market usage for the purposes of determining a reference price for such Metal in the primary over-the-counter market, exchange or trading facility for the trading of such Metal; or
- (ii) if the Administrator determines that there is no replacement reference price that can be determined in accordance with Condition 9(c)(i), then such other reference price for the Metal as the Administrator determines as most comparable to the Metal Reference Price acting in a commercially reasonable manner,

(the “**Replacement Metal Reference Price**”) provided that in each case, the Administrator must also have determined that no Metal Reference Price Event would have occurred or be occurring in respect of such Replacement Metal Reference Price if such Replacement Metal Reference Price were the Metal Reference Price. The Administrator shall, as soon as reasonably practicable following notification of the occurrence of a Metal Reference Price Event and, in any event, by no later than the final day of any Redemption Disposal Period that had already commenced at the time of such notification, give notice of the Replacement Metal Reference Price determined by it to the Issuer and each Transaction Party.

None of the Issuer, the Administrator, the Trustee or any other Transaction Party shall have any duty to monitor, enquire or satisfy itself as to whether a Metal Reference Price Event has occurred.

**10. Metal Sale on Early or Final Redemption**

- (a) The Issuer has authorised and directed the Custodian to deliver or procure delivery of the Underlying Metal held by the Custodian, the Primary Sub-Custodians (or any Sub-Custodian(s)) to or to the order of the relevant Metals Counterparty from (and including) the occurrence of the first day of a Redemption Disposal Period, to the extent necessary to effect the liquidation of the Underlying Metal. Pursuant to the terms of the Irish Law Security Trust Deed, the Security in respect of the Underlying Metal described in Condition 5(a) (*Security*) shall automatically be released without further action on the part of the Security Trustee to the extent necessary to effect the liquidation of the Underlying Metal, provided that nothing in this Condition 10 shall operate to release the charges and other security interests over the proceeds of the liquidation of the Underlying Metal.
- (b) Following notification to the relevant Metals Counterparty of the Early Redemption Trade Date or the Final Redemption Valuation Date, and delivery of all or any portion of the Underlying Metal to such Metals Counterparty or to its order, upon the occurrence of the first day of the related Redemption Disposal Period, the relevant Metals Counterparty shall, acting as agent of the Issuer, liquidate the Underlying Metal in a timely fashion during the Redemption Disposal Period in accordance with all applicable laws and the terms of the relevant Metals Counterparty Agreement.

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- (c) In liquidating the Underlying Metal, the relevant Metals Counterparty may take such steps as it, acting in a commercially reasonable manner, considers appropriate in order to effect an orderly liquidation in a timely fashion (so far as is practicable in the circumstances and taking into account the amount of the Underlying Metal to be liquidated) during the Redemption Disposal Period, and may effect such liquidation at any time or from time to time during the Redemption Disposal Period and may do so in one transaction or in multiple transactions. The relevant Metals Counterparty will not be liable to the Issuer or to the Trustee, the ETC Holders or any other person merely because a higher price could have been obtained had all or part of the liquidation been delayed or taken place at a different time or had the liquidation not been effected in stages.
- (d) The relevant Metals Counterparty shall be permitted to deduct from the Actual Redemption Sale Proceeds (i) any Taxes arising from or connected with any such liquidation and (ii) any other amounts properly incurred by it in connection with any such liquidation, and it shall not be liable to account for anything except the actual proceeds of any such liquidation received by it after such deductions.
- (e) Subject as provided above, in carrying out any liquidation, the relevant Metals Counterparty 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 the Underlying Metal being disposed of in the relevant transaction. In carrying out such liquidation, the relevant Metals Counterparty shall sell to one or more purchasers of Underlying Metal meeting the criteria set out in Condition 10(f)(i) to (iii) (each, an "**Eligible Purchaser**"). The Issuer shall not be liable to the Trustee, the ETC Holders or any other person for any alleged failure to obtain a higher price for all or part of the Underlying Metal as a result of the Issuer's selection of the relevant Metals Counterparty.
- (f) Subject as provided above, in carrying out any liquidation, the relevant Metals Counterparty may sell the Underlying Metal:
  - (i) to itself, to another Metals Counterparty, or to any Affiliate of a Metals Counterparty, provided that such Metals Counterparty shall sell at a price which it believes to be a fair market price;
  - (ii) to one or more members of the LME (in the case of Copper or Nickel) willing to purchase the Underlying Metal at a fair market price; and/or
  - (iii) to one or more other counterparties that are willing to purchase the Underlying Metal at a fair market price,provided that, in each case:
  - (A) the relevant Metals Counterparty shall, acting in good faith and a commercially reasonable manner, use reasonable efforts to ensure that such a sale would be conducted in a manner that would minimise the VAT that may be charged, withheld or deducted on such sale which would reduce the net liquidation proceeds (as compared to the position if no VAT were due); and
  - (B) where the relevant Metals Counterparty is unable to liquidate the Metal in the manner set out in Condition 10(f)(A), such Metals Counterparty shall use its discretion to sell the Metal to any purchaser of the Underlying Metal listed in Condition 10(f)(i) to (iii) in any manner as it deems fit.
- (g) On the first Business Day following the earlier of (i) the day on which the last remaining Trading Unit of Underlying Metal is sold by the relevant Metals Counterparty or (ii) the last day of the Redemption Disposal Period, such Metals Counterparty shall notify the Issuer and each Transaction Party of (1) the Actual Redemption Sale Proceeds received in respect of any Underlying Metal that has been sold (and the details of each sale of Underlying Metal including the price, volume and date of each such sale)

during the Redemption Disposal Period and (2) the Total Redemption Sale Proceeds, including any Deemed Redemption Sale Proceeds determined based on the Metal Reference Price as at the final day of the Redemption Disposal Period in respect of any Trading Unit of Underlying Metal that was not sold during the Redemption Disposal Period.

- (h) Following the payment of any Redemption Fees to the Issuer and the deduction of any Taxes or other amounts in accordance with Condition 10(d), the relevant Metals Counterparty shall pay the Net Actual Redemption Sale Proceeds to the Issuer Cash Account or otherwise to the order of the Issuer on or around the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Settlement Date, as applicable, and in any event by no later than 17:00 London time (or such later time as the Issuer may agree) on the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Settlement 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 Metals Counterparty Agreement).

## **11. Payments, Deliveries, Agents and Calculations**

### **(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, reduction or deduction for, or on account of, any Tax applies to payments in respect of the ETC Securities, the ETC Holders will be subject to such Tax or reduction or deduction and shall not be entitled to receive amounts to compensate for any such Tax or reduction or deduction. No Event of Default shall occur as a result of any such withholding or reduction or deduction.

### **(b) Payments**

- (i) *Global Registered Security:* For as long as the ETC Securities are represented by a Global Registered Security registered in the name of a nominee on behalf of the Clearing Systems and deposited with a common safekeeper, common depository, central depository or nominee, as applicable, on behalf of the Clearing Systems, the obligations of the Issuer under the Conditions to make payments in respect of the ETC Securities will be discharged by payment to, or to the order of, the person whose name is entered on the Register at the close of business on 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), subject to and in accordance with the terms of such Global Registered Security and provided that any presentation of the Global Registered Security for such purpose is made to the Principal Paying Agent or any other Paying Agent appointed for the Series outside the United States. Each of the persons shown in the records of the Clearing System as owning ETC Securities represented by such Global Registered Security must look solely to the Clearing System for its share of any payment made by the Issuer to or to the order of the holder of the Global Registered Security. Payments made to any person shown in the records of the Clearing System as owning any ETC Security represented by the Global Registered Security shall be subject to and made in accordance with the rules of the Clearing System.
- (ii) *Individual Securities:* Payments of the Redemption Amount and/or any Enforcement Surplus Principal Amount in respect of each Individual Security shall, subject to Condition 11(c) (*Payments Subject to Fiscal Laws*), be made against presentation and surrender of the relevant Individual Securities as the Specified Office of any of the Transfer Agents or of the Registrar by transfer to an account nominated by such person shown in the Register in the relevant currency maintained by the payee with a bank.

(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 ETC Holders in respect of such payments.

(d) ***Calculations and Determinations***

Each party shall, as soon as practicable on such date and/or at such time as it is required in accordance with these Conditions, make such calculation or determination as is required of it in accordance herewith.

(e) ***Determination or Calculation by Security Trustee***

If at any time after the Security has become enforceable pursuant to Condition 5(e) (*Enforcement of the Security*) any determination or calculation relating to the Metal Entitlement, the Final Redemption Amount, the Early Redemption Amount or any Enforcement Surplus Principal Amount has not been made when required pursuant to the Conditions and the Transaction Documents, then the Security Trustee may (and shall following an instruction from the Trustee) appoint an agent to make the relevant determination or calculation, provided that the Security Trustee shall have been pre-funded and/or secured and/or indemnified to its satisfaction. Any such agent appointed in accordance with the terms of this Condition 11(e) shall act as agent of the Issuer. Any such determination or calculation made by any such agent shall for the purposes of the Conditions and the Transaction Documents be deemed to have been made by the original party. In doing so, the relevant agent 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 Security Trustee shall not be liable to the Issuer, the ETC Holders, any Transaction Party or any other person (i) if it does not appoint an agent to make the determinations or calculations referred to in this Condition 11(e) or (ii) if it does appoint an agent, for any calculations and determinations (or any delay in making any calculation or determination) so made, unless in either case the Security Trustee has acted fraudulently, with gross negligence or in wilful default.

(f) ***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 ETC Holder. Any Agent may resign its appointment at any time, without giving any reason and without being responsible for any losses or liabilities incurred in connection with such resignation, by giving the relevant notice. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate (or consent to the variation or termination of) the appointment of the Administrator, the Principal Paying Agent, any Paying Agent(s), the Custodian, any Primary Sub-Custodian and/or any Metals Counterparty and to appoint additional or other Paying Agents or any Registrar. 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) a Principal Paying Agent, (ii) an LME Approved Warehouse for the storage and safekeeping of Base Metal in (or arrangements with a sub-custodian with such an LME Approved Warehouse in) The Netherlands, (iii) an Administrator, (iv) a Metals Counterparty and (v) such Paying Agents or other agents as may be required by any Relevant Stock Exchange on which the ETC Securities may be listed, in each case, as approved by the Trustee. Notice of any change of Paying Agent or any change to the Specified Office of an Agent shall be given to the ETC Holders by the Issuer in accordance with Condition 19 (Notices).

(g) ***Business Day Convention and Non-Business Days***

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

(h) ***Rounding***

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all amounts of Metal to be delivered to or for the account of the Issuer shall be rounded up to the nearest 0.001 metric tonne in the case of Copper or Nickel; (ii) all amounts of Metal to be delivered by or on behalf of the Issuer shall be rounded down to the nearest 0.001 metric tonne in the case of Copper or Nickel; (iii) all amounts of cash in USD to be paid to or to the order of the Issuer shall be rounded up to the nearest USD 0.01 and (iv) all amounts of cash in USD to be paid by or on behalf of the Issuer shall be rounded down to the nearest USD 0.01, in each case as may be adjusted by the Issuer (or the Administrator on its behalf) from time to time, including to reflect changes in rounding conventions for the trading of the relevant Metal or payments in USD.

**12. Prescription**

Claims against the Issuer for payment under the Conditions in respect of an ETC Security shall be prescribed and become void unless made within six years from the date on which the payment of the Redemption Amount or any other amount payable in respect of such ETC Security 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 falling seven days after that on which notice is duly given to the ETC Holders 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**”), save that if the ETC Securities are in global form claims in respect of the Redemption Amount or any such other amounts payable in respect each ETC Security represented by the relevant Global Registered Security shall become void unless the Global Registered Security is presented for payment within a period of six years from the appropriate Relevant Date.

**13. 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 the 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 by one or more ETC Holders (or otherwise to its satisfaction), give notice to the Issuer (copied to each Transaction Party and the ETC Holders in accordance with Condition 19 (*Notices*)) (such notice an “**Event of Default Redemption Notice**”) that the ETC Securities shall become due and payable at their Early Redemption Amount on the Early Redemption Settlement Date:

- (a) the Issuer does not perform or comply with any one or more of its material obligations (other than a payment obligation) under the ETC Securities, the Security Documents 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 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); or
- (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.

Notwithstanding the above, no Event of Default Redemption Notice may be given if an Early Redemption Trade Date or Final Redemption Valuation Date has occurred.

The Issuer shall, as soon as reasonably practicable after receipt of any Event of Default Redemption Notice, give notice thereof to the ETC Holders in accordance with Condition 19 (*Notices*).

The Issuer has undertaken in the Trust Deed that, on each anniversary of the issue date of the first Series 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, Issuer Call Redemption Event or other Early Redemption Event, Disruption Event, substitution of the Metal Reference Price or Metal Reference Price Source or other 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.

#### **14. 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, the ETC Securities, any other Transaction Document or otherwise, but, in each case, it need not take any such action or step or institute such 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 the 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 by one or more ETC Holders (or otherwise 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 Documents, only the Security Trustee may enforce the Security in accordance with the Security Documents and (other than as permitted by the Trust Deed and the Conditions) only the Security 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, but it need not take any such action or step or institute such proceedings unless (a) it shall have been so directed by the Trustee (the Trustee having been directed by an Extraordinary Resolution or in writing by the holders of at least one-fifth in number of the ETC Securities then outstanding) (in accordance with the Security Documents) and (b) it shall have been secured and/or pre-funded and/or indemnified to its satisfaction by one or more ETC Holders (or otherwise to its satisfaction).

None of the Secured Creditors, the Other Creditors, the ETC Holders or the other Transaction Parties shall be entitled to proceed directly against the Issuer in respect of the Security Documents unless the Security Trustee, having become bound to proceed in accordance with the terms of the Security Documents, fails or neglects to do so within a reasonable time and such failure is continuing. The Trustee, the Security Trustee, the ETC Holders and the other Transaction Parties acknowledge and agree that only the Security Trustee may enforce the Security over the Secured Property in accordance with, and subject to the terms of, the Security Documents.

Neither the Trustee nor the Security Trustee shall in any 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 Documents, by one or more ETC Holders or otherwise.

**15. Meetings of ETC Holders, Modification, Waiver, Substitution and Entitlement**

**(a) Meetings of ETC Holders**

The Trust Deed contains provisions for convening meetings of ETC Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed.

The Issuer or (subject to being indemnified and/or secured and/or prefunded to its satisfaction) the Trustee may at any time convene a meeting. If the Trustee receives a written request by ETC Holders holding at least 10 per cent. in number of the ETC Securities of any Series for the time being outstanding and is indemnified to its satisfaction against all costs and expenses, it shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction) convene a meeting of the ETC Holders of that Series.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in the number of ETC Securities of the relevant Series for the time being outstanding, or at any adjourned meeting two or more persons being or representing ETC Holders whatever the number of the ETC Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (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; (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 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 ETC Holders 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 Clause 3 (*Security and Secured Property*) or Clause 5 (*Application of Moneys*) of the Irish Law Security Trust Deed, Clause 2 (*Security and Secured Property*) or Clause 6 (*Incorporation of Terms*) (to the extent that it incorporates by reference Clause 5 (*Application of Moneys*) of the Irish Law Security Trust Deed, *mutatis mutandis*) of the English Law Security Trust Deed, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. in number of the ETC Securities of the relevant Series, or at any adjourned meeting not less than 25 per cent. in number of the ETC Securities of the relevant Series for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on ETC Holders (whether or not they were present at the meeting at which such resolution was passed).

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

- (i) the transfer of Metal to or to the order of a Metals Counterparty under the relevant Metals Counterparty Agreement and the related release of Security, provided each such transfer and release is effected in accordance with the terms of such Metals Counterparty Agreement, the Custody Agreement, the Security Documents and/or the Conditions (as applicable), and any other release of Security permitted by the Security Documents;
- (ii) any change to the Total Expense Ratio at any time (provided that in the case of an increase of the Total Expense Ratio, at least 30 calendar days' prior notice has been given to ETC Holders in accordance with Condition 19 (*Notices*));

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- (iii) any adjustment to the Metal Entitlement in relation to which the Underlying Metal has been damaged, stolen or otherwise lost;
- (iv) any appointment of an additional or replacement Transaction Party provided such appointment or replacement is effected in accordance with the Conditions;
- (v) the substitution of the Metal Reference Price with a successor Metal Reference Price, the substitution of the Metal Reference Price Source with a successor Metal Reference Price Source or the determination of a replacement Metal Reference Price following the occurrence of a Metal Reference Price Event, in each case pursuant to Condition 9 (*Successor Metal Reference Price or Metal Reference Price Source and Metal Reference Price Event*);
- (vi) any determination as to the occurrence or existence of a Disruption Event and any determination and application of any postponement, suspension and/or Disrupted Redemption Method in connection with such Disruption Event, in each case pursuant to Condition 8 (*Disruption Events and Postponement or Suspension*);
- (vii) any amendment to any term of the Conditions or any Transaction Document which relates to an operational or procedural issue;
- (viii) any modification relating to changes required or additional documents to be entered into to comply with requirements of the Relevant Clearing System or any listing requirements;
- (ix) any amendment to any term of any Authorised Participant Agreement in accordance with the terms therein;
- (x) any increase to the Programme Maximum Number of ETC Securities;
- (xi) any amendment to the name of the Programme; or
- (xii) anything that the Issuer is permitted to do without the prior written consent of the Security Trustee pursuant to Condition 6 (*Restrictions*).

### **(b) *Modification of the Relevant Transaction Documents***

Without prejudice to Condition 15(a) (*Meetings of ETC Holders*), the Trustee may agree, without the consent of the ETC Holders, to (i) any modification to these Conditions, the Trust Deed and/or any other Transaction Document which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error or (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 and/or any other Transaction Document that is in the opinion of the Trustee not materially prejudicial to the interests of the ETC Holders. Any such modification, authorisation or waiver shall be binding on the ETC Holders and shall be notified by the Issuer to the ETC Holders in accordance with Condition 19 (*Notices*) as soon as reasonably practicable.

Without prejudice to Condition 15(a) (*Meetings of ETC Holders*), the Security Trustee may, only if directed by the Trustee to do so, agree to (i) any modification to the Security Documents that is 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 term of the Security Documents that is not materially prejudicial to the interests of the Secured Creditors. Any such modification, authorisation or waiver shall be binding on the Secured Creditors and will be notified by the Issuer to the ETC Holders in accordance with Condition 19 (*Notices*) as soon as reasonably practicable.

(c) ***Substitution***

The Trustee may, without the consent of the ETC Holders, agree to the substitution, in place of the Issuer (or of any previous substitute) as the principal debtor under the Trust Deed, the Security Documents, 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**"), 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 Documents 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 Documents 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 Documents 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) any director of the Substituted Obligor certifies that the Substituted Obligor will be solvent immediately after such substitution (in which case 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 Authorised Participants 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;
- (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 Documents, provided that such change of law, in the opinion of the Trustee, would not be materially prejudicial to the interests of such ETC Holders;
- (vii) the Issuer and the Substituted Obligor comply with such other requirements as the Trustee may direct in the interests of the ETC Holders; and
- (viii) legal opinion(s) satisfactory to the Trustee is/are provided concerning any proposed substitution.

An agreement by the Trustee pursuant to this Condition 15(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 Transaction Documents. The Substituted Obligor shall give notice of the substitution to the ETC Holders in accordance with Condition 19 (*Notices*) within 14 calendar days of the execution of such documents and compliance with such requirements.

## **Base Prospectus**

On completion of the formalities set out in this Condition 15(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 Security Documents, in connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 15) the Trustee will have regard to the interests of the ETC Holders as a class and will not have regard to the consequences of such exercise for individual ETC Holders and the Trustee will not be entitled to require, nor shall any ETC Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual ETC Holders. So long as the ETC Securities are in global form and the Global Registered Security is held by or on behalf of the Clearing System, in considering the interests of ETC Holders, the Trustee may have regard to any information provided to it by the Clearing System or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to any such Global Registered Security and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.

(e) ***Entitlement of the Security Trustee***

In accordance with the terms of the Security Documents, in connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 15) the Security Trustee will have regard to the interests of the ETC Holders as a class and will not have regard to the consequences of such exercise for individual ETC Holders or the other Secured Creditors and the Security Trustee will not be entitled to require, nor shall any ETC Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual ETC Holders. So long as the ETC Securities are in global form and the Global Registered Security is held by or on behalf of the Clearing System, in considering the interests of ETC Holders, the Security Trustee may have regard to any information provided to it by the Clearing System or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to any such Global Registered Security and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.

**16. Replacement of ETC Securities**

If an ETC Security is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the Specified Office of the Registrar (in such capacity the “**Replacement Agent**”), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed ETC Security is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such ETC Security) and otherwise as the Issuer may require. Mutilated or defaced ETC Securities must be surrendered before replacements will be issued.

**17. Transfers**

(a) Transfers

Legal title to the ETC Securities, unless otherwise agreed between the Issuer and the Clearing Systems, will be held by a nominee for the Clearing Systems. It is intended that ownership of the entitlements to interests in the ETC Securities will, subject to the applicable rules, procedures and practices of the Clearing Systems transfer upon the entry of such transfer in their systems and the associated crediting

of book-entry accounts in the Clearing Systems and of their respective participants, as recorded in the Register maintained by the Registrar in accordance with the provisions of the Agency Agreement and the Trust Deed.

All transactions in respect of the ETC Securities (including, without limitation, transfers of the ETC Securities) in the open market or otherwise must be effected through an account with a Relevant Clearing System. All transfers of the ETC Securities shall be subject to and made in accordance with the rules, procedures and practices in effect of the Relevant Clearing System.

(b) Transfer of ETC Securities Represented by Permanent Global Registered Securities

If the ETC Securities are to be represented by a Global Registered Security on issue, transfers of the holding of ETC Securities represented by such Global Registered Security pursuant to Condition 2(c) (*Title*) may only be made in part:

- (i) if the ETC Securities represented by such Global Registered Security are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the holder of the ETC Securities represented by such Global Registered Security has given the Registrar not less than 30 days' notice at its Specified Office of such holder's intention to effect such transfer. Where the holding of ETC Securities represented by such Global Registered Security is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Registered Security. Where transfers are permitted in part, Certificates issued to transferees shall be Individual Securities unless the transferee requests otherwise and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

**18. Further Issues**

Subject to Condition 5 (*Security and Application of Proceeds*), the Issuer may (without the consent of the Trustee or any ETC Holder), from time to time, in accordance with the Trust Deed, the Conditions and the Agency Agreement, create and issue further securities either:

- (a) having the same terms and conditions as the ETC Securities in all respects (other than the issue date and Metal Entitlement) and so that such further issue shall be consolidated and form a single series with the ETC Securities and the Issuer may incur further obligations relating to such ETC Securities; or
- (b) that are not consolidated and do not form a single Series with the ETC Securities and that are secured on separate assets than the ETC Securities and that are issued upon such terms as the Issuer may determine at the time of their issue and in respect of which the Issuer may incur further obligations relating to such securities.

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 Documents for the Series of which such ETC Securities form a part will, upon the issue thereof by the Issuer, be constituted by the Trust Deed and secured by the Security Documents 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 Secured Property (as

## **Base Prospectus**

increased and/or supplemented in connection with such issue of such new securities) and references in these Conditions to “**ETC Securities**”, “**Secured Assets**”, “**Secured Agent Rights**”, “**Secured Property**”, “**Secured Issuer Obligations**”, “**Other Issuer Obligations**”, “**Secured Creditors**”, “**Other Creditors**” and any other defined term where the context so requires shall be construed accordingly.

### **19. Notices**

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

(a)

(i) for so long as the ETC Securities are in definitive form:

(A) published in a daily newspaper with general circulation in the country of the Relevant Stock Exchange; and/or

(B) published on the website of one or more RIS(s) approved for such purposes by the applicable Relevant Stock Exchange(s),

and, in each case, any such notice shall be conclusively presumed to have been received by the holders; or

(ii)

for so long as the ETC Securities are in global form represented by a Global Registered Security, given by their being delivered (so long as the Global Registered Security is held on behalf of a Relevant Clearing System) to such Relevant Clearing System or otherwise to the holder of the Global Registered Security, and any such notice shall be deemed to have been given to the holders of the ETC Securities on the Business Day immediately following the day on which the notice was given to the Clearing System or the holder of the Global Registered Security; and

(b)

to the extent not satisfied by publication in accordance with Condition 19(a)(i) or (ii) (as the case may be), 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.

If any such publications above are not practicable, notice shall be validly given if published in a 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. Regulatory Requirement Amendments**

If the Administrator determines that a Regulatory Requirement Event has occurred, it may notify the Issuer of any modifications that it determines are required to be made to the Conditions and/or any Transaction Document (except for the Authorised Participant Agreement) (such amendments, the “**Regulatory Requirement Amendments**”) in order to cause (as applicable):

(a) the ETC Securities and the transactions contemplated by the Conditions and the Transaction Documents to be compliant with all Relevant Regulatory Laws;

(b) the Issuer and each Transaction Party to be compliant with all Relevant Regulatory Laws; or

(c) the Issuer and each Transaction Party to be able to continue to transact future business (as issuer of ETC Securities or as a transaction party to the Issuer pursuant to the Programme) in compliance with all Relevant Regulatory Laws.

## Base Prospectus

The Administrator shall immediately send a copy of any such notice to all Transaction Parties (other than the Authorised Participants).

If the Issuer receives such a notice from the Administrator, it shall, without the consent of the Security Trustee or the ETC Holders, promptly make the Regulatory Requirement Amendments, provided that:

- (i) no Early Redemption Trade Date or Early Redemption Settlement Date has occurred in respect of the ETC Securities;
- (ii) the Regulatory Requirement Amendments will not:
  - (A) amend the date of maturity or redemption of the ETC Securities;
  - (B) reduce or cancel the Redemption Amount, the Nominal Amount or the Specified Interest Amount payable on redemption of the ETC Securities;
  - (C) reduce or cancel the Metal Entitlement or vary the method of, or basis for, calculating the Metal Entitlement (unless such Regulatory Requirement Amendment involves an amendment to the applicable Total Expense Ratio, which shall be permitted);
  - (D) vary any method of, or basis for, calculating the Final Redemption Amount or the Early Redemption Amount;
  - (E) exchange or substitute any of the Underlying Metal; or
  - (F) have a material adverse effect on the validity, legality or enforceability of the Security or on the priority and ranking of the Security;
- (iii) the Regulatory Requirement Amendments are agreed to by each party to the affected Transaction Documents (in each case, such consent not to be unreasonably withheld or delayed) and the Trustee; and
- (iv) the Administrator certifies in writing (such certificate, a **"Regulatory Requirement Amendments Certificate"**) to the Trustee that (A) the purpose of the Regulatory Requirement Amendments is solely as set out in Conditions 20(a) to 20(c) and (B) the Regulatory Requirement Amendments satisfy the requirements of paragraph (ii) above.

The Trustee may rely, without further enquiry and without liability to any person for so doing, on a Regulatory Requirement Amendments Certificate. Upon receipt of a Regulatory Requirement Amendments Certificate, the Trustee shall agree to the Regulatory Requirement Amendments without seeking the consent of the ETC Holders or any other party and concur with the Issuer (at the Issuer's expense) in effecting the Regulatory Requirement Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be required to agree to the Regulatory Requirement Amendments if, in the opinion of the Trustee (acting reasonably), the Regulatory Requirement Amendments would (x) expose the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (y) impose more onerous obligations upon it or expose it to any additional duties or responsibilities or reduce or amend the protective provisions afforded to the Trustee in the Conditions or any Transaction Document of any Series.

None of the Administrator, the Trustee or the Security Trustee shall have any duty to monitor, enquire or satisfy itself as to whether any Regulatory Requirement Event has occurred. The Administrator shall not have any obligation to give, nor any responsibility or liability for giving or not giving, any notice to the Issuer and the Transaction Parties that a Regulatory Requirement Event has occurred.

## **Base Prospectus**

Any Regulatory Requirement Amendments will be binding on the Issuer, the Transaction Parties and the ETC Holders.

### **21. Clearing Systems**

None of the Issuer nor any Transaction Party will have any responsibility for the performance by the Clearing Systems (or their participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations.

Where the ETC Securities are held in a Clearing System, a reference in these Conditions to a deposit or return of such ETC Securities shall be deemed to refer to the taking of such action by an account holder in the Clearing System as is required to deposit or return such account holder's interest in the ETC Securities in or to the relevant account in the Clearing System.

### **22. Governing Law and Jurisdiction**

#### **(a) Governing Law**

The Issue Deed, the Trust Deed, the Irish Law Security Trust Deed, the Agency Agreement and the ETC Securities (including these Conditions and any Global Registered Security), and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of Ireland.

The English Law Security Trust Deed and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, English law.

#### **(b) Jurisdiction**

The courts of Ireland 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 parties to the Trust Deed have irrevocably submitted to the jurisdiction of such courts and waived 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, the Security Trustee and the ETC Holders 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**

In respect of a Series, each of the Trustee, the Security Trustee, the Custodian and each Metals Counterparty agrees to appoint, on or around the Series Issue Date, a process agent as its agent to receive, for and on its behalf, service of process in any Proceedings in Ireland. The process agent in respect of each such party appointing a process agent shall either (i) be the party specified as its process agent for the Series in the Issue Deed for the first Tranche for such Series or (ii) if no such process agent is specified in such Issue Deed in respect of such party, be notified to the Trustee as soon as reasonably practicable following its appointment. Service of process on any such process agent shall be deemed valid service upon the party appointing such process agent, whether or not it is forwarded to and received by the appointing party. Each party appointing a process agent 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 any such process agent ceases to be able to act as such or no longer has an address in Ireland, each party who has appointed such process agent irrevocably agrees to appoint a substitute process agent in Ireland reasonably acceptable to the Trustee and to deliver to the Trustee a copy of the substitute process agent's written acceptance of that appointment, within 14 calendar

days. Each party appointing a process agent irrevocably consents to any process in any Proceedings anywhere being served by mailing a copy by registered post to such process agent. However, nothing in this Condition 22(c) shall affect the right to serve process in any other manner permitted by law.

**23. Administrator, Registrar and Paying Agents**

- (a) *Administrator, Registrar and Paying Agents solely agents of Issuer:* In acting under the Administration Agreement, the Agency Agreement and/or the Principal Paying Agency Agreement, as the case may be, in connection with the ETC Securities, the Administrator, the Registrar and the Paying Agents respectively act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any fiduciary duties or any obligations towards or relationship of agency or trust for or with any of the ETC Holders.
- (b) *Administrator, Registrar and Paying Agents:* The Specified Offices of the Administrator, the Registrar, and the Paying Agents are set out below.

The Administrator is Apex Fund Services (Ireland) Limited and its Specified Office is 2<sup>nd</sup> Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767, Ireland.

The Registrar is The Bank of New York Mellon, SA/NV and its Specified Office is at Vertigo Building, Polaris, 2-4 rue Eugene Ruppert, L-2453 Luxembourg.

The Principal Paying Agent is The Bank of New York Mellon, London Branch and its Specified Office is at One Canada Square, London E14 5AL.

Subject to Condition 11(f) (Appointment of Agents), the Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of the Administrator, the Registrar or any Paying Agent (having given the requisite period of notice) and to appoint a successor administrator, registrar or principal paying agent and additional or successor paying agents at any time. Notice of any change in the Administrator, the Registrar or any Paying Agent, or in any of their Specified Offices, shall promptly be given to the ETC Holders in accordance with the Notices Condition.

- (c) *Maintenance of Registrar and Paying Agents:* The Issuer shall at all times maintain:

- (i) a Registrar; and
- (ii) for so long as the ETC Securities are listed on any stock exchange or admitted to trading by any other relevant authority, a paying agent with a Specified Office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

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## MASTER TERMS AND CONDITIONS OF BASKET ETC SECURITIES

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The following is the text of the terms and conditions (the “**Conditions**”) that, subject to completion in accordance with the provisions of the Final Terms of the relevant Series of Basket ETC Securities, shall be applicable to each Series of Basket ETC Securities.

Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the relevant Final Terms or (ii) these terms and conditions as so completed, shall be endorsed on the ETC Securities. For the avoidance of doubt, in the case of (i) above the blanks in the text of these terms and conditions shall be deemed to be completed by the information contained in the relevant Final Terms as if such information were inserted in such provisions; alternative or optional provisions in these terms and conditions which are not specified or which are expressly disappled or deleted in the relevant Final Terms shall be deemed to be deleted from these terms and conditions; and all provisions of these terms and conditions which are inapplicable to the ETC Securities (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these terms and conditions, as required to give effect to the terms of the relevant Final Terms.

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

These terms and conditions apply separately to each Series and, accordingly, references in these terms and conditions to “**ETC Securities**” are to the ETC Securities of the relevant Series only and references to any defined term that applies in respect of each Series is to such defined term as it relates to such relevant Series (unless specified otherwise or unless the context otherwise requires).

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

Copies of the relevant Issue Deed, Trust Deed, Security Documents and Conditions referred to in these terms and conditions are available for inspection during normal business hours at the Specified Office of the Issuer and each of the Paying Agents and on the website of the Issuer at the following link:

<https://elementummetals.com/product/elementum-physical-electric-vehicle-metals-etc>

and will be sent to an ETC Holder on request to the Issuer, the Principal Paying Agent 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:

“**Account Bank**” means The Bank of New York Mellon, London Branch and any successor or replacement thereto as account bank under the Account Bank Agreement.

“**Account Bank Agreement**” means, in respect of a Series, the account bank agreement in the form of the Master Account Bank Terms dated on or about the Series Issue Date created by the entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Administrator, the Account Bank and any other parties specified in such Issue Deed as being a party to such Account Bank Agreement,

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as amended and/or supplemented by such Issue Deed and as such Account Bank Agreement is amended, supplemented, novated or replaced from time to time.

**“Accrued Rent”** means in respect of any LME Warrant and any day, the rent payable pursuant to the terms of such LME Warrant as at such day then accrued and unpaid.

**“Actual Redemption Sale Proceeds”** has the meaning given to it in the definition of Total Redemption Sale Proceeds.

**“Administration Agreement”** means, in respect of a Series, the administration agreement in the form of the Master Administration Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Administrator, and any other parties specified in such Issue Deed as being a party to such Administration Agreement, as amended and/or supplemented by such Issue Deed and as such Administration Agreement is amended, supplemented, novated or replaced from time to time.

**“Administrator”** means Apex Fund Services (Ireland) Limited and any successor or replacement thereto as administrator under the Administration Agreement in respect of a Series.

**“Administrator/Benchmark Event”** means any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Metal Reference Price or Reference Index (in the case of Basket ETC Securities) or the administrator or sponsor of the Metal Reference Price or Reference Index (as applicable) has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer, the Administrator or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Metal Reference Price or Reference Index (as applicable) to perform its or their respective obligations under the ETC Securities.

**“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 (i) 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 (ii) direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

**“Agency Agreement”** means, in respect of a Series, the agency agreement in the form of the Master Agency Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Administrator, the Trustee, the Principal Paying Agent, each relevant Paying Agent (as may be required by the rules of any Relevant Stock Exchange), the Registrar, the Transfer Agent and any other parties specified in such Issue Deed as being a party to such Agency Agreement, as amended and/or supplemented by such Issue Deed and as such Agency Agreement is amended, supplemented, novated or replaced from time to time.

**“Agents”** means the Administrator, the Custodian, each Metals Counterparty, the Principal Paying Agent, any other Paying Agent(s), the Registrar, the Transfer Agent and such other agent(s) as may be appointed from time to time in relation to the ETC Securities under the Administration Agreement, the Custody Agreement, the Metals Counterparty Agreement(s), the Agency 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.

**“Appointee”** means any agent, delegate, sub-delegate or nominee appointed by the Trustee or the Security Trustee under the Trust Deed or the Security Documents, as applicable.

**“Arranger”** means NTree International Limited in its capacity as arranger under the Programme and any successor and/or replacement thereto.

**“Authorised Participant”** means, in respect of a Series, any authorised participant that is appointed as an Authorised Participant for such Series under an Authorised Participant Agreement, and any successor or replacement thereto.

**“Authorised Participant Agreement”** means, in respect of a Series and in respect of an Authorised Participant, the authorised participant agreement entered into by the Issuer, the Administrator, the relevant Authorised Participant and any other parties thereto relating to such Authorised Participant's appointment as such, as amended, supplemented, novated or replaced from time to time.

**“Average Metal Sale Price”** means, in respect of a Redemption Disposal Period, a price determined by the Administrator and expressed in the format of “USD per metric tonne” in the case of Copper, Nickel or Cobalt and an amount in USD per each such other Trading Unit of any Component comprised in the relevant Basket, as specified in the Final Terms for such Series as being equal to:

- (i) the Net Redemption Sale Proceeds in respect of such Redemption Disposal Period; divided by
- (ii) the total number of Trading Units of the relevant Metal (or, in the case of Basket ETC Securities, of each type of Metal or Component) comprising the Underlying Metal as at the start of such Redemption Disposal Period.

**“Base Metal”** means one of Copper, Nickel or Cobalt and **“Base Metals”** means all of them.

**“Basket”** means, in respect of a Series of Basket ETC Securities, the basket by which such Series is physically backed, comprised of a specified number of Trading Units of two or more types of Base Metals and/or Components, proportionate to the weightings of such Metals and/or Components in the Reference Index to which such Series is linked, as specified in the Final Terms for such Series and **“relevant Basket”** shall be construed accordingly.

**“Basket ETC Securities”** means a Series of ETC Securities, the return on which is linked to the performance of a specified Reference Index and which are physically backed by holdings of a specified Basket of Base Metals and/or Components included in such Reference Index, in amounts proportionate to the weightings of such Metals and/or Components in such Reference Index, as specified in the Final Terms related to such Series.

**“Bill of Lading”** means, in respect of any Base Metal, a document (which may be in electronic form) issued by the master of a ship carrying such Metal to the person consigning such Metal, constituting a receipt for the specific Lots of such Base Metal listed therein and evidencing the carrier's obligation to deliver such Metal in good condition to the consignee named in such document, which document has been endorsed by a Metals Counterparty to the Issuer and delivered to the Custodian to be held on behalf of the Issuer, together with the corresponding final release document addressed by such Metals Counterparty to the Issuer, evidencing the transfer of ownership of such quantity of Base Metal to the Issuer and accompanied by supporting documents identifying the specific Lots comprising such quantity of Base Metal.

**“Bundle”** means a lot or bundle (or, in the case of Cobalt, a drum on pallets or a big bag or other form of packaging) of, rounds, pellets, broken or cut cathodes, briquettes or other relevant shapes (such as, in the case of Cobalt, coarse grain powder) of Base Metal, as applicable.

**“Business Day”** means, in respect of a Series, each day (other than a Saturday or a Sunday) on which (i) the Clearing Systems, (ii) each Relevant Stock Exchange and (iii) commercial banks in London and Dublin are open for business and,

- (a) in relation to any ETC Securities backed by Copper, Nickel and/or Cobalt, a day which is an LME Business Day and a Rotterdam Business Day; and
- (b) in relation to any Series of Basket ETC Securities, a day which would be a Business Day for a Series of Single Metal ETC Securities backed by Base Metal of each type included in the relevant Basket and on which the relevant trading venue for any Component included in the relevant Basket (as specified in the Final Terms related to such Series) is open for business.

**"Buy-Back"** has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**"Buy-Back Conditions"** has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**"Buy-Back Fee"** has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**"Buy-Back Order"**, in the case of a Buy-Back request submitted by an Authorised Participant or ETC Holder which is not an Authorised Participant has the meaning ascribed thereto in Condition 7(e)(*Purchases and Buy-Backs*).

**"Buy-Back Order Cut-Off Time"** means, in respect of a Series and a Buy-Back Order in respect of ETC Securities of such Series, such time as specified in the Final Terms for the first Tranche of such Series as the cut-off time for receipt of such Buy-Back Order.

**"Buy-Back Settlement Amount"** means, in respect of a Buy-Back of Single Metal ETC Securities in respect of a Buy-Back of Single Metal ETC Securities of a Series backed by a Base Metal, an amount of Metal determined by the Administrator as being equal to the product of the Metal Entitlement in respect of such Series as at the relevant Buy-Back Trade Date and the aggregate number of ETC Securities to be bought back pursuant to the relevant Buy-Back Order (rounded down to the nearest 0.001 metric tonne); and, in respect of a Buy-Back of Basket ETC Securities, an amount in USD determined by the Administrator as being equal to the product of (i) the Metal Entitlement in respect of the Series as of the relevant Buy-Back Trade Date (expressed as a number of Baskets) (rounded down to the nearest 0.001 Basket); (ii) the total number of Basket ETC Securities being bought back; and (iii) the level of the relevant Reference Index as of the Buy-Back Trade Date.

**"Buy-Back Settlement Date"** means, in respect of a buy-back of ETC Securities, the date (which shall be a Settlement Day) on which the Custodian instructs the delivery of an amount of the relevant Metal representing the Buy-Back Settlement Amount from the Off-Warrant Account(s) of the Issuer to or to the order of the relevant Metals Counterparty for onward delivery of such Metal (whether in unallocated form or physical Bars or in the case of Base Metal, cash or LME Warrants for such Metal) to the specified Metal Account or Cash Account (as applicable) of the relevant Authorised Participant or ETC Holder, which date shall be as separately agreed between the Administrator and the Arranger, Authorised Participant or ETC Holder.

**"Buy-Back Trade Date"** means a Business Day on which a Buy-Back Order is submitted by an Authorised Participant or an ETC Holder by the relevant Cut-Off Time and determined to be valid and accepted and processed by or on behalf of the Issuer in accordance with Condition 7(e)(*Purchases and Buy-Backs*).

**"Cash Account"** means a cash account of the Arranger, an Authorised Participant or ETC Holder with a bank in London able to accept USD-denominated transfers.

**"Cash Value per ETC Security"**, in relation to a Series of ETC Securities, shall have the meaning ascribed thereto in Condition 4(b) (*Determination of Metal Entitlement and Cash Value per ETC Security*).

**“Clearing System”** means any of Euroclear, Clearstream, Luxembourg, or any replacement clearing system and **“Clearing Systems”** shall be construed accordingly.

**“Clearstream, Luxembourg”** means Clearstream Banking, *société anonyme*, Luxembourg.

**“Cobalt”** means, if the Basket ETC Securities are linked to a Reference Index and backed by a Basket, each comprising cobalt: (i) physical cobalt complying with the Cobalt Specifications; (ii) a Bill of Lading evidencing a specified quantity of cobalt and identifying the specific Lots of cobalt so evidenced; and (iii) a contractual obligation against the Custodian to transfer an amount of cobalt complying with the Cobalt Specifications, not including cobalt included under (i) or (ii) above.

**“Cobalt Reference Price”** means, in respect of Cobalt backing any Basket ETC Securities and any given day and subject to Condition 9 (*Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event*), that day's LME Month 1 Futures Price for LME Cobalt (Fastmarkets MB), being the last cash offer price quoted each day for 1 month futures contracts per metric tonne of Cobalt stated in US dollars, as calculated and administered by the LME and published by the LME on its website at [www.lme.com](http://www.lme.com); provided, however, that if the Administrator becomes aware that a Metal Trading Disruption has occurred or exists on such day, the Administrator will notify the Issuer and the Cobalt Reference Price shall be the price determined by the Administrator taking into consideration the latest available Cobalt Reference Price as of a date on which no Metal Trading Disruption existed and any other information which the Administrator deems relevant.

**“Cobalt Specifications”** means physical cobalt in rounds, pellets, broken or cut cathodes, briquettes or other relevant shapes of cobalt, such as coarse grain powder packaged in drums, big bags or other form and of an accepted brand, where accepted brands include any brand accepted by Fastmarkets and any LME listed brand, excluding any brand produced using feed originating in the Democratic Republic of the Congo.

**“Common Depository”** means, in relation to a Series of ETC Securities issued in classic global note form, the common depositary on behalf of Euroclear and Clearstream, Luxembourg appointed in respect of such Series.

**“Common Safekeeper”** means, in relation to a Series of ETC Securities held under the new safekeeping structure, the common safekeeper for Euroclear and Clearstream, Luxembourg appointed in respect of such Series.

**“Component”** means, in respect of any Series of Basket ETC Securities, any type of metal or non-metal material or substance included as a component in the relevant Reference Index (other than, for the avoidance of doubt any Base Metal).

**“Conditions”** means these terms and conditions, as supplemented and/or varied or completed, as applicable, in respect of a Series or a particular Tranche by Part A of the relevant Final Terms and the provisions of any Global Registered Security.

**“Copper”** means, if the ETC Securities are linked to copper: (i) physical Lots of copper complying with the applicable Physical Contract Specifications for LME Copper from time to time in effect; (ii) a Bill of Lading evidencing a specified quantity of copper and identifying the specific Lots of copper so evidenced; or (iii) LME Warrants evidencing a specified quantity of copper and identifying the specific LME Lots of copper so evidenced; and (iv) a contractual obligation against the Custodian to transfer an amount of copper complying with the applicable Physical Contract Specifications for LME Copper from time to time in effect, not including copper included under (i), (ii) or (iii) above.

**"Copper Reference Price"** means in respect of Copper and any given day and subject to Condition 9 (*Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event*), that day's LME Official Settlement Price, being the last cash offer price quoted during the second Ring session for physical contracts per metric tonne of Copper stated in US dollars, as calculated and administered by the LME and published by the LME on its website at [www.lme.com](http://www.lme.com); provided, however, that if the Administrator becomes aware that a Metal Trading Disruption has occurred or exists on such day, the Administrator will notify the Issuer and the Copper Reference Price shall be the price determined by the Administrator taking into consideration the latest available Copper Reference Price as of a date on which no Metal Trading Disruption existed and any other information which the Administrator deems relevant.

**"Corporate Services Agreement"** means the corporate services agreement in respect of the Issuer dated on or about 1 December 2020 entered into by the Issuer and the Corporate Services Provider as amended, supplemented, novated or replaced from time to time.

**"Corporate Services Provider"** means, with respect to the Issuer, Apex IFS Limited and any successor or replacement thereto.

**"Custodian"** means Eternzye AG and any successor or replacement thereto, as custodian under the Custody Agreement.

**"Custody Agreement"** means, in respect of a Series, the custody agreement in the form of the Master Custody Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Custodian, the Administrator, the Security Trustee and any other parties specified in such Issue Deed as being a party to such Custody Agreement, as amended and/or supplemented by such Issue Deed and as such Custody Agreement is amended, supplemented, novated or replaced from time to time.

**"Cut-Off Time"** means, in respect of a Series, the Buy-Back Order Cut-Off Time or the Subscription Order Cut-Off Time, as applicable.

**"Denomination"** has the meaning ascribed thereto in Condition 2 (*Form, Denomination and Title*).

**"Depository"** means the Depository under and for the purposes of the LMEsword Regulations.

**"Deutsche Börse"** means the *Deutsche Börse* Cash Market and any replacement or successor thereto as the regulated market of the *Deutsche Börse* stock exchange.

**"Disrupted Redemption Method"** has the meaning given to it in Condition 8(c)(i) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*).

**"Disruption Event"** has the meaning given to it in Condition 8(a) (*Disruption Events*).

**"Disruption Postponable Date"** has the meaning given to it in Condition 8(c)(i) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*).

**"Early Redemption"** means, in relation to a Series of ETC Securities, a redemption in accordance with these Conditions of all outstanding ETC Securities of such Series following the occurrence of (i) an Issuer Call Redemption Event, (ii) an Early Redemption Event or (iii) an Event of Default.

**"Early Redemption Amount"** means an amount (which amount may incorporate an interest redemption premium, being any excess over the Issue Price per ETC Security for the first Tranche of the Series) per ETC Security determined by the Administrator and denominated in USD equal to the greater of:

- (i) the product of (a) the Metal Entitlement (expressed as a number of Baskets (each comprising a specified number of Trading Units of each type of Base Metal and/or each Component included in the relevant Reference Index)) as at the Early Redemption Trade Date and (b) the Average Metal Sale Price for the relevant Redemption Disposal Period, plus a pro rata amount of any interest received on the proceeds of disposal of the Underlying Metal less any negative interest; and
- (ii) the Nominal Amount plus the Specified Interest Amount.

**"Early Redemption Event"** has the meaning given to it in Condition 7(c) (*Issuer Call Redemption Event*) and Condition 7(d) (*Early Redemption Events*).

**"Early Redemption Settlement Date"** means, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the earlier of:

- (i) the fifteenth Business Day following the receipt by the Issuer of the Net Actual Redemption Sale Proceeds in respect of a liquidation of the Underlying Metal in full during the Redemption Disposal Period; and
- (ii) the Metal Sale Cut-off Date,

provided that if such date is not a Settlement Day, the Early Redemption Settlement Date shall be the next following Settlement Day.

**"Early Redemption Trade Date"** means, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the earlier of (i) the date of occurrence of an Early Redemption Event determined in accordance with Condition 7(c) (*Issuer Call Redemption Event*) or 7(d) (*Early Redemption Events*) and (ii) the date of an Event of Default Redemption Notice, provided that if such date is not a Business Day, the Early Redemption Trade Date shall be the next following Business Day.

**"Eligible Purchaser"** has the meaning ascribed thereto in Condition 10(e) (*Metal Sale on Early or Final Redemption*).

**"English Law Secured Property"** means, in respect of a Series, the Secured Assets and the Secured Agent Rights which are secured pursuant to the English Law Security Trust Deed for such Series.

**"English Law Security"** means, in respect of a Series, the security constituted by the English Law Security Trust Deed for such Series.

**"English Law Security Trust Deed"** means, in respect of a Series, the English law security trust deed entered into as a deed in the form of the Master English Law Security Trust Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Security Trustee and any other parties specified in such Issue Deed as being a party to such English Law Security Trust Deed, as amended and/or supplemented by such Issue Deed and as such English Law Security Trust Deed is amended, supplemented, novated or replaced from time to time.

**"Electric Vehicle Index"** means the Solactive Elementum Electric Vehicle Index administered by Solactive AG and published on the website of Solactive as administrator at [www.solactive.com](http://www.solactive.com) and displayed on Reuters Screen page "SOLELEEV" or Bloomberg ticker "SOLELEEVIndex".

**"Elementum Physical Electric Vehicle Metals ETC Securities"** means the Series of Basket ETC Securities issued under the Programme which are linked to the performance of the Electric Vehicle Index and physically backed by Baskets, each comprising a specified number of Trading Units of each

## Base Prospectus

type of Base Metal and/or of each Component comprised in such index (the “**Elementum Electric Vehicle Basket**”), proportionate to and tracking the weightings of such Base Metal(s) and/or Component(s) comprised therein.

“**Eligible Buy-Back Trade Date**” means each Business Day.

“**Enforcement Surplus**” means an amount equal to the greater of:

- (i) where the Enforcement Unsold Metal Proceeds exceed the Deemed Redemption Sale Proceeds, such excess; and
- (ii) zero.

“**Enforcement Surplus Principal Amount**” means an amount per ETC Security determined by the Administrator equal to such ETC Security’s *pro rata* share of any Enforcement Surplus, representing, when taken together with all amounts previously paid in respect of such ETC Security’s Redemption Amount prior to enforcement of the Security, what the Redemption Amount in respect of such ETC Security ought to have been had the Metal been capable of liquidation during the Redemption Disposal Period.

“**Enforcement Unsold Metal Proceeds**” means, in respect of an enforcement of the Security, an amount denominated in USD equal to the total sale proceeds of all Trading Units of Underlying Metal which had not been liquidated by the relevant Metals Counterparty during the relevant Redemption Disposal Period in accordance with Condition 10 (*Metal Sale on Early or Final Redemption*) but which has subsequently been liquidated pursuant to a realisation of such unsold Underlying Metal in accordance with Condition 5(f) (*Realisation of Security*).

“**ETC Holder**” or “**holder**” means each person who is for the time being a holder of the ETC Securities (being each person who is for the time being shown in the Register as the holder of a particular number of ETC Securities or, in the case of a joint holding, the person first named in the Register) save that, in respect of the ETC Securities of any Series, for so long as such ETC Securities are represented by a Global Registered Security deposited with a common depositary for, and registered in the nominee name of, a common depositary for Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg, as applicable) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of the ETC Securities shall be deemed to be the holder of such number of ETC Securities (and the registered holder of such Global Registered Security shall be deemed not to be the holder) for all purposes other than with respect to (a) the payment of principal, premium (if any) or interest (if any) and (b) the Provisions for Meetings of ETC Holders;

“**ETC Securities**” means, unless the context otherwise requires, the securities in the form of notes issued in respect of a particular Series, as further described in the relevant Final Terms for such Series, which may be Single Metal ETC Securities or Basket ETC Securities.

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

“**Event of Default**” has the meaning given to it in Condition 13 (*Events of Default*).

“**Event of Default Redemption Notice**” has the meaning given to it in Condition 13 (*Events of Default*).

“**Exchange Date**” has the meaning given to it in Condition 17 (*Transfers*).

“**Extraordinary Resolution**” means, in respect of a Series, either:

- (i) 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 of such Series 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 ETC Holders duly convened and held in accordance with the relevant provisions of the Trust Deed; or
- (ii) a resolution given by way of electronic consents by a majority of at least 75 per cent. of the votes cast by or on behalf of the holders of not less than 75 per cent. of the aggregate number of the ETC Securities of such Series who for the time being are entitled to receive notice of a meeting held in accordance with the Trust Deed communicated through the electronic communications systems of the relevant Clearing System(s) to the Paying Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders.

**"Fees and Expenses Agreement"** means the fees and expenses agreement entered into on 1 December 2020 as amended on 21 December 2020 and novated to the Arranger pursuant to a deed of novation dated 13 April 2022, between inter alios the Issuer and the Arranger pursuant to which the Arranger has agreed, in exchange for the payment of the Operational Fee, to ensure the payment of all fees, taxes and other expenses of the Issuer, including, without limitation, all amounts payable to each other Transaction Party under the Transaction Documents and to any other service providers of the Issuer, (but excluding any indemnities granted by the Issuer in favour of the other service providers) in respect of the ongoing fees and expenses of the Issuer in connection with the Programme.

**"Final Redemption"** means, in relation to a Series of ETC Securities, a redemption in accordance with these Conditions of all outstanding ETC Securities of such Series upon the occurrence of the Scheduled Maturity Date for such Series.

**"Final Redemption Amount"** means an amount (which amount may incorporate an interest redemption premium, being any excess over the Issue Price per ETC Security for the first Tranche of the Series) per ETC Security determined by the Administrator and denominated in USD equal to the greater of:

- (i) the product of (a) the Metal Entitlement (expressed, in the case Copper or Nickel, in metric tonnes and in the case of Basket ETC Securities, as a number of Baskets (each comprising a specified number of Trading Units of each Base Metal or Component included in the relevant Reference Index)) as at the Final Redemption Valuation Date and (b) the Average Metal Sale Price for the relevant Redemption Disposal Period plus a pro rata amount of any interest received on the proceeds of disposal of the Underlying Metal less any negative interest; and
- (ii) the Nominal Amount plus the Specified Interest Amount.

**"Final Redemption Valuation Date"** means, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the date falling 40 Business Days prior to the Scheduled Maturity Date.

**"Final Terms"** means, in respect of a Series and a Tranche, the final terms issued specifying the relevant issue details of such Tranche of ETC Securities for such Series, in the form and on the same terms as set out in the Issue Deed relating to the first Tranche of ETC Securities for such Series (and with the final terms for each Tranche of a Series resulting in the same terms and conditions as the ETC Securities in all respects other than the Issue Date and Metal Entitlement and so that such further Tranche shall be consolidated and form a single series with the ETC Securities pursuant to Condition 18 (*Further Issues*), provided that, for the avoidance of doubt, different issue dates and updated references to the number of ETC Securities of the Series and updated references to other variables as

they stand at or around the issue date of the Tranche shall not result in different terms and conditions or to the final terms for the Tranche being deemed to be on different terms or in a different form).

**"Global Registered Security"** means, in respect of each Series, the registered certificate substantially in the form set out in Schedule 1 (*Form of Global Registered Security (other than Global Registered Security held under the NSS)*) of the Master Trust Terms or, as the case may be, in the form set out in Schedule 2 (*Form of Global Registered Security (Global Registered Security held under the NSS)*) of the Master Trust Terms representing the ETC Securities of one or more Tranches of such Series.

**"ICSD"** means an International Central Securities Depository.

**"Individual Securities"** means ETC Securities in individual, definitive registered form and any registered certificate representing one or more ETC Securities of the same Series and, save as provided in the Conditions, comprising the entire holding by an ETC Holder of ETC Securities of that Series being substantially in the form set out in Schedule 3 (*Form of Individual Security*) of the Master Trust Terms.

**"Initial Early Redemption Event"** has the meaning given to it in Condition 7(b)(iii) (*Early Redemption*).

**"Initial Metal Entitlement"** means, in respect of a Series, the Metal Entitlement on the Series Issue Date which will be specified in relevant Final Terms of the first Tranche of ETC Securities for such Series.

**"Irish Law Secured Property"** means, in respect of a Series, the Secured Assets and the Secured Agent Rights which are secured pursuant to the Irish Law Security Trust Deed for such Series.

**"Irish Law Security"** means, in respect of a Series, the security constituted by the Irish Law Security Trust Deed for such Series.

**"Irish Law Security Trust Deed"** means, in respect of a Series, the Irish law security trust deed entered into as a deed in the form of the Master Irish Law Security Trust Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Security Trustee and any other parties specified in such Issue Deed as being a party to such Irish Law Security Trust Deed, as amended and/or supplemented by such Issue Deed and as such Irish Law Security Trust Deed is amended, supplemented, novated or replaced from time to time.

**"Issue Date"** means, in respect of a Tranche of ETC Securities, the date on which the ETC Securities of such Tranche are due to be issued to the relevant Authorised Participant(s) which has subscribed for such Tranche of ETC Securities, as specified in the Final Terms relating to such Tranche.

**"Issue Deed"** means, in respect of a Series, the issue deed made between, amongst others, the Issuer, the Trustee, the Security Trustee and any other parties specified therein and which constitutes such Series (as amended, supplemented, novated or replaced from time to time) and which will be entered into at the time of the first Tranche of ETC Securities for that Series and which will apply, without further action and without the need for re-execution or execution of a new Issue Deed, to any further Tranches of that Series.

**"Issue Price per ETC Security"** means, in respect of a Series and a Tranche of ETC Securities, an amount equal to the price for the quantity of Metal or, in the case of Basket ETC Securities, Baskets, comprising the Metal Entitlement as at the relevant Issue Date for such Tranche, as determined by the Administrator by reference to the Metal Reference Price or, in the case of Basket ETC Securities, by reference to the level of the relevant Reference Index on such Issue Date.

**"Issuer"** means Elementum Metals Securities plc, a public limited liability company incorporated and registered in Ireland with registration number 673920, or any replacement or successor thereto.

**"Issuer Call Redemption Event"** has the meaning given to it in Condition 7(c) (*Issuer Call Redemption Event*).

**"Issuer Call Redemption Notice"** has the meaning given to it in Condition 7(c) (*Issuer Call Redemption Event*).

**"Issuer Cash Account"** means, in respect of a Series, an interest-bearing cash account denominated in US dollars opened with the Account Bank (and any successor or replacement thereto) in the name of the Issuer and operated by the Issuer or the Administrator (as authorised by the Issuer), into which amounts received by or on behalf of the Issuer shall be paid from time to time, including but not limited to, the Net Actual Redemption Sale Proceeds.

**"Issuer Profit Amount"** means, in respect of each Series, the annual profit amount payable to the Issuer in the amount of US\$500.00 in respect of the issuance of the ETC Securities.

**"Issuer Series Fees and Expenses"** means, in respect of a Series, any fees, Taxes, expenses and other amounts payable by the Issuer pursuant to the Transaction Documents and/or properly incurred by the Issuer, including for the avoidance of doubt, the Operational Fee, in each case, relating to such Series and (in the case of the Principal Paying Agent) reimbursement in respect of any proper payment of Redemption Amounts and default interest (if any) made to the ETC Holder and any other amounts due to the Account Bank and Principal Paying Agent.

**"KYC Procedures"** has the meaning ascribed thereto in Condition 7(e) (*Purchases and Buybacks*).

**"LME"** means the London Metal Exchange Limited, being a wholesale metal trading exchange, which provides platforms for the professional trading in London of base metals, including copper and nickel, and any replacement or successor thereto.

**"LME Approved Warehouse"** means a warehouse or storage facility which has been approved by the LME as meeting the LME's criteria for the secure storage of LME-registered brands of metal on behalf of warrant holders and to issue LME Warrants through a London agent for material delivered into such approved warehouse.

**"LME Business Day"** means a day which is a "Business Day" for the purposes of the LME Rules (being currently defined as any day except Saturday, Sunday or any public or bank holiday in England or a day during which trade on the LME has been suspended by or under the authority of any enactment or a day which the directors of the LME declare not to be a Business Day).

**"LME Lot"**, in relation to a Base Metal, means, a lot (or quantity) of such Base Metal consisting of Bundles of such Base Metal, meeting the LME Physical Contract Specifications from time to time in effect, pursuant to which, in the case of Copper, each Lot weighs 25 metric tonnes (+/- 2%), in the case of Nickel, each Lot weighs 6 metric tonnes (+/- 2%) and in the case of Cobalt, each Lot weighs 1 metric tonne (+/- 2%).

**"LME Physical Contract Specifications"** means, as applicable, the Physical Contract Specifications for LME Copper or the Physical Contract Specifications for LME Nickel.

**"LMEsword"** or the **"LME Sword System"** means the LME system for the electronic transfer of title to Warrants governed and constituted by the LMEsword Regulations.

**"LMEsword Regulations"** means the LMEsword Regulations issued by LME as supplemented by the operating procedures relating to LMEsword as published by the LME.

**"LME Warrant"** means a 'warrant' as defined in the LMEsword Regulations in respect of any type of Base Metal (being a bearer document of title issued by an LME Approved Warehouse through a London

agent evidencing title to a specified Lot of physical Metal of a specified LME-registered brand stored in a specified LME Approved Warehouse and which declares conformity of such physical Metal with the applicable LME Physical Contract Specifications), which document is held as bailee by the Depository in accordance with the LMEsword Regulations and electronically registered in LMEsword and used for the physical settlement of contracts traded on the LME.

**“Lot”**, in relation to a Base Metal, means, a lot (or quantity) of such Base Metal consisting of one or more Bundles of such Base Metal, meeting the applicable LME Physical Contract Specifications as to brand, quality, weight, purity, grade or chemical composition and shape, or, in the case of Cobalt, meeting the Cobalt Specifications.

**“Market Value Event Notice”** has the meaning given to it in Condition 7(d)(iii) (*Market Value Redemption Event*).

**“Market Value Redemption Event”** has the meaning given to it in Condition 7(d)(iii) (*Market Value Redemption Event*).

**“Market Value Redemption Notice”** has the meaning given to it in Condition 7(d)(iii) (*Market Value Redemption Event*).

**“Master Administration Terms”** means, in respect of a Series, the master administration terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Agency Terms”** means, in respect of a Series, the master agency terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Custody Terms”** means, in respect of a Series, the master custody terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master English Law Security Trust Terms”** means, in respect of a Series, the master English law security trust terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Irish Law Security Trust Terms”** means, in respect of a Series, the master Irish law security trust terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Metals Counterparty Terms”** means, in respect of a Series, the Master Metals Counterparty Terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**“Master Terms and Conditions”** means, in respect of a Series, the master terms and conditions relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**"Master Trust Terms"** means, in respect of a Series, the master trust terms relating to the Programme specified in the Issue Deed in relation to such Series, as amended, supplemented, novated or replaced from time to time in respect of that Series, whether in the Issue Deed or otherwise in accordance with the Conditions.

**"Metal"** means, in respect of a Series of Basket ETC Securities, the physical Base Metal(s) and/or Component(s) comprised in the Reference Index to which such Series is linked and in the Basket by which such Series is physically backed, which may include any two or more of Nickel, Cobalt or any Component, as specified in the Final Terms related to such Series.

**"Metal Entitlement"** has the meaning given to it in Condition 4(b) (*Determination of Metal Entitlement*).

**"Metal Reference Price"** means, in respect of any Series of Basket ETC Securities,

- (a) linked to Copper, the Copper Reference Price;
- (b) linked to Nickel, the Nickel Reference Price;
- (c) linked to Cobalt, the Cobalt Reference Price;
- (d) linked to any Component, the reference price for such Component, as specified in the Final Terms for the relevant Series,

and **"relevant Metal Reference Price"** shall be construed accordingly.

**"Metal Reference Price Event"** means, in respect of any Series of Basket ETC Securities and any relevant Metal Reference Price:

- (i) a permanent or indefinite cessation in the provision of such Metal Reference Price by the relevant Metal Reference Price Source (and no successor administrator will continue to provide such Metal Reference Price); or
- (ii) the occurrence of an Administrator/Benchmark Event.

**"Metal Reference Price Source"** means, in respect of any Series of Basket ETC Securities and any relevant Metal Reference Price, any screen or other source on which such Metal Reference Price is expected to be displayed or published, as such screen or source may be replaced or succeeded pursuant to Condition 9 (*Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event*), and at the date of this Base Prospectus means, in respect of any Basket ETC Securities:

- (a) linked to Copper, the London Metal Exchange;
- (b) linked to Nickel, the London Metal Exchange;
- (c) linked to Cobalt, the London Metal Exchange; and
- (d) linked to any Component, such reference price source as specified in the Final Terms for the relevant Series,

and **"relevant Metal Reference Price Source"** shall be construed accordingly.

**"Metal Sale Cut-Off Date"** means the date falling 40 Business Days following the Early Redemption Trade Date.

**"Metals Counterparty"** means, in respect of a Series, (i) NTree International Limited, any successor or replacement thereto; and/or (ii) any other entity which is an affiliate of the Arranger or of a Metals Counterparty or a bank or investment firm incorporated in and operating from the UK and which is authorised by the Prudential Regulatory Authority and/or the Financial Conduct Authority and in the case of Base Metals, is a member of the LME and has either an LME clearing and warrant account or a metal storage account with a Primary Sub-Custodian or other Sub-Custodian, appointed by the Issuer from time to time as metals counterparty under a Metals Counterparty Agreement and any successor or replacement thereto, as specified in the Final Terms on the Series Issue Date or as notified to the ETC Holders in accordance with Condition 19 (Notices) and **"relevant Metals Counterparty"** means, in respect of a Series: (i) in the context of a Subscription of ETC Securities, such Metals Counterparty as determined by the Issuer and notified to the relevant Authorised Participant upon acceptance of the related Subscription Order; (ii) in the context of a Buy-Back of ETC Securities, such Metals Counterparty as determined by the Issuer and notified to the relevant Authorised Participant or ETC Holder upon acceptance of the related Buy-Back Order; (iii) in the context of sales of TER Metal on behalf of the Issuer, such Metals Counterparty as determined by the Issuer and specified by the Administrator in the related TER Metal Sale Notice; and (iv) in the context of any Early Redemption or Final Redemption of the ETC Securities, each Metals Counterparty (which, for the avoidance of doubt, may include more than one Metals Counterparty) which is instructed by the Issuer to conduct a sale of Underlying Metal on behalf of the Issuer as specified in the related Redemption Notice.

**"Metals Counterparty Agreement"** means, in respect of a Series and a Metals Counterparty, the Metals Counterparty Agreement in the form of the Master Metals Counterparty Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, such Metals Counterparty, the Administrator and any other parties specified in such Issue Deed as being a party to such Metals Counterparty Agreement providing for, among other things, the appointment of such Metals Counterparty and the sale and delivery of Metal by such Metals Counterparty on behalf of the Issuer in respect of such Series, as amended and/or supplemented by such Issue Deed and as such Metals Counterparty Agreement is amended, supplemented, novated or replaced from time to time.

**"Metals Counterparty Fee"** means, in connection with any Buy-Back, the fee charged by the relevant Metals Counterparty for (i) the removal of the Metal representing the Buy-Back Settlement Amount from the Off-Warrant Account(s) of the Issuer; and (ii) in the case of a Buy-Back of Single Metal ETC Securities backed by Base Metals, either: the transfer of an amount in USD representing the value of such Metal (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date) to the specified Cash Account of the Authorised Participant or the placement of such Metal on warrant, or the transfer of such Metal to the off-warrant account of an Eligible Purchaser of such Metal in exchange for LME Warrants and the delivery of such LME Warrants to the specified Metal Account of the Authorised Participant, and (if applicable) the transfer of any amount due to the Authorised Participant in respect of a quantity of Metal equalling less than a full LME Warrant, plus any Accrued Rent in respect of LME Warrants delivered, in USD to the specified Cash Account of the Authorised Participant; or (iii) in the case of a Buy-Back of Basket ETC Securities, the transfer of the amount in USD due to the Authorised Participant to the specified Cash Account of the Authorised Participant, the amount of which fee shall be notified to the Authorised Participant upon receipt of the Buy-Back Order and payable by the Authorised Participant in cash to the Issuer on or before the Buy-Back Settlement Date.

**"Metal Trading Disruption"** has the meaning ascribed thereto in Condition 8(a)(i)(*Metal Trading Disruption*);

**“Minimum Buy-Back Amount”** means, in respect of any Series, the minimum number of ETC Securities which may be the subject of any Buy-Back Order, which shall be such number of ETC Securities as would have, as of the relevant Buy-Back Trade Date, an aggregate Metal Entitlement equal to no less than the weight (if any) specified in the Final Terms. Unless otherwise specified in the Final Terms, the Minimum Buy-Back Amount for ETC Securities of a Series backed by a Base Metal will be such number of ETC Securities of the relevant Series as would, as of the relevant Buy-Back Trade Date, have an aggregate Metal Entitlement equal to no less than the nominal weight represented by one LME Warrant of the relevant type of Base Metal, (being at the date of this Base Prospectus 25.0 tonnes for Copper and 6.0 tonnes for Nickel) and must be an integral multiple of such number. In the case of Basket ETC Securities, unless otherwise specified in the Final Terms, the Minimum Buy-Back Amount will be such number of Basket ETC Securities of the relevant Series as would, as of the relevant Buy-Back Trade Date, have an aggregate Metal Entitlement comprising (i) a quantity of each type of Metal included in the relevant Basket equal to no less than the quantity of such type of Metal required to meet the Minimum Buy-Back Amount (if any) for Single Metal ETC Securities backed by Metal of the same type; and (ii) such minimum quantity of each Component (if any) included in such Basket, as specified in the Final Terms for such Series.

**“Minimum Subscription Amount”** means, in respect of any Series, the minimum number of ETC Securities which may be the subject of any Subscription Order, which shall be such number of ETC Securities as would have, as of the relevant Subscription Trade Date, an aggregate Metal Entitlement equal to no less than the weight (if any) specified in the Final Terms. Unless otherwise specified in the Final Terms, the Minimum Subscription Amount for Single Metal ETC Securities of a Series backed by a Base Metal, will be such number of ETC Securities of the relevant Series as would, as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement equal to no less than the nominal weight represented by one standard LME Lot of the relevant type of Base Metal, (being at the date of this Base Prospectus 25.0 tonnes for Copper and 6.0 tonnes for Nickel). In the case of Basket ETC Securities, the Minimum Subscription Amount will be such number of Basket ETC Securities of the relevant Series as would, as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement comprising (i) a quantity of each type of Metal included in the relevant Basket equal to no less than the quantity of such type of Metal required to meet the Minimum Subscription Amount (if any) for Single Metal ETC Securities backed by Metal of the same type; and (ii) such minimum quantity of each Component (if any) included in such Basket, as specified in the Final Terms for such Series.

**“Minimum Trading Amount”** means, in respect of any Series, the minimum number (if any) of ETC Securities which may be transferred by a an ETC Holder in a single transaction, as specified in the Final Terms.

**“Near Storage”** means, in relation to Base Metal, that such Base Metal is held pursuant to a written agreement for the storage of such Base Metal off warrant at an LME Approved Warehouse which includes provisions pursuant to which the metal owner may instruct the warehouse to place the Metal on warrant at any time.

**“Net Actual Redemption Sale Proceeds”** has the meaning given to it in the definition of Net Redemption Sale Proceeds.

**“Net Redemption Sale Proceeds”** means, in respect of a Redemption Disposal Period, an amount denominated in USD equal to the sum of:

- (i) the Actual Redemption Sale Proceeds less (a) all amounts which the relevant Metals Counterparty is entitled to deduct from the proceeds of sale in accordance with Condition 10(d) (*Metal Sale on Early or Final Redemption*) and (b) any Redemption Fees (the “**Net Actual Redemption Sale Proceeds**”); and
- (ii) the Deemed Redemption Sale Proceeds.

**"Nickel"** means, if the ETC Securities are linked to nickel: (i) physical Lots of nickel complying with the applicable Physical Contract Specifications for LME Nickel from time to time in effect; (ii) a Bill of Lading evidencing a specified quantity of nickel and identifying the specific Lots of nickel so evidenced; or (iii) LME Warrants evidencing a specified quantity of nickel and identifying the specific LME Lots of nickel so evidenced; and (iv) a contractual obligation against the Custodian to transfer an amount of nickel complying with the applicable Physical Contract Specifications for LME Nickel from time to time in effect, not including nickel included under (i), (ii) or (iii) above.

**"Nickel Reference Price"** means in respect of Nickel backing any ETC Securities and any given day and subject to Condition 9 (*Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event*), that day's LME Official Settlement Price, being the last cash offer price quoted during the second Ring session for physical contracts per metric tonne of Nickel stated in US dollars, as calculated and administered by the LME and published by the LME on its website at [www.lme.com](http://www.lme.com); provided, however, that if the Administrator becomes aware that a Metal Trading Disruption has occurred or exists on such day, the Administrator will notify the Issuer and the Nickel Reference Price shall be the price determined by the Administrator taking into consideration the latest available Nickel Reference Price as of a date on which no Metal Trading Disruption existed and any other information which the Administrator deems relevant.

**"Nominal Amount"** means, in respect of a Series, an amount equal to 10 per cent. of the Issue Price per ETC Security for the first Tranche of such Series, as shall be specified in the Final Terms for each Tranche of such Series.

**"Non-Disrupted Day"** means the Series Issue Date and each day thereafter that is a Business Day and is not a Suspended Day or a day which falls within a Suspension Period.

**"Obligor"** means each person that has an obligation to the Issuer pursuant to the Secured Property.

**"Off-Warrant Account (Custodian)"** means, in respect of a Series for which any physical Base Metal owned by the Issuer is held by the Custodian off warrant, ownership of which is evidenced by a Warehouse Release, each segregated metal custody account opened and maintained by the Custodian in the name of the Issuer for the account of such Series, evidencing and recording the amount of Metal (by reference to the quantity of Metal and identifying the specific Lots of Metal allocated to the Issuer) held by the Custodian on behalf of the Issuer for the account of such Series, as well as the withdrawals from and deposits to that account.

**"Off-Warrant Account (Primary Sub-Custodian)"** means, in respect of a Series for which any physical Base Metal owned by the Issuer is held by the Custodian off warrant and deposited with or received by a Primary Sub-Custodian to be held by such Primary Sub-Custodian as bailee for the Custodian on behalf of the Issuer, ownership of which is evidenced by a Warehouse Release, each segregated off-warrant metal storage account or segregated book entry metal custody account (as applicable) established and maintained by such Primary Sub-Custodian in the name of the Custodian (and operated by the Custodian on behalf of the Issuer), evidencing and recording the amount of Metal (by reference to the quantity of Metal and identifying the specific Lots of Metal credited to such account) held by such Primary Sub-Custodian off-warrant for the Custodian in the LME Approved Warehouse of such Primary Sub-Custodian (or in an account in the name of such Primary Sub-Custodian at the LME Approved Warehouse of a Sub-Custodian, which may be another Primary Sub-Custodian) located in The Netherlands or such other location as approved by the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*), as well as the withdrawals from and deposits to that account and **"Off-Warrant Accounts (Primary Sub-Custodian)"** means all of them.

**"Off-Warrant Account (Sub-Custodian)"** means, in respect of a Series for which any Base Metal owned by the Issuer is held by the Custodian off warrant and deposited with or received by another Sub-Custodian to be held by such Sub-Custodian as bailee for the Custodian on behalf of the Issuer, ownership of which is evidenced by a Warehouse Release, each segregated off-warrant metal storage account established and maintained by such Sub-Custodian in the name of the Custodian (and operated by the Custodian on behalf of the Issuer), evidencing and recording the amount of Metal (by reference to the quantity of Metal and identifying the specific Lots of Metal allocated to such account) held by such Sub-Custodian off warrant for the Custodian in the LME Approved Warehouse of such Sub-Custodian in The Netherlands or such other location as approved by the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*), as well as the withdrawals from and deposits to that account and **"Off-Warrant Accounts (Sub-Custodian)"** means all of them.

**"Off-Warrant Accounts"** means, in respect of a Series, each Off-Warrant Account (Custodian), each Off-Warrant Account (Primary Sub-Custodian) and each Off-Warrant Account (Sub-Custodian) in respect of such Series, and **"Off-Warrant Account"** means any of them.

**"Operational Fee"** means, in respect of each Series, the operational fee payable by the Issuer to the Arranger in exchange for the Arranger's services and its undertaking to ensure payment of all fees, Taxes and expenses of the Issuer attributable to such Series, including, without limitation, any amounts due to the relevant Transaction Parties under the Transaction Documents and other service providers to the Issuer and the Issuer Profit Amount, as calculated by the Administrator on the basis of the Total Expense Ratio.

**"Other Creditor"** means, in respect of a Series, each person that is entitled to the benefit of Other Issuer Obligations for such Series.

**"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:

- (i) on the Series Issue Date, the ETC Securities issued on such date; and
- (ii) on any day thereafter, all the ETC Securities issued on or prior to such day except:
  - (a) those that have been redeemed in accordance with Condition 7 (*Redemption, Purchase and Options*);
  - (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 Principal Paying Agent and which remain available for payment against presentation and surrender of ETC Securities;
  - (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 either the settlement date for which has not yet been reached or the relevant Authorised Participant has not delivered in full the relevant subscription amount to the Custodian for the purposes of such settlement;
  - (f) those that have been purchased, settled and cancelled as provided in Condition 7(e) (*Purchases and Buy-Backs*);

- (g) those mutilated or defaced ETC Securities that have been surrendered in exchange for replacement ETC Securities;
- (h) (for the purpose only of determining how many ETC Securities are outstanding and without prejudice to their status for any other purpose) those ETC Securities alleged to have been lost, stolen or destroyed and in respect of which replacement ETC Securities have been issued; and
- (i) any Global Registered Security to the extent that it shall have been exchanged for one or more Individual Securities pursuant to its provisions,

provided that for the purposes of (I) ascertaining the right to attend and vote at any meeting of the ETC Holders, (II) the determination of how many ETC Securities are outstanding for the purposes of the Conditions, the Trust Deed and the Security Documents and (III) 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 ETC Holders, 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.

**"Over-allocated Metal"** means, in respect of a Series of Basket ETC Securities, the amount of Metal (i) held in an Off-Warrant Account of such Series (as applicable), or, in the case of a Base Metal, (ii) represented by a Bill of Lading held by a Primary Sub-Custodian for the Issuer; or (iii) represented by an LME Warrant held by a Primary Sub-Custodian for the Issuer, which relates to any over-allocation of Metal by a Metals Counterparty upon any deposit or withdrawal of Metal to or from such Off-Warrant Account or any deposit or withdrawal of a Bill of Lading or of an LME Warrant to or from such Primary Sub-Custodian in connection with a Subscription, Buy-Back or sale of TER Metal in order to allow for:

- (i) a delivery of an amount of Metal into such Off-Warrant Account that equates to a whole number of Bars or Lots (as applicable), notwithstanding that the amount of Metal due to the Issuer was less than the weight of such whole number of Bars or Lots;
- (ii) a delivery of a whole Bill of Lading to such Primary Sub-Custodian to be held for the Issuer, notwithstanding that the amount of Metal due to the Issuer was less than the weight of the Lots evidenced by such whole Bill of Lading;
- (iii) a delivery of a whole number of LME Warrants to such Primary Sub-Custodian to be held for the Issuer, notwithstanding that the amount of Metal due to the Issuer was less than the weight of the LME Lots evidenced by such whole number of LME Warrants;
- (iv) a sale by such Metals Counterparty of TER Metal on behalf of the Issuer where the amount of such TER Metal is less than the weight of a whole Bar or Lot (as applicable);
- (v) a withdrawal of an amount of Metal by such Metals Counterparty from such Off-Warrant Account that equates to a whole number of Bars or Lots (as applicable) notwithstanding that the amount of Metal due from the Issuer was greater than the weight of such whole number of Bars or Lots (as applicable);
- (vi) a withdrawal of a whole Bill of Lading from such Primary Sub-Custodian, notwithstanding that the amount of Metal due from the Issuer was greater than the weight of the Lots evidenced by such whole Bill of Lading; or
- (vii) a withdrawal of a whole number of LME Warrants from such Primary Sub-Custodian, notwithstanding that the amount of Metal due from the Issuer was greater than the weight of the LME Lots evidenced by such whole number of LME Warrants.

**"Over-allocated Metal Cash Proceeds"** means an amount denominated in USD determined by the relevant Metals Counterparty equal to:

- (i) prior to an enforcement of the Security but following a liquidation of the Underlying Metal in accordance with Condition 10 (*Metal Sale on Early or Final Redemption*), the product of (a) the number of Trading Units of Metal comprising the Over-allocated Metal and (b) the Average Metal Sale Price determined in respect of the relevant Redemption Disposal Period;
- (ii) in respect of any Over-allocated Metal realised in a liquidation of TER Metal, the product of (a) the number of Trading Units of TER Metal comprising the Over-allocated Metal sold and (b) the average sale price achieved in respect of any TER Metal realised during such liquidation of TER Metal, expressed in the format of "USD per metric tonne" in the case of Copper, Nickel or Cobalt; and as an amount in USD per each Trading Unit of any Component comprised in the relevant Basket, as specified in the Final Terms for such Series; or
- (iii) in respect of any Over-allocated Metal realised in the enforcement of the Security pursuant to Condition 5(f) (*Realisation of Security*), the product of (a) the number of Trading Units of Metal comprising the Over-allocated Metal sold and (b) the average sale price achieved in respect of any Metal realised during such enforcement process, expressed in the format of "USD per metric tonne" in the case of Copper, Nickel or Cobalt; and as an amount in USD per each Trading Unit of any Component comprised in the relevant Basket, as specified in the Final Terms for such Series.

**"Paying Agent"** means the Principal Paying Agent and any other paying agent appointed by the Issuer under the Agency Agreement with its Specified Office in any city where a Stock Exchange on which the ETC Securities are listed requires there to be a Paying Agent and specified in the Final Terms (including any successor or replacement thereto).

**"Physical Contract Specifications for LME Copper"** means the following LME physical contract specifications for Copper, as amended, supplemented or replaced from time to time:

Quality: Grade A copper must conform to the chemical composition of one of the following standards:

- (i) BS EN 1978:1998 - Cu-CATH:-1
- (ii) GB/T 467-2010 - Cu-CATH-1
- (iii) ASTM B115-10 - cathode Grade 1

Shape: Cathodes

Lot size: 25 tonnes

Warrant: 25 tonnes (with a tolerance of +/-2%)

Brands: All copper deliverable against LME contracts must be of an LME approved brand.

**"Physical Contract Specifications for LME Nickel"** means the following LME physical contract specifications for Nickel, as amended, supplemented or replaced from time to time:

Quality: The nickel delivered under contract must be Primary Nickel and conform to one of the following Standards:

- (i) ASTM specification B39-79 (2013) – min 99.80% purity

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(ii) GB/T 6516-2010 - Ni9990 grade

Shape: Cathodes (full plate and cut), pellets, briquettes

Lot size: 6 tonnes

Warrant: 6 tonnes (with a tolerance of +/-2%)

Brands : All nickel deliverable against LME contracts must be of an LME approved brand.

**"Post-enforcement Minimum Accumulated Amount"** has the meaning given to it in Condition 5(g) (*Accumulation of Moneys*).

**"Pre-enforcement Minimum Accumulated Amount"** has the meaning given to it in Condition 5(g) (*Accumulation of Moneys*).

**"Primary Sub-Custodian"** means, (i) The Brink's Company; and/or (ii) Metaal Transport B.V.; (iii) any successor or replacement thereto or any delegate or sub-delegate thereof in the capacity as primary sub-custodian under the relevant Primary Sub-Custody Agreement; and (iv) any other entity appointed by the Custodian with the consent of the Issuer to act as a primary sub-custodian under a Primary Sub-Custody Agreement, in each case as specified in the Final Terms on the Series Issue Date or as notified to the ETC Holders in accordance with Condition 19 (*Notices*); and **"relevant Primary Sub-Custodian"** means, in respect of a Series, each Primary Sub-Custodian which the Custodian has instructed to hold Underlying Metal on behalf of the Issuer for the account of such Series.

**"Primary Sub-Custody Agreement"** means, in respect of a Series, each written agreement between the Custodian, a Primary Sub-Custodian and any other parties specified as being a party to such agreement pursuant to which the relevant Primary Sub-Custodian is appointed to act as primary sub-custodian in connection with the performance of certain duties and obligations of the Custodian under the Custody Agreement, including (without limitation) the custody and safekeeping of Metal in off warrant in Near Storage (in the case of Base Metals) on behalf of the Issuer and the custody and safekeeping of any Bills of Lading or LME Warrants for Base Metal held for the Custodian on behalf of the Issuer from time to time in respect of such Series, as amended, supplemented, novated or replaced from time to time.

**"Principal Paying Agent"** means The Bank of New York Mellon, London Branch and any successor or thereto or any delegate or sub-delegate thereof in its capacity as principal paying agent under the Agency Agreement.

**"Proceedings"** has the meaning given to it in Condition 22(b) (*Jurisdiction*).

**"Programme"** means the Elementum Physical Metal ETC Securities Programme of the Issuer.

**"Programme Maximum Number of ETC Securities"** means six billion (6,000,000,000).

**"Qualifying Assets"** shall have the meaning given to it in section 110(1) of the TCA.

**"Record Date"** means the Business Day immediately prior to the date for on which any payment is required to be made in accordance with the Conditions.

**"Redemption"** means, in respect of any Series of ETC Securities, any Early Redemption or Final Redemption of the ETC Securities of such Series.

**"Redemption Amount"** means the Final Redemption Amount or Early Redemption Amount, as applicable.

**"Redemption Disposal Period"** means:

- (i) in respect of an early redemption of the ETC Securities, the period from (and including) the Early Redemption Trade Date to (but excluding) the fifth Business Day immediately preceding the Metal Sale Cut-Off Date (the "**Early Redemption Disposal Period**"); or
- (ii) in respect of a final redemption of the ETC Securities, the period from (and including) the Final Redemption Valuation Date to (but excluding) the fifth Business Day immediately preceding the Scheduled Maturity Date (the "**Final Redemption Disposal Period**").

**"Redemption Fee"** means an amount determined by the Issuer, or the Administrator on its behalf, equal to the costs incurred by or on behalf of the Issuer in connection with the Early Redemption or Final Redemption of the ETC Securities, as applicable, and "**Redemption Fees**" shall be construed accordingly.

**"Redemption Notice"** means an Event of Default Redemption Notice, and Issuer Call Redemption Notice, a Market Value Event Notice, a Service Provider Non-Replacement Redemption Notice or a VAT Redemption Notice.

**"Reference Index"** means, in respect of a Series of Basket ETC Securities, the reference index to which such Series is linked, tracking the performance of the Base Metal(s) and/or Component(s) included in the Basket physically backing such ETC Securities, which may include two or more Base Metals and/or Components, as specified in the Final Terms related to such Series, and "**relevant Reference Index**" shall be construed accordingly.

**"Reference Index Event"** means:

- (i) a permanent or indefinite cessation in the provision of the relevant Reference Index by the relevant Reference Index Source (and no successor index administrator will continue to provide the Reference Index); or
- (ii) the occurrence of an Administrator/Benchmark Event.

**"Reference Index Source"** means, in respect of a Series of Basket ETC Securities, any screen or other source on which the relevant Reference Index is expected to be displayed or published, as such screen or source may be replaced or succeeded pursuant to Condition 9 (*Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event*]), and at the date of this Base Prospectus means, in respect of the Elementum Physical Electric Vehicle Metals ETC Securities, the website of Solactive AG at [www.solactive.com](http://www.solactive.com) as index administrator, and "**relevant Reference Index Source**" shall be construed accordingly.

**"Registrar"** means any such person appointed by the Issuer from time to time to maintain the registers of persons holding the ETC Securities.

**"Regulatory Requirement Amendments"**, for a Series, has the meaning given to it in Condition 20 (*Regulatory Requirement Amendments*).

**"Regulatory Requirement Amendments Certificate"**, for a Series, has the meaning given to it in Condition 20(iv) (*Regulatory Requirement Amendments*).

**"Regulatory Requirement Event"** means, for a Series, that, as a result of a Relevant Regulatory Law:

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- (i) the ETC Securities or any of the transactions contemplated by the Conditions and the Transaction Documents are not, or will cease to be, compliant with one or more Relevant Regulatory Laws;
- (ii) the Issuer and/or any Transaction Party is not, or will cease to be, compliant with one or more Relevant Regulatory Laws; or
- (iii) the Issuer and/or any Transaction Party is not, or will cease to be, able to continue to transact future business (as issuer of ETC Securities or as a transaction party to the Issuer pursuant to the Programme) in compliance with all Relevant Regulatory Laws.

**"Relevant Clearing System"** means, in respect of a Series, each of the Clearing Systems and any additional or alternative clearing system approved by the Issuer, the Trustee and the Principal Paying Agent for such Series.

**"Relevant Date"** has the meaning given to it in Condition 12 (*Prescription*).

**"Relevant Regulatory Law"** means, in respect of a Series:

- (i) the Dodd-Frank Act, the Bank Holding Company Act of 1956 and the Federal Reserve Act of 1913 (or similar legislation in other jurisdictions) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (ii) Regulation 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, central counterparties and trade repositories, including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018, The Trade Repositories (Amendment and Transitional Provision) (EU Exit) Regulations 2018, and The Central Counterparties (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (iii) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (iv) Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (v) Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and/or Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 (2019/328) (as applicable) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and

- any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (vi) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and/or Part I of the UK Banking Act 2009 and any other law or regulation applicable in the UK relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings) (as applicable) and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (vii) Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (viii) Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries and the implementation or adoption of, or any change in, any law, regulation or rule related thereto and any formal or informal technical guidelines and regulatory technical standards, further regulations, official guidance or official rules or procedures with respect thereto;
- (ix) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;
- (x) the implementation or adoption of, or any change in, any applicable law, regulation, rule, guideline, standard or guidance of any jurisdiction (whether within the European Union or not) after the Relevant Regulatory Law Reference Date, and with applicable law, regulation, rule, guideline, standard or guidance for this purpose meaning (a) any similar, related or analogous law, regulation, rule, guideline, standard or guidance to those in paragraphs (i) to (viii) above or any law or regulation that imposes a financial transaction tax or other similar tax or (b) any law, regulation, rule, guideline, standard or guidance of any jurisdiction that is changed or that is implemented as a result of the UK's departure from the E.U. (or, where such change or implementation occurs in the UK only, after the UK's departure from the E.U.);
- (xi) any arrangements or understandings that any Transaction Party or any of its Affiliates may have made or entered into with any regulatory agency with respect to its or any of their legal entity structure or location with regard to (a) any of paragraphs (i) to (ix) above or (b) the United Kingdom's departure from the E.U.; or
- (xii) any change in any of the laws, regulations, rules, guidelines, standards or guidance referred to in paragraphs (i) to (ix) above as a result of the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction after the Relevant Regulatory Law Reference Date or as a result of the public or private statement or action by, or response of, any court, tribunal or regulatory authority with competent jurisdiction or any official or representative of any such court, tribunal or regulatory authority acting in an official capacity with respect thereto.

**"Relevant Regulatory Law Reference Date"** means, for a Series, the date specified in the Final Terms.

**"Relevant Stock Exchange"** means, in respect of a Series, each Stock Exchange on which the ETC Securities of such Series is to be listed, as specified in the Final Terms.

**"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 (or an agent acting on the Issuer's behalf) from time to time.

**"Rotterdam Business Day"** means a day (other than a Saturday or a Sunday or a public holiday in The Netherlands) on which commercial banks generally are open for the transaction of business in Rotterdam.

**"Scheduled Maturity Date"** means, in respect of a Series, the date specified in the Final Terms of the first Tranche of ETC Securities for that Series, subject to postponement in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*) and provided that if such date is not a Business Day, the Scheduled Maturity Date shall be the next following Business Day.

**"Secondary Early Redemption Event"** has the meaning given to it in Condition 7(b)(iii) (*Early Redemption*).

**"Secured Agent Rights"** means, in respect of a Series, the rights and interest of the Issuer in and under the Agency Agreement, the Administration Agreement, the Authorised Participant Agreements, the Custody Agreement, the Metals Counterparty Agreement(s) and the Account Bank Agreement for such Series and the rights, title and interest of the Issuer in all property, assets and sums derived from such agreements.

**"Secured Assets"** means, in respect of a Series, (i) the Issuer's rights against the Custodian, the Primary Sub-Custodians, any Sub-Custodians and the Metals Counterparties under the Custody Agreement, the Primary Sub-Custody Agreements, any Sub-Custody Agreements and the Metals Counterparty Agreement(s) in respect of the Underlying Metal; (ii) the Issuer's title in each Off-Warrant Account (in the case of a Series backed by one or more Base Metals), all Underlying Metal held in each such Off-Warrant Account (including the corresponding Warehouse Releases evidencing ownership of such Metal) and any Bills of Lading or LME Warrants held by the Custodian on behalf of the Issuer with a Primary Sub-Custodian or Sub-Custodian; (iii) the Issuer Cash Account and all funds standing to the credit of the Issuer Cash Account; (iv) all property, assets and sums held by the Principal Paying Agent, the Account Bank, the Custodian, each Primary Sub-Custodian, any other Sub-Custodian and/or each Metals Counterparty (including, for the avoidance of doubt the proceeds of any sale or liquidation of Underlying Metal but excluding any Metal held by a Metals Counterparty for delivery to an Authorised Participant or ETC Holder in connection with the settlement of a Buy-Back) in connection with such Series and/or any Transaction Document; (v) the Issuer's rights against each Transaction Party under each Transaction Document; and (vi) 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 Security Trustee for the benefit of the Secured Creditors pursuant to each Security Document, and that, in each case, have not been released in accordance therewith.

**"Secured Creditor"** means, in respect of a Series, each person that is entitled to the benefit of Secured Issuer Obligations for such Series.

**"Secured Issuer Obligations"** means, in respect of a Series, the obligations and duties of the Issuer (i) under the Trust Deed, the Security Documents and each ETC Security, (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 Metals Counterparties (iii) to pay the Taxes (other than any income, corporation or similar tax), fees, expenses or other amounts due to the Principal Paying Agent and the Paying Agents pursuant to the Agency Agreement, due to the Custodian pursuant to the Custody

Agreement, due to the Administrator pursuant to the Administration Agreement, due to the Account Bank pursuant to the Account Bank Agreement and due to any other party pursuant to any other agreement in respect of which the Issuer and the Security Trustee have agreed as constituting Secured Issuer Obligations and (iv) to pay any other amount payable by the Issuer that is listed in Condition 5(d) (*Application of Proceeds of Enforcement of Security*), in each case to the extent such amounts relate to such Series, and “**Secured Issuer Obligation**” means any of them.

“**Secured Property**” means, in respect of a Series, the Irish Law Secured Property and the English Law Secured Property.

“**Security**” means, in respect of a Series, the Irish Law Security and the English Law Security.

“**Security Document**” means, in respect of a Series, the Irish Law Security Trust Deed and the English Law Security Trust Deed, and “**Security Documents**” shall refer to both of them.

“**Security Trustee**” means Apex Corporate Trustees (UK) Limited and any successor or replacement thereto as security trustee under the Security Documents in respect of any Series of ETC Securities.

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

“**Series Issue Date**” means, in respect of a Series, the issue date of the first Tranche of such Series.

“**Service Provider Non-Replacement Redemption Event**” has the meaning given to it in Condition 7(d)(ii) (*Service Provider Non-Replacement Redemption Event*).

“**Service Provider Non-Replacement Redemption Notice**” has the meaning given to it in Condition 7(d)(ii) (*Service Provider Non-Replacement Redemption Event*).

“**Settlement Day**” means a day which is a Business Day and on which commercial banks in New York City are open for the settlement of international transactions in US dollars.

“**Single Metal ETC Securities**” means a Series of ETC Securities which is linked to the performance of and backed by physical holdings of a single type of Metal, which may be a Base Metal, as specified in the Final Terms related to such Series.

“**Specified Interest Amount**” means, in respect of an ETC Security, 1 per cent. of the Nominal Amount and which shall represent interest on the Nominal Amount payable by the Issuer as part of the Final Redemption Amount or Early Redemption Amount, as the case may be.

“**Specified Office**” means, in relation to any Agent, the office identified in respect of such Agent in the relevant Transaction Document or any other office approved by the Trustee and notified to ETC Holders in accordance with Condition 19 (*Notices*).

“**Stock Exchange**” means any of the *Deutsche Börse*, the *Borsa Italiana*, the London Stock Exchange plc, or any other stock exchange on which the Issuer has agreed a Series of ETC Securities are to be listed, as specified in the Final Terms for such Series.

“**Sub-Custodian**” means, any sub-custodian, agent, delegate or depositary (including an entity within the Custodian’s or a Primary Sub-Custodian’s corporate group) appointed by the Custodian in accordance with the Custody Agreement or by a Primary Sub-Custodian in accordance with the relevant Primary Sub-Custody Agreement to perform any of the duties of the Custodian under the Custody Agreement or of such Primary Sub-Custodian under such Primary Sub-Custody Agreement (as applicable), including the custody and safekeeping of Metal owned by the Issuer off warrant in Near Storage (in the case of a Base Metal) on behalf of the Custodian or Primary-Sub-Custodian in

accordance with the relevant Sub-Custody Agreement, and any successor or replacement thereto from time to time.

**"Sub-Custody Agreement"** means an agreement or arrangement between the Custodian or a Primary Sub-Custodian and a Sub-Custodian pursuant to which the Sub-Custodian is appointed to act as sub-custodian to perform any of the duties and obligations of the Custodian under the Custody Agreement or of such Primary Sub-Custodian under the relevant Primary Sub-Custody Agreement, including the custody and safekeeping of Metal owned by the Issuer in allocated form off warrant in Near Storage (in the case of a Base Metal) on behalf of the Custodian or Primary Sub-Custodian, as amended, supplemented, novated or replaced from time to time.

**"Subscription"** means an offer by an Authorised Participant to the Issuer to subscribe for ETC Securities, being an offer on terms referred to in a Subscription Order and these Conditions and (in the case of a Subscription Order made by an Authorised Participant) in accordance with the provisions of the relevant Authorised Participant Agreement.

**"Subscription Fee"** means, in connection with each Subscription, the fee payable by the Authorised Participant to the Issuer Cash Account by such time as separately agreed with the Administrator and in such amount as notified to the Authorised Participant upon acceptance of the related Subscription Order by the Issuer (or the Administrator on the Issuer's behalf), which amount shall not exceed US\$1000.00.

**"Subscription Order"** means a request for the Issuer to issue ETC Securities delivered by an Authorised Participant in accordance with the relevant Authorised Participant Agreement.

**"Subscription Order Cut-Off Time"** means, in respect of a Series and a Subscription Order for ETC Securities of such Series, such time as specified in the Final Terms for the first Tranche of such Series as the cut-off time for receipt of such Subscription Order.

**"Subscription Settlement Amount"** means, in respect of a Subscription for Basket ETC Securities and the related Subscription Settlement Date, an amount of each type of physical Base Metal (or, in the case of any portion of such Basket ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants for such amount of Metal) and of each Component comprised in the relevant Basket, equal to the product of: (a) the quantity of such type of Base Metal or Component comprised in the Metal Entitlement for such Basket ETC Securities on the Subscription Trade Date (calculated on the basis of the number of Baskets comprised in such Metal Entitlement multiplied by the weighting of such type of Metal or Component within such Basket) and (b) the aggregate number of ETC Securities to be issued pursuant to the relevant Subscription Order.

**"Subscription Settlement Date"** means, subject to the relevant Authorised Participant Agreement, such date after the Subscription Trade Date (which shall be a Settlement Day) as separately agreed between the Issuer and the Authorised Participant, as specified in the Final Terms of the relevant Tranche.

**"Subscription Trade Date"** means a Business Day on which a Subscription Order is submitted by the Authorised Participant by the relevant Cut-Off Time and determined to be valid and accepted and processed by or on behalf of the Issuer in accordance with the relevant Authorised Participant Agreement.

**"Substituted Obligor"** has the meaning given to it in Condition 15(c) (*Substitution*).

**"Suspended Day"** has the meaning given to it in Condition 8(b)(i)(Y) (*Determination of Disruption Events and Suspension Notices*).

**"Suspension Notice"** has the meaning given to it in Condition 8(b)(i) (*Determination of Disruption Events and Suspension Notices*).

**"Suspension Period"** has the meaning given to it in Condition 8(b)(i)(Y) (*Determination of Disruption Events and Suspension Notices*).

**"Tax"** means any present or future 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.

**"TCA"** means the Taxes Consolidation Act, 1997, of Ireland (as amended).

**"TER Metal"** has the meaning given to it in Condition 4(c)(iv) (*Total Expense Ratio*).

**"TER Metal Sale"** has the meaning given to it in Condition 4(d) (*Total Expense Ratio*).

**"TER Metal Sale Notice"** has the meaning given to it in Condition 4(d)(iv) (*Total Expense Ratio*).

**"Total Expense Ratio"** has the meaning given to it in Condition 4(d)(i) (*Total Expense Ratio*).

**"Total Redemption Sale Proceeds"** means, in respect of a Redemption Disposal Period, an amount denominated in USD equal to the sum of:

- (i) in respect of each Trading Unit of Underlying Metal liquidated by the relevant Metals Counterparty during such Redemption Disposal Period in accordance with the terms of the relevant Metals Counterparty Agreement (and as further described in Condition 10 (*Metal Sale on Early or Final Redemption*)), the total sale proceeds received for such Underlying Metal (the "**Actual Redemption Sale Proceeds**"); and
- (ii) in respect of each Trading Unit of Underlying Metal that has not been liquidated by the relevant Metals Counterparty by the close of business on the final day of such Redemption Disposal Period in accordance with the terms of the relevant Metals Counterparty Agreement (and as further described in Condition 10 (*Metal Sale on Early or Final Redemption*)), the Metal Reference Price or, in the case of Basket ETC Securities, the relevant Metal Reference Prices as at the final day of such Redemption Disposal Period for such amount of Underlying Metal that has not been liquidated (the "**Deemed Redemption Sale Proceeds**").

**"Trading Unit"** means, in the case of Copper, Nickel or Cobalt, one metric tonne and, in the case of any Component comprised in the relevant Basket for any Basket ETC Securities means, such trading unit of such Component. as specified in the Final Terms relating to such Series.

**"Tranche"** means, in relation to ETC Securities of a Series, the ETC Securities that are subscribed on the same Subscription Trade Date (with the same Metal Entitlement as at such date) and issued on the same Issue Date.

**"Transaction Document"** means, in respect of a Series, each of the Issue Deed, the Trust Deed, each Security Document, the Corporate Services Agreement, the Administration Agreement, the Agency Agreement, the Custody Agreement, each Metals Counterparty Agreement, each Authorised Participant Agreement, the Account Bank Agreement, the Fees and Expenses Agreement and any other document specified by the Issuer, from time to time, to be a "**Transaction Document**" in respect of such Series, 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).

**"Trust Deed"** means, in respect of a Series, the trust deed entered into as a deed in the form of the Master Trust Terms dated on or about the Series Issue Date created by entry into of the Issue Deed for the first Tranche of such Series by the Issuer, the Trustee, the Administrator and any other parties specified in such Issue Deed as being a party to such Trust Deed, as amended and/or supplemented by such Issue Deed and as such Trust Deed is amended, supplemented, novated or replaced from time to time.

**"Trustee"** means Apex Corporate Trustees (UK) Limited and any successor or replacement thereto as trustee under the Trust Deed in respect of any Series of ETC Securities.

**"Underlying Metal"** means, in respect of a Series, all Metal (including for the avoidance of doubt, any Component) recorded and identified in the Off-Warrant Accounts, ownership of which is evidenced by a Warehouse Release (in the case of a Series backed by one or more Base Metals) as being held for the Issuer for the account of such Series, including, for the avoidance of doubt: (i) any Over-allocated Metal; (ii) any TER Metal; (iii) in the case of a Series of ETC Securities backed by a Base Metal, any Metal represented by a Bill of Lading or LME Warrants held by the Custodian on behalf of the Issuer; and (iv) any Metal, Bills of Lading or LME Warrants held by the Metals Counterparties pending any sale of such Metal on behalf of the Issuer in connection with an Early Redemption or Final Redemption, in accordance with these Conditions and the terms of the Metals Counterparty Agreement(s).

**"Valuation Day"** means, in respect of a Series, the Series Issue Date and each Non-Disrupted Day thereafter.

**"VAT"** means (i) value added tax chargeable in accordance with (but subject to derogations from) Council Directive 2006/112/EC, (ii) any other tax of a similar fiscal nature and any other form of tax levied by reference to added value or sales, (iii) any similar tax charged from time to time in substitution for or in addition to any of the above, and (iv) in the case of (i), (ii) and (iii) above, any interest, penalties, costs and expenses reasonably related thereto.

**"VAT Redemption Event"** has the meaning given to it in Condition 7(d)(i) (*VAT Redemption Event*).

**"VAT Redemption Notice"** has the meaning given to it in Condition 7(d)(i) (*VAT Redemption Event*).

**"Warehouse Release"** means, in relation to Base Metals, a document (which may be in electronic form) issued by an LME Approved Warehouse in the name of the owner of a quantity of Base Metal that evidences the addressee's ownership of a specified brand and a specified Lot of such Base Metal that is stored off warrant at a specified location and warehouse.

**"Website"** means the website maintained by or on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) or such other website as may be notified to ETC Holders in accordance with Condition 19 (Notices) from time to time).

**"Zurich Business Day"** means a day (other than a Saturday or a Sunday or a public holiday in Switzerland) on which commercial banks generally are open for the transaction of business in Zurich.

## 2. **Form, Denomination and Title**

- (a) **Form:** The ETC Securities of each Series issued under the Programme will be issued in registered form and will be represented by a global note in registered form (either in global registered form using the new safekeeping structure or in classic global note form as specified in the Final Terms) (the "**Global Registered Security**").

The Global Registered Security will (a) if the ETC Securities are intended to be issued in global registered form using the new safekeeping structure, be registered in the name of a nominee for, and shall be deposited on its issue date with a Common Safekeeper on behalf of, Euroclear and

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Clearstream, Luxembourg; and (b) if the ETC Securities are intended to be issued in classic global note form, be registered in the name of a nominee for, and shall be deposited on its issue date with a Common Depository on behalf of, Euroclear and Clearstream, Luxembourg.

- (b) *Denomination:* the Issue Price per ETC Security of each Series shall be regarded as the denomination of each ETC Security of such Series (the “**Denomination**”). All ETC Securities of the same Series shall have the same Denomination.
- (c) *Title:* For so long as ETC Securities are represented by a Global Registered Security deposited with a Common Depository or Common Safekeeper for, and registered in the name of, a common nominee of, Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg, as applicable) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular number of the ETC Securities shall be deemed to be the holder of such number of ETC Securities (and the registered holder of such Global Registered Security shall be deemed not to be the holder) for all purposes other than with respect to (a) the payment of principal, premium (if any) or interest (if any) and (b) the Provisions for Meetings of ETC Holders.

Title to the Global Securities shall pass by and upon registration in the Register which in relation to Global Securities the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. The registered holder of a Global Registered Security may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Registered Security regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

- (d) *Individual Securities:* ETC Securities in individual, definitive registered form (“**Individual Securities**”) will only be issued in the limited circumstances set out in Condition 17(b) (*Transfer of ETC Securities Represented by Permanent Global Registered Securities*).
- (e) *Transfer of ETC Securities in definitive registered form:* Title to Individual Securities shall only pass by and upon registration of the transfer in the Register, which the Issuer shall procure to be kept in accordance with Clause 9 (*Additional Duties of the Registrar*) of the Agency Agreement.

One or more ETC Securities in individual, definitive registered form may be transferred upon the surrender (at the Specified Office of the Registrar) of the Individual Security representing such ETC Securities to be transferred, together with the form of transfer endorsed on such Individual Security, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar may reasonably require. In the case of a transfer of part only of a holding of ETC Securities represented by one Individual Security, a new Individual Security shall be issued to the transferee in respect of the part transferred and a further new Individual Security in respect of the balance of the holding not transferred shall be issued to the transferor.

- (f) *Closed Periods:* No ETC Holder may require the transfer of an ETC Security to be registered (i) during the period of 15 calendar days ending on the due date for Final Redemption of that ETC Security, (ii) during the period of 15 calendar days prior to any date on which ETC Securities may be redeemed following the occurrence of (i) an Issuer Call Redemption Event, (ii) an Early Redemption Event or (iii) an Event of Default or (iii) during the period of seven days ending on (and including) any Record Date.
- (g) *Exercise of Buy-Back:* In the case of an exercise of an Authorised Participant’s (or, if applicable, an individual ETC Holder’s) right to submit a Buy-Back Order in respect of a holding of ETC Securities represented by a single Individual Security, a new Individual Security shall be issued to the holder in respect of the balance of the holding not subject to the exercise of such Buy-Back.

- (h) Each new Individual Security to be issued pursuant to Conditions 2(d) (*Transfer of ETC Securities in definitive registered form*) and 2(e) (*Exercise of Buy-Back*) will be available for delivery within five Business Days of surrender of the relevant Individual Security and, if applicable, receipt of the relevant request for exchange, form of transfer or Buy-Back Order together with such other evidence (if any) as may be required pursuant to the relevant Condition. Delivery of new Individual Securities shall be made at the Specified Office of the Registrar to whom surrender of such Individual Security and, if applicable, delivery of such request, form of transfer or Buy-Back Order shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Buy-Back Order or otherwise in writing, shall be mailed at the risk of the holder entitled to the new Individual Security to such address as may be so specified.

**3. Constitution and Status**

The ETC Securities are constituted by the Trust Deed for the relevant Series and secured by each Security Document for the relevant Series. 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 5 (*Security and Application of Proceeds*) and recourse in respect of which is limited in the manner described in Condition 5(h) (*Shortfall after Application of Proceeds (Limited Recourse) and Non-Petition*) and Condition 14 (*Enforcement*). The ETC Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement and each Security Document.

**4. Metal Entitlement, Total Expense Ratio and Cash Value Per ETC Security**

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

In respect of each Series and each calendar day up to (and including) the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable, the Administrator shall calculate the Metal Entitlement and in respect of each Valuation Day up to (and including) the Early Redemption Date or Final Redemption Valuation date, as applicable, the Administrator shall calculate the Cash Value per ETC Security for such Valuation Day.

**(b) Determination of Metal Entitlement and Cash Value per ETC Security**

The “**Metal Entitlement**” in respect of a Series and any calendar day shall be an amount of Metal per ETC Security (expressed, in the case of Single Metal ETC Securities, in metric tonnes in the case of Copper or Nickel (rounded to ten decimal places) and, in the case of Basket ETC Securities, as a number of Baskets (rounded to ten decimal places) and determined by the Administrator as follows:

- (i) if the relevant calendar day is the Series Issue Date, the Metal Entitlement shall be equal to the Initial Metal Entitlement;
- (ii) in relation to any subsequent calendar day, the Metal Entitlement shall be an amount calculated by the Administrator in accordance with the formula below:

$$ME_t = ME_{t-1} \times (1 - TER_t)^{1/N}$$

Where:

“**ME<sub>t</sub>**” means the Metal Entitlement in respect of the relevant calendar day;

“**ME<sub>t-1</sub>**” means the Metal Entitlement in respect of the immediately preceding calendar day;

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“**TER**” means the Total Expense Ratio as at the relevant calendar day, expressed as a decimal; and

“**N**” means 365 (or 366 in a leap year).

The “**Cash Value per ETC Security**” in respect of a Valuation Day shall be an amount per ETC Security expressed in USD and determined by the Administrator as being equal to:

- (i) the Metal Entitlement per ETC Security in respect of the relevant Valuation Day (the Cash Value per ETC Security as of the relevant Tranche Issue Date is equal to the Issue Price per ETC Security); *multiplied by*
- (ii) the Metal Reference Price (or, in the case of Basket ETC Securities, the level of the relevant Reference Index) in respect of the relevant Valuation Day.

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

$$VpS_t = E_t \times M_t$$

Where

“**VpS**” means, in respect of a Valuation Day, the Cash Value per ETC Security in respect of that Valuation Day (the Cash Value per ETC Security as of the relevant Tranche Issue Date is equal to the Issue Price per ETC Security);

“**E**” means, in respect of a Valuation Day (t), Metal Entitlement per ETC Security in respect of that Valuation Day; and

“**M**” means, in respect of a Valuation Day (t), the relevant Metal Reference Price or, in the case of Basket ETC Securities, the level of the relevant Reference Index on that Valuation Day.

### (c) **Publication of Metal Entitlement and Cash Value per ETC Security**

In respect of each Series and on each Valuation Day up to (and including) the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable, the Issuer (or the Administrator on the Issuer’s behalf) shall publish the Metal Entitlement and the Cash Value per ETC Security for such Valuation Day notified to it by the Administrator on the Website by no later than the immediately following Business Day.

### (d) **Total Expense Ratio**

- (i) The “**Total Expense Ratio**” is the rate per annum at which the Operational Fee payable by the Issuer in respect of each Series is calculated. The Total Expense Ratio reflects the amounts anticipated to be payable by the Issuer in respect of each Series on account of:
  - (1) the costs of printing any ETC Securities of such Series and any publication, marketing or advertising materials in respect of such ETC Securities;

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- (2) the costs of producing and translating the required legal and/or marketing documentation in relation to each issuance of ETC Securities, including without limitation, the Issue Specific Summary for each issuance;
  - (3) any fees, costs and expenses payable by the Issuer in relation to ETC Securities of such Series to the Trustee, the Security Trustee, the Authorised Participants, the Metals Counterparties, the Principal Paying Agent, the Custodian, the Administrator, the Corporate Services Provider, the Account Bank or any other Transaction Party pursuant to, or in connection with, the Transaction Documents (in each case to the extent not covered by any applicable Subscription Fees, Buy-Back Fees or Metals Counterparty Fees);
  - (4) any legal fees and disbursements relating to such ETC Securities payable to the legal advisers, auditors and other professional advisers in Ireland, the United Kingdom, The Netherlands or Switzerland to the Issuer and/or any other legal advisers and any other professional advisers properly appointed by the Issuer (subject to the prior written approval of the Arranger);
  - (5) any legal fees and disbursements relating to such ETC Securities payable to the legal advisers and other professional advisers in Ireland, the United Kingdom, The Netherlands or Switzerland to the Administrator, the Trustee, the Security Trustee and/or any other legal advisers and any other professional advisers properly appointed by the Issuer (subject to the prior written approval of the Arranger);
  - (6) any annual or issue-specific listing fees payable to any Relevant Stock Exchange in respect of the listing of the ETC Securities on such Relevant Stock Exchange;
  - (7) any fees payable with respect to the periodic audit inspection of the Underlying Metal;
  - (8) the Issuer Profit Amount; and
  - (9) any other Taxes, fees, costs, expenses or disbursements properly incurred by the Issuer in relation to the issue of the ETC Securities which is not to be reimbursed by any other person.
- (ii) The Total Expense Ratio in respect of a Series is applied to the Metal Entitlement for such Series on a daily basis to determine a daily deduction of an amount of Metal or, in the case of Basket ETC Securities, a number of Baskets from such Metal Entitlement (applying the per annum rate and dividing by 365 (or 366 in a leap year)). The initial Total Expense Ratio for each Series shall be set out in the Final Terms of the first Tranche of ETC Securities for that Series and the Total Expense Ratio shall cease to apply to an ETC Security for a Series on the earliest to occur of (i) a Buy-Back Trade Date relating to such ETC Security, (ii) an Early Redemption Trade Date relating to such Series and (iii) the Final Redemption Valuation Date for such Series. For the avoidance of doubt, if a Buy-Back Order is cancelled in respect of an ETC Security, the Metal Entitlement for such ETC Security following such cancellation shall be adjusted to reflect the Total Expense Ratio that should have applied to such Metal Entitlement from (and including) the relevant Buy-Back Trade Date to (and including) the relevant date of cancellation of such Buy-Back Order, and the immediately following TER Metal Sale Notice shall account for any such adjustment.
- (iii) The Total Expense Ratio in respect of a Series may be varied by the Issuer on the request of the Administrator from time to time, provided that no increase in the Total Expense Ratio in respect of a Series will take effect unless ETC Holders of such Series have been given at least 30 calendar days' prior notice in accordance with Condition 19 (*Notices*).
- (iv) The Total Expense Ratio in respect of each Series from time to time and any proposed change to the Total Expense Ratio of any Series shall be published on the Website.

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- (v) The accrued Metal representing the reduction in the Metal Entitlement due to the daily application of the Total Expense Ratio will be sold by the relevant Metals Counterparty (on behalf of the Issuer) on a monthly or such other periodic basis as may be agreed between the Custodian, the relevant Metals Counterparty and the Issuer (or the Administrator on its behalf) from time to time. Upon effective delivery of a notice from the Administrator (acting on behalf of the Issuer) to each of the Issuer, the Custodian, the relevant Metals Counterparty, the Administrator and the Security Trustee (a “**TER Metal Sale Notice**”) specifying the amount of Metal determined by the Administrator (the “**TER Metal**”) to be sold on the date on which the TER Metal Sale Notice is effective (the “**TER Metal Sale Date**”), the Custodian will instruct the transfer to or to the order of the relevant Metals Counterparty for sale on behalf of the Issuer of an amount of Metal equal to the TER Metal (a “**TER Metal Sale**”). For the avoidance of doubt the TER Metal shall, in respect of each ETC Security that has been issued since the previous TER Metal Sale Notice, include any Metal representing the reduction in the Metal Entitlement for each such ETC Security accrued between such ETC Security’s Subscription Trade Date and its Issue Date.
- (e) **TER Metal Sales**
- (i) Pursuant to the terms of the Irish Law Security Trust Deed, the Security in respect of the TER Metal described in Condition 4(d)(v) shall automatically be released without further action on the part of the Security Trustee to the extent necessary to effect the TER Metal Sale, provided that nothing in this Condition 4(e)(i) shall operate to release the charges and other security interests over the proceeds of the sale of the TER Metal.
- (ii) Following receipt by the relevant Metals Counterparty of a TER Metal Sale Notice, and delivery of the TER Metal to the relevant Metals Counterparty or to its order, on the TER Metal Sale Date, the relevant Metals Counterparty shall, acting as agent of the Issuer, sell the TER Metal in a timely fashion in accordance with all applicable laws and the terms of the relevant Metals Counterparty Agreement.
- (iii) In selling the TER Metal, the relevant Metals Counterparty may take such steps as it, acting in a commercially reasonable manner, considers appropriate in order to effect an orderly sale in a timely fashion, and may effect such sale in one transaction or in multiple transactions. The relevant Metals Counterparty will not be liable to the Issuer or to the Trustee, the ETC Holders or any other person merely because a higher price could have been obtained had all or part of the TER Metal Sale been delayed or taken place at a different time or had the TER Metal Sale not been effected in stages. The Issuer shall not be liable to the Trustee, the ETC Holders or any other person for any alleged failure to obtain a higher price for all or part of the TER Metal as a result of the Issuer’s selection of the relevant Metals Counterparty.
- (iv) Subject as provided above, in carrying out any TER Metal Sale, the relevant Metals Counterparty 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 the TER Metal being disposed of in the relevant transaction. In carrying out such liquidation, the relevant Metals Counterparty shall sell to one or more Eligible Purchasers, provided that, in each case:
- (1) the relevant Metals Counterparty shall, acting in good faith and a commercially reasonable manner, use reasonable efforts to ensure that such a sale would be conducted in a manner that would minimise the VAT that may be charged, withheld or deducted on such sale which would reduce the net sale proceeds (as compared to the position if no VAT were due); and
- (2) where the relevant Metals Counterparty is unable to sell the TER Metal in the manner set out in Condition 4(e)(iv)(1), such Metals Counterparty shall use its discretion to sell the TER Metal to any Eligible Purchaser in any manner as it deems fit.

- (v) The cash proceeds of a sale of TER Metal (less any Taxes or other deductions permitted to be made by the relevant Metals Counterparty in accordance with the relevant Metals Counterparty Agreement) will be paid by such Metals Counterparty to the Issuer Cash Account or otherwise to the Issuer's order and applied towards payment of the Operational Fee to the Arranger.

**5. Security and Application of Proceeds**

**(a) Security**

- (i) The Secured Issuer Obligations are secured in favour of the Security Trustee for the benefit of itself and as trustee for the other Secured Creditors by:

- (A) Pursuant to the Irish Law Security Trust Deed,
- (I) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit present and future against the Custodian, the Primary Sub-Custodians and the Sub-Custodian(s) (if any) and the Metals Counterparties relating to the Underlying Metal under the Custody Agreement, the Primary Sub-Custody Agreements and any Sub-Custody Agreement(s), the Metals Counterparty Agreement(s) and otherwise;
- (II) a first fixed charge over and to the extent of the Issuer's title in each Off-Warrant Account (in the case of a Series backed by one or more Base Metals), all of the Underlying Metal held in the Off-Warrant Accounts each Warehouse Release, each LME Warrant and each Bill of Lading held by the Custodian or a Primary Sub-Custodian on behalf of the Issuer from time to time and all sums and assets derived therefrom;
- (III) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit, present and future, in, to and under the Administration Agreement, the Authorised Participant Agreements, the Agency Agreement, the Custody Agreement and the Metals Counterparty Agreement(s); and
- (IV) a first fixed charge over and to the extent of the Issuer's title in (I) all sums, Metal and/or any other property held now or in the future by the Principal Paying Agent, the Custodian, the Primary Sub-Custodians and/or any Sub-Custodian(s) or the Metals Counterparties to meet payments and/or deliveries due in respect of any Secured Issuer Obligation or Other Issuer Obligation relating to the ETC Securities and (II) all sums, Metal and any other property held or received now or in the future by the Metals Counterparties relating to the sale of TER Metal or Underlying Metal pursuant to the Metals Counterparty Agreement(s),

(collectively, the "**Irish Law Security**"); and

- (B) Pursuant to the English Law Security Trust Deed,
- (I) an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit, present and future, in, to and under the Account Bank Agreement; and
- (II) a first fixed charge over the Issuer Cash Account and all amounts from time to time standing to the credit thereof (together with all interest accruing from time to time thereon and the debts represented thereby),

(collectively, the "**English Law Security**" and, together with the Irish Law Security, the "**Security**").

- (ii) The Security is granted to the Security Trustee as continuing Security for the Secured Issuer Obligations. In accordance with each Security Document, prior to any enforcement of the Security, the

Security shall be automatically released without the need for any notice or other formalities (and without liability to the Security Trustee) with respect to:

sums and/or Metal held by or on behalf of the Issuer, the Custodian, the Primary Sub-Custodians or any Sub-Custodian, the Metals Counterparties, the Administrator, the Account Bank, the Principal Paying Agent and/or any Paying Agent(s), 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 or deliverable and which, for the avoidance of doubt, shall include, without limitation:

(A)

- (I) amounts payable in respect of the Redemption Amount or any other amount payable in accordance with these Conditions or under the Trust Deed;
- (II) Underlying Metal deliverable to or to the order of a Metals Counterparty pursuant to these Conditions and/or the relevant Metals Counterparty Agreement for the purposes of effecting a sale of such Underlying Metal;
- (III) TER Metal deliverable to or to the order of a Metals Counterparty and the proceeds of any sale thereof that is payable to the Arranger as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (IV) Metal in respect of Buy-Back Settlement Amounts and Physical Redemption Settlement Amounts deliverable to a Metals Counterparty or to its order in accordance with the terms of the relevant Metals Counterparty Agreement;
- (V) following any sale of the Underlying Metal in connection with an early or final redemption of the ETC Securities, any Over-allocated Metal Cash Proceeds retained by the relevant Metals Counterparty prior to the payment of the Redemption Amount to any ETC Holder;
- (VI) any LME Warrants or Bills of Lading held by the Custodian or a Primary Sub-Custodian on behalf of the Issuer to be exchanged for physical Lots of Metal (represented by a Bill of Lading or a Warehouse Release, as applicable);
- (VII) any Metal deliverable to or to the order of a Metals Counterparty in connection with a rebalancing of the Issuer's holdings of physical Metal upon a rebalancing of the relevant Reference Index; and
- (VIII) any Underlying Metal deliverable to or to the order of a Metals Counterparty and the proceeds of any sale thereof for the purposes of funding any indemnity payment due from the Issuer to a Transaction Party under the Transaction Documents or any other exceptional expenses of the Issuer not payable by the Arranger under the Fees and Expenses Agreement.

Any release pursuant to Conditions 5(a)(ii)(A)(III) and (IV) shall be subject to the condition that, in respect of the ETC Securities and the Off-Warrant Accounts (in the case of a Series backed by one or more Base Metals) holding Over-allocated Metal, an amount of Metal at least equal to such Over-allocated Metal shall at all times remain in such Off-Warrant Accounts. Where the Security is released over any Over-allocated Metal Cash Proceeds in accordance with (V), such proceeds shall be retained by the relevant Metals Counterparty only and shall not be paid to any other Secured Creditor, Other Creditor or other person; and

- (B) any part of the Secured Property to the extent required to comply with and subject to the provisions of Conditions 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*), 5(h) (*Shortfall after Application of Proceeds (Limited Recourse) and Non-Petition*) and 5(i) (*Issuer's Rights as Beneficial Owner of Secured Property*).
- (b) **Money Received by a Paying Agent Prior to Liquidation of Underlying Metal or Enforcement of Security**
- (i) Pursuant to the terms of the Trust Deed, the Issuer agrees, on any date on which a payment of the Redemption Amount or any other amounts payable under these Conditions in respect of any ETC Security becomes due, unconditionally to pay the relevant Paying Agent (or to the order of the Principal Paying Agent) in same day funds, in accordance with the Trust Deed, the Redemption Amount or such other amounts payable in respect of each such ETC Security which is due and payable on that date. Notwithstanding anything to the contrary in these Conditions or the Trust Deed,
- (A) payment of the Redemption Amount or any such other amounts due under each ETC Security pursuant to these Conditions made to the relevant Paying Agent in accordance with the terms of the Agency Agreement shall, to that extent, satisfy the Issuer's obligation to make payment of the Redemption Amount or such other amount in respect of each such ETC Security except to the extent that there is failure by such Paying Agent to pass such payment to the relevant ETC Holders (whether via payment through the Clearing System or otherwise); and
- (B) a payment of any Redemption Amounts or any other amounts payable in respect of the ETC Securities 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 Issuer Call Redemption Event or any other Early Redemption Event shall be deemed to have been made when the full amount due has been received by a relevant Paying Agent and notice to that effect has been given to the ETC Holders, except to the extent that there is failure by such Paying Agent to pass such payment to the relevant ETC Holders (whether via payment through the 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 ETC Holders according to their respective interests.
- (ii) Save for any moneys received in connection with the liquidation of the Underlying Metal or enforcement of all or part of the Secured Property (in which case the waterfalls set out in Conditions 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*) and 5(d) (*Application of Proceeds of Enforcement of Security*) shall apply, respectively), all moneys held by or on behalf of the Issuer in relation to the Issuer's covenant to pay the Redemption Amounts or any other amounts payable pursuant to Condition 5(b)(i) will, despite any appropriation of all or part of them by the Issuer, be held by the party holding such funds on trust to apply them:
- (A) first, in payment or satisfaction of the fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee and the Security Trustee under or pursuant to the Transaction Documents (including, without limitation, (I) any Taxes (other than any income, corporation or similar tax in respect of the Trustee's and/or the Security Trustee's remuneration), (II) the costs of enforcing any rights of the holders of the ETC Securities and (III) sums required to be paid by the Trustee and/or the Security Trustee in connection with the performance of its obligations under the Transaction Documents (including any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee) and the Trustee's and the Security Trustee's remuneration);

- (B) secondly, in payment of any amounts owing to the Principal Paying Agent, the Account Bank and any other Agent including reimbursement in respect of any proper payment of Redemption Amounts made to the ETC Holders;
- (C) thirdly, in payment of any amounts owing to the holders of ETC Securities pari passu and rateably; and
- (D) fourthly, in payment of any balance to the Issuer for itself.

If a Paying Agent holds any moneys in respect of ETC Securities that have become void or in respect of which claims have become prescribed, such Paying Agent will hold them on trust for the ETC Holders according to their respective interests.

- (c) ***Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date***
  - (i) Following the occurrence of an Early Redemption Trade Date or the Final Redemption Valuation Date, the Custodian shall deliver or procure the delivery of all of the Underlying Metal held by the Custodian, the Primary Sub-Custodians (or any Sub-Custodian(s)) to or to the order of the relevant Metals Counterparty in accordance with Condition 10 (*Metal Sale on Early or Final Redemption*) to effect a sale of the Underlying Metal.
  - (ii) Following liquidation of the Underlying Metal but prior to the enforcement of the Security, the Issuer (or its agent) shall, subject to Condition 5(g) (*Accumulation of Moneys*), apply the proceeds of the liquidation 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 Taxes and other amounts which the relevant Metals Counterparty is permitted to deduct from the proceeds of the liquidation of the Underlying Metal in accordance with the terms of the relevant Metals Counterparty Agreement and as further described in Condition 10(d) (*Metal Sale on Early or Final Redemption*), as follows:
    - (A) *first*, in payment or satisfaction of all Taxes and other amounts properly incurred by or payable to the relevant Metals Counterparty (which for the purpose of this Condition 5(c) shall include, without limitation, any Taxes (other than any income, corporation or similar tax in respect of such Metals Counterparty's remuneration) required to be paid by the Metals Counterparty in connection with the performance of its obligations under these Conditions and the relevant Metals Counterparty Agreement and/or by such Metals Counterparty on behalf of the Issuer in connection with the liquidation of any Underlying Metal), provided that in no circumstance shall the amount payable to a Metals Counterparty in accordance with this Condition 5(c)(ii)(B) duplicate any amounts which such Metals Counterparty has deducted from the proceeds of the liquidation of the Underlying Metal in accordance with the terms of the relevant Metals Counterparty Agreement and as further described in Condition 10(d) (*Metal Sale on Early or Final Redemption*);
    - (B) *secondly*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee and the Security Trustee under or pursuant to the Trust Deed, the Security Documents and/or any other Transaction Documents (which for the purpose of this Condition 5(c) shall include, without limitation, (I) any Taxes required to be paid by the Trustee and/or the Security Trustee in connection with the performance of their respective obligations under the Trust Deed and/or the Security Documents and/or any other Transaction Documents (other than any income, corporation or similar tax in respect of the Trustee's or the Security Trustee's remuneration), (II) the costs of enforcing any rights of the holders of the ETC Securities, (III) the Trustee's and the Security Trustee's remuneration and (IV) any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee);

- (C) *thirdly*, in payment or satisfaction of the Issuer Series Fees and Expenses;
- (D) *fourthly*, in payment or satisfaction of any accrued and unpaid sale proceeds of TER Metal to the Arranger in accordance with the terms of the Fees and Expenses Agreement and as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (E) *fifthly*, in payment of any Specified Interest Amounts owing to ETC Holders by the Issuer *pari passu* and rateably;
- (F) *sixthly*, in payment of any amounts (other than Specified Interest Amounts) owing to the ETC Holders by the Issuer *pari passu* and rateably; and
- (G) *seventhly*, in payment of the balance (if any) to the Issuer for itself.

**(d) Application of Proceeds of Enforcement of Security**

Pursuant to the terms of each Security Document and subject to Condition 5(g) (*Accumulation of Moneys*), the Security Trustee shall apply the proceeds derived from the realisation of the Secured Property following enforcement of the Security (after taking account of (x) any Taxes incurred, payable, withheld or deducted by or on behalf of the Issuer and (y) any Taxes and other amounts which the relevant Metals Counterparty is permitted to deduct from the proceeds of the realisation of the Underlying Metal in accordance with Condition 5(c) properly incurred by such Metals Counterparty prior to the enforcement of the Security by the Security Trustee (which shall have been certified (including the amounts due to such Metals Counterparty) by the Issuer and such Metals Counterparty to the Security Trustee which certificate shall be conclusive and binding)) as follows:

- (i) *first*, in payment or satisfaction of all fees, costs, charges, expenses, liabilities, claims and other amounts properly incurred by or payable to the Trustee, the Security Trustee or any receiver under or pursuant to the Trust Deed, the Security Documents and/or any other Transaction Document (which for the purpose of this Condition 5(d) and the Security Documents shall include, without limitation, (A) any Taxes required to be paid by the Trustee or the Security Trustee in connection with the performance of their respective obligations under the Trust Deed and/or the Security Documents and/or any other Transaction Document (other than any income, corporation or similar tax in respect of the Trustee's or the Security Trustee's remuneration), (B) the costs of enforcing or realising all or some of the Security, (C) the Trustee's and the Security Trustee's remuneration and (D) any fees, costs, charges, expenses, liabilities, claims and other amounts of any Appointees of the Trustee and/or the Security Trustee);
- (ii) *secondly*, in payment or satisfaction of the Issuer Series Fees and Expenses;
- (iii) *thirdly*, in payment or satisfaction of any accrued and unpaid sale proceeds of TER Metal to the Arranger in accordance with the terms of the Fees and Expenses Agreement and as described in Condition 4 (*Metal Entitlement, Total Expense Ratio and Cash Value per ETC Security*);
- (iv) *fourthly*, in payment of any Specified Interest Amounts owing to ETC Holders by the Issuer *pari passu* and rateably;
- (v) *fifthly*, in payment of any amounts (other than Specified Interest Amounts but including, for the avoidance of doubt, any Enforcement Surplus Principal Amounts) owing to the ETC Holders by the Issuer *pari passu* and rateably; and
- (vi) *sixthly*, in payment of the balance (if any) to the Issuer for itself.

(e) ***Enforcement of the Security***

The Security shall become enforceable if payment of the Redemption Amount in respect of any ETC Security is not made in full when due on the Scheduled Maturity Date or the relevant Early Redemption Settlement Date (if applicable).

(f) ***Realisation of Security***

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

To do this, the Security Trustee may, at its discretion,

- (i) enforce, terminate and/or realise any relevant Transaction Document (other than the Corporate Services Agreement and any Authorised Participant Agreements) relating to the ETC Securities and any Secured Agent Rights 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, but subject to the following sentence, 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 ETC Holders; and/or
- (iii) take any other actions specified in the relevant Security Document.

Notwithstanding anything to the contrary in the Security Documents, the Security Trustee may not require any Metal to be delivered to or to the account of the Security Trustee (whether by physical delivery of the Metal or by book-entry transfer in an account) or any other person (other than directing a Metals Counterparty to sell Metal in accordance with the terms of the Security Documents) that is not a full member of the LME (in the case of Copper or Nickel or, in the case of Basket ETC Securities, Cobalt), provided that if the Security Trustee is unable to sell some or all of the Metal to a full member of the LME (in the case of Copper or Nickel or, in the case of Basket ETC Securities, Cobalt), it may sell in its discretion, subject to and in accordance with any instructions received from the ETC Holders, such unsold Metal to any counterparty or one or more counterparties that are willing to purchase the Metal.

The Security Trustee may, in writing and in accordance with the terms of the Security Documents, appoint a receiver in respect 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 Security Trustee nor any receiver appointed by it or any attorney or agent of the Security Trustee will, by reason of taking possession of any Secured Property relating to the ETC Securities or any other reason (including refraining to act) 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, wilful default or gross negligence.

The Security Trustee shall not be required to take any action, step or proceeding 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 by one or more ETC Holders (or otherwise to its satisfaction).

Following the conclusion of any enforcement process, if the liquidation proceeds derived from the realisation of the unsold Metal comprising the Secured Property results in an Enforcement Surplus, an Enforcement Surplus Principal Amount shall become due and payable by the Issuer in respect of each ETC Security on the first Business Day immediately following such conclusion of the enforcement process.

(g) ***Accumulation of Moneys***

If the amount of the moneys at any time available to the Issuer for payment of the Redemption Amount in respect of each ETC Security in accordance with Condition 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*) is less than 10 per cent. of the aggregated Redemption Amount of all ETC Securities outstanding (and with the number of ETC Securities outstanding being as determined on the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable) (the “**Pre-enforcement Minimum Accumulated Amount**”), the Issuer shall not be obliged to make any payments in accordance with Condition 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*) and may, at its discretion, accumulate such moneys until the accumulations, together with any other funds for the time being available for such payment (and, for the avoidance of doubt, the Issuer shall not be required to exercise any form of investment discretion with respect to such amounts), amount to at least the Pre-enforcement Minimum Accumulated Amount. If such accumulated moneys amount to less than the Pre-enforcement Minimum Accumulated Amount, all such moneys may be placed on deposit at such bank or financial institution and in such currency as the Issuer may think fit (having reasonable regard to the standing and respectability of the bank or financial institution) in light of the cash needs of the transaction and not for the purposes of generating income. Moneys held by the Issuer may at its election be placed on deposit into an account bearing a market rate of interest (and for the avoidance of doubt, the Issuer shall not be required to obtain best rates or be responsible for any loss occasioned by such deposits or exercise any other form of investment discretion with respect to such deposits). The Issuer shall accumulate such moneys until the accumulations, together with any other funds for the time being available for such payment, amount to at least the Pre-enforcement Minimum Accumulated Amount and then such accumulations and funds (after deduction of, or provision for, any applicable Taxes) shall be applied as specified in Condition 5(c) (*Liquidation of Underlying Metal following an Early Redemption Event or the Final Redemption Valuation Date*).

If the amount of the moneys at any time available to the Security Trustee for payment of the Redemption Amount or any Enforcement Surplus Principal Amount in respect of each ETC Security in accordance with Condition 5(d) (*Application of Proceeds of Enforcement of Security*) is less than 10 per cent. of the aggregated Redemption Amount of all ETC Securities outstanding (and with the number of ETC Securities outstanding being as determined on the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable) (the “**Post-enforcement Minimum Accumulated Amount**”), the Security Trustee shall not be obliged to make any payments in accordance with Condition 5(d) (*Application of Proceeds of Enforcement of Security*) and may, at its discretion (and shall if so instructed by the Trustee), accumulate such moneys until the accumulations, together with any other funds for the time being under the control of the Security Trustee and available for such payment (and, for the avoidance of doubt, the Security Trustee shall not be required to exercise any form of investment discretion with respect to such deposits), amount to at least the Post-enforcement Minimum Accumulated Amount. If such accumulated moneys amount to less than the Post-enforcement

Minimum Accumulated Amount, all such moneys in the name or under the control of the Security Trustee may be placed on deposit at such bank or financial institution and in such currency as the Security Trustee may think fit (having reasonable regard to the standing and respectability of the bank or financial institution) in light of the cash needs of the transaction and not for the purposes of generating income. Moneys held by the Security Trustee may at its election be placed on deposit into an account bearing a market rate of interest (and for the avoidance of doubt, the Security Trustee shall not be required to obtain best rates or be responsible for any loss occasioned by such deposits or exercise any other form of investment discretion with respect to such deposits). If such moneys are placed on deposit with a bank or financial institution which is a subsidiary, holding company, Affiliate or associated company of the Security Trustee, it need only account for an amount of interest equal to the standard amount of interest payable by it on a deposit to an independent customer. The Security Trustee shall accumulate such moneys until the accumulations, together with any other funds for the time being under its control and available for such payment, amount to at least the Post-enforcement Minimum Accumulated Amount and then such accumulations and funds (after deduction of, or provision for, any applicable Taxes) shall be applied as specified in Condition 5(d) (*Application of Proceeds of Enforcement of Security*).

(h) ***Shortfall after Application of Proceeds (Limited Recourse) and Non-Petition***

- (i) In respect of the ETC Securities, the Transaction Parties and the ETC Holders 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 assets as provided in this Condition 5, the Trust Deed and the Security Documents, as applicable, any outstanding claim against, or debt, liability or obligation of the Issuer in respect of the Secured Issuer Obligations or Other Issuer Obligations remains unpaid, then such outstanding claim, debt, liability or obligation shall be extinguished and no debt shall be owed by the Issuer in respect thereof. None of the Transaction Parties, the ETC Holders or any other person acting on behalf of any of them shall be entitled to take any steps (i) at any time against any of the Issuer's officers, shareholders, agents, employees, corporate service providers or directors or (ii) following extinguishment in accordance with this Condition 5(h), against the Issuer, in each case to recover any further sum in respect of the extinguished claim, debt, liability or obligation and no debt shall be owed to any such persons by the Issuer in respect of such further sum.
- (ii) It being expressly agreed and understood that the ETC Securities and the Transaction Documents are corporate obligations of the Issuer, each party agrees that no personal liability shall attach to or be incurred at any time by the shareholders, officers, agents, employees, corporate service providers or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in the ETC Securities or any Transaction Document or implied therefrom, and any and all personal liability of every such shareholder, officer, agent, employee, corporate service provider or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee, corporate service provider or director, is hereby deemed expressly waived by the Transaction Parties and the ETC Holders.
- (iii) None of the Transaction Parties, the ETC Holders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining any insolvency, administration, bankruptcy, winding-up, liquidation, 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 (i) attributable to any other securities issued by the Issuer (save for any further securities which form a single series with the ETC Securities) or (ii) not attributable to any particular Series, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-Affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer (provided such proceedings do not constitute insolvency or liquidation proceedings) and without limitation to the Security Trustee's right to enforce and/or realise the security

constituted by the Security Documents (including by appointing a receiver or an administrative receiver but provided that such actions do not constitute insolvency or liquidation proceedings).

The provisions of this Condition 5(h) shall survive notwithstanding any redemption of the ETC Securities or the termination or expiration of any Transaction Document.

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

Without prejudice to Condition 15(a) (*Meetings of ETC Holders*), 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 Security Trustee (acting upon instructions from 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), 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 from the ETC Holders or the Security Trustee to the extent necessary in connection with any of the circumstances described in Condition 5(a) (*Security*) in relation to which the Security is released.

**6. Restrictions**

So long as any of the ETC Securities remain outstanding, the Issuer shall not, without the prior written consent of the Trustee and except as provided for or contemplated in the Conditions or any other Transaction Document:

- (a) engage in any business other than (a) the issuance of series of securities (including any Series) and any amendment, exchange, repurchase, cancellation or reissue or resale of the same, (b) the acquisition and holding of related assets from or comprising the proceeds of such issue and (c) the entry into of related agreements and transactions (including the Transaction Documents for that Series or the same for any other series) and the performing of acts required thereunder or which relate or are incidental thereto or reasonably necessary (in the opinion of the Issuer) in connection therewith or in furtherance thereof, and provided that:
  - (i) each series of securities shall be secured on assets of the Issuer other than the Issuer's rights under the Corporate Services Agreement, the Issuer's share capital and Issuer Profit Amounts (and any account to which such amounts are credited) and any assets securing any other series of securities; and
  - (ii) each series of securities and any related agreements entered into by the Issuer (other than any agreements pursuant to which the Issuer engages any financial, legal, accounting or other adviser) contain provisions that (A) limit the recourse of any holder of such securities and of any party to any agreement entered into by the Issuer relating specifically to such securities to assets other than those which do not relate to such series of securities and those to which any other series of securities have recourse

and (B) prevent any persons from instituting any form of insolvency or similar proceedings with respect to the Issuer or any of its directors; and

- (iii) the terms of any such series of securities comply with all applicable laws.

For the avoidance of doubt, acts incidental or reasonably necessary in connection therewith or in furtherance thereof shall include (without limitation): (1) the appointment of auditors, administrators, corporate administrators, banks, advisors or any other service provider necessary to maintain the Issuer and/or keep it operating and/or to comply with any laws, regulations or rules applicable to it, (2) the amendment or termination of any related agreement to the relevant series of securities, (3) the entry into, amendment or termination of any agreement relating to the Issuer generally and not to any specific series of securities but which is to facilitate the issuance by the Issuer of securities and its ongoing administration of the same (including, without limitation, any agreement relating to the operation of one or more unallocated accounts or off-warrant accounts) and (4) entering into any arrangements with any party relating to the Programme or any other issue of securities (including the issue of any separate series of securities and/or the entry into of a termination fee side letter with the Administrator) to entitle that party to receive any payment from the Issuer provided that such payments are not made from the secured property of any series of securities;

- (b) cause or permit the terms of the Security granted under the Security Documents and the order of priority specified in the Conditions, the Trust Deed and the Security Documents, as applicable, to be amended, terminated or discharged (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
- (c) release any party to the Trust Deed, the Security Documents or any other Transaction Document (other than an Authorised Participant Agreement) from any existing obligations thereunder (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
- (d) have any subsidiaries;
- (e) sell, transfer or otherwise dispose of the Secured Property or any right or interest therein or thereto or create or allow to exist any charge, lien or other encumbrance over the Secured Property (to the extent it relates to the Issuer) except in accordance with the Conditions, the Trust Deed, the Security Documents and any other Transaction Document;
- (f) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the terms of the Conditions, the Trust Deed, the Security Documents or any other Transaction Document (other than any Authorised Participant Agreement and other than as contemplated by the Conditions, the Trust Deed, the Security Documents or the Transaction Documents);
- (g) acquire any asset at any time that is not regarded as a Qualifying Asset or carry out any other business apart from the holding, managing or both the holding and the management (in each case in Ireland) of Qualifying Assets (and activities which are ancillary to that business);
- (h) make an election under Section 110(6) of the TCA;
- (i) carry on a “specified property business” within the meaning of Section 110 of the TCA;
- (j) apply to become part of a VAT group for the purposes of Section 15(1) of the Value-Added Tax Consolidation Act 2010;

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- (k) 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 Trust Deed and the Conditions for any Series);
- (l) have any employees;
- (m) issue any shares other than such shares in the capital of the Issuer as were issued at the date of initial establishment of the Programme and which are ultimately held on charitable trust by its holders or make any distribution to its shareholders in excess of EUR 3,000 per annum;
- (n) open or have any interest in any account with a bank or financial institution unless such account (A) is an Issuer Cash Account; (B) relates to the issuance of a Series of ETC Securities and such Series of securities has the benefit of security over the Issuer's interest in such account; (C) is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it; or (D) is otherwise reasonably necessary (in the opinion of the Issuer) in relation to any Series of ETC Securities or the operation of the Issuer in relation to the issuance of ETC Securities;
- (o) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);
- (p) 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;
- (q) 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;
- (r) except as contemplated by any Transaction Document and/or the Conditions relating to a Series, 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 such Series, to any other entity or person; or
- (s) permit or cause any Underlying Metal to be transferred out of the Off-Warrant Accounts (in the case of a Series backed by one or more Base Metals) other than:
  - (i) to the relevant Metals Counterparty or to its order in connection with the settlement of a Buy-Back Order submitted by an Authorised Participant or ETC Holder;
  - (ii) to the relevant Metals Counterparty or to its order in order to effect a sale of TER Metal following valid delivery of a TER Metal Sale Notice;
  - (iii) to the relevant Metals Counterparty or to its order following an Early Redemption Trade Date or the Final Redemption Valuation Date in accordance with Condition 5(c) and the relevant Metals Counterparty Agreement;
  - (iv) to the relevant Metals Counterparty or to its order in connection with any rebalancing of the Issuer's physical holdings of Metal upon a rebalancing of the relevant Reference Index; and
  - (v) otherwise as permitted pursuant to Condition 5(a)(ii) or by the Conditions, the Trust Deed, the Security Documents or any other Transaction Document,

provided that the Issuer shall not take any action (even where the prior written consent of the Trustee is obtained) if such action is, in the opinion of the Issuer, inconsistent with the objects

of the Issuer as specified in its constitution (including, without limitation, its memorandum and articles of association).

So long as any of the ETC Securities remain outstanding, the Issuer shall not, without the prior written consent of the Security Trustee (acting upon instructions of the Trustee) and except as provided for or contemplated in the Conditions or any other Transaction Document:

- (a) cause or permit the terms of the Security granted under the Security Documents and the order of priority specified in the Conditions, the Trust Deed and the Security Documents, as applicable, to be amended, terminated or discharged (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
- (b) release any party to the Trust Deed, the Security Documents or any other Transaction Document (other than an Authorised Participant Agreement) from any existing obligations thereunder (other than as contemplated by the Trust Deed, the Security Documents and/or the Conditions);
- (c) sell, transfer or otherwise dispose of the Secured Property or any right or interest therein or thereto or create or allow to exist any charge, lien or other encumbrance over the Secured Property (to the extent it relates to the Issuer) except in accordance with the Conditions, the Security Documents and any other Transaction Document;
- (d) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the terms of the Conditions, the Security Documents or any other Transaction Document (other than any Authorised Participant Agreement and other than as contemplated by the Conditions relating to the relevant Series, the Trust Deed relating to the relevant Series, the Security Documents or the Transaction Documents relating to the relevant Series); or
- (e) subject as provided in Condition 5(a) (*Security*), incur any other indebtedness for borrowed moneys, other than issuing further ETC Securities (which may or may not form a single series with the ETC Securities of any other series and may or may not be guaranteed by a third party) and creating or incurring further obligations relating to such Series, provided that, in the case of ETC Securities that are to form a single series with any existing series:
  - (i) such further ETC Securities and obligations are secured *pari passu* upon the Secured Property relating to the Series 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 the Conditions of the relevant Series; and
  - (ii) if further ETC Securities which are to form a single series with a Series are being issued, the relevant Authorised Participant has delivered or procured the delivery to or to the order of the Issuer an amount of Metal or Baskets (or, in the case of ETC Securities of a Series backed by one or more Base Metals, a Bill of Lading or LME Warrants for an amount of Metal) in respect of each further ETC Security equal to the Metal Entitlement on the relevant Subscription Trade Date.

## **7. Redemption, Purchase and Options**

### **(a) Final Redemption**

- (i) Unless previously redeemed in whole or purchased and cancelled by the Issuer as provided below, each ETC Security shall become due and payable on the Scheduled Maturity Date at its Final Redemption Amount. Where the Scheduled Maturity Date is postponed in accordance with Condition

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8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Final Redemption Amount in respect of each such ETC Security shall not become due and payable until the postponed Scheduled Maturity Date.

- (ii) Subject to Condition 8(c)(iv) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Issuer will, on or prior to the Scheduled Maturity Date, publish on the Website (or procure the publication on the Website of) 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, including information on any fees, deductions and/or Taxes imposed on such sale (including, for the avoidance of doubt, any Redemption Fees), and the determination of the Average Metal Sale Price in respect of the Redemption Disposal Period).
- (iii) The Issuer shall as soon as reasonably practicable give notice to each Transaction Party and the ETC Holders in accordance with Condition 19 (*Notices*) of the occurrence of the Final Redemption Valuation Date.

### **(b) *Early Redemption***

- (i) If (A) an Issuer Call Redemption Event occurs, (B) any of the other Early Redemption Events listed in Condition 7(d) (*Early Redemption Events*) occur or (C) an Event of Default Redemption Notice is issued, each ETC Security outstanding as at the Early Redemption Trade Date shall become due and payable on the Early Redemption Settlement Date at its Early Redemption Amount. Where the Early Redemption Settlement Date is postponed in accordance with Condition 8(c) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Early Redemption Amount in respect of each such ETC Security shall not become due and payable until the postponed Early Redemption Settlement Date.
- (ii) Subject to Condition 8(c)(iv) (*Postponement relating to the Final Redemption or Early Redemption of the ETC Securities*), the Issuer will, on or prior to the Early Redemption Settlement Date, publish on the Website 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, including information on any fees, deductions and/or Taxes imposed on such sale (including, for the avoidance of doubt, any Redemption Fees), and the determination of the Average Metal Sale Price in respect of the Redemption Disposal Period).
- (iii) Notwithstanding anything to the contrary in the Conditions or any Transaction Document and provided that no Early Redemption Trade Date or Final Redemption Valuation Date has already occurred, if at any time following notice being given that an Issuer Call Redemption Event or any other 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 Issuer Call Redemption Event or any other Early Redemption Event occurs (the "**Secondary Early Redemption Event**") in respect of which the Early Redemption Trade Date relating thereto occurs (or would occur) prior to the date that would have been the Early Redemption Trade 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.
- (iv) The Issuer shall as soon as reasonably practicable give notice to each Transaction Party and the ETC Holders in accordance with Condition 19 (*Notices*) of the Early Redemption Trade Date, the Metal Sale Cut-Off Date and the Early Redemption Settlement Date of the ETC Securities.

### **(c) *Issuer Call Redemption Event***

The Issuer may, on giving an irrevocable notice to the Administrator and the ETC Holders in accordance with Condition 19 (*Notices*), elect to early redeem the ETC Securities in full and designate an Early

Redemption Trade Date for such purposes, provided that the date designated as the Early Redemption Trade Date shall not be earlier than the 30th 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**"). An "**Early Redemption Event**" in the form of an "**Issuer Call Redemption Event**" will occur on the Early Redemption Trade Date designated in the Issuer Call Redemption Notice. 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 Administrator and the ETC Holders.

(d) ***Early Redemption Events***

Each of the following events shall be an early redemption event (and with an Issuer Call Redemption Event and each of the following events each being an "**Early Redemption Event**"):

- (i) **VAT Redemption Event:** on the next date on which a delivery of Metal or LME Warrants for Metal is due either (A) in respect of a Subscription Order, (B) in respect of a Buy-Back Order; (C) in respect of a sale of TER Metal by the relevant Metals Counterparty or (D) in respect of a sale of Metal by the relevant Metals Counterparty in connection with a rebalancing of the Issuer's holdings of physical Metal upon a rebalancing of the relevant Reference Index, if the Issuer is, or there is a substantial likelihood that it will be, required by any applicable law to make a payment in respect of VAT or register for VAT or otherwise account for VAT on such delivery of Metal or LME Warrants (as applicable) (in each case whether or not such VAT is recoverable), or if the Issuer has become liable, or become aware it is liable, for VAT in respect of a prior delivery of Metal or LME Warrants (as applicable), the Issuer may (but shall not be obliged to), in each case, give the Transaction Parties and the ETC Holders in accordance with Condition 19 (*Notices*) notice that the ETC Securities are to be early redeemed in full (such notice, a "**VAT Redemption Notice**") and designate a date on which an Early Redemption Event occurs for such purposes, provided that such designated date is at least four Business Days following the date of the VAT Redemption Notice (such event, a "**VAT Redemption Event**").

A VAT Redemption Event will occur on the date so designated in the VAT Redemption Notice;

- (ii) **Service Provider Non-Replacement Redemption Event:** if any of the Administrator, the Custodian, any of the Primary Sub-Custodians, the Principal Paying Agent, all of the Authorised Participants and/or each of the Metals Counterparties resigns or their appointment in relation to the ETC Securities is terminated for any reason and no successor or replacement has been appointed within 120 calendar days of the date of notice of resignation or termination or the date the appointment was automatically terminated in accordance with the Administration Agreement, the Custody Agreement, the relevant Primary Sub-Custody Agreement, the Agency Agreement, the Authorised Participant Agreements or the Metals Counterparty Agreement(s), as applicable, the Issuer may (but shall not be obliged to) give the Transaction Parties and the ETC Holders in accordance with Condition 19 (*Notices*) notice that the ETC Securities are to be early redeemed in full (such notice, a "**Service Provider Non-Replacement Redemption Notice**") and designate a date on which an Early Redemption Event occurs for such purposes, provided that such designated date is at least four Business Days following the date of the Service Provider Non-Replacement Redemption Notice (such event, a "**Service Provider Non-Replacement Redemption Event**").

A Service Provider Non-Replacement Redemption Event will occur on the date so designated in the Service Provider Non-Replacement Redemption Notice; and

- (iii) **Market Value Redemption Event:** if the prevailing Cash Value per ETC Security on two consecutive Non-Disrupted Days (calculated by the Administrator by reference to each ETC Security's Metal Entitlement and the Metal Reference Price or level of the relevant Reference

Index on each such Non-Disrupted Day) is less than or equal to 20 per cent. of the Issue Price per ETC Security as at the Series Issue Date, the Administrator shall give notice of the same to the Issuer, copied to each other Transaction Party (a “**Market Value Event Notice**”). The Issuer shall, as soon as reasonably practicable after receipt of a Market Value Event Notice, give notice thereof to the ETC Holders in accordance with Condition 19 (*Notices*).

Following receipt of a Market Value Event Notice (or notice of the same from the Issuer):

- (A) the Issuer may (but shall not be obliged to) give the Transaction Parties and the ETC Holders in accordance with Condition 19 (*Notices*) notice that the ETC Securities are to be early redeemed in full and designate in such notice a date on which an Early Redemption Event occurs for such purposes; or
- (B) the Trustee shall, if so directed by an Extraordinary Resolution (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction by one or more ETC Holders (or otherwise to its satisfaction)), give notice to the Issuer (copied to each Transaction Party and the ETC Holders in accordance with Condition 19 (*Notices*)) that the ETC Securities are to be early redeemed in full and designate in such notice a date on which an Early Redemption Event occurs for such purposes,

each, a “**Market Value Redemption Notice**”, provided that no Market Value Redemption Notice may be delivered on or after the fourth Business Day prior to the Final Redemption Valuation Date and the date designated as the date of occurrence of the Early Redemption Event for such purposes must be at least four Business Days following the date of the Market Value Redemption Notice (such event, a “**Market Value Redemption Event**”).

A Market Value Redemption Event will occur on the date so designated in the Market Value Redemption Notice.

(iv) ***Settlement of Early Redemptions and Final Redemptions by Physical Metal Delivery:***

- (1) In connection with any settlement of an Early Redemption or Final Redemption of Single Metal ETC Securities by Physical Metal Delivery, upon removal of the Metal representing the Physical Redemption Settlement Amount from the Allocated Account of the Issuer, all title to and risks in such Metal shall pass to the ETC Holder. The obligations of the Issuer in respect of the ETC Securities being redeemed by Physical Metal Delivery shall be satisfied by the Issuer transferring the required quantity of Metal to or to the order of the relevant Metals Counterparty with instructions to deliver such Metal to the specified Metal Account of the ETC Holder and the remainder (if any) of the Physical Redemption Settlement Amount due to the ETC Holder to the specified Cash Account of the ETC Holder. The settlement date for any Early Redemption or Final Redemption to be settled by Physical Metal Delivery (the “**Physical Redemption Settlement Date**”) shall be the date on which the relevant Metal is removed from the Allocated Account of the Issuer and delivered to or to the order of the relevant Metals Counterparty, as agreed between the Administrator and the ETC Holder or (a) if such day is not a Physical Delivery Business Day, the next Physical Delivery Business Day; or (b) if the Metals Counterparty determines that settlement will not be completed on such date, the Physical Redemption Settlement Date will be such later date which is a Physical Delivery Business Day on which settlement is completed. None of the Trustee, the Security Trustee or the Issuer shall be responsible or liable for any failure by the Metals Counterparty to procure a delivery of the Metal representing the Physical Redemption Settlement Amount to the specified Metal Account of the ETC Holder or any amount in USD to the specified Cash Account of the ETC Holder in accordance with the instructions of the Issuer. However, in the event of such failure, the Issuer shall, to the extent practicable, assign to the ETC Holder its claims in relation to such Physical Redemption Settlement Amount in satisfaction of all claims of such ETC Holder in respect of the ETC Securities to be redeemed and the ETC Holder shall have no further claims against the Issuer or the Secured Property in respect of such ETC Securities. Likewise, none of the Trustee, the

Security Trustee or the Issuer will be responsible for any failure by the Physical Delivery Bank to account to the ETC Holder for the relevant Metal. It is the responsibility of the ETC Holder to ensure that it has in place arrangements with the Physical Delivery Bank which are adequate to ensure onward delivery or storage of the relevant Metal on behalf of the ETC Holder.

- (e) **Purchases and Buy-Backs**
- (i) *At the option of the Issuer:* The Issuer may (without the consent of the Trustee, the Security Trustee or any ETC Holder), from time to time, elect to buy back all or some of the ETC Securities from Authorised Participants or other ETC Holders.
- (ii) *At the option of ETC Holders:* The Issuer shall, at the option of any Authorised Participant, provided the applicable Buy-Back Conditions are satisfied, repurchase any ETC Security the subject of a valid Buy-Back Order by transfer of the relevant Buy-Back Settlement Amount on the relevant Buy-Back Settlement Date in accordance with Condition 7(e)(x)(*Settlement of Buy-Back*) (each, a "**Buy-Back**").
- (iii) *Buy-Back Orders:* In order to exercise the option contained in Condition 7(e)(ii), the Authorised Participant (or, if applicable, the ETC Holder) must, before the relevant Cut-Off Time on the desired Buy-Back Trade Date:
- (1) deliver to the Issuer such ETC Securities as are being repurchased by depositing them to an account of the Principal Paying Agent with the Relevant Clearing System as notified by the Administrator;
  - (2) pay to the Issuer Cash Account an amount in US dollars equal to the applicable buy-back fee as directed by the Administrator (the "**Buy-Back Fee**");
  - (3) pay to the Issuer Cash Account an amount in US dollars equal to the applicable Metals Counterparty Fee as directed by the Administrator; and
  - (4) deliver or send by authenticated SWIFT message (confirmed in writing) or otherwise by electronic means made available by the Administrator from time to time, a duly completed buy-back notice in the form obtainable from the Administrator (a "**Buy-Back Order**") to the Administrator.

The Buy-Back Fee payable by any Authorised Participant or ETC Holder will be an amount equal to the Issuer's costs of complying with the Buy-Back Order (including the cost of the Issuer or its agents performing any required KYC Procedures). The amount of the Buy-Back Fee will be notified to the Authorised Participant or ETC Holder following receipt of the Buy-Back Order by the Issuer (or the Administrator on the Issuer's behalf), and will be no greater than US\$1000.00 in the case of a Buy-Back Order submitted by an Authorised Participant and no greater than US\$2000.00 in the case of a Buy-Back Order submitted by an ETC Holder who is not an Authorised Participant.

Any Buy-Back Order and ETC Securities delivered, and Buy-Back Fee paid, on a day which is not an Eligible Buy-Back Trade Date or after the relevant Cut-Off Time on any Eligible Buy-Back Trade Date shall be deemed to have been delivered or paid (as applicable) on the next following Eligible Buy-Back Trade Date. Any Buy-Back Order, once delivered, is irrevocable. No ETC Securities, once so delivered and accompanied by a duly completed Buy-Back Order in accordance with this Condition 7(e) may be withdrawn; provided, however, that if, prior to the relevant Buy-Back Settlement Date, the ETC Securities so deposited become immediately due and payable, such ETC Securities shall, without prejudice to the exercise of the Buy-Back option, be returned to the relevant Authorised Participant or ETC Holder.

The Issuer will not be obliged to accept any Buy-Back Order if (i) an Early Redemption Event has occurred (ii) the Administrator is subject to an insolvency or similar event and no replacement has been

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appointed and/or (iii) a Disruption Event has occurred and the Administrator has determined that any Buy-Backs should be temporarily suspended.

In relation to any Buy-Back Order, such order may be cancelled in certain circumstances including, without limitation, where an Early Redemption Trade Date or the Final Redemption Valuation Date (as applicable) has occurred prior to the settlement of such Buy-Back or where the Issuer or the Authorised Participant (or, if applicable, the ETC Holder) has failed to perform its obligations with respect to the Buy-Back for a prolonged period of time. In the event of any such cancellation, the ETC Securities shall be returned to the relevant Authorised Participant or ETC Holder.

- (iv) **Buy-Back Conditions:** The Issuer will only accept a Buy-Back Order if the Issuer (or the Administrator on the Issuer's behalf) determines that the following conditions are met:
- (1) The Buy-Back Order:
- (A) relates to ETC Securities of only one Series;
- (B) specifies the Series and number of the relevant ETC Securities the Authorised Participant or ETC Holder (as applicable) is requesting the Issuer to repurchase;
- (C) relates to a number of ETC Securities equal to at least the Minimum Buy-Back Amount or Minimum Physical Metal Delivery Buy-Back Amount (if any) and at least the Minimum Trading Amount (if any) and an integral multiple thereof for the relevant Series, in each case as specified in the Final Terms;
- (D) contains a representation and warranty from the Authorised Participant or ETC Holder (as applicable) to the effect that: (a) such holder is not a UCITS Fund; and (b) the request for settlement of the Buy-Back by delivery of Metal, cash, LME Warrants or Physical Metal Delivery (as applicable) and the acceptance of the delivery of the relevant Buy-Back Settlement Amount is and will be in accordance with all laws and regulations applicable to such holder; and
- (E) has been submitted by an Authorised Participant or ETC Holder (as applicable) which has complied with all compliance and identification checks reasonably required by the Issuer ("**KYC Procedures**"), and the results of such KYC Procedures have been determined to be satisfactory to the Issuer and/or its agents; and
- (2) all other conditions precedent to a Buy-Back of the ETC Securities are satisfied,  
together, the "**Buy-Back Conditions**".
- (1) certify to the Issuer that it is not a Prohibited ETC Holder and that a delivery by the Issuer of the relevant Metal to it would not constitute a Prohibited Physical Redemption,  
(together, the "**Physical Delivery Requirements**").

In the case of a Buy-Back, the information and certification in (1) and (2) above must be included in the related Buy-Back Order. In the case of an Early Redemption or Final Redemption, such information and certification must be provided by the ETC Holder to the Issuer by a notice in writing (in such form as the Issuer shall determine) and received by the Issuer by no later than, in the case of an Early Redemption, 4 Business Days following delivery by the Issuer of notice of the Early Redemption or, in the case of a Final Redemption, by no later than 4 Business Days prior to the Final Redemption Valuation Date or, in each case, such other date as notified by the Issuer to the ETC Holders in accordance with Condition 19 (Notices) (a "**Physical Delivery Notice**").

- (v) **Failure to properly complete and deliver a Buy-Back Order.** Failure to properly complete and deliver a Buy-Back Order or otherwise comply with the requirements of Condition 7(e)(iv) (and, if applicable,

Condition 7(e)(v)) shall result in such Buy-Back Order being treated as null and void by the Issuer with the consequence set out in Condition 7(e)(viii) below. Any determination as to whether such notice has been properly completed and delivered and compliance with the other requirements of Condition 7(e)(iv) or Condition 7(e)(v) shall be made by the Administrator and shall be conclusive and binding on the Issuer and the Authorised Participant or ETC Holder (as applicable). If an ETC Holder is unable to certify in its Buy-Back Order that it is not a Prohibited ETC Holder and/or a delivery by the Issuer of the relevant Metal to the relevant ETC Holder would constitute a Prohibited Physical Redemption, such Buy-Back Order shall not be valid and shall be treated as null and void by the Issuer with the consequence set out in Condition 7(e)(viii) below.

- (vi) The Issuer is entitled, in its absolute discretion, to determine whether KYC Procedures apply to any Authorised Participant or ETC Holder submitting a Buy-Back Order and whether such KYC Procedures have been satisfied (including, where the ETC Holder is an Authorised Participant, whether KYC Procedures have already been satisfied). The Issuer shall not be responsible or liable to any person for any loss or damage suffered as a result of it or its agents conducting KYC Procedures.
- (vii) In the event that any Buy-Back Order is determined to be null and void, if the relevant Authorised Participant or ETC Holder still wishes to elect for repurchase of the relevant ETC Securities, it must submit a new, duly completed, Buy-Back Order in accordance with Condition 7(e)(iii) (and, for the avoidance of doubt, the relevant Buy-Back Trade Date in respect of such redemption will be the Eligible Buy-Back Trade Date on which such new, duly completed, Buy-Back Order is delivered or deemed to have been delivered in accordance with Condition 7(e)(iii) and comply with the other requirements of Condition 7(e)(iv) and, if applicable, Condition 7(e)(v) (to the extent not already complied with), provided however that if such new, duly completed, Buy-Back Order is not received within 5 Business Days, the ETC Securities delivered to the Issuer in accordance with Condition 7(e)(iii) shall be returned to the relevant Authorised Participant or ETC Holder.
- (viii) The Administrator shall promptly on the Business Day following receipt of a Buy-Back Order send a copy thereof to the Issuer and such other persons as the Issuer may specify.
- (ix) *Settlement of Buy-Back:* In respect of any ETC Securities the subject of a Buy-Back Order which has been accepted by the Issuer, the Issuer shall discharge its obligation to deliver the Buy-Back Settlement Amount in respect of such ETC Securities by delivering such quantity of Metal to or to the order of the relevant Metals Counterparty with instructions to deliver, on the agreed Buy-Back Settlement Date:
  - (1) in the case of Single Metal ETC Securities backed by a Base Metal, at the option of the Issuer and as notified to the Authorised Participant upon acceptance of the related Buy-Back Order, either: (i) an amount in USD equal to the value of the Buy-Back Settlement Amount, as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date to the Cash Account specified by the Authorised Participant in the Buy-Back Order; or (ii) the highest reasonably practicable whole number of LME Warrants evidencing an amount of Metal having an aggregate weight up to the Buy-Back Settlement Amount to the Metal Account specified by the relevant Authorised Participant in the Buy-Back Order and an amount in USD equal to the value of the remainder (if any) of the Buy-Back Settlement Amount due to the Authorised Participant which cannot be delivered as a whole LME Warrant (as determined by the Administrator on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date), plus any Accrued Rent for such LME Warrants up to and including the Buy-Back Settlement Date, to the Cash Account specified by the Authorised Participant in the Buy-Back Order; or
  - (2) in the case of Basket ETC Securities, an amount in USD equal to the value of the Buy-Back Settlement Amount as determined by the Administrator on the basis of the level of the relevant Reference Index as of the Buy-Back Trade Date to the Cash Account specified by the Authorised Participant in the Buy-Back Order,

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and upon the removal of such Metal from the Off-Warrant Account(s) of the Issuer, such ETC Securities will be cancelled.

- (f) **Settlement Disruption:** In respect of a Buy-Back of any of the ETC Securities, if the Administrator becomes aware that a Settlement Disruption Event has occurred or exists and which has prevented the delivery of a Buy-Back Settlement Amount on the original day that but for such Settlement Disruption Event would have been the Buy-Back Settlement Date (the "**Original Buy-Back Settlement Date**"), then the Administrator will advise the Issuer of the same and the Buy-Back Settlement Date will be the first succeeding day on which the relevant delivery can take place, unless a Settlement Disruption Event prevents settlement on each of the 10 Business Days immediately following the relevant Original Buy-Back Settlement Date. In that case, (a) if the relevant delivery can be effected in a commercially reasonable manner, then the Buy-Back Settlement Date will be that 10th Business Day with delivery being effected in such manner, and (b) if the relevant delivery cannot be effected on or by that 10th Business Day in a commercially reasonable manner, then the Buy-Back Settlement Date will be postponed until the delivery can be effected in a commercially reasonable manner.

For the purposes hereof:

**"Settlement Disruption Event"** means, as determined by the Administrator, an event (other than an event contemplated in Condition 8 (*Disruption Events and Postponement or Suspension*) below) which is beyond the control of the Issuer and as a result of which the Issuer (or the Administrator, the Custodian, the relevant Metals Counterparty or any other agent on the Issuer's behalf) is unable to effect or procure a relevant delivery.

- (g) **Cancellation:** 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 Documents, the relevant portion of the Secured Property relating to the ETC Securities so purchased and cancelled will be automatically released from such Security without the need for any notice or other formalities.

## **8. Disruption Events and Postponement or Suspension**

### **(a) Disruption Events**

The Administrator (or, in the case of a service provider disruption in respect of the Administrator in accordance with Condition 8(a)(ii), the Issuer) may (but is not obliged to), with respect to any day, determine that one or more of the following disruption events has occurred or exists on such day (each such event a "**Disruption Event**"):

- (i) **Metal Trading Disruption:**

Either:

- (A) trading and/or settlement in the relevant Metal or, in the case of Basket ETC Securities, any Base Metal or Component of the relevant Reference Index is subject to a material suspension or material limitation on the over-the-counter market of the LME (in the case of Copper, Nickel or Cobalt) or any other primary exchange or trading facility for the trading of such Metal or Component; or
- (B) the over-the-counter market of the LME (in the case of Copper, Nickel or Cobalt) or any other primary exchange or trading facility for the trading of the relevant Metal or Component is not open for trading for any reason (including a scheduled closure); or

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- (C) trading in the Metal on such over-the-counter market of the LME (in the case of Copper, Nickel or Cobalt) or any other primary exchange or trading facility for the trading of such Metal or Component has been permanently discontinued or has disappeared,
- each a "**Metal Trading Disruption**";
- (ii) *Service Provider Disruption:* save as otherwise agreed in the relevant Transaction Document(s), if any of the Administrator, the Custodian, any of the Primary Sub-Custodians, the Principal Paying Agent, all of the Authorised Participants and/or each of the Metals Counterparties resigns or their appointment is terminated for any reason and a successor or replacement has not yet been appointed, for such time until a successor or replacement has been appointed or a Service Provider Non-Replacement Redemption Event has occurred in accordance with Condition 7(d)(ii) (*Service Provider Non-Replacement Redemption Event*);
- (iii) *Issuer Call Disruption:* if an Issuer Call Redemption Notice has been given in accordance with Condition 7(c) (*Issuer Call Redemption Event*) on or prior to such day; or
- (iv) *Off-Warrant Accounts Disruption:* in the case of a Series of ETC Securities backed by one or more Base Metals, any Underlying Metal is no longer held in the Off-Warrant Accounts, other than where permitted in accordance with the Conditions and the Transaction Documents.
- (b) **Determination of Disruption Events and Suspension Notices**
- (i) If the Administrator determines that a Disruption Event has occurred or exists with respect to any day, it may (but shall not be obliged to) on the immediately following Business Day give notice of the postponement and/or suspension of:
- (A) any request for the Subscription and/or Buy-Back of ETC Securities;
- (B) the settlement of any Subscription and/or Buy-Back of ETC Securities that has traded but has yet to settle;
- (C) any Early Redemption Trade Date (whether or not such date has yet been designated), any Early Redemption Settlement Date and/or the payment of any Early Redemption Amount in connection therewith; and/or
- (D) the Final Redemption Valuation Date, the Scheduled Maturity Date and/or the payment of any Final Redemption Amount in connection therewith,
- to the Issuer, the Authorised Participants, the Administrator, the Trustee, the Security Trustee and the Principal Paying Agent, specifying:
- (X) the Disruption Event which has occurred or is existing on the relevant day;
- (Y) whether the suspension and/or postponement relating to such Disruption Event will be in respect of a single day (a "**Suspended Day**") or for as long as the Disruption Event continues (a "**Suspension Period**"); and
- (Z) which of the dates and/or events set out in Conditions 8(b)(i)(A) to (D) will be postponed and/or suspended on such Suspended Day or during such Suspended Period, as applicable (and, in determining this, the Administrator shall consider whether the relevant Disruption Event would disrupt the actions required to be performed by the Issuer, any Authorised Participant, the relevant Metals Counterparty and/or any other Transaction Party in connection with a Subscription of ETC Securities, a Buy-Back of ETC Securities, the Final Redemption of the ETC Securities and/or any Early Redemption of the ETC Securities),

such notice, a “**Suspension Notice**”. If the Suspension Notice is in respect of a Suspension Period, such period will end when the Administrator notifies the Issuer, the Authorised Participants, the Administrator, the Metals Counterparties, the Trustee, the Security Trustee and the Principal Paying Agent that such suspension and/or postponement is over.

- (ii) The Administrator is not under any obligation to monitor whether or not a Disruption Event has occurred or is continuing with respect to any day unless a Suspension Notice has been given in respect of a Suspension Period in which case the Administrator’s obligation to monitor the relevant Disruption Event will continue until it has determined that such Disruption Event has ceased (following which it will give notification of the end of the Suspension Period in accordance with Condition 8(b)(i)). The Administrator shall have no liability to the Issuer, the Trustee, the Security Trustee, any ETC Holder, any Authorised Participant or any other person for any determination or non-determination that it makes in respect of the occurrence or existence of a Disruption Event.
- (iii) Neither the Trustee nor the Security Trustee shall have any duty to monitor, enquire or satisfy itself as to whether a Disruption Event has occurred.
- (iv) The Issuer shall, as soon as reasonably practicable after receipt by it of a Suspension Notice, give notice thereof to the ETC Holders in accordance with Condition 19 (*Notices*).

(c) ***Postponement relating to the Final Redemption or Early Redemption of the ETC Securities***

- (i) If, in respect of a Disruption Event, the Administrator has specified in the related Suspension Notice that the Final Redemption Valuation Date, the Scheduled Maturity Date, any Early Redemption Trade Date and/or any Early Redemption Settlement Date (a “**Disruption Postponable Date**”) shall be postponed until following the end of the Suspended Day or Suspension Period, then if any Disruption Postponable Date does occur on the Suspended Day or during the Suspension Period, such Disruption Postponable Date shall be deemed to have been postponed until the first following Non-Disrupted Day, provided that if no such Non-Disrupted Day has occurred on or prior to the 10<sup>th</sup> Business Day following such Disruption Postponable Date, the Issuer, acting in good faith and in consultation with the Administrator, shall determine an appropriate method for redeeming the ETC Securities and determining the Final Redemption Valuation Date, Scheduled Maturity Date, Early Redemption Trade Date and/or Early Redemption Settlement Date, as applicable, for the purposes of such redemption of the ETC Securities (a “**Disrupted Redemption Method**”). For the avoidance of doubt, if any Disruption Postponable Date is postponed in accordance with this Condition 8(c)(i), then any other dates or periods determined by reference to such Disruption Postponable Date that have yet to occur or conclude as at the time of such postponement shall also be postponed or adjusted accordingly.
- (ii) The Issuer shall, as soon as reasonably practicable following determination of any Disrupted Redemption Method, notify each Transaction Party and the ETC Holders of the details of such Disrupted Redemption Method in accordance with Condition 19 (*Notices*).
- (iii) No additional amount shall be payable or deliverable to any Authorised Participant or any ETC Holder in connection with any postponement to the timing, or any amendment to the method, in each case in accordance with Condition 8(c)(i), of final or early redemption of the ETC Securities.
- (iv) If any postponement has occurred in accordance with this Condition 8(c), the Issuer shall ensure that its obligation to publish on the Website information relating to the Final Redemption Amount (pursuant to Condition 7(a)(ii) (*Final Redemption*)) or the Early Redemption Amount (pursuant to Condition 7(b)(ii) (*Early Redemption*)), as applicable, is met in a timely manner taking into account any postponement to the Scheduled Maturity Date or the Early Redemption Settlement Date, as applicable.

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9. **Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event**

- (a) ***Successor Metal Reference Price or Successor Reference Index***

If on any Business Day, the Administrator determines that the Metal Reference Price has been replaced by a successor price acceptable to the Administrator, then the Administrator shall notify such determination to the Issuer and each Transaction Party and, with effect from the first Business Day following the date of such notice, such successor price shall be deemed to be the Metal Reference Price for the purposes of the relevant Metal but provided that it shall not affect any calculations or determinations already made using the Metal Reference Price being replaced (including the Nominal Amount). The Issuer shall, as soon as reasonably practicable thereafter, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).

If on any Business Day, the Administrator determines that the relevant Reference Index has been replaced by a successor reference index acceptable to the Administrator, then the Administrator shall notify such determination to the Issuer and each Transaction Party and, with effect from the first Business Day following the date of such notice, such successor reference index shall be deemed to be the Reference Index for purposes of the relevant Basket, but provided that it shall not affect any calculations or determinations already made using the Reference Index being replaced (including the Nominal Amount). The Issuer shall, as soon as reasonably practicable thereafter, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).

- (b) ***Successor Metal Reference Price Source or Successor Reference Index Source***

If on any Business Day the Administrator determines that the Metal Reference Price Source no longer displays the Metal Reference Price notwithstanding that the Metal Reference Price continues to be determined, then the Administrator will notify such determination to the Issuer and each Transaction Party specifying a replacement price source that does display such Metal Reference Price and, with effect from the first Business Day following the date of such notice, such successor price source shall be deemed to be the Metal Reference Price Source for the purposes of the relevant Metal but provided that it shall not affect any calculations or determinations already made using the Metal Reference Price displayed on the Metal Reference Price Source being replaced (including the Nominal Amount). The Issuer shall, as soon as reasonably practicable thereafter, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).

If on any Business Day the Administrator determines that the relevant Reference Index Source no longer displays the Reference Index notwithstanding that the Reference Index continues to be determined, then the Administrator will notify such determination to the Issuer and each Transaction Party specifying a replacement index source that does display such Reference Index and, with effect from the first Business Day following the date of such notice, such successor reference index source shall be deemed to be the Reference Index Source for purposes of the relevant Basket ETC Securities but provided that it shall not affect any calculations or determinations already made using the Reference Index displayed on the Reference Index Source being replaced (including the Nominal Amount). The Issuer shall, as soon as reasonably practicable thereafter, notify the ETC Holders of the same in accordance with Condition 19 (*Notices*).

- (c) ***Metal Reference Price Event***

If at any time the Administrator determines that a Metal Reference Price Event has occurred and gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer and each Transaction Party, then for the purposes of the relevant Metal, the Metal Reference Price shall be:

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- (i) such other reference price for the Metal as the Administrator determines has replaced the Metal Reference Price in customary market usage for the purposes of determining a reference price for such Metal in the primary over-the-counter market, exchange or trading facility for the trading of such Metal; or
- (ii) if the Administrator determines that there is no replacement reference price that can be determined in accordance with Condition 9(c)(i), then such other reference price for the Metal as the Administrator determines as most comparable to the Metal Reference Price acting in a commercially reasonable manner,

(the “**Replacement Metal Reference Price**”) provided that in each case, the Administrator must also have determined that no Metal Reference Price Event would have occurred or be occurring in respect of such Replacement Metal Reference Price if such Replacement Metal Reference Price were the Metal Reference Price. The Administrator shall, as soon as reasonably practicable following notification of the occurrence of a Metal Reference Price Event and, in any event, by no later than the final day of any Redemption Disposal Period that had already commenced at the time of such notification, give notice of the Replacement Metal Reference Price determined by it to the Issuer and each Transaction Party.

None of the Issuer, the Administrator, the Trustee or any other Transaction Party shall have any duty to monitor, enquire or satisfy itself as to whether a Metal Reference Price Event has occurred.

### **(d) Reference Index Event**

If at any time the Administrator determines that a Reference Index Event has occurred and gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer and each Transaction Party, then for the purposes of the relevant Basket ETC Securities, the Reference Index shall be:

- (i) such other reference index for the relevant Basket as the Administrator determines has replaced the Reference Index in customary market usage for the purposes of determining a reference price for such Basket in the primary over-the-counter market, exchange or trading facility for the trading of such Basket or for the individual Metals or Components comprised in such Basket; or
- (ii) if the Administrator determines that there is no replacement reference index that can be determined in accordance with Condition 9(d)(i), then such other reference index for the relevant Basket as the Administrator determines as most comparable to the Reference Index acting in a commercially reasonable manner,

(the “**Replacement Reference Index**”) provided that in each case, the Administrator must also have determined that no Reference Index Event would have occurred or be occurring in respect of such Replacement Reference Index if such Replacement Reference Index were the Reference Index. The Administrator shall, as soon as reasonably practicable following notification of the occurrence of a Reference Index Event and, in any event, by no later than the final day of any Redemption Disposal Period that had already commenced at the time of such notification, give notice of the Replacement Reference Index determined by it to the Issuer and each Transaction Party.

None of the Issuer, the Administrator, the Trustee or any other Transaction Party shall have any duty to monitor, enquire or satisfy itself as to whether a Reference Index Event has occurred.

## **10. Metal Sale on Early or Final Redemption**

- (a) The Issuer has authorised and directed the Custodian to deliver or procure delivery of the Underlying Metal held by the Custodian, the Primary Sub-Custodians (or any Sub-Custodian(s)) to or to the order

of the relevant Metals Counterparty from (and including) the occurrence of the first day of a Redemption Disposal Period, to the extent necessary to effect the liquidation of the Underlying Metal. Pursuant to the terms of the Irish Law Security Trust Deed, the Security in respect of the Underlying Metal described in Condition 5(a) (*Security*) shall automatically be released without further action on the part of the Security Trustee to the extent necessary to effect the liquidation of the Underlying Metal, provided that nothing in this Condition 10 shall operate to release the charges and other security interests over the proceeds of the liquidation of the Underlying Metal.

- (b) Following notification to the relevant Metals Counterparty of the Early Redemption Trade Date or the Final Redemption Valuation Date, and delivery of all or any portion of the Underlying Metal to such Metals Counterparty or to its order, upon the occurrence of the first day of the related Redemption Disposal Period, the relevant Metals Counterparty shall, acting as agent of the Issuer, liquidate the Underlying Metal in a timely fashion during the Redemption Disposal Period in accordance with all applicable laws and the terms of the relevant Metals Counterparty Agreement.
- (c) In liquidating the Underlying Metal, the relevant Metals Counterparty may take such steps as it, acting in a commercially reasonable manner, considers appropriate in order to effect an orderly liquidation in a timely fashion (so far as is practicable in the circumstances and taking into account the amount of the Underlying Metal to be liquidated) during the Redemption Disposal Period, and may effect such liquidation at any time or from time to time during the Redemption Disposal Period and may do so in one transaction or in multiple transactions. The relevant Metals Counterparty will not be liable to the Issuer or to the Trustee, the ETC Holders or any other person merely because a higher price could have been obtained had all or part of the liquidation been delayed or taken place at a different time or had the liquidation not been effected in stages.
- (d) The relevant Metals Counterparty shall be permitted to deduct from the Actual Redemption Sale Proceeds (i) any Taxes arising from or connected with any such liquidation and (ii) any other amounts properly incurred by it in connection with any such liquidation, and it shall not be liable to account for anything except the actual proceeds of any such liquidation received by it after such deductions.
- (e) Subject as provided above, in carrying out any liquidation, the relevant Metals Counterparty 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 the Underlying Metal being disposed of in the relevant transaction. In carrying out such liquidation, the relevant Metals Counterparty shall sell to one or more purchasers of Underlying Metal meeting the criteria set out in Condition 10(f)(i) to (iii) (each, an "**Eligible Purchaser**"). The Issuer shall not be liable to the Trustee, the ETC Holders or any other person for any alleged failure to obtain a higher price for all or part of the Underlying Metal as a result of the Issuer's selection of the relevant Metals Counterparty.
- (f) Subject as provided above, in carrying out any liquidation, the relevant Metals Counterparty may sell the Underlying Metal:
  - (i) to itself, to another Metals Counterparty, or to any Affiliate of a Metals Counterparty, provided that such Metals Counterparty shall sell at a price which it believes to be a fair market price;
  - (ii) to one or more members of the LME (in the case of Copper, Nickel or Cobalt) willing to purchase the Underlying Metal at a fair market price; and/or
  - (iii) to one or more other counterparties that are willing to purchase the Underlying Metal at a fair market price,

provided that, in each case:

- (A) the relevant Metals Counterparty shall, acting in good faith and a commercially reasonable manner, use reasonable efforts to ensure that such a sale would be conducted in a manner that would minimise the VAT that may be charged, withheld or deducted on such sale which would reduce the net liquidation proceeds (as compared to the position if no VAT were due); and
  - (B) where the relevant Metals Counterparty is unable to liquidate the Metal in the manner set out in Condition 10(f)(A), such Metals Counterparty shall use its discretion to sell the Metal to any purchaser of the Underlying Metal listed in Condition 10(f)(i) to (iii) in any manner as it deems fit.
- (g) On the first Business Day following the earlier of (i) the day on which the last remaining Trading Unit of Underlying Metal is sold by the relevant Metals Counterparty or (ii) the last day of the Redemption Disposal Period, such Metals Counterparty shall notify the Issuer and each Transaction Party of (1) the Actual Redemption Sale Proceeds received in respect of any Underlying Metal that has been sold (and the details of each sale of Underlying Metal including the price, volume and date of each such sale) during the Redemption Disposal Period and (2) the Total Redemption Sale Proceeds, including any Deemed Redemption Sale Proceeds determined based on the Metal Reference Price or, in the case of Basket ETC Securities, the relevant Metal Reference Prices as at the final day of the Redemption Disposal Period in respect of any Trading Unit of Underlying Metal that was not sold during the Redemption Disposal Period.
- (h) Following the payment of any Redemption Fees to the Issuer and the deduction of any Taxes or other amounts in accordance with Condition 10(d), the relevant Metals Counterparty shall pay the Net Actual Redemption Sale Proceeds to the Issuer Cash Account or otherwise to the order of the Issuer on or around the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Settlement Date, as applicable, and in any event by no later than 17:00 London time (or such later time as the Issuer may agree) on the day falling two Business Days prior to the Scheduled Maturity Date or the Early Redemption Settlement 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 Metals Counterparty Agreement).

## **11. Payments, Deliveries, Agents and Calculations**

### **(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, reduction or deduction for, or on account of, any Tax applies to payments in respect of the ETC Securities, the ETC Holders will be subject to such Tax or reduction or deduction and shall not be entitled to receive amounts to compensate for any such Tax or reduction or deduction. No Event of Default shall occur as a result of any such withholding or reduction or deduction.

### **(b) Payments**

- (i) *Global Registered Security:* For as long as the ETC Securities are represented by a Global Registered Security registered in the name of a nominee on behalf of the Clearing Systems and deposited with a common safekeeper, common depositary, central depositary or nominee, as applicable, on behalf of the Clearing Systems, the obligations of the Issuer under the Conditions to make payments in respect of the ETC Securities will be discharged by payment to, or to the order of, the person whose name is entered on the Register at the close of business on 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), subject to and in accordance with the terms of such Global Registered Security and provided that any presentation of the Global Registered Security for such purpose is made

to the Principal Paying Agent or any other Paying Agent appointed for the Series outside the United States. Each of the persons shown in the records of the Clearing System as owning ETC Securities represented by such Global Registered Security must look solely to the Clearing System for its share of any payment made by the Issuer to or to the order of the holder of the Global Registered Security. Payments made to any person shown in the records of the Clearing System as owning any ETC Security represented by the Global Registered Security shall be subject to and made in accordance with the rules of the Clearing System.

- (ii) *Individual Securities:* Payments of the Redemption Amount and/or any Enforcement Surplus Principal Amount in respect of each Individual Security shall, subject to Condition 11(c) (*Payments Subject to Fiscal Laws*), be made against presentation and surrender of the relevant Individual Securities as the Specified Office of any of the Transfer Agents or of the Registrar by transfer to an account nominated by such person shown in the Register in the relevant currency maintained by the payee with a bank.

(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 ETC Holders in respect of such payments.

(d) ***Calculations and Determinations***

Each party shall, as soon as practicable on such date and/or at such time as it is required in accordance with these Conditions, make such calculation or determination as is required of it in accordance herewith.

(e) ***Determination or Calculation by Security Trustee***

If at any time after the Security has become enforceable pursuant to Condition 5(e) (*Enforcement of the Security*) any determination or calculation relating to the Metal Entitlement, the Final Redemption Amount, the Early Redemption Amount or any Enforcement Surplus Principal Amount has not been made when required pursuant to the Conditions and the Transaction Documents, then the Security Trustee may (and shall following an instruction from the Trustee) appoint an agent to make the relevant determination or calculation, provided that the Security Trustee shall have been pre-funded and/or secured and/or indemnified to its satisfaction. Any such agent appointed in accordance with the terms of this Condition 11(e) shall act as agent of the Issuer. Any such determination or calculation made by any such agent shall for the purposes of the Conditions and the Transaction Documents be deemed to have been made by the original party. In doing so, the relevant agent 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 Security Trustee shall not be liable to the Issuer, the ETC Holders, any Transaction Party or any other person (i) if it does not appoint an agent to make the determinations or calculations referred to in this Condition 11(e) or (ii) if it does appoint an agent, for any calculations and determinations (or any delay in making any calculation or determination) so made, unless in either case the Security Trustee has acted fraudulently, with gross negligence or in wilful default.

(f) ***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 ETC Holder. Any Agent may resign its appointment at any time, without giving any reason and without being responsible for any losses or liabilities incurred in connection with such resignation, by giving the relevant notice. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate (or consent to the

variation or termination of) the appointment of the Administrator, the Principal Paying Agent, any Paying Agent(s), the Custodian, any Primary Sub-Custodian and/or any Metals Counterparty and to appoint additional or other Paying Agents or any Registrar. 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) a Principal Paying Agent, (ii) an LME Approved Warehouse for the storage and safekeeping of Base Metal in (or arrangements with a sub-custodian with such an LME Approved Warehouse in) The Netherlands, (iii) an Administrator, (iv) a Metals Counterparty and (v) such Paying Agents or other agents as may be required by any Relevant Stock Exchange on which the ETC Securities may be listed, in each case, as approved by the Trustee. Notice of any change of Paying Agent or any change to the Specified Office of an Agent shall be given to the ETC Holders by the Issuer in accordance with Condition 19 (*Notices*).

(g) ***Business Day Convention and Non-Business Days***

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

(h) ***Rounding***

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all amounts of Metal to be delivered to or for the account of the Issuer shall be rounded up to the nearest 0.001 metric tonne in the case of Copper, Nickel or, in the case of Basket ETC Securities, Cobalt; (ii) all amounts of Metal to be delivered by or on behalf of the Issuer shall be rounded down to the nearest 0.001 metric tonne in the case of Copper, Nickel or, in the case of Basket ETC Securities, Cobalt; (iii) all amounts of cash in USD to be paid to or to the order of the Issuer shall be rounded up to the nearest USD 0.01 and (iv) all amounts of cash in USD to be paid by or on behalf of the Issuer shall be rounded down to the nearest USD 0.01, in each case as may be adjusted by the Issuer (or the Administrator on its behalf) from time to time, including to reflect changes in rounding conventions for the trading of the relevant Metal or payments in USD.

**12. Prescription**

Claims against the Issuer for payment under the Conditions in respect of an ETC Security shall be prescribed and become void unless made within six years from the date on which the payment of the Redemption Amount or any other amount payable in respect of such ETC Security 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 falling seven days after that on which notice is duly given to the ETC Holders 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**"), save that if the ETC Securities are in global form claims in respect of the Redemption Amount or any such other amounts payable in respect each ETC Security represented by the relevant Global Registered Security shall become void unless the Global Registered Security is presented for payment within a period of six years from the appropriate Relevant Date.

**13. 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 the 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 by one or more ETC Holders (or otherwise to its satisfaction), give notice to the Issuer (copied to each Transaction Party and

the ETC Holders in accordance with Condition 19 (*Notices*) (such notice an "**Event of Default Redemption Notice**") that the ETC Securities shall become due and payable at their Early Redemption Amount on the Early Redemption Settlement Date:

- (a) the Issuer does not perform or comply with any one or more of its material obligations (other than a payment obligation) under the ETC Securities, the Security Documents 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 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); or
- (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.

Notwithstanding the above, no Event of Default Redemption Notice may be given if an Early Redemption Trade Date or Final Redemption Valuation Date has occurred.

The Issuer shall, as soon as reasonably practicable after receipt of any Event of Default Redemption Notice, give notice thereof to the ETC Holders in accordance with Condition 19 (*Notices*).

The Issuer has undertaken in the Trust Deed that, on each anniversary of the issue date of the first Series 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, Issuer Call Redemption Event or other Early Redemption Event, Disruption Event, substitution of the Metal Reference Price or Metal Reference Price Source, Reference Index or Reference Index Source or other 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.

#### **14. 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, the ETC Securities, any other Transaction Document or otherwise, but, in each case, it need not take any such action or step or institute such 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 the 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 by one or more ETC Holders (or otherwise 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 Documents, only the Security Trustee may enforce the Security in accordance with the Security Documents and (other than as permitted by the Trust Deed and the Conditions) only the Security 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, but it need not take any such action or step or institute such proceedings unless (a) it shall have been so directed by the Trustee (the Trustee having been directed by an Extraordinary Resolution or in writing

by the holders of at least one-fifth in number of the ETC Securities then outstanding) (in accordance with the Security Documents) and (b) it shall have been secured and/or pre-funded and/or indemnified to its satisfaction by one or more ETC Holders (or otherwise to its satisfaction).

None of the Secured Creditors, the Other Creditors, the ETC Holders or the other Transaction Parties shall be entitled to proceed directly against the Issuer in respect of the Security Documents unless the Security Trustee, having become bound to proceed in accordance with the terms of the Security Documents, fails or neglects to do so within a reasonable time and such failure is continuing. The Trustee, the Security Trustee, the ETC Holders and the other Transaction Parties acknowledge and agree that only the Security Trustee may enforce the Security over the Secured Property in accordance with, and subject to the terms of, the Security Documents.

Neither the Trustee nor the Security Trustee shall in any 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 Documents, by one or more ETC Holders or otherwise.

**15. Meetings of ETC Holders, Modification, Waiver, Substitution and Entitlement**

**(a) Meetings of ETC Holders**

The Trust Deed contains provisions for convening meetings of ETC Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed.

The Issuer or (subject to being indemnified and/or secured and/or prefunded to its satisfaction) the Trustee may at any time convene a meeting. If the Trustee receives a written request by ETC Holders holding at least 10 per cent. in number of the ETC Securities of any Series for the time being outstanding and is indemnified to its satisfaction against all costs and expenses, it shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction) convene a meeting of the ETC Holders of that Series.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in the number of ETC Securities of the relevant Series for the time being outstanding, or at any adjourned meeting two or more persons being or representing ETC Holders whatever the number of the ETC Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (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; (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 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 ETC Holders 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 Clause 3 (*Security and Secured Property*) or Clause 5 (*Application of Moneys*) of the Irish Law Security Trust Deed, Clause 2 (*Security and Secured Property*) or Clause 6 (*Incorporation of Terms*) (to the extent that it incorporates by reference Clause 5 (*Application of Moneys*) of the Irish Law Security Trust Deed, *mutatis mutandis*) of the English Law Security Trust Deed, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. in number of the ETC Securities of the relevant Series, or at any adjourned meeting not less than 25 per cent. in number of the ETC Securities of the relevant Series for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on ETC Holders (whether or not they were present at the meeting at which such resolution was passed).

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

- (i) the transfer of Metal to or to the order of a Metals Counterparty under the relevant Metals Counterparty Agreement and the related release of Security, provided each such transfer and release is effected in accordance with the terms of such Metals Counterparty Agreement, the Custody Agreement, the Security Documents and/or the Conditions (as applicable), and any other release of Security permitted by the Security Documents;
- (ii) any change to the Total Expense Ratio at any time (provided that in the case of an increase of the Total Expense Ratio, at least 30 calendar days' prior notice has been given to ETC Holders in accordance with Condition 19 (*Notices*));
- (iii) any adjustment to the Metal Entitlement in relation to which the Underlying Metal has been damaged, stolen or otherwise lost;
- (iv) any appointment of an additional or replacement Transaction Party provided such appointment or replacement is effected in accordance with the Conditions;
- (v) the substitution of any Metal Reference Price with a successor Metal Reference Price, the substitution of any Metal Reference Price Source with a successor Metal Reference Price Source or the determination of a replacement Metal Reference Price following the occurrence of a Metal Reference Price Event, in each case pursuant to Condition 9 (*Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event*);
- (vi) the substitution of the Reference Index with a successor Reference Index, the substitution of the Reference Index Source with a successor Reference Index Source or the determination of a replacement Reference Index following the occurrence of a Reference Index Event, in each case pursuant to Condition 9 (*Successor Metal Reference Price, Successor Reference Index, Successor Metal Reference Price Source, Successor Reference Index Source and Metal Reference Price Event or Reference Index Event*);
- (vii) any determination as to the occurrence or existence of a Disruption Event and any determination and application of any postponement, suspension and/or Disrupted Redemption Method in connection with such Disruption Event, in each case pursuant to Condition 8 (*Disruption Events and Postponement or Suspension*);
- (viii) any amendment to any term of the Conditions or any Transaction Document which relates to an operational or procedural issue;
- (ix) any modification relating to changes required or additional documents to be entered into to comply with requirements of the Relevant Clearing System or any listing requirements;
- (x) any amendment to any term of any Authorised Participant Agreement in accordance with the terms therein;
- (xi) any increase to the Programme Maximum Number of ETC Securities;
- (xii) any amendment to the name of the Programme; or

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- (xiii) anything that the Issuer is permitted to do without the prior written consent of the Security Trustee pursuant to Condition 6 (*Restrictions*).

**(b) *Modification of the Relevant Transaction Documents***

Without prejudice to Condition 15(a) (*Meetings of ETC Holders*), the Trustee may agree, without the consent of the ETC Holders, to (i) any modification to these Conditions, the Trust Deed and/or any other Transaction Document which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error or (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 and/or any other Transaction Document that is in the opinion of the Trustee not materially prejudicial to the interests of the ETC Holders. Any such modification, authorisation or waiver shall be binding on the ETC Holders and shall be notified by the Issuer to the ETC Holders in accordance with Condition 19 (*Notices*) as soon as reasonably practicable.

Without prejudice to Condition 15(a) (*Meetings of ETC Holders*), the Security Trustee may, only if directed by the Trustee to do so, agree to (i) any modification to the Security Documents that is 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 term of the Security Documents that is not materially prejudicial to the interests of the Secured Creditors. Any such modification, authorisation or waiver shall be binding on the Secured Creditors and will be notified by the Issuer to the ETC Holders in accordance with Condition 19 (*Notices*) as soon as reasonably practicable.

**(c) *Substitution***

The Trustee may, without the consent of the ETC Holders, agree to the substitution, in place of the Issuer (or of any previous substitute) as the principal debtor under the Trust Deed, the Security Documents, 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**"), 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 Documents 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 Documents 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 Documents 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) any director of the Substituted Obligor certifies that the Substituted Obligor will be solvent immediately after such substitution (in which case 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 Authorised Participants 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;
- (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 Documents, provided that such change of law, in the opinion of the Trustee, would not be materially prejudicial to the interests of such ETC Holders;
- (vii) the Issuer and the Substituted Obligor comply with such other requirements as the Trustee may direct in the interests of the ETC Holders; and
- (viii) legal opinion(s) satisfactory to the Trustee is/are provided concerning any proposed substitution.

An agreement by the Trustee pursuant to this Condition 15(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 Transaction Documents. The Substituted Obligor shall give notice of the substitution to the ETC Holders in accordance with Condition 19 (*Notices*) 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 15(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 Security Documents, in connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 15) the Trustee will have regard to the interests of the ETC Holders as a class and will not have regard to the consequences of such exercise for individual ETC Holders and the Trustee will not be entitled to require, nor shall any ETC Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual ETC Holders. So long as the ETC Securities are in global form and the Global Registered Security is held by or on behalf of the Clearing System, in considering the interests of ETC Holders, the Trustee may have regard to any information provided to it by the Clearing System or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to any such Global Registered Security and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.

(e) ***Entitlement of the Security Trustee***

In accordance with the terms of the Security Documents, in connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 15) the Security Trustee will have regard to the interests of the ETC Holders as a class and will not have regard to the consequences of such exercise for individual ETC Holders or the other Secured Creditors and the Security Trustee will not be entitled to require, nor shall any ETC Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual ETC Holders. So long as the ETC Securities are in global form and the Global Registered Security is held by or on behalf of the Clearing System, in considering the interests of ETC Holders, the Security Trustee may have regard to any information provided to it by the Clearing System or its operator as to the identity (either

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individually or by category) of its accountholders or participants with entitlements to any such Global Registered Security and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.

### **16. Replacement of ETC Securities**

If an ETC Security is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the Specified Office of the Registrar (in such capacity the "**Replacement Agent**"), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed ETC Security is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such ETC Security) and otherwise as the Issuer may require. Mutilated or defaced ETC Securities must be surrendered before replacements will be issued.

### **17. Transfers**

#### **(a) Transfers**

Legal title to the ETC Securities, unless otherwise agreed between the Issuer and the Clearing Systems, will be held by a nominee for the Clearing Systems. It is intended that ownership of the entitlements to interests in the ETC Securities will, subject to the applicable rules, procedures and practices of the Clearing Systems transfer upon the entry of such transfer in their systems and the associated crediting of book-entry accounts in the Clearing Systems and of their respective participants, as recorded in the Register maintained by the Registrar in accordance with the provisions of the Agency Agreement and the Trust Deed.

All transactions in respect of the ETC Securities (including, without limitation, transfers of the ETC Securities) in the open market or otherwise must be effected through an account with a Relevant Clearing System. All transfers of the ETC Securities shall be subject to and made in accordance with the rules, procedures and practices in effect of the Relevant Clearing System.

#### **(b) Transfer of ETC Securities Represented by Permanent Global Registered Securities**

If the ETC Securities are to be represented by a Global Registered Security on issue, transfers of the holding of ETC Securities represented by such Global Registered Security pursuant to Condition 2(c) (*Title*) may only be made in part:

- (i) if the ETC Securities represented by such Global Registered Security are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the holder of the ETC Securities represented by such Global Registered Security has given the Registrar not less than 30 days' notice at its Specified Office of such holder's intention to effect such transfer. Where the holding of ETC Securities represented by such Global Registered Security is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Registered Security. Where transfers are permitted in part, Certificates issued to transferees shall be Individual Securities unless the transferee requests otherwise and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

**18. Further Issues**

Subject to Condition 5 (*Security and Application of Proceeds*), the Issuer may (without the consent of the Trustee or any ETC Holder), from time to time, in accordance with the Trust Deed, the Conditions and the Agency Agreement, create and issue further securities either:

- (a) having the same terms and conditions as the ETC Securities in all respects (other than the issue date and Metal Entitlement) and so that such further issue shall be consolidated and form a single series with the ETC Securities and the Issuer may incur further obligations relating to such ETC Securities; or
- (b) that are not consolidated and do not form a single Series with the ETC Securities and that are secured on separate assets than the ETC Securities and that are issued upon such terms as the Issuer may determine at the time of their issue and in respect of which the Issuer may incur further obligations relating to such securities.

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 Documents for the Series of which such ETC Securities form a part will, upon the issue thereof by the Issuer, be constituted by the Trust Deed and secured by the Security Documents 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 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 Agent Rights**", "**Secured Property**", "**Secured Issuer Obligations**", "**Other Issuer Obligations**", "**Secured Creditors**", "**Other Creditors**" and any other defined term where the context so requires shall be construed accordingly.

**19. Notices**

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

- (a)
  - (i) for so long as the ETC Securities are in definitive form:
    - (A) published in a daily newspaper with general circulation in the country of the Relevant Stock Exchange; and/or
    - (B) published on the website of one or more RIS(s) approved for such purposes by the applicable Relevant Stock Exchange(s),
  - and, in each case, any such notice shall be conclusively presumed to have been received by the holders; or
  - (ii) for so long as the ETC Securities are in global form represented by a Global Registered Security, given by their being delivered (so long as the Global Registered Security is held on behalf of a Relevant Clearing System) to such Relevant Clearing System or otherwise to the holder of the Global Registered Security, and any such notice shall be deemed to have been given to the holders of the ETC Securities on the Business Day immediately following the day on which the notice was given to the Clearing System or the holder of the Global Registered Security; and
- (b) to the extent not satisfied by publication in accordance with Condition 19(a)(i) or (ii) (as the case may be), 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.

If any such publications above are not practicable, notice shall be validly given if published in a 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. Regulatory Requirement Amendments**

If the Administrator determines that a Regulatory Requirement Event has occurred, it may notify the Issuer of any modifications that it determines are required to be made to the Conditions and/or any Transaction Document (except for the Authorised Participant Agreement) (such amendments, the "**Regulatory Requirement Amendments**") in order to cause (as applicable):

- (a) the ETC Securities and the transactions contemplated by the Conditions and the Transaction Documents to be compliant with all Relevant Regulatory Laws;
- (b) the Issuer and each Transaction Party to be compliant with all Relevant Regulatory Laws; or
- (c) the Issuer and each Transaction Party to be able to continue to transact future business (as issuer of ETC Securities or as a transaction party to the Issuer pursuant to the Programme) in compliance with all Relevant Regulatory Laws.

The Administrator shall immediately send a copy of any such notice to all Transaction Parties (other than the Authorised Participants).

If the Issuer receives such a notice from the Administrator, it shall, without the consent of the Security Trustee or the ETC Holders, promptly make the Regulatory Requirement Amendments, provided that:

- (i) no Early Redemption Trade Date or Early Redemption Settlement Date has occurred in respect of the ETC Securities;
- (ii) the Regulatory Requirement Amendments will not:
  - (A) amend the date of maturity or redemption of the ETC Securities;
  - (B) reduce or cancel the Redemption Amount, the Nominal Amount or the Specified Interest Amount payable on redemption of the ETC Securities;
  - (C) reduce or cancel the Metal Entitlement or vary the method of, or basis for, calculating the Metal Entitlement (unless such Regulatory Requirement Amendment involves an amendment to the applicable Total Expense Ratio, which shall be permitted);
  - (D) vary any method of, or basis for, calculating the Final Redemption Amount or the Early Redemption Amount;
  - (E) exchange or substitute any of the Underlying Metal; or
  - (F) have a material adverse effect on the validity, legality or enforceability of the Security or on the priority and ranking of the Security;
- (iii) the Regulatory Requirement Amendments are agreed to by each party to the affected Transaction Documents (in each case, such consent not to be unreasonably withheld or delayed) and the Trustee; and
- (iv) the Administrator certifies in writing (such certificate, a "**Regulatory Requirement Amendments Certificate**") to the Trustee that (A) the purpose of the Regulatory Requirement

Amendments is solely as set out in Conditions 20(a) to 20(c) and (B) the Regulatory Requirement Amendments satisfy the requirements of paragraph (ii) above.

The Trustee may rely, without further enquiry and without liability to any person for so doing, on a Regulatory Requirement Amendments Certificate. Upon receipt of a Regulatory Requirement Amendments Certificate, the Trustee shall agree to the Regulatory Requirement Amendments without seeking the consent of the ETC Holders or any other party and concur with the Issuer (at the Issuer's expense) in effecting the Regulatory Requirement Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be required to agree to the Regulatory Requirement Amendments if, in the opinion of the Trustee (acting reasonably), the Regulatory Requirement Amendments would (x) expose the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (y) impose more onerous obligations upon it or expose it to any additional duties or responsibilities or reduce or amend the protective provisions afforded to the Trustee in the Conditions or any Transaction Document of any Series.

None of the Administrator, the Trustee or the Security Trustee shall have any duty to monitor, enquire or satisfy itself as to whether any Regulatory Requirement Event has occurred. The Administrator shall not have any obligation to give, nor any responsibility or liability for giving or not giving, any notice to the Issuer and the Transaction Parties that a Regulatory Requirement Event has occurred.

Any Regulatory Requirement Amendments will be binding on the Issuer, the Transaction Parties and the ETC Holders.

## **21. Clearing Systems**

None of the Issuer nor any Transaction Party will have any responsibility for the performance by the Clearing Systems (or their participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations.

Where the ETC Securities are held in a Clearing System, a reference in these Conditions to a deposit or return of such ETC Securities shall be deemed to refer to the taking of such action by an account holder in the Clearing System as is required to deposit or return such account holder's interest in the ETC Securities in or to the relevant account in the Clearing System.

## **22. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Issue Deed, the Trust Deed, the Irish Law Security Trust Deed, the Agency Agreement and the ETC Securities (including these Conditions and any Global Registered Security), and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of Ireland.

The English Law Security Trust Deed and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, English law.

### **(b) Jurisdiction**

The courts of Ireland 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 parties to the Trust Deed have irrevocably submitted to the jurisdiction of such courts and waived 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, the Security

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Trustee and the ETC Holders 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**

In respect of a Series, each of the Trustee, the Security Trustee, the Custodian and each Metals Counterparty agrees to appoint, on or around the Series Issue Date, a process agent as its agent to receive, for and on its behalf, service of process in any Proceedings in Ireland. The process agent in respect of each such party appointing a process agent shall either (i) be the party specified as its process agent for the Series in the Issue Deed for the first Tranche for such Series or (ii) if no such process agent is specified in such Issue Deed in respect of such party, be notified to the Trustee as soon as reasonably practicable following its appointment. Service of process on any such process agent shall be deemed valid service upon the party appointing such process agent, whether or not it is forwarded to and received by the appointing party. Each party appointing a process agent 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 any such process agent ceases to be able to act as such or no longer has an address in Ireland, each party who has appointed such process agent irrevocably agrees to appoint a substitute process agent in Ireland reasonably acceptable to the Trustee and to deliver to the Trustee a copy of the substitute process agent's written acceptance of that appointment, within 14 calendar days. Each party appointing a process agent irrevocably consents to any process in any Proceedings anywhere being served by mailing a copy by registered post to such process agent. However, nothing in this Condition 22(c) shall affect the right to serve process in any other manner permitted by law.

## **23. Administrator, Registrar and Paying Agents**

- (a) *Administrator, Registrar and Paying Agents solely agents of Issuer:* In acting under the Administration Agreement, the Agency Agreement and/or the Principal Paying Agency Agreement, as the case may be, in connection with the ETC Securities, the Administrator, the Registrar and the Paying Agents respectively act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any fiduciary duties or any obligations towards or relationship of agency or trust for or with any of the ETC Holders.
- (b) *Administrator, Registrar and Paying Agents:* The Specified Offices of the Administrator, the Registrar, and the Paying Agents are set out below.

The Administrator is Apex Fund Services (Ireland) Limited and its Specified Office is 2<sup>nd</sup> Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767, Ireland.

The Registrar is The Bank of New York Mellon, SA/NV and its Specified Office is at Vertigo Building, Polaris, 2-4 rue Eugene Ruppert, L-2453 Luxembourg.

The Principal Paying Agent is The Bank of New York Mellon, London Branch and its Specified Office is at One Canada Square, London E14 5AL.

Subject to Condition 11(f) (Appointment of Agents), the Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of the Administrator, the Registrar or any Paying Agent (having given the requisite period of notice) and to appoint a successor administrator, registrar or principal paying agent and additional or successor paying agents at any time. Notice of any change in the Administrator, the Registrar or any Paying Agent, or in any of their Specified Offices, shall promptly be given to the ETC Holders in accordance with the Notices Condition.

- (c) *Maintenance of Registrar and Paying Agents:* The Issuer shall at all times maintain:

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- (a) a Registrar; and
- (b) for so long as the ETC Securities are listed on any stock exchange or admitted to trading by any other relevant authority, a paying agent with a Specified Office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

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## **DESCRIPTION OF TRANSACTION DOCUMENTS**

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*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 this 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 the Conditions.*

### **Trust Deed**

The Trust Deed relating to a Series will be entered into as a deed by the Issuer, the Trustee, the Administrator and each other party thereto upon the execution of the Issue Deed. The Issue Deed will incorporate and may amend and/or supplement the Master Trust Terms. The Trust Deed for a Series contains the provisions setting out the various obligations of the Issuer and the Trustee with respect to such Series. Each Trust Deed and any non-contractual obligations arising out of or in connection with them will be governed by and construed in accordance with the laws of Ireland.

The 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 such 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 may retire upon giving not less than 90 calendar days' prior written notice to the Issuer, and the ETC Holders 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 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 90 calendar day notice period, the Trustee will have the power to appoint a new Trustee (provided that such new Trustee shall be a trust corporation of recognised international standing).

### **Irish Law Security Trust Deed**

In respect of each Series, by executing the relevant Issue Deed, the Issuer and the Security Trustee will be deemed to have entered into an Irish Law Security Trust Deed governed by the laws of Ireland on the terms set out in the Master Irish Law Security Trust Terms as amended or supplemented by such Issue Deed. The Irish Law Security in respect of a Series is constituted pursuant to the Irish Law Security Trust Deed relating to such Series and the Irish Law Security Trust Deed will set out, *inter alia*, provisions relating to the creation and enforcement of the Irish Law Security, the appointment of receivers, the rights of the Security Trustee in relation to the Irish Law Secured Property and provisions relating to the application of the net proceeds derived from the realisation of the Irish Law Secured Property (whether by way of liquidation or enforcement).

The Irish Law Security Trust Deed and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, Irish law.

**English Law Security Trust Deed**

In respect of each Series, by executing the relevant Issue Deed, the Issuer and the Security Trustee will be deemed to have entered into an English Law Security Trust Deed governed by the laws of England and Wales on the terms set out in the Master English Law Security Trust Terms as amended or supplemented by such Issue Deed. The English Law Security in respect of a Series is constituted pursuant to the English Law Security Trust Deed relating to such Series and the English Law Security Trust Deed will set out, *inter alia*, provisions relating to the creation and enforcement of the English Law Security, the appointment of receivers, the rights of the Security Trustee in relation to the English Law Secured Property and provisions relating to the application of the net proceeds derived from the realisation of the English Law Secured Property (whether by way of liquidation or enforcement).

The English Law Security Trust Deed and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, English law.

**Administration Agreement**

By executing the relevant Issue Deed, the Issuer, the Administrator, the Trustee and the Security Trustee will be deemed to have entered into an Irish law governed Administration Agreement relating to the provision of administration services by the Administrator in respect of the relevant Series on the Master Administration Terms, as amended and/or supplemented by such Issue Deed. Any amendments to the terms of the Administration Agreement will not be effective unless all parties have agreed in writing to such amendments, save that the Administrator is entitled to amend the terms of the Administration Agreement unilaterally by prior notice if required to comply with any applicable law, court order or directive.

The Administration Agreement sets out the duties, rights and obligations of the Administrator in relation to the relevant Series and the basis for its liability, remuneration and indemnification. It also sets out the basis for the appointment, resignation and termination of the Administrator.

Under the Administration Agreement, the Issuer appoints the Administrator to act on behalf of the Issuer under the Conditions and the relevant Transaction Documents. The Administration Agreement sets out, among other things, the obligation for the Administrator to calculate the Operational Fee payable by the Issuer for the account of each Series, to liaise with the relevant Metals Counterparty to sell TER Metal on a periodic basis and to instruct payment of the proceeds of such TER Metal Sales, less any permitted deductions, from the Issuer Cash Account to the Arranger.

The Administration Agreement provides that in the absence of gross negligence, recklessness, fraud, bad faith, wilful misconduct on its part or that of its officers, directors, members, shareholders, employees, Affiliates or agents, or any of their successors and assigns, the Administrator will not be liable for any loss arising out of or in connection with the performance of its obligations and duties under the Administration Agreement.

The Issuer is required under the terms of the Administration Agreement to indemnify the Administrator and hold it harmless from and against all liabilities, damages, costs, claims and expenses (including and without limitation reasonable legal fees) incurred by the Administrator in the performance of any of its obligations or duties under the Administration Agreement (including, without limitation, complying with instructions given to the Administrator by or on behalf of the Issuer), save where such liabilities, damages, costs, claims and expenses arise from loss resulting directly from negligence or wilful misconduct, recklessness, bad faith, fraud or material breach of the Administration Agreement on the part of the Administrator or any of its officers, employees, agents or delegates.

The Issuer may vary or terminate the appointment of the Administrator at any time with respect to a Series on giving the Administrator not less than 90 calendar days' prior notice. Notwithstanding the foregoing, the Issuer may, at any time, terminate the appointment of the Administrator with immediate effect if:

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- (i) the Administrator commits any material breach of its obligations under the Administration Agreement which, if capable of remedy, has not been remedied within 15 calendar days of it becoming aware of, or its receiving notice of, such breach; or
- (ii) the Administrator commits any breach of its obligations under the Administration Agreement which, if capable of remedy, has not been remedied within 30 calendar days of it becoming aware of, or its receiving notice of, such breach.

Furthermore, the appointment of the Administrator will automatically terminate with immediate effect if:

- (i) the Administrator becomes incapable of acting;
- (ii) the Administrator is dissolved (other than pursuant to a consolidation, amalgamation or merger); or
- (iii) the Administrator is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy or fails to defend against an involuntary petition filed against it, makes a general assignment, arrangement or composition with or for the benefit of its creditors, consents to the appointment of a liquidator, receiver or administrator or any such official is appointed, or is subject to a resolution or court order made for its winding-up.

The Administrator may resign its appointment with respect to a Series at any time without giving any reason and without being liable for any costs of the Issuer by giving at least 90 calendar days' prior notice to the Issuer and the Transaction Parties, which notice shall expire at least 90 calendar days before the Final Redemption Valuation Date in respect of any affected Series.

In addition, the Administrator may terminate the Administration Agreement with immediate effect where:

- (i) no ETC Securities have been issued during the period of one year following the date of the Administration Agreement;
- (ii) all the ETC Securities are redeemed and all redemption proceeds due thereon are paid or are deemed to be no longer payable; or
- (iii) if the continued performance of the Administration Agreement for any reason ceases to be lawful.

No resignation of the Administrator will take effect until a replacement Administrator (of similar standing to the resigning Administrator) has been appointed, provided that if the Issuer fails within 45 calendar days of receiving the notice of resignation to appoint a successor, the resigning Administrator shall be entitled to nominate an entity for that role and provided such entity is acceptable to the Issuer and the Trustee, the Issuer will appoint such entity as successor Administrator. The Administrator's resignation shall become effective on the day a successor is appointed or, if earlier, 45 calendar days after the Administrator has nominated a successor Administrator, or, where applicable, on the latest date on which the Issuer is meant to appoint a successor Administrator in accordance with the previous sentence if it fails to do so.

The Administrator does not act as guarantor of the ETC Securities. Moreover, the Administrator is not responsible for the making of any trading or investment decisions on behalf of the Issuer, or the effect of any such decisions on the performance of the Issuer.

The Administration Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, Irish law.

## **Custody Agreement**

By executing the relevant Issue Deed, the Issuer, the Administrator, the Custodian and the Trustee will be deemed to have entered into an Irish law governed Custody Agreement relating to the Off-Warrant Accounts

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(as applicable) in respect of the relevant Series on the Master Custody Terms as amended and/or supplemented by such Issue Deed.

The Custody Agreement sets out the duties, rights and obligations of the Custodian in relation to the relevant Series including, among other things:

- (i) providing for the custody and safekeeping of the Metal owned by the Issuer which the Issuer requests, and which the Custodian agrees, to hold for the Issuer on an off warrant (in the case of a Series of ETC Securities backed by one or more Base Metals) on the terms of the Custody Agreement;
  - (ii) the obligation to open and maintain in its books and records segregated metal custody accounts in the Issuer's name in respect of the Metal held for the account of each Series of ETC Securities;
  - (iii) the obligation to procure that there is opened and maintained with one or more Primary Sub-Custodian(s) or other Sub-Custodian(s) one or more segregated off warrant metal storage accounts (in the case of Base Metals) in the Custodian's name on behalf of the Issuer in respect of the Metal held for the account of the Issuer;
  - (iv) providing for the custody and safekeeping of any Bills of Lading or LME Warrants delivered to the Custodian on behalf of the Issuer in connection with Subscriptions of ETC Securities backed by one or more Base Metals, maintaining appropriate records with respect to the holding of such Bills of Lading or LME Warrants by the Custodian on behalf of the Issuer, procuring that such Bills of Lading and such LME Warrants are held by a Primary Sub-Custodian, in each case for the Custodian on behalf of the Issuer for the account of the relevant Series;
- and
- (v) the obligation to facilitate or procure the facilitation by the relevant Primary Sub-Custodian or other Sub-Custodian(s) of certain deposits of Metal into, and withdrawals of Metal out of, the Off-Warrant Accounts (as applicable) of the Issuer in respect of each Series,

all in accordance with the terms of the Custody Agreement.

The terms of the Custody Agreement provide that, subject to compliance with certain conditions, the Custodian may appoint (i) the Primary Sub-Custodians, pursuant to the Primary Sub-Custody Agreements; and (ii) any other Sub-Custodian(s) selected by the Custodian with the agreement of the Issuer, pursuant to the related Sub-Custody Agreement, in each case to perform certain obligations of the Custodian in accordance with the Custody Agreement, including, without limitation, the temporary or ongoing custody and safekeeping of Metal, in the case of Base Metals, pursuant to off-warrant metal storage agreements in the LME Approved Warehouse premises of the Primary Sub-Custodian(s) or such other Sub-Custodian(s) located in The Netherlands or such other location approved by the Issuer.

Any appointment by the Custodian of an additional Sub-Custodian or approval by the Issuer of a LME Approved Warehouse location outside of The Netherlands (in the case of Base Metals) for the custody and safekeeping of Metal will be notified to ETC Holders in accordance with Condition 19 (*Notices*).

The Custody Agreement provides that the Primary Sub-Custodians and any Sub-Custodians appointed by the Custodian (with the consent of the Issuer) may select further sub-custodians, whether for the temporary custody and safekeeping of the Metal until such Metal is transported to the Switzerland or London vault premises or The Netherlands LME Approved Warehouse (as the case may be) of the Primary Sub-Custodian or other approved Sub-Custodian or on an ongoing basis.

### **Standard of Care**

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The Custodian is required to use all reasonable care in the performance of its duties. In particular, in respect of each Off-Warrant Account of the Issuer, the Custodian must ensure that it:

- (i) segregates in its books and records the Metal (including any LME Warrants or Bills of Lading representing Metal) held on behalf of the Issuer in respect of the relevant Series from Metal held in respect of any other Series and from Metal the Custodian owns or holds on behalf of the Custodian's other clients;
- (ii) identifies in its books that the title to any Metal deposited into such Off-Warrant Account (as applicable)(including any related Warehouse Releases for such Metal) or to any Metal represented by an LME Warrant or Bill of Lading held by the Custodian belongs to the Issuer;
- (iii) ensures that any Metal deposited into such Off-Warrant Account (as applicable) will remain in the LME Approved Warehouse of the Primary Sub-Custodians or of one or more Sub-Custodians in The Netherlands (in the case of Base Metals) or, in each case, such other location as agreed with the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*);
- (iv) ensures that any Warehouse Releases representing Metal owned by the Issuer are held by the Custodian or by a Primary Sub-Custodian on behalf of the Issuer for the account of the relevant Series, that any Bills of Lading representing Metal owned by the Issuer and any LME Warrants owned by the Issuer are held by a Primary Sub-Custodian, in each case for the Custodian on behalf of the Issuer for the account of the relevant Series; and
- (v) acknowledges the Security granted by the Issuer in favour of the Security Trustee pursuant to the Irish Law Security Trust Deed and that all Underlying Metal held by it from time to time in the Off-Warrant Account(s) is held by it on trust for the benefit of the Issuer.

The Custody Agreement also requires the Custodian to use all reasonable care in the selection of the Primary Sub-Custodians and any Sub-Custodian. In particular, the Custodian must, in relation to each Primary Sub-Custodian and any Sub-Custodian appointed by it:

- (a) use reasonable commercial efforts to obtain the agreement of each such Primary Sub-Custodian or Sub-Custodian to physically segregate the Metal (in the case of Base Metal, to the extent reasonably practicable) comprising the Account Balance of each Off-Warrant Account from any Metal which it owns or holds for its other clients and from Metal of any other type held by it for the Custodian on behalf of the Issuer and to make appropriate entries in its books and records reflecting and giving effect to such segregation;
- (b) require each such Primary Sub-Custodian and, where practicable, each such Sub-Custodian to identify in its books that any Metal deposited into such Off-Warrant Account (including any Warehouse Release, LME Warrant or Bill of Lading) is held by it for the Custodian;
- (c) require each such Primary Sub-Custodian and, where practicable, each such Sub-Custodian to ensure that any Metal deposited into such Off-Warrant Account will remain in the LME Approved Warehouse of the relevant Primary Sub-Custodian or of a Sub-Custodian in The Netherlands (in the case of Base Metals) or, in each case, such other location as agreed with the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*);  
and
- (d) use reasonable commercial efforts to obtain the agreement of the relevant Primary Sub-Custodian or Sub-Custodian to acknowledge the Security interests granted by the Issuer in favour of the Security Trustee pursuant to the Irish Law Security Trust Deed.

**Liability of the Custodian in respect of Primary Sub-Custodians and Sub-Custodians**

The terms of the Custody Agreement provide that the Custodian shall only be liable to the Issuer for any loss suffered as a result of any act, omission or insolvency of a Primary Sub-Custodian or any Sub-Custodian in situations where the Custodian has acted negligently or in bad faith in appointing or monitoring the relevant Primary Sub-Custodian or Sub-Custodian. The agreement of the Issuer to the appointment of any Primary Sub-Custodian or other Sub-Custodian shall not be considered evidence of a lack of negligence or bad faith on the part of the Custodian in making such appointment.

**Insurance**

The terms of the Custody Agreement provide that the Custodian shall, and will require that each Primary Sub-Custodian and any Sub-Custodian appointed by it shall, maintain such insurance in regard to its business, including the Metal and custody business, on such terms and conditions as it considers appropriate.

**Monitoring of the performance of the Custodian**

The Custodian is required to permit the Issuer (or its representatives) to visit the premises of the Custodian at least bi-annually for the purpose of examining the books and records maintained by the Custodian with respect to the Off-Warrant Accounts, any Bills of Lading or LME Warrants held by the Custodian on behalf of the Issuer. Under the Custody Agreement, this right is subject only to reasonable prior notice being given to the Custodian.

In addition, the Custodian is required to provide periodic reports to the Issuer and the Administrator with respect to the Off-Warrant Accounts (including the balance, deposits and withdrawals to and from each account over the relevant period and a list of the aggregate weight of the physical Lots of Base Metal comprising the balance of each Off-Warrant Account and the location(s) at which the Metal comprising the Account Balance is held (the “**Lot List**”) and the related Warehouse Releases held by the Custodian on behalf of the Issuer). The Custodian shall also provide periodic reports to the Issuer and the Administrator regarding any LME Warrants and any Bills of Lading held by a Primary Sub-Custodian on behalf of the Issuer, including details as to the underlying Base Metal represented by each such LME Warrant or Bill of Lading, by reference to the quantity of such Metal and the specific LME Lots or specific Lots evidenced thereby (identified by their respective lot and/or bundle numbers or other distinguishing characteristic), the aggregate weight of such specific LME Lots or specific Lots shall also be included on the Lot List.

The Custodian is also required under the Custody Agreement to provide copies of its books and records relating to the Off-Warrant Accounts (including any Warehouse Releases held by it on behalf of the Issuer), as well as any Bills of Lading or LME Warrants held with a Primary Sub-Custodian on behalf of the Custodian to the Issuer and the Administrator at any time upon request.

The Custodian’s books and records are required to be reconciled each day with the information received from the Primary Sub-Custodians and any other Sub-Custodians to ensure that they accurately reflect the holdings of the specific quantities of Base Metal held for the Issuer or lot and/or bundle numbers or other identifying characteristic (in the case of Base Metals) or other distinguishing characteristic) within the vaults or LME Approved Warehouses of the relevant Primary Sub-Custodian(s) and/or Sub-Custodian(s) or represented by Bills of Lading or LME Warrants held with a Primary Sub-Custodian at the close of business on each day.

The Custodian will also provide the Issuer and the Administrator with the updated Bar List or Lot List (as applicable) for each Series of ETC Securities each Zurich Business Day, which updated list is also published by the Administrator on the Issuer’s website at [www.elementummetals.com](http://www.elementummetals.com).

**Metal Audit**

The Custody Agreement requires the Custodian to ensure that the Underlying Metal held in the Off-Warrant Accounts will be audited twice a year by an independent metal audit firm.

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The first audit takes place at the start of each year of the Metal held at the end of the previous year and then a second audit is carried out at random throughout the year. The Custodian is also required to ensure that the provisions of each Primary Sub-Custody Agreement include an undertaking of each Primary Sub-Custodian to permit access by the Custodian and the Metal auditor to the vaults or LME Approved Warehouse (as applicable) of such Primary Sub-Custodian for the purpose of inspecting the Metal. In addition, each Primary Sub-Custodian is required, in relation to any LME Warrants held by it for the Custodian on behalf of the Issuer, to permit the Custodian, the Issuer, the Administrator and their identified representatives, independent public accountants and auditors access to its premises, upon reasonable notice during normal business hours, to examine such records relating to such LME Warrants as they may reasonably require.

### **Terms of Appointment**

The terms of the Custody Agreement also set out the basis for the remuneration and indemnification of the Custodian in respect of its duties.

The Custody Agreement sets out the conditions for the appointment, resignation (upon at least 120 calendar days' prior notice to the Issuer, the Trustee and the Principal Paying Agent, provided such notice expires at least 90 calendar days before the Final Redemption Valuation Date of each Series of ETC Securities) and termination of the appointment of the Custodian.

The Custodian's appointment may be terminated by the Issuer upon at least 60 calendar days' prior notice, provided such notice expires at least 90 calendar days before the Final Redemption Valuation Date of each Series of ETC Securities and such appointment shall be terminated immediately by operation of the Custody Agreement upon: (i) the Custodian becoming incapable of acting, (ii) the Custodian being dissolved (other than pursuant to a consolidation, amalgamation or merger), or (iii) the Custodian being adjudged bankrupt or insolvent, filing a voluntary petition in bankruptcy or failing to defend against an involuntary petition filed against it, making a general assignment, arrangement or composition with or for the benefit of its creditors, consenting to the appointment of a liquidator, receiver or administrator or any such official being appointed, or being subject to a resolution or court order made for its winding-up).

The Custody Agreement may also be terminated immediately by the Custodian in the event that the Issuer commits an act of fraud, wilful misconduct or bad faith; if the Issuer becomes insolvent, or makes an assignment for the benefit of creditors, or a petition in bankruptcy (or analogous proceeding in any jurisdiction) is filed by or against the Issuer and is not discharged within thirty (30) days, or proceedings for the appointment of a receiver for the Issuer are commenced and not discontinued within thirty (30) days.

The terms of the Custody Agreement provide that no resignation of the Custodian nor any termination of the Custodian's appointment (other than an automatic and immediate termination by operation of the Custody Agreement) by the Issuer shall take effect until a new Custodian has been appointed, but, in the case of a resignation only, if no such appointment has been made within 90 calendar days of the relevant resignation notice being given, a successor nominated by the Custodian will be appointed as a replacement within 30 calendar days of such nomination, provided it can fulfil the duties of the Custodian under the Custody Agreement and is acceptable to the Issuer, the Administrator and the Trustee.

The terms of the Custody Agreement provide that the Custodian shall not be liable to the Issuer for any delay in performance, or for the non-performance, of any of its obligations under the Custody Agreement by reason of any external, irresistible or unforeseeable cause beyond the Custodian's reasonable control, including breakdown, malfunction or failure of, or in connection with, any communication, computer, transmission, clearing or settlement facilities, industrial action, acts and regulations of any governmental or supra national bodies or authorities, or the rules of any relevant regulatory or self-regulatory organisation.

The Custody Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, Irish law.

### **Primary Sub-Custody Agreements**

Separate bilateral Primary Sub-Custody Agreements between the Custodian and each Primary Sub-Custodian govern the Off-Warrant Accounts (Primary Sub-Custodian) to be maintained by each Primary Sub-Custodian in the name of the Custodian in connection with the Programme.

Each Primary Sub-Custody Agreement provides for the appointment and sets out the duties of the relevant Primary Sub-Custodian, including, among other things:

- (i) the obligation to open and maintain one or more segregated segregated metal accounts (in the case of ETC Securities backed by one or more Base Metals) in the Custodian's name (and operated by the Custodian on behalf of the Issuer) in respect of the Metal which the Custodian requests, and which such Primary Sub-Custodian agrees, to hold for the Custodian on behalf of the Issuer on off warrant (in the case of Base Metals) and to provide for the safe custody of any Warehouse Releases in respect of Base Metals held by the Primary Sub-Custodian in an account with a Sub-Custodian, all on the terms of the Primary Sub-Custody Agreement; and
- (ii) the obligation to facilitate certain deposits of Metal into, and withdrawals of Metal out of, each Off-Warrant Account (Primary Sub-Custodian) (as applicable) in accordance with the terms of the Primary Sub-Custody Agreement.

Each Primary Sub-Custody Agreement with a Primary Sub-Custodian holding LME Warrants for the Issuer is required to contain additional provisions in relation to any LME Warrants held by such Primary Sub-Custodian for the Custodian on behalf of the Issuer from time to time in connection with Subscriptions of ETC Securities backed by Base Metals. Such provisions shall require the relevant Primary Sub-Custodian to hold such LME Warrants in a dedicated LME clearing and warrant sub-account for the Custodian on behalf of the Issuer, until such time as such LME Warrants can be exchanged for physical Lots of Metal, whether in transit evidenced by a Bill of Lading or deposited to an Off-Warrant Account for the Issuer at the LME Approved Warehouse of a Primary Sub-Custodian or other Sub-Custodian and Warehouse Releases are issued in respect of such Metal. In addition, the relevant Primary Sub-Custodian shall agree, in relation to any LME Warrants held by it for the Custodian on behalf of the Issuer, to permit the Custodian, the Issuer, the Administrator and their identified representatives, independent public accountants and auditors access to its premises, upon reasonable notice during normal business hours, to examine such records relating to such LME Warrants as they may reasonably require.

Each Primary Sub-Custodian is required to clearly segregate in its records such Warehouse Releases and any LME Warrants held by it for the Custodian on behalf of the Issuer from any other assets owned by it or held by it on behalf of its other clients.

### **Appointment of further Sub-Custodians**

The terms of each Primary Sub-Custody Agreement provide that the Primary Sub-Custodian may appoint any other Sub-Custodian (which may be another Primary Sub-Custodian) selected by the Primary Sub-Custodian with the agreement of the Custodian (with the consent of the Issuer) and notified to the ETC Holders of the relevant Series in accordance with Condition 19 (*Notices*) for (i) the temporary custody and safekeeping of a specified quantity of Metal until such Metal is transported to the Switzerland or London vault premises of the Primary Sub-Custodian (or to the LME Approved Warehouse of such Primary Sub-Custodian in The Netherlands (as applicable) or (ii) the custody and safekeeping of Metal on an ongoing basis pursuant to a Sub-Custody Agreement with such Sub-Custodian.

### **Standard of Care**

Each Primary Sub-Custody Agreement will provide, among other things, that the relevant Primary Sub-Custodian will use all reasonable care in the performance of its duties (including the selection of any Sub-

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Custodians) and will ensure that it will, and will request that any Sub-Custodian appointed by it will, in respect of each Off-Warrant Account (as applicable):

- (a) segregate (physically and/or by way of appropriate entries in its books and records) the Metal held in such Off-Warrant Account from any Metal which the relevant Primary Sub-Custodian or Sub-Custodian owns or holds on behalf of the Primary Sub-Custodian's or Sub-Custodian's other clients;
- (b) identify in its books that the Metal deposited into such Off-Warrant Account is held by it for the Custodian (or Primary Sub-Custodian, as applicable); and
- (c) ensure that any Metal deposited into such Off-Warrant Account will remain in the LME Approved Warehouse of such Primary Sub-Custodian or Sub-Custodian in The Netherlands (in the case of Base Metals) or in such other location as agreed with the Custodian (with the consent of the Issuer) and notified to the ETC Holders in accordance with Condition 19 (*Notices*).

The terms of each Primary Sub-Custody Agreement will provide that the relevant Primary Sub-Custodian shall only be liable for any loss suffered as a result of any act, omission or insolvency of any Sub-Custodian in situations where such Primary Sub-Custodian has acted negligently or in bad faith in appointing that Sub-Custodian. The agreement of the Issuer to the appointment of any Sub-Custodian shall not be considered evidence of a lack of negligence or bad faith on the part of the Primary Sub-Custodian in making such appointment.

### **Terms of Appointment**

The terms of each Primary Sub-Custody Agreement will also set out the basis for the remuneration and indemnification of the relevant Primary Sub-Custodian in respect of its duties.

Each Primary Sub-Custody Agreement will set out the conditions for the appointment, resignation and termination of the appointment of the relevant Primary Sub-Custodian, whether by the Custodian or the Primary Sub-Custodian upon giving the prescribed notice (90 days) or on shorter notice or immediately by operation of the relevant Primary Sub-Custody Agreement upon: (i) a material breach, misconduct or fraud by either party to the Agreement; (ii) either party becoming incapable of acting, (ii) either party being dissolved (other than pursuant to a consolidation, amalgamation or merger), or (iii) either party being adjudged bankrupt or insolvent, filing a voluntary petition in bankruptcy or failing to defend against an involuntary petition filed against it, making a general assignment, arrangement or composition with or for the benefit of its creditors, consenting to the appointment of a liquidator, receiver or administrator or any such official being appointed, or being subject to a resolution or court order made for its winding-up).

The terms of each Primary Sub-Custody Agreement will provide that the Primary Sub-Custodian shall and shall require that any Sub-Custodian appointed by it shall maintain such insurance in regard to its business, including the Metal custody business, on such terms and conditions as it considers appropriate.

Each Primary Sub-Custody Agreement requires the relevant Primary Sub-Custodian to permit, at the Custodian's request, and to comply and assist with any arrangements for the Underlying Metal held in the Off-Warrant Accounts to be audited twice a year by an independent metal audit firm.

In the case of Base Metals, the metal auditor will inspect the Metal held in the Off-Warrant Accounts to ensure that it matches in all respects the Lot List disclosed as being held for the Issuer.

The first audit takes place at the start of each year of the Metal held at the end of the previous year and then a second audit is carried out at random throughout the year.

The terms of each Primary Sub-Custody Agreement provide that the Primary Sub-Custodian shall not be liable to the Custodian or any other Transaction Party for any delay in performance, or for the non-performance, of any of its obligations under the Primary Sub-Custody Agreement by reason of any external, irresistible or

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unforeseeable cause beyond the Primary Sub-Custodian's reasonable control, including breakdown, malfunction or failure of, or in connection with, any communication, computer, transmission, clearing or settlement facilities, industrial action, acts and regulations of any governmental or supra national bodies or authorities, or the rules of any relevant regulatory or self-regulatory organisation.

Any Primary Sub-Custody Agreement or Sub-Custody Agreement between the Custodian or any Primary Sub-Custodian and Metaal Transport and any non-contractual obligations arising out of or in connection with any such agreement will be governed by, and construed in accordance with, Netherlands law.

### **Authorised Participant Agreements**

In relation to each Series, the Issuer will have entered into an Irish law governed Authorised Participant Agreement with one or more Authorised Participants, as such agreement may be amended, supplemented, novated or replaced from time to time. Each Authorised Participant Agreement sets out the provisions relating to the subscription by each Authorised Participant of ETC Securities of the relevant Series and buy-back of ETC Securities of such Series by the Issuer. Each 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, on the Series Issue Date, the Issuer agrees to issue, and the Authorised Participant agrees to subscribe and pay for, the number of ETC Securities as separately agreed between the Issuer and the Authorised Participant.

The Authorised Participant shall:

- (i) in respect of each Single Metal ETC Security it is subscribing for on a Series Issue Date, procure the delivery by a Metals Counterparty (in accordance with the Administrator's instructions upon acceptance of the related Subscription Order) of an amount of physical Metal to the Issuer's Off-Warrant Account in respect of the relevant Series (or, in the case of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants representing such amount of Metal to the Custodian to be held on behalf of the Issuer in respect of such Series) equal to the Initial Metal Entitlement of such ETC Security as of the Series Issue Date as specified in the relevant Final Terms; or
- (ii) in the case of each Basket ETC Security it is subscribing for on a Series Issue Date, procure the delivery by a Metals Counterparty (in accordance with the Administrator's instructions upon acceptance of the related Subscription Order) of a quantity of physical Bars and/or physical Lots (as applicable) of each type of Base Metal or Component included in the relevant Reference Index (or, in the case of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants representing such amount of Metal to the Custodian to be held on behalf of the Issuer in respect of such Series) together representing a quantity of Baskets equal to the Initial Metal Entitlement of such Basket ETC Security to the Off-Warrant Account(s) of the Issuer and (iii) in respect of all such ETC Securities it is subscribing for, pay to the Issuer Cash Account an amount equal to the Subscription Fee, in each case, by such time as separately agreed between the parties.

The Issuer will not issue ETC Securities to the Authorised Participant until such Metal has been received into such Off-Warrant Account(s) or, in the case of a Series of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants for such quantity of Metal has been delivered to the Custodian to be held for the Issuer for the account of such Series.

In connection with a Subscription Order relating to further Tranches of the Series, the Authorised Participant agrees to procure the delivery by a Metals Counterparty (in accordance with the Administrator's instructions upon acceptance of the related Subscription Order) of:

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- (j) in respect of each Single Metal ETC Security being issued, an amount of Metal to the Issuer's Off-Warrant Account (as applicable) in respect of such Series (or, in the case of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants representing such amount of Metal to the Custodian to be held on behalf of the Issuer in respect of such Series) equal to the Metal Entitlement of such ETC Security as of the relevant Subscription Trade Date as specified in the relevant Final Terms; or
- (ii) in respect of each Basket ETC Security being issued, a quantity of physical Bars and/or physical Lots (as applicable) of each type of Base Metal or Component included in the relevant Reference Index (or, in the case of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants representing such amount of Metal to the Custodian to be held on behalf of the Issuer in respect of such Series) together representing a quantity of Baskets equal to the Metal Entitlement of such Basket ETC Security to be issued as of the Subscription Trade Date, as specified in the relevant Final Terms;

and, in respect of all such ETC Securities being issued, pay to the Issuer Cash Account an amount equal to the Subscription Fee, by such time as separately agreed between the parties.

The Issuer will not issue ETC Securities to the Authorised Participant until such Metal has been received in the Off-Warrant Account(s) (as applicable) for the Series or, in the case of a Series of ETC Securities backed by a Base Metal, a Bill of Lading or LME Warrants for such quantity of Metal has been delivered to the Custodian to be held for the Issuer.

The terms of the Metals Counterparty Agreement(s) require each Metals Counterparty to use its best efforts to procure the delivery of such Metal (or Bill of Lading or LME Warrants, as the case may be) before the end of the Subscription Settlement Date. It is possible, however, that despite using its best efforts, the relevant Metals Counterparty may be unable to procure the delivery of the relevant Metal (or Bill of Lading or LME Warrants) before the end of the Subscription Settlement Date. If this occurs, the Metals Counterparty will then be required to procure the transfer of the Metal to the relevant Off-Warrant Account (or Bill of Lading or LME Warrants to the Custodian, as applicable) by no later than 10:00 London time on the next following Business Day. If the Metals Counterparty fails to procure the delivery of such Metal, Bill of Lading or LME Warrants to the Issuer by that time, the Administrator shall notify the Authorised Participant and, unless otherwise agreed by the Administrator on behalf of the Issuer and the Authorised Participant, the Administrator shall liaise with the Metals Counterparty to attempt to settle the Subscription Order on each subsequent Business Day following the Subscription Settlement Date, with each such subsequent day deemed to be the Subscription Settlement Date in respect of such Subscription Order.

In the event that the Administrator and the Metals Counterparty are unable to settle the Subscription Order and do not reasonably expect to be able to settle the Subscription Order in the foreseeable future, the Subscription Order may be cancelled, subject to the agreement of the Authorised Participant and the Administrator on behalf of the Issuer, each acting in good faith and in a commercially reasonable manner.

In the event of any such cancellation, any portion of the Subscription Settlement Amount which has been delivered to the relevant Off-Warrant Account(s) of the Issuer (or to the Custodian, in the case of a Bill of Lading or LME Warrant) shall be applied in payment of the Subscription for such number of ETC Securities as may be settled by such portion of the Subscription Settlement Amount (a "**Partial Subscription ETC Securities**") and the Partial Subscription of ETC Securities shall settle on the date on which the Subscription Order has been cancelled. No ETC Securities will be issued to the Authorised Participant in respect of the cancelled portion of the Subscription Order.

Any excess Metal (or Bill of Lading or LME Warrants) received by the Issuer and not applied to a Partial Subscription of ETC Securities shall be returned by the Issuer to the Authorised Participant. Pursuant to the Metals Counterparty Agreement, in the event of any full or partial cancellation of a Subscription Order, any cash or Metal delivered by the Authorised Participant to the Metals Counterparty or to its order and not applied to the acquisition of Metal (or a Bill of Lading or LME Warrants) which has been delivered to the Issuer shall also be returned by the Metals Counterparty to the Authorised Participant.

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None of the Trustee, the Security Trustee nor the Issuer shall be responsible or liable to an Authorised Participant for any failure by the relevant Metals Counterparty to procure the delivery of the relevant Metal (or Bill of Lading or LME Warrants, as the case may be) to the Issuer or to the Custodian on the Issuer's behalf nor for any failure of the relevant Metals Counterparty to return any cash or Metal to the Authorised Participant. In the event the Metals Counterparty fails to procure the delivery of any such Metal (or Bill of Lading or LME Warrants) to the Issuer or to the Custodian on the Issuer's behalf, the Issuer shall, if requested by the Authorised Participant and if reasonably practicable, assign to the Authorised Participant its rights against the Metals Counterparty to require the Metals Counterparty to procure the delivery of the Metal (or Bill of Lading or LME Warrants) in respect of the related Subscription Order to the Issuer or to return the cash or Metal delivered by the Authorised Participant in respect of such Subscription to the Authorised Participant.

In connection with a Buy-Back Order relating to ETC Securities of any Series, the Authorised Participant agrees to (i) deliver to the Principal Paying Agent (on behalf of the Issuer) the relevant ETC Securities subject to such Buy-Back Order and (ii) pay to the Issuer Cash Account an amount equal to the applicable Buy-Back Fee and the applicable Metals Counterparty Fee, in each case on the desired Buy-Back Trade Date or as otherwise agreed between the Issuer and the Authorised Participant. In return, the Issuer will instruct the relevant Metals Counterparty to procure delivery to the specified Metal Account or Cash Account (as applicable) of the Authorised Participant in respect of each ETC Security being bought back:

- (i) in the case of a Buy-Back of Single Metal ETC Securities backed by a Base Metal, (at the Issuer's option) either an amount in USD or LME Warrants for a quantity of Metal, in each case equal to the Metal Entitlement and on the basis of the relevant Metal Reference Price as at the Buy-Back Trade Date; or
- (ii) in the case of a Buy-Back of Basket ETC Securities, an amount in USD for a quantity of Baskets equal to the Metal Entitlement as determined by the Administrator on the basis of the level of the relevant Reference Index as at the Buy-Back Trade Date.

Where, in connection with a Buy-Back of Single Metal ETC Securities backed by Base Metal, the amount of Base Metal due to be delivered to the Authorised Participant is not equal to a whole number of LME Warrants for the relevant Base Metal, the Metals Counterparty will round down the number of LME Warrants to be delivered to the nearest whole number and determine the balance due to the Authorised Participant in USD on the basis of the relevant Metal Reference Price as of the Buy-Back Trade Date and pay such amount to the specified Cash Account of the Authorised Participant.

None of the Trustee, the Security Trustee nor the Issuer shall be responsible or liable to an Authorised Participant for any failure by the relevant Metals Counterparty to procure the delivery of the relevant Metal, cash or LME Warrants to the Authorised Participant. In the event the Metals Counterparty fails to procure the delivery of any such Metal, cash or LME Warrants to the Authorised Participant, the Issuer shall, if requested by the Authorised Participant and if reasonably practicable, assign to the Authorised Participant its rights against the Metals Counterparty in respect of the Metal.

From the time at which the Metals Counterparty receives delivery of any Metal from the relevant Off-Warrant Account(s) of the Issuer, until such time as the Metals Counterparty effects delivery of such Metal, cash or LME Warrants to the Authorised Participant in accordance with the Issuer's instructions, the Metals Counterparty is required to hold such Metal, cash or LME Warrants on trust for the Issuer and to reflect in its books and records the segregation of such Metal, cash or LME Warrants from other Metal, cash or LME Warrants held by it, so that the assets held on trust for the Issuer can at all times be clearly identified. However, if the relevant Metals Counterparty does not adequately segregate such Metal in its books and records so that it is clearly identified as being held on trust for the Issuer, in the event that such Metals Counterparty becomes insolvent, to the extent that such Metal, cash or LME Warrants is unable to be clearly identified as trust property held for the Issuer, it may be difficult for the Issuer to recover such Metal, cash or LME Warrants and the Issuer may instead have a claim against such Metals Counterparty for breach of trust (which claim the Issuer may assign to the Authorised

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Participant as described above), in respect of which it will rank as an unsecured creditor of such Metals Counterparty.

The Issuer will not instruct the Custodian to deliver such Metal and buy back such ETC Securities from the Authorised Participant until the Principal Paying Agent has confirmed receipt of such ETC Securities to the Issuer.

Only an Authorised Participant may submit a Subscription Order and the Issuer will only accept any Subscription Order or Buy-Back Order if all conditions precedent to a Subscription or Buy-Back of the ETC Securities have been satisfied. The Issuer may elect for any reason or for no reason to refuse to accept any Subscription Order. In accordance with the terms of the Authorised Participant Agreement, the Issuer will not be obliged to accept any Subscription Order or Buy-Back Order if, amongst other things (i) an Early Redemption Event has occurred (ii) the Administrator is subject to an insolvency or similar event and no replacement has been appointed (iii) a Disruption Event has occurred and the Administrator has determined that any request for Subscriptions and/or Buy-Backs should be temporarily suspended or (iv) the Metals Counterparty determines, in its discretion, that it is unable to source the required quantity of physical Metal of the relevant type or of any Component from an Eligible Seller at the relevant Metal Reference Price.

In addition, each Subscription Order must relate to a number of ETC Securities corresponding to at least the Minimum Trading Amount (if any) and be an integral multiple thereof and at least the Minimum Subscription Amount (if any) for the relevant Series, each as specified in the Final Terms.

In relation to any Subscription Order or Buy-Back Order, such order may be cancelled in certain circumstances including, without limitation, where an Early Redemption Trade Date or the Final Redemption Valuation Date (as applicable) has occurred prior to the settlement of such Subscription or Buy-Back or where either the Issuer or the Authorised Participant has failed to perform its obligations with respect to the relevant Subscription or Buy-Back for a prolonged period of time.

The Authorised Participant Agreement sets out the conditions for appointment and resignation of the relevant Authorised Participant. The Issuer may at any time terminate the appointment of the relevant Authorised Participant with immediate effect if (i) the relevant Authorised Participant commits any material breach of its obligations (which shall include, without limitation, a repeated failure to pay the Subscription, Buy-Back or Metals Counterparty Fees owed to the Issuer) which to the extent remediable has not been remedied within 15 calendar days of the relevant Authorised Participant becoming aware of, or its receiving notice from the Issuer of such breach, (ii) 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 or (iii) the Authorised Participant is subject to an insolvency or similar event (provided, in such circumstances, it would be permissible under any applicable law for the Issuer to terminate the Authorised Participant's appointment as a result of such event).

Each Authorised Participant Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, Irish law.

## **Metals Counterparty Agreement(s)**

By executing the relevant Issue Deed, the Issuer, each Metals Counterparty and the Administrator will be deemed to have entered into a separate Irish law governed Metals Counterparty Agreement on the Master Metals Party Agreement Terms for the relevant Series. The Metals Counterparty Agreement sets out the provisions relating to, among other things, (i) the sale by each Metals Counterparty of the Underlying Metal during a Redemption Disposal Period; (ii) the periodic sale of TER Metal by the Metals Counterparty in respect of the relevant Series; (iii) the receipt of cash and/or Metal (whether in unallocated form, physical Lots or LME Warrants) from Authorised Participants and the delivery of Metal (whether physical Bars, physical Lots, LME Warrants or Bills of Lading) to the Off-Warrant Account(s) of the Issuer (or, in the case of LME Warrants or Bills

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of Lading, to the Custodian to be held for the Issuer) in connection with the settlement of Subscriptions; and (iv) the delivery of Metal (whether in unallocated form, physical Bars or LME Warrants) to Metal Accounts or cash to Cash Accounts, in each case designated by Authorised Participants.

From the time at which the relevant Metals Counterparty receives delivery of any Metal from the relevant Off-Warrant Account(s) (as applicable) of the Issuer, until such time as the Metals Counterparty effects delivery of such Metal, cash or LME Warrants for such Metal in accordance with the Issuer's instructions (in the case of a Buy-Back) or delivers the cash proceeds of sale of the Metal to the Issuer Cash Account (in the case of a sale of TER Metal or a sale of Underlying Metal upon any Early Redemption or Final Redemption), the Metals Counterparty is required to hold such Metal, cash or LME Warrants and/or such cash proceeds on trust for the Issuer and to reflect in its books and records the segregation of such Metal, cash or LME Warrants from other Metal, cash or LME Warrants held by it, so that the assets held on trust for the Issuer can at all times be clearly identified. However, if the relevant Metals Counterparty does not adequately segregate such Metal in its books and records so that it is clearly identified as being held on trust for the Issuer, in the event that such Metals Counterparty becomes insolvent, to the extent that such Metal is unable to be clearly identified as trust property held for the Issuer, it may be difficult for the Issuer to recover such Metal and the Issuer may instead have a claim against such Metals Counterparty for breach of trust, in respect of which it will rank as an unsecured creditor of such Metals Counterparty.

The Metals Counterparty Agreements also include provisions for the Metals Counterparties to deliver, supply or purchase Metal (or, in the case of ETC Securities backed by a Base Metal, LME Warrants or Bills of Lading representing Metal) on behalf of Authorised Participants for delivery to the Issuer in connection with Subscriptions of ETC Securities. The Metals Counterparties are required to make any such purchases of Metal only from each other or other Eligible Sellers and each Metals Counterparty will agree with the issuer that, on a best efforts basis and provided there is no material commercial disadvantage as determined in the relevant Metals Counterparty's sole and absolute discretion at the relevant time of such supply or purchase, such Metals Counterparty will supply or purchase physical metal on behalf of Authorised Participants from producers and metal suppliers which have confirmed their compliance with the Sustainable Development Goals of the UN 2030 Agenda and other global initiatives in sustainable development and responsible mining.

The terms of the Metals Counterparty Agreement(s) require each Metals Counterparty to use its best efforts to deliver or procure the delivery of such Metal (or LME Warrants or Bills of Lading) to the Custodian or to its order before the end of the Subscription Settlement Date. In the event of any full or partial cancellation of a Subscription Order, any cash or Metal delivered by the Authorised Participant to a Metals Counterparty and not applied to the acquisition of Metal which has been delivered to the Issuer shall be returned by the Metals Counterparty to the Authorised Participant.

Under the Metals Counterparty Agreement(s), in connection with Metal Sales, each Metals Counterparty is permitted to sell the relevant Metal:

- (i) to itself, to another Metals Counterparty, to any of its Affiliates or any Affiliate of another Metals Counterparty, provided that such Metals Counterparty shall sell at a price which it believes to be a fair market price;
- (ii) to one or more members of the LME (in the case of Copper or Nickel) willing to purchase the Underlying Metal at a fair market price; and/or
- (iii) to one or more counterparties that are willing to purchase the Underlying Metal at a fair market price,

provided that the relevant Metals Counterparty shall always first, acting in good faith and a commercially reasonable manner, use reasonable efforts to ensure that any such sale would be conducted in a manner that would minimise the VAT that may be charged, withheld or deducted on such sale which would reduce the net liquidation proceeds (as compared to the position if no VAT were due).

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Each Metals Counterparty Agreement also contains various representations to be made and indemnities to be given by the relevant Metals Counterparty in relation to its performance of its obligations under the Metals Counterparty Agreement.

The terms of each Metals Counterparty Agreement set out the conditions for appointment, resignation (upon at least 120 calendar days' prior notice to the Issuer, provided such notice expires at least 90 calendar days before the Final Redemption Valuation Date) and termination of the appointment (by the Issuer upon at least 60 calendar days' prior notice, provided such notice expires at least 90 calendar days before the Final Redemption Valuation Date or immediately by operation of the Metals Counterparty Agreement upon (i) the Metals Counterparty becoming incapable of acting, (ii) the Metals Counterparty being dissolved (other than pursuant to a consolidation, amalgamation or merger), or (iii) the Metals Counterparty being adjudged bankrupt or insolvent, filing a voluntary petition in bankruptcy or failing to defend against an involuntary petition filed against it, making a general assignment, arrangement or composition with or for the benefit of its creditors, consenting to the appointment of a liquidator, receiver or administrator or any such official being appointed, or being subject to a resolution or court order made for its winding-up) of the Metals Counterparty.

The terms of each Metals Counterparty Agreement provide that no resignation or termination of the appointment of the relevant Metals Counterparty shall take effect until a new Metals Counterparty (satisfactory to the Administrator) has been appointed, although if no such appointment has been made within 90 calendar days of a notice of resignation being given, the Metals Counterparty is entitled to nominate a replacement Metals Counterparty which is willing to take on the role.

Each Metals Counterparty Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and shall be construed in accordance with, Irish law.

## **Account Bank Agreement**

Each Account Bank Agreement comprises a set of terms and conditions under which the Account Bank will establish and maintain a segregated interest-bearing cash account in the name of the Issuer for each Series of ETC Securities, subject to the Security created pursuant to the Security Documents relating to that Series of ETC Securities.

The Account Bank or the Issuer may terminate the Account Bank's services on not less than 30 days' prior written notice to the other. Such closure or termination shall take effect only once successor arrangements have been put in place.

The Issuer may terminate the Account Bank's services upon immediate written notice following an insolvency event with respect to the Account Bank, and either the Issuer or the Account Bank may do so if it becomes unlawful for the Account Bank to perform any of its obligations under the Account Bank Agreement.

Pursuant to each Account Bank Agreement, the Account Bank and the Issuer agree that at any time after the Security under the relevant Security Document relating to the relevant Series has become enforceable, the Security Trustee may deliver a notice of exclusive control to the Account Bank (with a copy to the Issuer and the Administrator) and, following the delivery of such notice of exclusive control by the Security Trustee, the Issuer will no longer be entitled to give instructions with regard to the Issuer Cash Accounts.

Each Account Bank Agreement and any non-contractual obligations arising out of or in connection therewith will be governed by and construed in accordance with, English law.

## **Fees and Expenses Agreement**

Pursuant to the Fees and Expenses Agreement and in respect of each Series of ETC Securities, the Issuer will pay to the Arranger an amount equal to the Operational Fee in connection with each TER Metal Sale (as it occurs from time to time) in respect of that Series. The Operational Fee is payable by the Issuer to the Arranger for its services under the Fees and Expenses Agreement. In consideration of the payment by the Issuer of the

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Operational Fees, the Arranger will agree to pay to the Issuer's order all fees, taxes and expenses of the Issuer, including, without limitation, all amounts payable to each other Transaction Party under the Transaction Documents and any other service providers to the Issuer in respect of the ongoing fees and expenses of the Issuer in connection with the Programme. The Arranger shall be under no obligation to pay or otherwise reimburse the Issuer in respect of any indemnity granted by the Issuer in favour of a Secured Creditor in respect of any Series of ETC Securities in connection with the Programme. In addition, the Arranger will assist the Issuer in making certain determinations in accordance with the Conditions and the Transaction Documents, including the selection of each Metals Counterparty to procure Metal on behalf of Authorised Participants in connection with Subscriptions, to procure the delivery of Metal, cash or LME Warrants for Metal to Authorised Participants or ETC Holders in connection with the settlement of Buy-Backs and to sell TER Metal or liquidate Underlying Metal on behalf of the Issuer in connection with Early Redemptions or Final Redemptions.

The Fees and Expenses Agreement and any non-contractual obligations arising out of or in connection therewith is governed by, and construed in accordance with, Irish law.

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## DESCRIPTION OF THE ISSUER

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### **General**

The legal and commercial name of the Issuer is Elementum Metals Securities plc. The Issuer was incorporated on 15 July 2020 as a public limited liability in Ireland under the Irish Companies Act 2014 and is registered with the Companies Registration Office of Ireland with registration number 673920. On 23 June 2021 the Issuer changed its name from Ridgex Investments plc to GPF Metals plc. On 12 May 2022 the Issuer changed its name from GPF Metals plc to Elementum Metals Securities plc. The LEI (legal entity identifier) of the Issuer is 635400GOSP3D7JDGKZ62. The Issuer has been incorporated for an indefinite period. The registered office of the Issuer is at 2<sup>nd</sup> Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767. The telephone number of the Issuer is +353 1 411 2949.

### **Ownership and Control of the Issuer**

The authorised and issued share capital of the Issuer is €25,000 divided into 25,000 ordinary shares of €1 each. All of the issued shares are fully-paid up and are held by an affiliate of the Corporate Services Provider, Apex TSI Limited (the "**Share Trustee**") on trust for charitable purposes pursuant to a declaration of trust dated 2 November 2020 (the "**Declaration of Trust**"). The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the shares in the Issuer.

On 2 December 2022, the Corporate Services Provider provided 90 days' prior notice to the Issuer of its intention to resign from its role as Corporate Services Provider under the Programme with effect from 2 March 2023, or such earlier date as mutually agreed between the Issuer and the Corporate Services Provider. On 5 January 2023, the Issuer agreed a fee proposal with a replacement corporate services provider. Once the replacement Corporate Services Provider has been formally appointed by the Issuer on or around 1 March 2023, it is intended that the current Share Trustee would retire and appoint the replacement provider in accordance with the terms of the Declaration of Trust. Following such appointment, a supplement to this Base Prospectus updating this section will be published confirming the replacement share trustee's details. However, the Issuer cannot guarantee that the replacement share trustee will be appointed by 1 March 2023 and in such an event, under the terms of the existing Declaration of Trust, the current Share Trustee would be obliged to continue in its role as share trustee until a replacement share trustee entity is appointed.

### **Principal Activities of the Issuer**

The Issuer has been established as a special purpose vehicle for the purpose of issuing ETC securities backed by metals. The Issuer has not been assigned a rating and the ETC Securities are unrated.

In accordance with the Trust Deed, so long as any of the ETC Securities remain outstanding, the Issuer shall not, without the prior written consent of the Trustee, incur any other indebtedness for borrowed monies or engage in any business (other than acquiring and holding the Secured Property, issuing further Series of ETC Securities and entering into related agreements and transactions as provided for in Condition 6), or, *inter alia*, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in the Conditions and the Trust Deed) or issue any shares (other than such shares as were in issue on the date of this Prospectus).

Other than the subscription monies received in respect of the issued share capital (to the extent not applied in discharge of certain establishment expenses of the Issuer), the Issuer has, and will have, no assets other than a small amount of profit received by the Issuer in connection with the issue of each Series of ETC Securities

## **Base Prospectus**

and in respect of a Series of ETC Securities, any rights, property, sums or other assets on which such Series of ETC Securities issued under the Programme are secured.

The ETC Securities are obligations of the Issuer alone and not of the Trustee, any Transaction Party or any other person. Furthermore, they are not guaranteed in any way by, any other party.

Save in respect of the proceeds of any deposits and investments made from amounts representing the Issuer's issued and paid-up share capital and a small amount of profit in connection with the issue of ETC Securities, the Issuer does not expect to accumulate any surpluses. Fees and expenses payable on a monthly basis by the Issuer to the Administrator will be paid out of the proceeds of the relevant Series of ETC Securities and funded by way of the monthly sale of Metal deducted on a daily basis from the Metal Entitlement of the ETC Securities of such Series at a rate equal to the portion of the Total Expense Ratio applicable to each day. Agreed fees and expenses payable to the Issuer's service providers, including the Corporate Services Provider, the Trustee, the Security Trustee, the Custodian, the Administrator and other Agents will be paid by the Administrator out of the proceeds of the sale of Metal mentioned in the previous sentence. None of the above-mentioned Transaction Parties may have recourse to assets of the Issuer which are held as security for ETC Securities of any Series other than the ETC Securities of the Series in respect of which the claim arises. Additionally, the above-mentioned Transaction Parties have agreed that the payments of outstanding fees (if any) shall be limited to amounts available, following application in accordance with the terms of the Trust Deed, to discharge such liabilities.

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 Ireland, 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.

## **Management of the Issuer**

The Issuer's Constitution provides that the Board of Directors of the Issuer will consist of at least two Directors. As at the date of this Base Prospectus, the Directors of the Issuer are as follows:

Name of Director	Biography
Gary Brennan	<p>Gary is a professional Independent Non-Executive Director, serving on a number of funds boards and is approved by the Central Bank and the CSSF (Luxembourg) to act as a director of regulated entities. He has extensive experience with UCITS and Alternative Investment Funds in addition to acting as Director to non-Funds businesses. Gary is currently authorised by the Central Bank for Pre-Approval Controlled Functions PCF-2B (Independent Non-Executive Director) and PCF-3 (Chairman) on both UCITS and alternative investment funds, he has also been appointed as a Designated Person and as Organisational Effectiveness delegate on a number of regulated entities. Prior to this, Gary spent five years as Head of Group Strategy with Friends First Life Assurance Group. From 1997 to 2005 he worked in a number of senior management positions in the Bank of Ireland Group, including as Head of Derivatives, Germany.</p> <p>Gary has over 25 years' experience in the Financial Services Industry, he holds a BA from Trinity College Dublin and has the designation of Chartered Director from the Institute of Directors (UK &amp; Ireland). He is</p>

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	<p>also a Certified Investment Fund Director, an Institute of Banking &amp; Irish Funds Industry Association qualification.</p> <p>Gary was appointed to the Board of Directors of the Issuer on 28 September 2022.</p>
Vincent Dack	<p>Vincent is a professional Independent Non-Executive Director with over 35 years' involvement at senior level with major international banks based in Dublin.</p> <p>Vincent has held the positions of Chief Dealer, Treasury Manager, and Head of Capital Markets and Trading at BNP Paribas Dublin and the positions of Director Head of Funding and Director Head of Money Markets at Scotiabank Ireland D.A.C.</p> <p>Vincent has hands on experience of trading a wide variety of financial instruments through difficult and turbulent markets, this has given him a unique appreciation of risk management and the role of regulation in safeguarding financial services.</p> <p>Vincent holds an MSc. In Financial Services (1.1) from University College Dublin, is a Chartered Banker and a Licentiate of the Institute of Bankers in Ireland. Vincent is a certified Investment Fund Director (CIFD).</p> <p>Vincent was appointed to the Board of Directors of the Issuer on 28 September 2022.</p>

The Company Secretary of the Issuer is Apex IFS Limited.

The business address of the Directors and the Company Secretary of the Issuer is at 2<sup>nd</sup> Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767.

The Corporate Services Provider of the Issuer is Apex IFS Limited. Pursuant to the Corporate Services Agreement, its duties include the provision of certain management, administrative, secretarial, accounting and related services. The appointment of the Corporate Services Provider may be terminated and the Corporate Services Provider may retire upon three months' notice, subject to the appointment of an alternative Corporate Services Provider on similar terms to the existing Corporate Services Provider.

### Financial Information

The financial year of the Issuer ends on 31 December in each year. The Issuer produces audited annual financial statements and semi-annual unaudited financial statements.

The Issuer's first audited annual financial statements in respect of the period ending 31 December 2021 were prepared in accordance with International Financial Reporting Standards and the annual financial statements were audited by the Issuer's auditors. The Issuer has published such audited financial statements on the Issuer's website and incorporated them by reference herein. Such audited financial statements are available at the following link:

[https://elementummetals.com/storage/product\\_documents/GPF-Metals---Audited-Financial-Statements-20211231.pdf](https://elementummetals.com/storage/product_documents/GPF-Metals---Audited-Financial-Statements-20211231.pdf)

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The Issuer's interim management accounts and unaudited financial statements in respect of the period from 1 January 2022 to 30 June 2022 have been published on the Issuer's website and incorporated by reference herein. Such unaudited financial statements are available at the following link:

[https://elementummetals.com/storage/product\\_documents/Elementum---Interim-Management-Accounts-20220630.pdf](https://elementummetals.com/storage/product_documents/Elementum---Interim-Management-Accounts-20220630.pdf)

The Issuer's financial statements for future periods will be made available within 4 months from each financial year end and within 3 months from the end of each semi-annual period from the registered office of the Issuer.

The auditors of the Issuer are Grant Thornton Ireland. The auditors of the Issuer are chartered accountants who are members of the Institute of Chartered Accountants in Ireland and are qualified to practise as auditors in Ireland.

The Issuer agrees in the relevant Trust Deed to provide the Trustee with a certificate of the Issuer signed by any duly authorised signatory of the Issuer, on an annual basis and upon request, to the effect that having made all reasonable enquiries, to the best of the knowledge and information of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate, the Issuer has complied with all of its obligations under the Transaction Documents and no Event of Default, Issuer Call Redemption Event or other Early Redemption Event, Disruption Event, substitution of the Metal Reference Price or Metal Reference Price Source or other event pursuant to which the Security has become enforceable has occurred since the Certification Date of the last such certificate or (if none) the date of the relevant Issue Deed or, if such event has occurred, giving details of it.

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**DESCRIPTION OF THE ARRANGER**

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**NTree International Limited**

NTree International Limited was incorporated as a private limited company in England and Wales under registration number 10701258 on 31 March 2017, with its registered office at 85 Great Portland Street, First Floor, London, England, W1W 7LT, United Kingdom.

The Arranger is authorised under the UK's Financial Services and Markets Act 2000 (Appointed Regulations) 2001 as an appointed representative of Messels Limited (incorporated as a private limited company in England and Wales under registration number 05186821 on 22 July 2004, with its registered office at 66 Prescot Street, First Floor, London, England, E1 8NN, United Kingdom) permitting the Arranger to conduct the certain regulated activities in the United Kingdom including, subject to certain limitations set out by the FCA, making arrangements with a view to transactions in investments, and advising professional and corporate finance clients on investments. As at the date of this Base Prospectus, Messels Limited, as the regulated principal firm, has appropriate permissions from the UK's Financial Conduct Authority to supervise the Arranger's activities in a range of asset classes including, without limitation, certificates representing certain security, public securities, and rights to or interests in investments.

**Business**

The Arranger's management team has several decades of commodities sales experience and over a decade of commodities market trading experience. Prior to the resignation of the former arranger and metals counterparty under the Programme, the Arranger provided advice and support to the previous arranger on the establishment and ongoing maintenance of the Programme, and provided support to the former metals counterparty under the Programme.

In addition to acting as arranger in respect of the Programme, the business of the Arranger is to promote trade in various commodity classes as well as acting in an advisory role for prospective investors in jurisdictions including China. The Arranger also engages in primary market services, assisting domestic Chinese and private equity managers with inbound and outbound investment opportunities. As at the date of this Base Prospectus, the Arranger has 10 employees.

**Ownership and Management**

The Arranger is wholly owned by Timothy Harvey, a British citizen residing in the United Kingdom.

As at the date of this Base Prospectus, the directors of the Arranger are as follows:

<b>Name</b>	<b>Function</b>	<b>Business Address</b>
<i>Alastair Gunn-Forbes</i>	<i>Chairman</i>	<i>85 Great Portland Street, First Floor, London, England, W1W 7LT, United Kingdom</i>
<i>Timothy Harvey</i>	<i>CEO and Founder</i>	<i>85 Great Portland Street, First Floor, London, England, W1W 7LT, United Kingdom</i>
<i>Ashwin Tirodkar</i>	<i>Chief Operating Officer</i>	<i>85 Great Portland Street, First Floor, London, England, W1W 7LT, United Kingdom</i>

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### **Financial Information**

The Arranger's accountants are Phipp & Co (Accountants) Limited. Phipp & Co (Accountants) Limited are chartered accountants with an address at 6 Nottingham Road, Long Eaton, Nottingham NG10 1HP. Phipp & Co have prepared unaudited financial statements of the Arranger for the financial year ended 30 September 2022, as the Arranger is entitled to exemption from audit under section 477 of the UK Companies Act 2006 for that period.

As of 30 September 2022, the Arranger had total assets of GBP 871,501 and total current liabilities of GBP 631,470. These figures are extracted from the Arranger's unaudited annual financial statements as of 30 September 2022. There has been no significant change in the financial or trading position of the Arranger since 30 September 2022. There has been no material adverse change in the financial or prospects of the Arranger, in each case, since 30 September 2022.

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## **DESCRIPTION OF THE ADMINISTRATOR**

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*The information in this section has been accurately reproduced from information published by Apex Fund Services (Ireland) Limited (“**Apex Fund Services**”) and has been included to provide disclosure for where Apex Fund Services acts as the Administrator. So far as the Issuer is aware and is able to ascertain from information published by Apex Fund Services, no facts have been omitted which would render the reproduced information misleading.*

### **Incorporation, Registered Office and Principal Activities**

Apex Fund Services (Ireland) Limited was incorporated in Ireland as a private limited company on 26 January 2007 with registration number 433608 pursuant to the Companies Acts 2014 with its registered office at 2<sup>nd</sup> Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767, Ireland and is engaged in the business of administration of collective investment schemes.

The Administrator is part of the Apex Group. Apex Group Ltd., established in Bermuda in 2003, is a global financial services provider. With over 80 offices in 40 countries worldwide and more than 10,000 employees, Apex Group delivers an expansive range of services to asset managers, financial institutions, private clients and family offices. Apex Group has continually improved and evolved its capabilities to offer a single-source solution through establishing the broadest range of services in the industry; including fund services, digital onboarding and bank accounts, depositary, custody, super ManCo services, corporate services including HR and Payroll and a pioneering ESG Ratings and Advisory solution. Apex Group’s purpose is to be more than just a financial services provider and is committed to driving positive change to address three core areas; the Environment and Climate Change, Women’s Empowerment and Economic Independence, Education and Social Mobility.

### **Business**

The Administrator’s principal business is the provision of administration services to collective investment schemes and will be responsible for assisting the Issuer in the day-to-day performance of certain obligations of the Issuer under the ETC Securities and Transaction Documents.

### **Oversight**

The Administrator is authorised by the Central Bank to provide investment business services to collective investment schemes.

### **Services**

The Administrator’s services on behalf of the Issuer include, among other tasks, (in consultation with the Arranger as appropriate) the making of certain determinations and calculations in accordance with the Conditions of the ETC Securities (including daily calculation of the Metal Entitlement for each Series, determining any Early Redemption Amounts and the Final Redemption Amount), delivering notices and publishing information regarding such determinations and calculations on behalf of the Issuer, calculating the Operational Fee payable by the Issuer in respect of each Series and instructing payments due from the Issuer to the Transaction Parties under the Transaction Documents and any other service providers to the Issuer, acceptance and processing of Subscription Orders and Buy-Back Orders submitted by Authorised Participants or ETC Holders (including preparation of Final Terms for each issuance of ETC Securities and maintaining a register of ETC Holders).

### **Intention to resign**

On 2 December 2022, Apex Fund Services (Ireland) Limited provided 90 days' prior notice to the other Transaction Parties of its intention to resign from its role as Administrator under the the Programme with effect

## **Base Prospectus**

from 2 March 2023 or such earlier date as mutually agreed between the Issuer and the Administrator. As described in the announcement to ETC Holders on 5 December 2022 ([https://elementummetals.com/storage/product\\_documents/Elementum---Notice-to-Stock-Exchange-\(Administrator-and-CSP-Resignation\)-20221205.pdf](https://elementummetals.com/storage/product_documents/Elementum---Notice-to-Stock-Exchange-(Administrator-and-CSP-Resignation)-20221205.pdf)), the Arranger is actively engaging with potential replacement administrators with a view to having a replacement administrator appointed on or before 1 March 2023, notwithstanding that Clause 15.6 of the Administration Agreements entered into in connection with each of the ETC Securities specifies that no resignation of the Administrator will take effect until a replacement administrator has been appointed. On 5 January 2023, the Issuer agreed a fee proposal with a replacement administrator. Once the new administrator has formally acceded to the Programme on or around 1 March 2023, a supplement to this Base Prospectus updating this section will be published confirming the replacement provider's details and expertise. Both the current Administrator and the incoming replacement administrator are committed to an orderly transition of responsibilities under the Programme. However, the Issuer cannot guarantee that the replacement provider will be appointed by 1 March 2023 and in such an event, the current Administrator would be contractually obliged to continue in its role under the Programme.

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## **DESCRIPTION OF THE CUSTODIAN**

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### Eternyze AG

Eternyze AG (formerly Atomyze Ltd., “**Eternyze**”), a private company limited by shares (*Aktiengesellschaft*), incorporated in Switzerland on 14 December 2018 with UID number CHE-262.343.875 and its registered office at Baarerstrasse 22, 6300 Zug, Switzerland acts as Custodian under the Programme.

#### **Business**

Eternyze's business involves rendering services in the area of information technology, in particular the development of software in the area of distributed ledger technology, the operation and development of trade and information platforms in the internet. Furthermore, the company provides services relating to the custody and safekeeping of precious metals and other physical assets on behalf of clients, including the management of the respective deposit accounts and the bookkeeping of digital ledgers for transactions, information and assets.

In February 2022, Eternyze decided to undertake a complete restructuring of its ownership and control in order to separate its business from the Atomyze business. In order to emphasize this, the Custodian changed its name from Atomyze AG to Eternyze AG with effect as of 10 August 2022, updated its website and corporate documents and took steps to cut all ties to its former Russian owners that had connections to Atomyze Moscow, with the relevant share transfers ultimately being completed on 13 October 2022. Details of the current ownership and control of Eternyze since 13 October 2022 are set out in the "*Ownership and Control*" paragraph below. Since the completion of its restructuring on 13 October 2022, Eternyze AG and Atomyze Moscow are wholly separate entities and Eternyze AG has no ongoing relationship with Atomyze Moscow.

#### **Oversight**

With regards to certain business activities, which are outside of the Programme (see paragraph above for a general description of Eternyze's scope of business), Eternyze is a member of VQF which is an self-regulatory organization in Switzerland according to the Swiss Anti-Money Laundering Act. VQF as any self-regulatory organization in Switzerland, is supervised by the Swiss Financial Market Authority (FINMA). In order to expand its business, Eternyze currently prepares an application for a licence as a securities firm with the FINMA and is in constant exchange with FINMA.

#### **Ownership and Control**

Eternyze is 51% owned by Asset Backed Coins Platform L.P., a Cayman Islands exempted limited partnership and 49% owned by Crystal Gryphon Investments Limited, a private limited company incorporated in Cyprus.

#### **Management / Directors and Officers**

The Chief Executive Officer of Eternyze is Marco Grossi, Italian citizen, domiciled in Switzerland.

As at the date of this Base Prospectus, the Directors of Eternyze are as follows:

Name	Function	Business Address
<b>Board of Directors</b>		

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Alexander Freedland	President of the board of directors	Saratoga, US
Alexander Stoyanov	Vice president of the board of directors	Baarerstrasse 22, 6300 Zug, Switzerland
Stephan René Arnet	Member of the board of directors	Limmatquai 94, 8001 Zurich, Switzerland
<b>Management</b>		
Marco Carlo Grossi	Chief Executive Officer	Baarerstrasse 22, 6300 Zug, Switzerland
Sibyl Melliger*	Chief Legal and Compliance Officer	Baarerstrasse 22, 6300 Zug, Switzerland
Valerio Stefano Matriciani	Chief Risk Officer	Baarerstrasse 22, 6300 Zug, Switzerland
Philipp Emanuel Dettwiler	Chief Operating Officer	Baarerstrasse 22, 6300 Zug, Switzerland
Geza Magor Frederic Michael Stockinger	Chief Financial Officer	Baarerstrasse 22, 6300 Zug, Switzerland

\*Sibyl Melliger will cease to act in such capacity from 30 March 2023.

### Financial Information

As of the date of this Base Prospectus, Eternyze has total share capital of CHF 21'910'000.00, consisting of 219'100 registered shares with a nominal value of CHF 100.00 each.

Eternyze produces monthly balance sheet and profit & loss statements (unaudited) as well as annual audited financial statements. The auditor of Eternyze is Grant Thornton Ltd, Zurich. The auditors of the Custodian are chartered accountants who are members of the Swiss Institute of Certified Accountants and Tax Consultants in Switzerland and are qualified to practice as auditors in Switzerland.

### Digital-records

Eternyze is operating a Ledger based Technology platform based on IBM Hyperledger Fabric technology. Eternyze leverages its platform to record certain information about metal holdings in its role as Custodian, providing an additional layer of security. These records include weights and location. These records are immutable and tamper proof, i.e. any transaction recorded in the ledger will be retrievable as long as the Eternyze platform is operated.

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## **DESCRIPTION OF THE PRIMARY SUB-CUSTODIANS**

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### **The Brink's Company**

Brink's Global Services International Inc., 5600 NW 36th Street, Suite 315, Miami Airport, Miami, FL 33166, a subsidiary of The Brink's Company ("Brink's" or the "Company"), a company incorporated under the laws of the State of Virginia with its registered office at P.O. Box 18100, 1801 Bayberry Court, Richmond, Virginia 23226-8100 acts as a Primary Sub-Custodian for Precious Metals under the Programme.

#### **Corporate Overview**

The Brink's Company (NYSE:BCO) is the global leader in total cash management, route-based secure logistics and payment solutions including cash-in-transit, ATM services, cash management services (including vault outsourcing, money processing and intelligent safe services), and international transportation of valuables. Brink's customers include financial institutions, retailers, government agencies (including central banks), mints, jewellers and other commercial operations around the world.

The Brink's global network of operations in 53 countries serves customers in more than 100 countries. Brink's has controlling ownership interests in companies in 53 countries and agency relationships with companies in additional countries and employs approximately 76,500 people across its operations which include approximately 1,300 facilities and 16,300 vehicles.

Brink's was founded in 1859 and The Brink's Company was first incorporated in 1930 under the laws of the State of Delaware (at that time, the Company was named The Pittston Company). It succeeded to the business of a Virginia corporation in 1986 and was renamed The Brink's Company in 2003. Brink's' headquarters are located in Richmond, Virginia.

#### **Business**

Brink's offers secure transportation and route-based logistics management services for cash and valuables throughout the world. These services include:

- Cash-in-transit services – armoured vehicle transportation of valuables
- ATM services
- Global services – secure international transportation of valuables
- Cash management services
- Currency and coin counting and sorting; deposit preparation and reconciliations; other cash management services
- Safe and safe control device installation and servicing (including Brink's' patented CompuSafe® service)
- Vaulting services
- Check imaging services
- Payment services
- Commercial security systems services
- Guarding services

#### **Services**

## **Base Prospectus**

Following are descriptions of Brink's' key service offerings:

### ***Cash-in-transit ("CIT") and ATM services***

Cash-in-transit and ATM services are core services Brink's provides to its customers throughout the world.

#### *Cash-in-transit*

These services generally include the secure transportation of:

- cash between businesses and financial institutions, such as banks and credit unions
- cash, securities and other valuables between commercial banks, central banks and investment banking and brokerage firms
- new currency, coins, bullion and precious metals for central banks and other customers

#### *ATM services*

Brink's manages a significant number of ATMs worldwide. Basic ATM management services include cash replenishment and first and second line maintenance. Brink's also provides comprehensive services for ATM management including cash replenishment, replenishment forecasting, cash optimization, ATM remote monitoring, service call dispatching, transaction processing, installation services, and first and second line maintenance.

### ***High-Value Services***

Brinks Global Services ("BGS") is the leading global provider of secure transport of highly-valued commodities including diamonds, jewellery, precious metals, securities, banknotes, currency, high-tech devices, electronics and pharmaceuticals.

Brink's specialized diamond and jewellery operations have offices in the world's major diamond and jewellery centres. Serving customers in more than 100 countries, BGS provides secure transportation services including pick-up, packaging, customs clearance, secure vault storage and inventory management. BGS uses a combination of armoured vehicles and secure air and sea transportation.

### ***Cash management services***

Brink's offers a variety of cash management services, including:

- money processing (e.g., counting, sorting, wrapping, checking condition of bills, etc.) and other cash management services
- services related to deploying and servicing "intelligent" safes and safe control devices, including Brink's' patented CompuSafe® service
- check imaging services

Other cash management services include cashier balancing, counterfeit detection, account consolidation and electronic reporting. Retail and bank customers use Brink's to count and reconcile coins and currency, prepare bank deposit information and replenish coins and currency in specific denominations.

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### **Vaulting services**

Vaulting services combine cash-in-transit services, cash management services, vaulting and electronic reporting technologies to help banks expand into new markets while minimizing investment in vaults and branch facilities. In addition to providing secure storage, Brink's processes deposits, provides check imaging and reconciliation services, performs currency inventory management, processes ATM replenishment orders and electronically transmits banking transactions.

### **Payment services**

Brink's provides convenient payment services, including bill payment and collection services, and Brink's' MoneyTM prepaid cards and corporate debit cards.

Bill payment and collection services include bill payment acceptance and processing services on behalf of utility companies and other billers. Consumers can pay bills and manage accounts at retail agent locations that Brink's operates on behalf of utility companies, banks and a small number of leased payment locations. This service is offered at over 8,600 locations in Brazil, Colombia, Panama and Mexico.

Brink's also offers MoneyTM general purpose reloadable prepaid cards and corporate debit cards to consumers, employers and small and medium size businesses in the U.S. Brink's MoneyTM cards can be used at stores, restaurants, online retailers, and at ATMs worldwide.

### **Other Security Services**

*Guarding* – Brink's protects airports, offices, warehouses, stores, and public venues with or without electronic surveillance, access control, fire prevention and trained patrolling personnel. Brink's offers security and guarding services in Luxembourg, Greece and Brazil. A portion of this business involves long-term contracts related primarily to security services at airports and embassies.

*Commercial security systems* – Brink's provides commercial security system services in designated markets in Europe. Brink's security system design and installation services include alarms, motion detectors, closed-circuit televisions, digital video recorders, and access control systems, including card and biometric readers, electronic locks, and turnstiles. Brink's may also provide monitoring services after systems have been installed.

### **Custody Services**

Brink's' custody business offers the following services:

- Direct custody & clearing
- Fund services
- Global Custody
- Issuer Services
- Broker Outsourcing

### **Services for Precious Metals**

- *Door-to-Door Logistics Services*: Providing worldwide shipment by sea, air or road, including pick-up, storage, inventory management, customs clearance and delivery.
- *Storage*: Brink's provides bullion vaults throughout the world for storage and immediate shipping from its locations, many of which are at or near airports, mines, refineries and central banks.

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- *Inventory Management:* Brink's can report on stock positions, inventory balancing and customize storage programs. Brink's maintains global inventory and track with item-level detail for fast and easy reconciliation and tighter control.
- *Shipment Services:* Brink's provides shipment preparation, weighing and acceptance, and release for third-party inspection and assaying.

### **Insurance Coverage**

The availability of high-quality and reliable insurance coverage is an important factor in Brink's' ability to attract and retain customers and manage the risks inherent in its business. Brink's purchases insurance coverage for losses in excess of what it considers to be prudent levels of self-insurance. Consistent with industry standards, Brink's maintains group insurance policies that cover all metals held in its vaults and those of its affiliates. Brink's' insurance policies cover losses from most causes, with the exception of war, nuclear risk and certain other exclusions typical in such policies.

- **Oversight**

Brink's' business is subject to regulation by various federal, state and foreign governmental agencies. Various federal, state and local agencies in the U.S. and other countries in which Brink's operates regulate certain aspects of its business, including safety of operations, equipment and financial responsibility. Movement of valuable shipments are generally subject to import/export regulations. Brink's is also subject to certain firearm regulations in connection with its armoured logistics operations. Brink's must comply with licensing, permits and registration requirements imposed by various federal, state and local governmental agencies in the U.S. and other countries in which it operates. Brink's' permits and licensing requirements vary by jurisdictions based on the scope of business conducted and applicable laws and regulations.

### **Ownership and Control**

Brink's' common stock trades on the New York Stock Exchange under the symbol "BCO." As of February 24, 2020 there were 1,237 shareholders of record of common stock.

### **Management/Directors and Officers**

The following is a list as of 4 January 2022, of the names and ages of the executive officers of Brink's indicating the principal positions and offices held by each. There are no family relationships among any of the officers named.

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Name	Age	Positions and Offices	Held Since
Douglas A. Pertz	66	Director, President and Chief Executive Officer	2016
Ronald J. Domanico	62	Executive Vice President, Chief Financial Officer	2016
Michael F. Beech	59	Executive Vice President Executive Vice President, Chief Information Officer and Chief Digital Officer	2014
Rohan Pal	55		2019
Dominik Bossart	46	Senior Vice President	2019
Simon J. Davis	56	Senior Vice President and Chief Human Resource Officer	2019
Dana C. O'Brien	53	Senior Vice President, General Counsel and Assistant Secretary	2019
James K. Parks	52	Senior Vice President	2020
Raphael J. Shemanski	58	Senior Vice President	2019

Executive and other officers of the Company are elected annually and serve at the pleasure of the Board.

## Financial Information

As of 31 December 2020, Brink's had total assets of US\$3,690,900,000 and total shareholder equity of US\$128,800,000.

## Available Information and Corporate Governance Documents

- Further information regarding Brink's can be found on the Company's investor website at: <http://investors.brinks.com/investor-overview/default.aspx>.
- The following items are available free of charge on the Brink's website ([www.brinks.com](http://www.brinks.com)) as soon as reasonably possible after filing or furnishing them with the Securities and Exchange Commission (the "SEC"):
  - Annual reports on Form 10-K
  - Quarterly reports on Form 10-Q
  - Current reports on Form 8-K, and amendments to those reports.
  - 
  - *The above information was extracted from Brink's' 2020 annual report. The Issuer confirms that such information has been accurately reproduced from information published and provided by Brink's and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced inaccurate or misleading. The delivery of this Base Prospectus shall not create any implication that there has been no change in the affairs of Brink's since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

## Metaal Transport B.V.

Metaal Transport B.V., ("Metaal Transport" or the "Company"), a private company limited by shares incorporated under the laws of The Netherlands, registered with the CoC under number: 24290025 and having its registered office at Heijplaatweg 16, 3089 JC Rotterdam, The Netherlands, acts as a Primary Sub-Custodian for Base Metals and may also act as a Sub-Custodian on behalf of other Primary Sub-Custodians for Base Metals under the Programme.

### Company profile

Metaal Transport was established in 1964 in Rotterdam. Metaal Transport offers a single, integrated solution for the warehousing, transportation, stevedoring, stuffing & stripping of containers with metals. In addition, Metaal

## **Base Prospectus**

Transport provides administrative services and as a customs broker, arranges clearance and VAT-representation and offers bonded warehousing solutions. Metaal Transport does not have any trading subsidiaries and is a fully independent privately owned enterprise.

The Netherlands has been a trading nation for over four centuries. The country is known for its open-economy, well educated workforce and entrepreneurial spirit. The Port of Rotterdam is the biggest port of Europe and has the best port logistics infrastructure in the world (World Economic Forum, 2018). The docks have direct access to sea and from pilot to berth only takes 2.5 hours. Apart from its size and excellent infrastructure, the port offers swift customs clearance by using a centralised IT-system. Finally, Rotterdam offers a large number of deepsea and hinterland connections by road, rail and barge.

### **Locations**

Metaal Transport has several terminals within the Port of Rotterdam:

- Metaal Transport Heijplaat (HQ) - Heijplaatweg 16, 3089 JC Rotterdam, The Netherlands, Port number 2577
- Metaal Transport Waalhaven NZ - Waalhaven NZ 26, 3087 BL Rotterdam, The Netherlands, Port number 2150
- Metaal Transport Maasvlakte – various warehouses at Port Commodity Park/Dolfijnweg , 3199 MD Rotterdam, The Netherlands, Port number 7010

### **Services**

Metaal Transport offers one integrated solution for the import and export of metals into/out of the European Union via the Port of Rotterdam. These services include:

- (bonded) warehousing in the Port of Rotterdam
- LME warehousing (incl. rent deals)
- Transportation service(s) worldwide
- Container stuffing & stripping
- Customs brokerage and fiscal representation
- Stevedoring & shipping
- Handling of break-bulk, project cargo and general cargo
- Inhouse Agency department to facilitate vessels in the Port.

Metaal provides worldwide shipping and/or direct connections to the European hinterland by road, rail and barge from its own port terminals. Metaal Transport's forwarding services centre around a network of large, reliable reputable transport companies. All modes of transport are offered – there is excellent access to the Metaal terminals by road, rail and water. Insurance issues are dealt with swiftly and confidentially. Metaal Transport manages all applicable documentation for each shipment – from certificates of origin to customs documentation and clearance, weight certificates, VAT and fiscal representation.

### **Facts:**

- Metaal Transport's scales have a capacity of 6 tonnes and their weigh-bridge has a capacity of 100 tonnes
- Metaal Transport's covered storage capacity is 42.000 m<sup>2</sup> with another 40.000 m<sup>2</sup> in open air
- quay length is 570 metres
- 5 cranes of 25 tonnes, 1 crane of 60 tonnes and 1 crane of 120 tonnes
- Fork-lifts trucks have a capacity of 17 tonnes, container truck has a capacity of 42 tonnes
- Weighbridge will handle up to 100 tonnes for railcars and trucks

## **Base Prospectus**

- Metaal Transport is fully equipped for stuffing, stripping, (re)packing and palletizing of various metals
- Metaal Transport's warehouse receipts, warrants and releases are internationally accepted by major banks and insurance companies to facilitate financing and the insurance of stock
- All of Metaal Transport's warehouses are approved and certified by the LME and the MMTA
- Inventories are regularly checked and updates can be provided at any time
- Metaal Transport are sworn weighers and issue official weight certificates and packing lists
- All premises are protected electronically as well as by surveillance

### **Certifications**

Metaal Transport provides storage services for non-ferrous metals, steel products and ferro-alloys. Metaal Transport's warehouses are approved by the standards of the London Metal Exchange ("LME") and the Minor Metals Trade Association ("MMTA"). Furthermore, Metaal Transport's terminals are certified to the International Ship and Port Facility Security Code "ISPS" standards by the Rotterdam Port Authority. In addition, Metaal Transport has rights to act as an Authorised Economic Operator ("AEO") for imports/exports into and out of the European Union.

### **Oversight**

The warehouses of Metaal Transport are approved and recognized by the LME and the MMTA.

Metaal Transport is an AEO, which implicates close cooperation with Dutch customs to assure smooth import or export of your goods. In addition, customer's goods are safely stored within Metaal Transport's ISPS-certified port terminals.

### **Conditions**

Metaal Transport's Warehouse operates in compliance with the Dutch Forwarding Conditions – General Conditions of Fenex Netherlands Association for Forwarding and Logistics "FENEX" as deposited at the Registry of the District Courts at Amsterdam and Rotterdam on 1 May 2018, the LME Warehouse Delivery Out Procedure and Rates and the Dutch Warehousing Conditions as deposited by the FENEX at the Registry of the District Court at Rotterdam on 15 November 1995, which applies to all legal relations between warehousing companies and their principals, even after the termination of the agreement, as far as the provisions of Chapter I thereof are concerned, and to the legal relation between warehousing companies and holders of receipts, as far as the provisions of Chapter II thereof are concerned, if the receipt states that those conditions - referred to by the name "Dutch Warehousing Conditions" - are applicable.

### **Ownership and Control**

Metaal Transport is privately owned by 3 shareholders. The Managing Director is the major shareholder of the company.

## **Base Prospectus**

### **Management / Directors and Officers**

- Willem-Jan de Geus – Managing Director
- Peter den Ouden – Deputy Director / Manager Operations & Port Security officer
- Nico van Balen – Account Manager
- René Slikerveer – Customs officer

### **Financial Information**

#### *Auditors*

Metaal Transport produces quarterly financial statements (unaudited) as well as annual audited financial statements.

The auditors of Metaal Transport are “Bakker accountants & adviseurs” (CoC 24453750). The auditors of Metal Transport are chartered accountants qualified to practice in The Netherlands and members of the Koninklijke Nederlandse Beroepsorganisatie van Accountants (“NBA”).

Further shareholder and general corporate information on Metaal Transport is publicly available upon request from the office of the Netherlands Chamber of Commerce located at KVK Kantoor Rotterdam, Blaak 40, 3011 TA Rotterdam or on the Netherlands Chamber of Commerce website at [www.kvk.nl/english/](http://www.kvk.nl/english/) or using the following link <https://www.kvk.nl/zoeken/?source=all&q=24290025&start=0&site=kvk2014> (Metaal Transport BV, company number 24290025).

Further information is also available on the Metaal Transport website at [www.metaaltransport.nl](http://www.metaaltransport.nl).

- *The above information was extracted from Metaal Transport’s website. The Issuer confirms that such information has been accurately reproduced from information published and provided by Metaal and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced inaccurate or misleading. The delivery of this Base Prospectus shall not create any implication that there has been no change in the affairs of Metaal since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

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**DESCRIPTION OF THE METALS COUNTERPARTIES**

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**NTree International Limited**

NTree International Limited, incorporated as a private limited company in England and Wales under registration number 10701258 on 31 March 2017, with its registered office at 85 Great Portland Street, First Floor, London, England, W1W 7LT, United Kingdom acts as a Metals Counterparty under the Programme.

See description above under “*Description of the Arranger*”.

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**DESCRIPTION OF THE ACCOUNT BANK**

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**The Bank of New York Mellon (formerly The Bank of New York)**

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by Special Act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, New York 10286, USA and having the London Branch operating in respect to this transaction.

The Bank of New York Mellon, London Branch is registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

The Bank of New York Mellon's corporate trust business services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A. The Bank of New York Mellon Corporation is a NYSE listed global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets.

The Bank of New York Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$43 trillion in assets under custody and administration and more than \$1.9 trillion in assets under management. Additional information is available at [bnymellon.com](http://bnymellon.com).

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## TAXATION

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*The following is a summary of certain aspects of the tax treatment in respect of payments of the Issuer and amounts paid in respect of 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 this 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 UK Prospectus Regulation may be made pursuant to this Base Prospectus.*

*Investors should be aware that the tax legislation of an investor's Member State and Ireland may have an impact on the income received from the ETC Securities.*

*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 Administrator or any other 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.*

### **Information Reporting**

Information relating to the ETC Securities, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the ETC Securities, amounts paid or credited with respect to the ETC Securities, details of the holders or beneficial owners of the ETC Securities and information and documents in connection with transactions relating to the ETC Securities. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries.

### **Austria**

*This section on taxation contains a brief summary of certain important income tax and corporate income tax aspects which are of significance in connection with the purchase, holding or sale of the ETC Securities in Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which*

*may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact the tax consequences described. It is recommended that potential investors in the ETC Securities consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the ETC Securities. Tax risks resulting from the ETC Securities (in particular from a potential qualification as a foreign investment fund within the meaning of Sec. 188 of the Austrian Investment Funds Act 2011 – Investmentfondsgesetz 2011) shall in any case be borne by the investor. With regard to certain innovative or structured financial securities or instruments such as ETC Securities, there is currently hardly any case law or comments of the fiscal authorities as to the tax treatment of such financial securities and instruments. Accordingly, it cannot be ruled out that the Austrian fiscal authorities and courts or the Austrian banks (custodian or paying agents) adopt a view different from that outlined below. For the purposes of the following it is assumed that the ETC Securities are legally and factually offered to an indefinite number of persons. Unless otherwise explicitly noted the following only refers to ETC Securities held as private assets.*

### **General remarks**

Individuals having a domicile (*Wohnsitz*) or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in the case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

The Issuer does not assume responsibility for Austrian withholding tax (*Kapitalertragsteuer*) at source.

### **Income taxation of securities in general**

Investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Überlassung von Kapital*) including dividends and interest payments (*Zinserträge*); the tax basis is the amount of the earnings received;
- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital (including zero coupon bonds); the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs, in each case including accrued interest; and
- income from derivatives (*Einkünfte aus Derivaten*), including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates (the mere exercise of an option does not trigger tax liability); e.g., in the case of index certificates, the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs,

Also the withdrawal of securities from a securities account (*Depotentnahme*) and circumstances leading to a restriction of Austria's taxation right regarding securities vis-à-vis other countries, e.g., a relocation from Austria (*Wegzug*), are in general also deemed to constitute a taxable sale. In both cases, no taxation may arise if certain conditions are fulfilled.

**ETC Securities held privately by Austrian resident individuals**

Individuals subject to unlimited income tax liability in Austria holding the ETC Securities as non-business assets are subject to income tax on all resulting investment income. Investment income from the ETC Securities with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), is subject to withholding tax (*Kapitalertragsteuer*) at a flat rate of 27.5%; no additional income tax is levied over and above the amount of tax withheld (final taxation; *Endbesteuerung*). Investment income from the ETC Securities without an Austrian nexus must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate at the lower regular progressive income tax rates (option to regular taxation). Whether the use of the option is beneficial from a tax perspective must be determined by consulting a tax advisor. The acquisition costs must not include ancillary acquisition costs (*Anschaffungsnebenkosten*). Expenses such as bank charges and custody fees must not be deducted; this also applies if the option to regular taxation is exercised.

Income from ETC Securities that are not offered to the public within the meaning of the Austrian Income Tax Act are not subject to withholding tax and final taxation, but are instead subject to the normal progressive rates up to 50% (for income above EUR 90.000 p.a. and up to EUR 1 million p.a.) and 55% (as far as the income exceeds EUR 1 million p.a.; this tax rate is, as the law stands today, applicable until 2025).

Generally, securities with a value-based repayment are assessed by the Austrian tax authorities as certificates. Accordingly, certificates are securitized capital claims that reflect the performance of an underlying asset and grant the buyer a right to receive a monetary or settlement amount that depends on the value of an underlying asset. Underlyings may include stocks, indices, commodities, currencies, bonds, or precious metals. Capital gains from such securities are treated by the Austrian tax authorities as investment income from derivative financial instruments.

The following restrictions on the offsetting of losses apply, among others: negative income from realised increases in value and from derivatives may be neither offset against interest from bank accounts and other non-securitized claims vis-à-vis credit institutions (except for cash settlements and lending fees) nor against income from private foundations, foreign private law foundations and other comparable legal estates (*Privatstiftungen, ausländische Stiftungen oder sonstige Vermögensmassen, die mit einer Privatstiftung vergleichbar sind*); income subject to income tax at the special tax rate of 27.5% may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income. The Austrian custodian agent has to effect the offsetting of losses by taking into account all of a taxpayer's securities accounts with the custodian agent, and to issue a written confirmation to the taxpayer to this effect. A carry-forward of such losses is not permitted.

**ETC Securities held as business assets by Austrian resident individuals**

Individuals subject to unlimited income tax liability in Austria holding the ETC Securities as business assets are subject to income tax on all resulting investment income. Investment income from the ETC Securities with an Austrian nexus is subject to withholding tax at a flat rate of 27.5%. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return. The flat rate of 27.5% is, in principle, still applicable if the realization of such income is not a main focus of the taxpayer's business activity. Investment income from the ETC Securities without an Austrian nexus must always be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate at the regular progressive income tax rates (option to regular taxation).

The flat tax rate does not apply to income from realised increases in value and income from derivatives if realizing these types of income constitutes a main focus of the respective investor's business activity. Expenses such as bank charges and custody fees must not be deducted; this also applies if the option to regular taxation is exercised. For the Products held as business assets the acquisition costs may also include ancillary costs incurred upon the acquisition (which may be deducted from capital gains). Depreciations to the lower fair market value and losses from the alienation, redemption and other realisation of financial assets and derivatives, which are subject to income tax at the flat rate of 27.5%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets within the same business unit (*Wirtschaftsgüter desselben Betriebes*); only 55% of the remaining negative difference may be offset against other types of income.

**Securities held by Austrian resident corporations / Private Foundations**

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on investment income from the ETC Securities at a rate of 25%. Investment income from the ETC Securities as defined in the Austrian Income Tax Act with an Austrian nexus is subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the corporate income tax liability. Under certain conditions withholding tax is not levied in the first place by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian withholding agent. Losses from the alienation of the ETC Securities can be offset against other income.

Private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in Sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the ETC Securities as non-business assets are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives (inter alia, if the latter are in the form of securities). Pursuant to the Austrian tax authorities' view, the acquisition costs must not include ancillary acquisition costs. Expenses such as bank charges and custody fees must not be deducted. Interim tax does generally not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. Investment income from the ETC Securities with an Austrian nexus is in general subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may be applied by the withholding agent, if the debtor of the withholding tax is a private foundation. Such withholding tax can be credited against the tax falling due. Under the conditions set forth in Sec. 94(12) of the Austrian Income Tax Act withholding tax is not levied.

## **Base Prospectus**

### **Non-resident Investors**

Individuals and corporations subject to limited (corporate) income tax liability in Austria are generally taxable on income from the ETC Securities only if they have a permanent establishment (*Betriebsstätte*) in Austria and the ETC Securities are attributable to such permanent establishment. In such case, they will, in general, be subject to the same tax treatment as resident investors.

If any payments on the ETC Securities were to be treated as a payment of interest for Austrian tax purposes, the following would apply with respect to non-resident investors who do not have a permanent establishment in Austria to which the ETC Securities are attributable:

Interest income derived by non-resident individuals is subject to taxation in Austria if (1) the securities are issued by an Austrian issuer (or by an Austrian branch of a foreign issuer) and (2) withholding tax has to be levied due to an Austrian paying agent or custodian. As the issuer is not an Austrian issuer and does not issue securities through an Austrian branch, no such limited taxation should apply.

Accrued interest in case of a sale or other disposition of securities (including the difference between the sales price and the acquisition cost in case of zero-coupon-bonds) is regarded as interest income subject to non-resident taxation if the debtor of the accrued interest (the acquirer of the securities) has its seat, domicile or its place of management in Austria or is the branch of a foreign bank, and the sales transaction, in the course of which the accrued interest is paid, is handled by an Austrian paying agent.

No taxation of interest income applies vis-à-vis non-resident corporate investors. No taxation of interest also applies vis-à-vis individuals who are residents in a country, with which Austria agreed on an automatic exchange of information, if an appropriate proof is provided by the investor. The proof has to be made, among others, by a certificate of residence of the tax authorities of the investor's residence state and further documentation in case of corporations. In case of transparent partnerships, the residence status of the partners is decisive.

Moreover, foreign investors have the possibility to seek relief from any withheld withholding tax in a refund procedure with the Austrian tax office with prior electronic notification (Sec. 240a Federal Tax Act).

### **Risk of qualification of securities as foreign investment funds**

Further, subject to certain conditions, the ETC Securities may be re-qualified as units of a foreign investment fund in the meaning of section 188 of the Austrian Investment Funds Act. The term "foreign investment fund" comprises (i) undertakings for collective investment in transferable securities the state of origin of which is not Austria, (ii) alternative investment funds ("AIF") pursuant to the Austrian Act on Alternative Investment Fund Managers (*Alternative Investmentfonds Manager-Gesetz*) the state of origin of which is not Austria (except real estate AIFs), and (iii) undertakings subject to a foreign jurisdiction, irrespective of the legal form they are organized in, the assets of which are invested according to the principle of risk-spreading on the basis either of a statute, of the undertaking's articles or of customary exercise, if one of the following conditions is fulfilled: (a) the undertaking is factually, directly or indirectly, not subject to a corporate income tax in its state of residence that is comparable to Austrian corporate income tax; (b) the profits of the undertaking are in its state of residence subject to corporate income tax that is comparable to Austrian corporate income tax, at a rate of less than 15%; or (c) the undertaking is subject to a comprehensive personal or material tax exemption in its state of residence. In order to assess whether the undertaking invests according to the principle of risk-spreading, an economic approach applies (substance over form). The Austrian tax authorities consider it as an indication that no foreign investment fund is given if the lack of an investment strategy precludes the qualification of an investment structure as an AIF because the competent regulatory authority qualifies the strategy as an entrepreneurial strategy. According to the view of the Austrian tax authorities, an investment fund is in particular assumed if the issuer has an obligation to the investor how to invest the funds received or if it can influence the value of the underlying assets.

## **Base Prospectus**

Uncertainties exist as to the precondition under which a foreign issuer must qualify as an AIF manager; regarding the definition of an AIF, the guidelines issued by the Austrian Financial Market Authority are applicable. Prospective investors are, therefore, advised to consult their tax advisors to obtain further information about the interpretation of the law and the application of the law by the tax authorities in this regard.

In case of a qualification as a foreign investment fund, the tax consequences would substantially differ from those described above, since such foreign investment fund units are regarded as transparent for tax purposes. Pursuant to the modified transparency principle applicable to investment funds, generally both distributions as well as at least a certain part of the retained income are subject to Austrian (corporate) income tax.

### **Austrian inheritance and gift tax**

In Austria, inheritance and gift tax are not levied any more. However, for gifts between living persons (*Schenkungen unter Lebenden*) a notification to the tax authorities may become necessary if certain thresholds are exceeded.

### **Germany**

*The following is a general description of certain tax considerations relating to the purchasing, holding and disposing of the ETC Securities. It does not purport to be a complete analysis of all tax considerations relating to the ETC Securities. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular ETC Holder of the ETC Securities. The discussions that follow are based upon the applicable German laws in force and their interpretation on the date of this Base Prospectus. These tax laws and interpretations are subject to change that may occur after such date, even with retrospective effect.*

*Prospective ETC Holders should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the ETC Securities, including the application and effect of any federal, state or local taxes, under the tax laws of Germany and each country of which they are residents or citizens.*

### **Taxation of capital gains of ETC Securities**

German individual investors and German corporate investors are subject to German personal or corporate income tax and solidarity surcharge on any capital gains from the sale of ETC Securities.

The German Ministry of Finance on 22 December 2009 has issued a tax circular regarding the taxation of capital income in Germany and the new German flat income tax (*Abgeltungsteuer*) (circular no. IV C 1 – S 2252/08/10004 as most recently amended on 12 April 2018), (the “**Tax Circular**”). Pursuant to this Tax Circular gains or losses from a note instrument, eligible for listings on stock exchanges, that neither provide for the payment of interest, nor for a guaranteed repayment of principal as of maturity, would be treated by the German tax authorities as gains or losses from a debt instrument in the form of a speculative certificate (*Risikozertifikat*) and thus, be subject to German income taxation.

As a consequence of the court case of the German Federal Tax Court (BFH) dated 24 April 2012 structured financial instruments which mirror the performance of an underlying investment without any additional embedded leverage (“**Delta 1-instrument**”) should not qualify as a so-called “Derivative Instrument” (*Termingeschäft*) but rather as a so called “other financial instrument” (*Sonstige Kapitalforderung*). Securities which provide for a short exposure or an embedded leverage may therefore qualify as a Derivative Instrument (*Termingeschäft*).

## **Base Prospectus**

As a consequence, German individual investors and German corporate investors are subject to German personal or corporate income tax and solidarity surcharge on any capital gains from the sale or other disposal of the ETC Securities which do not provide for any ongoing interest payments.

The tax rate in respect of such capital gains for German individual investors who hold ETC Securities as private assets (*Privatvermögen*) is 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) which will be levied on the gross income. However, taxpayers are entitled to apply for a tax assessment on the basis of the personal income tax rate applicable on their net taxable income (including from other sources of income). No expenses related to the capital gains except for a lump-sum tax allowance of EUR 801 for individuals and EUR 1602 for married couples subject to German joint taxation will be deductible. If ETC Securities are held in custody with a German credit institution or financial service institution (including a German branch of a foreign financial institution) as disbursing agent (*inländische auszahlende Stelle*), a flat withholding tax (*Abgeltungsteuer*) at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon (the solidarity surcharge has been partially abolished as of 1 January 2021; however, it continues to apply for capital investment income unless the individual income tax burden for an individual holder is lower than 25 per cent) and, if applicable, church tax) is deducted. Payment of the flat withholding tax satisfies any income tax liability of an individual investor in respect of such income (unless the investor elects for the tax assessment of such income). Losses from the sale of ETC Securities can be set off only against other capital income (*Einkünfte aus Kapitalvermögen*) of the investor.

Losses which cannot be set off in the same calendar year can be carried forward to a limited extent, if a tax loss certificate has been provided by the German paying agent, if applicable. However, if the losses result from the full or partial non recoverability of a repayment claim with respect to notes including a default or a (voluntary) waiver such losses together with other losses of such kind (i.e. losses from the transfer of worthless assets to a third party or from any other default) of the same year and loss carry forwards of previous years can only be offset up to an amount of €20,000 (“**Limited Loss Deduction**”). Any exceeding loss amount can be carried forward and offset against future investment income, but again subject to the €20,000 limitation. Given that the Limited Loss Deduction will not be applied by the disbursing agent (as defined above), holders suffering losses which are subject to the Limited Loss Deduction are required to declare such losses in their income tax return.

If the ETC Securities are held as business assets, all capital gains from the sale or other disposal of the ETC Securities by German investors will be subject to German personal or corporate income tax and Solidarity Surcharge thereon based on the applicable tax rate for the investor. In such case gains will also be subject to German trade tax. Withholding tax on such gains is deducted at the rates mentioned above but does not satisfy any income tax liability of the investor in respect of such gains.

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

The Issuer believes that good arguments exist that holders of ETC Securities will not be considered as holding a unit in an Alternative Investment Fund (“**AIF**”) and therefore not be subject to the German Investment Tax Act (*Investmentsteuergesetz*). In principle, under the German Investment Tax Act, only vehicles are considered an investment fund (*Investmentfonds*), if such vehicle is a collective investment vehicle within the meaning of the AIFMD. As the Issuer believes that the criteria of “principle of risk diversification” and certain other criteria of a collective investment vehicle in the form of an AIF are not fulfilled, ETC Securities should not be treated as units of an investment fund (*Investmentfonds*) pursuant to the provisions of the German Investment Tax Act.

In this context it has to be noted that according to a circular published by the German regulator BaFin also “performance tracking debt instruments” may qualify as units in an Alternative Investment Fund (“**AIF**”). This may also be relevant in the context of its application of the German Investment Tax Act. Further, the German Investment Tax Act in its version as of 1 January 2018 extends the scope of its application with respect to instruments issued by certain tax exempt investment vehicles (even if such vehicle does not qualify as an AIF). Investors should therefore carefully analyse any changes to the application or interpretation of the German Investment Tax Act.

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If the competent German tax authorities were to take a different view to that of the Issuer and would treat ETC Securities as units in an investment fund pursuant to the German Investment Tax Act, German tax resident Security Holders may become subject to a taxation regime which is different from the German taxation described above (in particular including the allocation of deemed taxable income during the holding period of the ETC Securities).

### **Gift or inheritance tax**

A transfer of the ETC Securities by way of gift or on death will be subject to German inheritance or gift tax if the ETC Holder, or their heir, donee or other beneficiary, is a German resident for German gift or inheritance tax purposes according to the specific rules of the German Gift and Inheritance Tax Act. This may in particular be the case if the ETC Holder, heir, donee or other beneficiary is:

- an individual having at the time of the donation or death his or her residence or habitual abode in Germany or if the individual is a German citizen who has not been living abroad for more than 5 years without having a residence in Germany; or
- a corporation having its seat or central place of management in Germany, or
- the ETC Securities constitute business assets attributable to a permanent establishment or a permanent representative in Germany.

### **Other taxes**

No stamp, issue, registration or similar direct or indirect taxes or duties will be payable in Germany in connection with the issue, delivery or execution of the ETC Securities, the Global Registered Security or any interest therein. No net asset tax is currently levied in Germany. There is in particular no German Value Added Tax (VAT) payable when ETC Holders acquire or sell ETC Securities.

The European Commission and certain Member States (including Germany) are currently intending to introduce a financial transaction tax ("FTT") (presumably on secondary market transactions involving at least one financial intermediary). It is currently uncertain when the proposed FTT will be enacted by the participating Member States and when the FTT will enter into force with regard to dealings with ETC Securities.

### **OECD Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions and automatically exchange with exchange partners on an annual basis financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. Germany has enacted a law implementing the CRS, which has entered into force on 1 January 2016 and provides for the exchange of information in relation to the calendar year 2016 and later.

In the event that ETC Holders hold the ETC Securities through a German financial institution (as meant in the (German implementation of the CRS), ETC Holders may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the German implementation of the CRS.

## **Italy**

*The following is a summary of current Italian law and practice relating to the taxation of ETC Securities. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of ETC Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of ETC Securities are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of ETC Securities.*

*As clarified by the Italian tax authorities with resolution No. 72/E of 12 July 2010 - dealing with the Italian tax treatment of investment in secured exchange commodities - the Italian tax consequences of the purchase, ownership and disposal of the ETC Securities depends on whether they represent:*

- (a) *a securitized debt claim, implying a static "use of capital" (impiego di capitale), through which the subscriber of the ETC Securities transfers to the Issuer a certain amount of capital for the purpose of obtaining a remuneration on the same capital and subject to the right to obtain its (partial or entire) reimbursement at maturity; or*
- (b) *a securitized derivative financial instrument or bundle of derivative financial instruments not entailing a "use of capital", through which the subscriber of the ETC Securities invests indirectly in underlying financial instruments or assets for the purpose of obtaining a profit deriving from the negotiation of such underlying financial instruments or assets.*

*Although no definitive treatment has been determined, the ETC Securities are expected to be treated as derivate financial instruments under the existing Italian tax law and practice, since the investment in the ETC Securities does not entail a "use of capital" to the extent that (i) they do not provide for the accrual of any periodical remuneration on the amount invested and (ii) the profits for the investors in ETC Securities only depends on the value of the Metals. If the ETC Securities would not be treated as derivate financial instruments under the Italian Tax Law or, for whatever reasons, the Italian tax authorities would consider that ETC Securities do not qualify as derivate financial instruments under the Italian Tax Law the taxation to be applied to investors in ETC Securities may significantly differ from the following (see para. "Taxation of ETC Securities qualifying as atypical securities" below).*

### **Tax treatment of the ETC Securities**

Based on the principles stated by the Italian tax authorities in resolution No. 72/E of 12 July 2010, any income in respect of ETC Securities, qualifying as securitised derivative financial instruments not entailing a "use of capital", would be subject to Italian taxation as capital gains or capital losses.

### **Capital Gains Tax**

- (a) Any capital gain or capital loss obtained in respect of the ETC Securities, if actually realised or in any case accounted in the statutory financial statement, would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the ETC Holder, also as part of the net value of production for IRAP purposes) if realised by Italian resident corporations or similar commercial entities (including the Italian permanent establishment of foreign entities to which the relevant ETC Securities are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the relevant ETC Securities are connected.
- (b) Where an Italian resident ETC Holder is (i) an individual not holding ETC Securities in connection with an entrepreneurial activity (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any income realised by such ETC Holders from the investment in the ETC Securities would be subject to an

## Base Prospectus

*imposta sostitutiva*, levied at the current rate of 26 per cent. Under some conditions and limitations, ETC Holders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione* provided for by Article 5 of the Legislative Decree No. 461 of 21 September 1997, the Decree No. 461), which is the default regime for taxation of capital gains realised by ETC Holders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding ETC Securities not in connection with an entrepreneurial activity. The relevant ETC Holder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual holding ETC Securities under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each transaction regarding ETC Securities (the "*risparmio amministrato*" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 September 1997, the Decree No. 461). Such separate taxation of capital gains is allowed subject to (i) ETC Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant ETC Holder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on ETC Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, 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 ETC Holder or using funds provided by the ETC Holder for this purpose. Under the *risparmio amministrato* regime, where a capital loss is realised on the ETC Securities, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the ETC Holder is not required to declare the capital gains in its annual tax return.

Any capital gains realised or accrued by Italian ETC Holders under (i) to (iii) above who have entrusted the management of their financial assets, including ETC Securities, to an authorised intermediary and have validly opted for the so-called "*risparmio gestito*" regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the ETC Holder is not required to declare the capital gains realised in its annual tax return.

(c) Any capital gains or losses realised by an ETC Holder which is an Italian resident collective investment scheme (other than an Italian pension fund) will be included in the result of the relevant portfolio accrued at the end of the tax period. The Italian investment fund will not be subject to taxation on such result.

(d) Any capital gains or losses realised by a ETC Holder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

(e) Capital gains realised on the ETC Securities by non-Italian resident holders are not subject to Italian taxation, provided that:

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- (i) the ETC Securities are held outside of Italy; or
- (ii) if the ETC Securities are held in Italy:
  - a. the subscription of the ETC Securities is concluded - even through the intervention of an intermediary - on regulated markets; or
  - b. the relevant holder complies with certain filing requirements and is: (i) a person (either an individual or a corporation) resident in a State allowing for adequate exchange of information with Italy included in the "white list" provided by Italian Ministerial Decree 4 September 1996, as amended from time; (ii) an institutional investor, even though not subject to tax, established in a State allowing for adequate exchange of information with Italy included in the "white list" provided by Italian Ministerial Decree 4 September 1996, as amended from time to time; (iii) is an international body set up in compliance with international treaties entered into force in Italy (e.g., BEI, BERS, etc.); or (iv) is a central bank or an organization also managing official State reserves.

In all other cases, capital gains realised by non-Italian resident holders are subject to the 26 per cent. *imposta sostitutiva*, unless a Tax Treaty against double taxation, if applicable, prevents Italy to tax such capital gains.

### **Taxation of ETC Securities qualifying as atypical securities**

The tax treatment of the ETC Securities as derivative instruments described above has been confirmed by the *Italian tax authorities with resolution No. 72/E of 12 July 2010*.

If the ETC Securities would not be treated as derivate financial instruments under the Italian Tax Law or, for whatever reasons, the Italian tax authorities would consider that ETC Securities do not qualify as derivate financial instruments but rather are to be classified as debt instruments implying a "use of capital" (*impiego di capitale*) representing so-called "atypical securities" (*titoli atipici*) pursuant to Article 8 of Law Decree no. 512 of 30 September 1983 (as subsequently amended), a different tax treatment would apply. In particular, interest and other proceeds deriving from "atypical securities" issued by non-Italian resident issuers earned by Italian resident ETC Holders qualify as income from capital and are subject to a 26 per cent. withholding tax applied by the Italian resident intermediary intervening in the relevant collection or in the disposal of the ETC Securities.

Otherwise, if the ETC Securities are held abroad or no Italian intermediaries intervene in the collection of the related proceeds, redemption or negotiation of the ETC Securities, the 26 per cent final withholding tax is paid directly by the taxpayer and the proceeds are required to be reported on the annual tax return.

The above 26 per cent. withholding does not apply to proceeds realized by (a) a non-Italian tax resident holder of the ETC Securities; and (b) to an Italian tax 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. In this case, proceeds realized by Italian tax resident investors would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the ETC Holder, also as part of the net value of production for IRAP purposes).

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding Euro 100,000; and

## **Base Prospectus**

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned in (a) to (c) above on the value exceeding, for each beneficiary, Euro 1,500,000.

The payment of the gift and inheritance taxes should be made directly by the relevant heir or donee and not by means of withholding by a tax agent.

An anti-avoidance rule is provided by Law no. 383 of 18 October 2001 for any gift of assets (such as the ETC Securities) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Legislative Decree no. 461 of 21 November 1997 (see para. "Capital Gains Tax", let. (b) above). In particular, if the beneficiary of the gift sells the ETC Securities for consideration within five years from the receipt thereof as a gift, the same beneficiary is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift had never taken place.

### **Transfer Tax**

Contracts relating to the transfer of securities (such as ETC Securities) are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of Euro 200; (ii) private deeds are subject to Euro 200 registration tax only in case of use, cross-reference event or voluntary registration.

### **Italian Financial Transaction Tax (IFTT)**

Italian shares and other participating instruments, as well as depositary receipts representing those shares and participating instruments irrespective of the relevant issuer (cumulatively referred to as In-Scope Shares), may be subject to a 0.2 per cent. IFTT calculated on the value of the shares or depositary receipts, as determined according to Article 4 of Ministerial Decree of 21 February 2013, as amended (the IFTT Decree).

Holders on derivative transactions or transferable securities and certain equity-linked securities mainly having as underlying or mainly linked to In-Scope Shares are subject to IFTT at a rate ranging between Euro 0.01875 and Euro 200 per counterparty, depending on the notional value of the relevant derivative transaction or transferable securities, calculated pursuant to Article 9 of the IFTT Decree.

IFTT applies upon subscription, negotiation or modification of the derivative transactions or transferable securities. The tax rate may be reduced to a fifth if the transaction is executed on certain qualifying regulated markets or multilateral trading facilities.

Considering their relevant nature, transactions concerning ETC Securities are not subject to the IFTT.

### **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011, converted with Law No. 214 of 22 December 2011 (Decree No. 201), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by Italian established financial intermediaries to their clients for the ETC Securities deposited therewith. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed Euro 14,000 for taxpayers other than individuals. The stamp duty is determined applies on the market value or, if no market value figure is available, the nominal value or redemption amount of the ETC Securities held.

The stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

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### **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree No. 201, Italian resident individuals holding the ETC Securities outside the Italian territory are required to pay an annual additional tax at a rate of 0.2 per cent which cannot exceed Euro 14,000 for taxpayers other than individuals. This tax is calculated on the market value of the ETC Securities at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value of such ETC Securities held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### **Tax Monitoring**

Pursuant to Law Decree No. 167 of 28 June 1990, converted into Law no. 227 of 4 August 1990, as subsequently amended, Italian resident individuals, non-commercial entities and partnerships and similar entities who, during the fiscal year, hold investments abroad must, in certain circumstances, disclose the aforesaid and the transactions related thereto to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as required for the income tax return).

The above reporting obligation is not required if the financial assets are deposited for management with certain Italian financial intermediaries, or if one of such intermediaries intervenes as a counterpart in their transfer, provided that income deriving from such financial assets is collected thorough the intervention of such an intermediary.

## **Ireland**

### **Introduction**

*The following is a summary of certain Irish tax consequences of the purchase, ownership and disposition of the ETC Securities. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the ETC Securities. The summary relates only to the position of persons who are the absolute beneficial owners of the ETC Securities and may not apply to certain other classes of persons such as dealers in securities.*

*The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Base Prospectus, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the ETC Securities should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the ETC Securities including, in particular, the effect of any state or local tax laws.*

### **Income Tax**

In general, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish taxation on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

ETC Securities issued by the Issuer may be regarded as property situate in Ireland (and hence Irish source income) on the grounds that a debt is deemed to be situate where the debtor resides. However, the interest earned on such notes is exempt from income tax if paid to a person who is not a resident of Ireland and who for the purposes of Section 198 of the Taxes Consolidation Act 1997 (as amended) ("TCA 1997") is regarded as being a resident of a relevant territory. A relevant territory for this purpose is a Member State of the European Communities (other than Ireland) or not being such a Member State a territory with which Ireland has entered

## **Base Prospectus**

into a double tax treaty that has the force of law or, on completion of the necessary procedures, will have the force of law and such double tax treaty contains an article dealing with interest or income from debt claims. A list of the countries with which Ireland has entered into a double tax treaty is available on [www.revenue.ie](http://www.revenue.ie).

Relief from Irish income tax may also be available under other exemptions contained in Irish tax legislation or under the specific provisions of a double tax treaty between Ireland and the country of residence of the ETC Holder.

If the above exemptions do not apply it is understood that there is a long standing unpublished practice whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and / or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that this practice will continue to apply.

### **Withholding Taxes**

In general, withholding tax (currently at the rate of 20%) must be deducted from interest payments made by an Irish company such as the Issuer. However, Section 246 TCA 1997 ("**Section 246**") provides that this general obligation to withhold tax does not apply in respect of, inter alia, interest payments made by the Issuer to a person, who by virtue of the law of the relevant territory, is resident for the purposes of tax in a relevant territory (see above for details). This exemption does not apply if the interest is paid to a company in connection with a trade or business which is carried on in Ireland by the company through a branch or agency.

Apart from Section 246, Section 64 TCA 1997 ("**Section 64**") provides for the payment of interest on a "Quoted Eurobond" without deduction of tax in certain circumstances. A Quoted Eurobond is defined in Section 64 as a security which:

- (a) is issued by a company;
- (b) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is); and
- (c) carries a right to interest.

There is no obligation to withhold tax on Quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland, or
- (b) the payment is made by or through a person in Ireland, and
  - i. the Quoted Eurobond is held in a recognised clearing system (Euroclear, Clearstream Banking SA, Clearstream Banking AG and the Depository Trust Company of New York have, amongst others, been designated as recognised clearing systems); or

## **Base Prospectus**

- ii. the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration to this effect.

In certain circumstances, Irish encashment tax may be required to be withheld at the standard rate (currently at the rate of 25%) from interest on any of the ETC Securities, where such interest is collected by a person in Ireland on behalf of any holder of ETC Securities.

### **Capital Gains Tax**

An ETC Holder will not be subject to Irish taxes on capital gains provided that such ETC Holder is neither resident nor ordinarily resident in Ireland and such ETC Holder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the ETC Securities are attributable.

### **Capital Acquisitions Tax**

If the ETC Securities are comprised in a gift or inheritance taken from an Irish domiciled, resident or ordinarily resident disponer or if the donee / successor is resident or ordinarily resident in Ireland, or if any of the ETC Securities are regarded as property situate in Ireland, the donee / successor may be liable to Irish capital acquisitions tax. As a result, a donee / successor may be liable to Irish capital acquisitions tax, even though neither the disponer nor the donee / successor may be domiciled, resident or ordinarily resident in Ireland at the relevant time.

### **Stamp duty**

For as long as the Issuer is a qualifying company within the meaning of Section 110 TCA 1997, no Irish stamp duty will be payable on either the issue or transfer of the ETC Securities, provided that the money raised by the issue of the ETC Securities is used in the course of the Issuer's business.

### **Luxembourg**

*The following is a summary of certain Luxembourg tax consequences of the purchase, ownership and disposition of the ETC Securities. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the ETC Securities. 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.*

*The summary is based upon Luxembourg tax laws and the practice of the Luxembourg tax authorities as in effect on the date of this Base Prospectus, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the ETC Securities should consult their own advisors as to the Luxembourg or other tax consequences of the purchase, ownership and disposition of the ETC Securities including, in particular, the effect of any state or local tax laws.*

## **Withholding Tax**

According to the Luxembourg law of December 23, 2005, as amended (the “**Relibi Law**”), a 20% withholding tax (“**20% WHT Discharge**”) applies on savings income paid or secured by a paying agent established in Luxembourg for the immediate benefit of Luxembourg resident individual ETC Holders. The 20% WHT Discharge also applies on accrued or capitalised interest received upon disposal, redemption, repurchase or conversion of the ETC Securities. Responsibility for the 20% WHT Discharge is assumed by the Luxembourg paying agent within the meaning of the Relibi Law, including the Issuer, to the extent it qualifies as a Luxembourg paying agent. The 20% WHT Discharge will operate a full discharge of income tax for Luxembourg resident individual ETC Holders acting in the course of the management of their private wealth.

In the event that interest is paid to Luxembourg resident individual ETC Holders by a paying agent established in a Member State (other than Luxembourg) or a Member State of the EEA, the Luxembourg resident individual ETC Holders may opt to self-declare and pay a 20% tax in full discharge of income tax in accordance with the Relibi Law (the “**20% Tax Discharge**”).

## **Income Taxation**

### **Non-resident ETC Holders**

A non-resident corporate ETC Holder or a non-resident individual ETC Holder 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 any gains realised upon the sale or disposal, in any form whatsoever, of the ETC Securities.

### **Resident ETC Holders**

A corporate ETC Holder must include 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 ETC Holder, acting in the course of the management of a professional or business undertaking.

An ETC Holder that is governed by the law of 11 May 2007 on family estate management companies, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds as amended, or by the law of 23 July 2016 on reserved alternative investment funds (provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 apply), is not subject to Luxembourg income tax in respect of gains realised on the sale or disposal, in any form whatsoever, of the ETC Securities.

A gain realised by an individual ETC Holder, 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 may be subject to the 20% WHT Discharge or the 20% Tax Discharge.

## **Net Wealth Taxation**

A corporate ETC Holder, 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 net wealth tax on such ETC Securities, except if the ETC Holder is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 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, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital

## **Base Prospectus**

vehicles, as amended or is a reserved alternative investment fund governed by the law of 23 July 2016. However, a securitisation company subject to the amended law of 22 March 2004, a company subject to the amended law of 15 June 2004 on venture capital vehicles are, as from 1 January 2016, subject to a minimum net wealth tax, as well as reserved alternative investment funds subject to the law of 23 July 2016, provided it is foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies.

An individual ETC Holder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg net 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, unless the documents relating to the ETC Securities are voluntarily registered in Luxembourg or appended to a document that requires obligatory registration in Luxembourg.

Where a ETC Holder 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**

### **Introduction**

The following is a summary of certain Dutch tax consequences of the purchase, ownership and disposition of the ETC Securities. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the ETC Securities. The summary relates only to the position of persons who are the absolute beneficial owners of the ETC Securities and may not apply to certain other classes of persons such as dealers in securities. The summary is based upon Dutch tax laws and the practice of the Dutch Tax Authorities as in effect on the date of this Base Prospectus, which are subject to prospective or retrospective change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the ETC Securities should consult their own advisors as to the Dutch or other tax consequences of the purchase, beneficial ownership and disposition of the ETC Securities including, in particular, the effect of any state or local tax laws.

### **Private individuals**

An investor in the ETC Securities, who is an individual resident or deemed to be resident in the Netherlands will be subject to regular Dutch income tax on the income derived from the ETC Securities and the gains realized upon the acquisition, redemption and/or disposal of the ETC Securities, if:

- (a) such investor in the ETC Securities has an enterprise or an interest in an enterprise, to which enterprise the ETC Securities are attributable; and/or
- (b) such income or capital gain forms "a benefit from miscellaneous activities" (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities with respect to the ETC Securities exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a "lucrative interest" (*lucratief belang*)) that the investor has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such investor (or a related person), whether within or outside an employment relation, where such lucrative interest provides the investor, economically speaking, with certain benefits that have a relation to the relevant work or services.

## **Base Prospectus**

If either of the abovementioned conditions (a) or (b) applies, income derived from the ETC Securities and the gains realized upon the acquisition, redemption and/or disposal of the ETC Securities will in general be subject to Dutch income tax at the progressive rates up to 49.5%.

If the abovementioned conditions (a) and (b) do not apply, an investor in the ETC Securities who is an individual, resident or deemed to be resident in the Netherlands will not be subject to taxes on income and capital gains in the Netherlands. Instead, such individual is generally taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*), which deemed income is determined on the basis of the amount included in the individual's "yield basis" (*rendementsgrondslag*) at the beginning of the calendar year (minus a tax-free threshold). For the 2021 tax year, the deemed income derived from savings and investments amounted to 1.9% of the individual's yield basis up to €100,000, 4.5% of the individual's yield basis exceeding €100,000 up to and including €1,000,000 and 5.69% of the individual's yield basis in excess of €1,000,000. The percentages to determine the deemed income will be reassessed every year.

### **Corporate entities**

An investor in the ETC Securities that is resident or deemed to be resident in the Netherlands for corporate income tax purposes, and that is:

- a corporation;
- another entity with a capital divided into shares;
- a cooperative (association); or
- another legal entity that has an enterprise or an interest in an enterprise to which the ETC Securities are attributable,

but which is not:

- a qualifying pension fund;
- a qualifying investment fund (*fiscale beleggingsinstelling*) or a qualifying exempt investment institution (*vrijgestelde beleggingsinstelling*); or
- another entity exempt from corporate income tax,

will in general be subject to regular corporate income tax, generally levied at a rate of 25% (15% over profits up to €245,000; 2021 tax rates) over income derived from the ETC Securities and the gains realized upon the acquisition, redemption and/or disposal of the ETC Securities.

### **Gift, Estate and Inheritance Taxes**

Gift tax may be due in the Netherlands with respect to an acquisition of the ETC Securities by way of a gift by an investor in the ETC Securities who is resident or deemed to be resident of the Netherlands at the time of the gift.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of the ETC Securities by way of an inheritance or bequest on the death of an investor in the ETC Securities who is resident or deemed to be resident of the Netherlands, or by way of a gift within 180 days before his death by an investor in the ETC Securities who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Dutch gift and inheritance tax, an individual with the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident of the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

### **Value Added Tax**

No Dutch value added tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of the ETC Securities.

## **Base Prospectus**

### **Other Taxes and Duties**

No Dutch registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of the ETC Securities.

### **Switzerland**

#### **Swiss Tax Resident ETC Holders**

If the ETC Securities are held as private assets, the ETC securities should generally generate capital gains exempt from tax or non-tax deductible capital losses. It can, however not be ruled out, that, as a result of the Minimum Denomination, the Swiss tax authorities treat the ETC securities as a structured product, combining bond and option components. In that case and provided that the ETC securities qualify as transparent products within the meaning of the Swiss federal tax authorities (which is the case for most structured products), any proceeds received by the ETC Holder 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 share of the profit attributed to the bond component being characterised as taxable interest income and the share of the profit attributed to the option component as tax capital gain or non-tax-deductible loss).

If the ETC Securities are held as business assets, any profit 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 rate tax (the rate of which 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 Issuer does not have any business activity in 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.

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 products, 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).

#### **Additional Swiss tax considerations for Basket ETC Securities:**

#### **Swiss Tax Resident Basket ETC Security Holders**

For private investors with tax domicile in Switzerland capital gains are basically tax free. In the event of a sale or redemption of units held as private assets, the difference between the purchase price and the sales proceeds generally qualifies as a tax free capital gain or as a capital loss, which is not deductible for tax purposes.

If the Basket ETC Security is held as business assets, any income or capital gain is generally subject to income tax.

#### **Swiss Withholding Tax**

## **Base Prospectus**

Payments under the Basket ETC Security issued by a non-Swiss issuer should not be subject to Swiss withholding tax.

### **Stamp Taxes (Issuance Stamp Tax, Securities Transfer Tax)**

The establishment and issuance of Basket ETC Security are not subject to the Swiss federal issuance stamp tax. However, the issuance of units may be subject to the securities transfer tax upon issuance. Trading in units may be subject to the securities transfer tax.

### **United Kingdom**

The following summary is intended only as a general guide to the UK withholding tax treatment of amounts payable to investors by the Issuer in respect of the ETC Securities. It does not purport to be a complete analysis of all potential UK tax consequences of holding ETC Securities. It is based on current UK tax law and what is understood to be the current practice (which may not be binding on HM Revenue & Customs ("HMRC")) as at the date of this Base Prospectus, and both of which are subject to change, possibly with retrospective effect.

Investors and prospective investors are strongly urged to seek tax advice from appropriate professional advisers regarding the tax consequences of an investment in ETC Securities, including as to how any ETC Securities will be classified for tax purposes and the tax consequences of such classification.

Investors and prospective investors in ETC Securities should be aware that the particular terms of issue of any Series of ETC Securities as specified in the relevant Final Terms may affect how payments to investors by the Issuer in respect of that Series of ETC Securities are treated for UK withholding tax purposes

Investors and prospective investors who may be liable to taxation in jurisdictions other than the UK in respect of their acquisition, holding or disposal (including redemption) of ETC Securities should also consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdiction), since the following comments relate only to the UK withholding tax treatment of payments made to investors by the Issuer in respect of ETC Securities. In particular, investors and prospective investors should be aware that they may be liable to taxation under the laws of the UK and other jurisdictions in relation to payments in respect of the ETC Securities even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the UK.

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### **Withholding Tax**

Payments made to investors by the Issuer in respect of any ETC Securities (ie, of Early Redemption Amounts or Final Redemption Amounts) which to any extent fail to be treated as payments of interest for UK income tax purposes may be made without deduction or withholding for or on account of UK income tax where such payments do not constitute “yearly interest” and / or do not arise in the UK (that is, where they do not have a “UK source”), in each case for the purposes of section 874 of the Income Tax Act 2007 (the “ITA”).

Payments of interest (for UK income tax purposes) in respect of any ETC Securities may have a “UK source” if the Underlying Metal in relation to such ETC Securities is located in warehouses in the UK, as well as in other circumstances.

If payments made by the Issuer in respect of any ETC Securities, which are treated as payments of interest for UK income tax purposes, have a “UK source”, and constitute “yearly interest” for the purposes of section 874 of the ITA (such that, *prima facie*, UK income tax should be withheld therefrom), such payments may nevertheless be made without deduction or withholding for or on account of UK income tax if such ETC Securities are “listed” on a “recognised stock exchange”, in each case within the meaning of section 1005 of the ITA, or are admitted to trading on a multilateral trading facility operated by an EEA-regulated recognised stock exchange (within the meaning of section 987 of the ITA). This is as a result of the exemption from withholding tax for quoted Eurobonds set out in section 882 of the ITA. On the basis of information published by HMRC regarding which stock exchanges are so recognised, the London Stock Exchange, amongst other stock exchanges, is a recognised stock exchange for these purposes and, therefore, payments of interest (for UK income tax purposes) in respect of an ETC Security may be made without withholding or deduction for or on account of UK income tax if, and for so long as, such ETC Security is listed on the London Stock Exchange (meaning for these purposes that it is admitted to trading on the main or professional services market of the London Stock Exchange and included in the official UK list) or any other such recognised stock exchange (or is admitted to trading on a multilateral trading facility operated by an EEA-regulated recognised stock exchange (within the meaning of section 987 of the ITA)).

Payments of “yearly interest” with a “UK source” made by the Issuer in respect of any ETC Securities that are not listed on a recognised stock exchange or admitted to trading on a multilateral trading facility operated by an EEA-regulated recognised stock exchange may be made without deduction or withholding for or on account of UK income tax if such payments are “excepted payments” within the meaning of any of sections 933 to 937 ITA 2007.

The UK withholding tax treatment of any payments of “yearly interest” which have a “UK source” and which are not “excepted payments”, and which are made in respect of any Series of ETC Securities which are neither listed on such a recognised stock exchange nor admitted to trading on such a multilateral trading facility, will depend upon the specific circumstances, including the extent to which an applicable double taxation treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to ETC Securities, and on the specific terms of such ETC Securities.

### **United States**

#### ***Foreign Account Tax Compliance Act***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “FATCA”, a “foreign financial institution” may be required to withhold on certain payments it makes (“*foreign passthru payments*”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the ETC Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the ETC

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Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the ETC Securities, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the ETC Securities, no person will be required to pay additional amounts as a result of the withholding.

***FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the ETC Securities.***

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## **SUBSCRIPTION AND SALE**

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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.

This document has been approved as a Base Prospectus by the FCA in its capacity as competent authority under the UK Prospectus Regulation.

### **Selling Restrictions**

#### **United States**

The ETC Securities have not been and will not be registered under the Securities Act or under the securities law of any state or political sub-division of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (collectively, the "**United States**"). No person has registered nor will register as a commodity pool operator of the Issuer under the CEA and the CFTC Rules of the CFTC, and the Issuer has not been and will not be registered under any United States federal laws. The ETC Securities are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act pursuant to Regulation S thereunder ("**Regulation S**").

Accordingly, the ETC Securities may not at any time be offered, sold or otherwise transferred except (i) in an "Offshore Transaction" (as such term is defined under Regulation S) and (ii) to or for the account or benefit of, a Permitted Transferee.

A "**Permitted Transferee**" means any person who is not any of:

- (a) a U.S. person as defined in Rule 902(k)(1) of Regulation S;
- (b) a person who comes within any definition of U.S. person for the purposes of the CEA or any CFTC rule, guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" as such term is defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception to the extent that it would apply to persons who are not "Non-United States persons", shall be considered a U.S. person); or
- (c) a "resident of the United States" for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended ("**BHC Act**").

Transfers of ETC Securities within the United States or to any person other than a Permitted Transferee (a "**Non-Permitted Transferee**") are prohibited.

The foregoing restrictions on the offer, sale or other transfer of ETC Securities to a Non-Permitted Transferee may adversely affect the ability of an investor in the ETC Securities to dispose of the ETC Securities in the secondary market, if any, and significantly reduce the liquidity of the ETC Securities. As a result, the value of the ETC Securities may be materially adversely affected.

As defined in Rule 902(k)(1) of Regulation S, "**U.S. person**" means:

- (a) Any natural person resident in the United States;
- (b) Any partnership or corporation organized or incorporated under the laws of the United States;
- (c) Any estate of which any executor or administrator is a U.S. person;

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- (d) Any trust of which any trustee is a U.S. person;
- (e) Any agency or branch of a foreign entity located in the United States;
- (f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) Any partnership or corporation if (I) organized or incorporated under the laws of any foreign jurisdiction; and (II) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in §230.501(a) of the Code of Federal Regulations, Title 17) who are not natural persons, estates or trusts.

As defined in CFTC Rule 4.7, “**Non-United States person**” means:

- (a) A natural person who is not a resident of the United States;
- (b) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;
- (c) An estate or trust, the income of which is not subject to United States income tax regardless of source;
- (d) An entity organized principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of part 4 of the Commodity Futures Trading Commission’s regulations by virtue of its participants being Non-United States persons; and
- (e) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

As modified in the definition of “Permitted Transferee” above, the definition of “Non-United States person” excludes for purposes of sub-section (d) above, the exception in the proviso to the extent that it would apply to persons who are not “Non-United States persons”.

As defined in the CFTC's proposed rule regarding the application of certain swap provisions of the CEA in cross-border transactions (81 Fed. Reg. 71946 (Oct. 11, 2016), “**U.S. person**” means:

- (a) A natural person who is a resident of the United States;
- (b) An estate of a decedent who was a resident of the United States at the time of death;
- (c) A corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund, or any form of entity similar to any of the foregoing, in each case:
  - (i) that is organized or incorporated under the laws of the United States; or

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- (ii) that has its principal place of business in the United States, including any branch of the legal entity ("**legal entity**");
- (d) A pension plan for the employees, officers, or principals of a legal entity, unless the pension plan is primarily for foreign employees of such entity;
- (e) A trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust;
- (f) A legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is owned by a U.S. person and for which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity, including any branch of the legal entity; or
- (g) An individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a U.S. person.

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As defined in the final regulations issued under Section 13 of the BHC Act, 17 CFR 225.10(d)(8), “**resident of the United States**” means a “U.S. person” as defined in Regulation S.

Each person who offers, sells or otherwise transfers ETC Securities has exclusive responsibility for ensuring that its offer, sale or other transfer is not to or for the account or benefit of any person other than a Permitted Transferee as such term is defined as of the date of such offer, sale, pledge or other transfer.

The ETC Securities have not been approved or disapproved by the United States Securities and Exchange Commission (“**SEC**”) or any other regulatory agency in the United States, nor has the SEC or any other regulatory agency in the United States passed upon the accuracy or adequacy of this document or the merits of the ETC Securities. Any representation to the contrary is a criminal offence. Furthermore, the ETC Securities do not constitute, and have not been marketed as, contracts for the sale of a commodity for future delivery (or options thereon) subject to the CEA, and neither trading in the ETC Securities nor this document has been approved by the CFTC under the CEA, and no person other than a Permitted Transferee may at any time trade or maintain a position in the ETC Securities.

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that it has complied and will comply with the aforementioned transfer and selling restrictions and it will have sent to each dealer to which it sells ETC Securities a confirmation or other notice setting forth the above restrictions on offers and sales of the ETC Securities. Each Authorised Participant has further represented and agreed that it has not offered, sold or delivered and will not at any time offer, sell or deliver the ETC Securities of any identifiable Tranche except in accordance with Rule 903 of Regulation S, 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 under Regulation S.

In addition, under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”), each Tranche of ETC Securities must be issued and delivered outside the United States and its possessions in connection with their original issue and any other sale. Each Authorised Participant represents that it has not offered, sold or delivered, and agrees that it will not offer, sell or deliver, directly or indirectly, any ETC Securities of any Tranche within the United States or its possessions in connection with their original issue or otherwise. Further, in connection with the original issue of any Tranche of ETC Securities or otherwise, each Authorised Participant represents that it has not communicated, and agrees that it will not communicate, directly or indirectly, with a prospective purchaser if either of such Authorised Participant or such purchaser is within the United States or its possessions or otherwise involve such Authorised Participant’s U.S. office in the offer or sale of such ETC Securities. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules.

## **Public Offer Selling Restriction under the UK Prospectus Regulation**

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that with effect from the Relevant Effective Date it has not made and will not make an offer of ETC Securities which

are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Final Terms to the public in the UK, except that it may, with effect from and including the Relevant Effective Date, make an offer of such ETC Securities to the public in the UK:

- i. other than pursuant to section 86 of the FSMA (a “**Non-exempt Offer**”), following the date of publication of the Base Prospectus in relation to such ETC Securities which either (i) has been approved by the Financial Conduct Authority or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the

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Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in the period (if any) beginning and ending on the dates (if any) specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- ii. at any time to a legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- iii. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Issuer or Administrator on its behalf for any such offer; or
- iv. at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of ETC Securities referred to in paragraphs (ii) to (iv) above shall require the Issuer or any Authorised Participant to publish a prospectus pursuant section 85 of the FSMA or supplement a base prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of the provision above, the expression an "offer of ETC Securities to the public" in relation to any ETC Securities in the UK means the communication in any form and by any means, presenting 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 for those ETC Securities.

## **United Kingdom**

In accordance with the selling restrictions set out in the section of this base prospectus entitled "Subscription and Sale", each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that:

- (i) 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
- (ii) 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 UK.

On this basis, this document is only being distributed to and is only directed at (i) persons who are outside of the United Kingdom; (ii) persons who have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons falling within (i)-(iv) together being referred to as "relevant persons"). The ETC Securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such ETC Securities will be engaged in only with relevant persons. This document and its contents should not be acted upon or relied upon in the United Kingdom by persons who are not relevant persons.

## **Base Prospectus**

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 this 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 this 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 this 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 UK Prospectus Regulation is not contained in this Base Prospectus or the relevant Final Terms, 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 or others may otherwise have under applicable laws, including liabilities arising by virtue of the laws in the jurisdictions in which the ETC Securities are offered or sold.

## **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 may be set out in a supplement to this Base Prospectus if required.

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 this Base Prospectus, any other offering material or any Final Terms, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Authorised Participants to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver ETC Securities or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Issuer consents to the use of this Base Prospectus, and has accepted responsibility for the content of this Base Prospectus, with respect to the subsequent resale or final placement of ETC Securities by any Authorised Offeror or Authorised Participant in the United Kingdom. This consent is valid for 12 months from the date of publication of this Base Prospectus.

***Investors should be aware that information on the terms and conditions of the offer by any Authorised Offeror or Authorised Participant shall be provided at the time of the offer by such Authorised Offeror or Authorised Participant. Any Authorised Offeror or Authorised Participant using this Base Prospectus and KIDs (applicable for UK Retail Investors) for the relevant ETC Securities for the purpose of any offering must state on its website that it uses this Base Prospectus and KIDs (applicable for UK Retail Investors) in accordance with the consent given and the conditions attached thereto.***

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## **CLEARING SYSTEM SETTLEMENT ARRANGEMENTS**

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The ETC Securities will be cleared through the clearing system(s) specified in the relevant Final Terms in accordance with the rules and procedures of the Relevant Clearing System.

The International Securities Identification Number (ISIN) and any Common Code and/or other applicable clearing system identification numbers will also be specified in the relevant Final Terms.

### **Issue**

The ETC Securities will be issued in registered form.

If the Global Registered Securities are stated in the applicable Final Terms to be held under the new safekeeping system the Global Registered Securities will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Global Registered Securities which are not held under the new safekeeping system may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

All ETC Securities of the same Series shall have the same Nominal Amount.

### **Form and Title**

Title to the ETC Securities shall pass by registration in the Register.

If the Final Terms state that the ETC Securities are to be represented by a Global Registered Certificate on issue, the following will apply in respect of transfers of ETC Securities held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the ETC Securities within a clearing system whilst they are held on behalf of such clearing system but will limit the circumstances in which the ETC Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of ETC Securities represented by any Global Registered Security pursuant to Master Condition 17 (*Transfers*) may only be made in part:

- (i) if the ETC Securities represented by the Global Registered Security are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) above, the ETC Holder has given the Registrar not less than 30 days' notice at its Specified Office of the ETC Holder's intention to effect such transfer. Where the holding of ETC Securities represented by a Global Registered Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Registered Security. Where transfers are permitted in part, Certificates issued to transferees shall be Individual Securities unless the transferee requests otherwise and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

## **Base Prospectus**

### **Relevant Clearing System**

Custodial or safekeeping links have been (or will be) established with the Relevant Clearing System. At the date of this Base Prospectus, settlement of transactions in the ETC Securities will take place within Euroclear and Clearstream, Luxembourg.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants.

Euroclear and Clearstream, Luxembourg provide to their respective participants (“**Participants**”), services including:

- (a) safekeeping and administration;
- (b) clearance and settlement of internationally traded securities; and
- (c) securities lending and borrowing.

Persons who clear through or maintain a custodial relationship with a Participant can access these services either directly or indirectly.

Distributions of principal with respect to book-entry interests in the ETC Securities held through Euroclear and Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of the relevant Participant in accordance with the Relevant Clearing System’s procedures applicable to ETC Securities traded on the relevant platform.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“**Alternative Clearing System**”) as the holder of an ETC Security represented by a Global Registered Security must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying ETC Securities, and in relation to all other rights arising under the Global Registered Securities, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the ETC Securities for so long as the ETC Securities are represented by such Global Registered Security and such obligations of the Issuer will be discharged by payment to the holder of the underlying ETC Securities, as the case may be, in respect of each amount so paid.

### **Eurosystem eligibility**

Where the Final Terms indicate that a Series of ETC Securities is “intended to be held in a manner which would allow Eurosystem eligibility”, such designation simply means that the ETC Securities are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper (and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper) and does not necessarily mean that the ETC Securities will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied of Eurosystem eligibility. At the date of this Base Prospectus, Euroclear will be the Common Safekeeper.

## **Base Prospectus**

Where the Final Terms indicate that a Series of ETC Securities is not “intended to be held in a manner which would allow Eurosystem eligibility”, should the Eurosystem eligibility criteria be amended in the future such that the ETC Securities are capable of meeting them, the ETC Securities may then be deposited with one of the ICSDs as Common Safekeeper (and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper). Note that this does not necessarily mean that the ETC Securities will then be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied of Eurosystem eligibility.

### **Records**

ETC Securities may be accepted for clearance through any Relevant Clearing System (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 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.

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## FORM OF FINAL TERMS

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*The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:*

### FORM OF FINAL TERMS

#### Final Terms dated [●]

**Elementum Metals Securities plc**

**Issue of [●] Elementum Physical [Copper] / [Nickel] / [Electric Vehicle Metals] / [●] [Basket] ETC Securities**

**being Tranche Number [●] of Elementum Physical [Copper] / [Nickel] / [Electric Vehicle Metals] / [●] [Basket] ETC Securities**

**issued under its Elementum Physical Metal ETC Securities Programme (the “ETC Securities”)**

### Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] 2022 [and the Supplement[s] to the Base Prospectus dated [●] [and [●]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “UK Prospectus Regulation”).

These Final Terms (the “**Final Terms**”) constitute the final terms of the ETC Securities described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such [Base Prospectus] [prospectus] [(as so supplemented)]. Full information on the Issuer and the offer of the ETC Securities is only available on the basis of the combination of these Final Terms and the [Base Prospectus] [prospectus]. The [Base Prospectus] [prospectus] [, any Supplement[s] to the [Base Prospectus] [prospectus] ][and any translations of the Summary] [is] [are] available for viewing on the website maintained on behalf of the Issuer at [www.elementummets.com](http://www.elementummets.com), at the registered office of the Issuer and at the Specified Office of the Principal Paying Agent [and copies may be obtained from the offices of each additional Paying Agent]. A summary of the individual issue is annexed to these Final Terms.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under the UK Prospectus Regulation.]*

### **GENERAL TERMS**

**Base Prospectus**

1.	Issuer:	Elementum Metals plc
2.	(i) Series:	Elementum Physical [Copper] / [Nickel] / [Electric Vehicle Metals] ETC Securities
	(ii) Tranche Number(s):	[●]
3.	Aggregate Number of ETC Securities of the Series:	
	(i) Immediately prior to the Tranche Issue Date:	[●]
	(ii) Immediately following the Tranche Issue Date:	[●]
	(iii) Comprising the relevant Tranche of the Series:	[●]
	(iv) Maximum Issue Size <sup>1</sup> :	[●]
4.	Issue Price per ETC Security as at Series Issue Date:	[USD [●]]
5.	Issue Price per ETC Security as at Subscription Trade Date:	[USD [●]]
6.	Metal Reference Price	[Copper Reference Price] / [Nickel Reference Price] / [●] / [N/A]
7.	Reference Index	[Solactive Elementum Electric Vehicle Index] / [●]
8.	Reference Index Source	[www.solactive.com] / [●]
9.	Administrator of Reference Index	[Solactive AG] / [●]
10.	Metal Reference Price(s) for Component(s)	[●]
11.	Metal Reference Price Source(s) for Components	[●]
12.	Trading Unit for Component(s)	[●]
13.	Additional trading venue(s) for Component(s)	[●]
14.	Metal Entitlement:	

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<sup>1</sup> This is the maximum number of ETC Securities of the Series that can be outstanding at any time.

**Base Prospectus**

	(i) [Metal]/[Basket]:	[•] [Elementum Electric Vehicle Metals] / [•] [Baskets, each comprising [[•] [metric tonnes] [Copper]] / [[•] metric tonnes [Nickel]] / [[•] metric tonnes [Cobalt]] / [[•] [Trading Units] [•]]]
	(ii) Initial Metal Entitlement per ETC Security as at Series Issue Date:	[[•] [metric tonnes] / [[•] Baskets]
	(iii) Metal Entitlement per ETC Security as at the Subscription Trade Date of the relevant Tranche of ETC Securities (if not the first Tranche of ETC Securities of the Series):	[[•] [metric tonnes] / [[•] Baskets]
15.	Issue Date:	
	(i) Series Issue Date:	[•]
	(ii) Tranche Issue Date (if not the first Tranche of ETC Securities of the Series):	[•]
	(iii) Subscription Trade Date of Tranche:	[•]
	(iv) Date on which Board approval for issuance of ETC Securities obtained <sup>2</sup> :	[•]
16.	Scheduled Maturity Date:	[•]
17.	Relevant Regulatory Law Reference Date <sup>3</sup> :	[•]
18.	Name and address of Relevant Clearing System(s):	[Euroclear]/[Clearstream, Frankfurt][Clearstream, Luxembourg]/[•]
<b>TRANSACTION PARTIES AS AT TRANCHE ISSUE DATE</b>		
19.	Additional Paying Agent(s):	[Where a Paying Agent is applicable in addition to the Principal Paying Agent [•]]/[•]  [Give name and address of institution(s)]
20.	Account Bank:	[The Bank of New York Mellon, London Branch]

<sup>2</sup> If this is not the first Tranche of a Series, include the board approval date for the first Tranche of such Series.

<sup>3</sup> This should generally be the trade date for the first Tranche of the Series.

## Base Prospectus

21.	Registrar and Transfer Agent:	[The Bank of New York Mellon, SA/NV, Luxembourg Branch]
22.	Metals Counterparty/ies:	NTree International Limited
23.	Primary Sub-Custodian(s): <sup>4</sup>	[The Brink's Company] / [Metaal Transport B.V.] / [●]
24.	Location of Primary Sub-Custodian vaults: <sup>5</sup>	[Copper] / [Nickel] / [Cobalt]: [LME Approved Warehouse in The Netherlands] / [●]
25.	Additional Sub-Custodian(s): <sup>6</sup>	[●] / [The Brink's Company] / [Metaal Transport B.V.] / [Not Applicable]
26.	Location of Additional Sub-Custodian vault(s) or LME Approved Warehouse(s): <sup>7</sup>	[Copper] / [Nickel] / [Cobalt]: [LME Approved Warehouse in The Netherlands] / [●]
27.	Authorised Participant(s) for the relevant Series:	As at the date of these Final Terms:  [Give name and address of institution(s)]  List available on Issuer's website at: <a href="http://www.elementummetals.com">www.elementummetals.com</a>
<b>PROVISIONS RELATING TO FEES</b>		
28.	Total Expense Ratio (as at the Series Issue Date):	[●]% per annum
29.	Total Expense Ratio (as at the date of these Final Terms):	[●]% per annum

<sup>4</sup> Exclude any Primary Sub-Custodian which does not hold the type of Metal backing the Series.

<sup>5</sup> If a Primary Sub-Custodian is not holding Metal directly, (ie they only hold Metal as a sub-custodian for another Primary Sub-Custodian), they should not be listed as a Primary Sub-Custodian here, but as an additional Sub-Custodian below.

If this is not the first Tranche of a Series, any location for storage of Metal other than the options set out in the Form of Final Terms appearing in the Base Prospectus must be notified to the ETC Holders of the Series in accordance with Condition 19 (*Notices*).

Any change to the location of storage of Metal backing the Series after issuance must also be notified to the ETC Holders of the Series in accordance with Condition 19 (*Notices*).

<sup>6</sup> Where a Primary Sub-Custodian stores Metal with another Primary Sub-Custodian, the Primary Sub-Custodian holding the Metal must be named here as an additional Sub-Custodian.

<sup>7</sup> Include the vault or LME Approved Warehouse location of each Primary Sub-Custodian holding Metal for another Primary Sub-Custodian here (as well as any other Sub-Custodians)

**Base Prospectus**

30.	[N/A]	[Not Applicable]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
31.	Nominal Amount:	USD [●], being an amount equal to 10 per cent. of the Issue Price per ETC Security as at the Series Issue Date <sup>8</sup>
32.	Specified Interest Amount:	USD [●], being an amount equal to 1 per cent. of the Nominal Amount
33.	Final Redemption Valuation Date <sup>9</sup> :	[●]
<b>GENERAL PROVISIONS APPLICABLE TO THE ETC SECURITIES</b>		
	Offer:	An offer of the ETC Securities may be made in the United Kingdom by any Authorised Offeror(s) or Authorised Participants other than pursuant section 86 (1) of the FSMA.
<b>LISTING AND ADMISSION TO TRADING APPLICATION</b>		
These Final Terms comprise the final terms required to list and have admitted to trading the Tranche(s) of ETC Securities described herein pursuant to Elementum Metals Securities plc's Elementum Physical Metal ETC Securities Programme.		

Signed on behalf of the Issuer:

By:

Duly authorised

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<sup>8</sup> The Issue Price per ETC Security should be determined based on the value of the Metal comprising the Metal Entitlement as determined by reference to the Metal Reference Price as of [●] [date]

<sup>9</sup> The date falling 40 Business Days prior to the Scheduled Maturity Date.

**Part B – Other Information**

**1 LISTING**

(i) Listing and admission to trading: [Application has been made for the ETC Securities to be admitted to The London Stock Exchange plc for the ETC Securities to be admitted to trading on the regulated market thereof.]

Please note that admission to the UK Official List and to trading on the London Stock Exchange is not admission to trading under the EU Prospectus Regulation, but is admission to trading for the purposes of the UK Prospectus Regulation.]

[As at the date of these Final Terms, ETC Securities of this Series have been admitted to trading on The London Stock Exchange.]

Application may be made for the ETC Securities to be listed on additional stock exchanges and admitted to trading on additional markets from time to time.

(ii) Estimate of total net proceeds of the issue [[•] metric tonnes [Copper]] / [[•] metric tonnes [Nickel]] / [•] Baskets]

(iii) Estimate of total expenses of the issue: USD [•]

(iv) Estimate of total expenses related to admission to trading for the relevant Tranche: USD [•]

**2 NOTIFICATION**

N/A

**3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save as discussed in “*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.]/[•]

**4 REASONS FOR THE OFFER**

Reasons for the offer:

[See section headed “*Reasons for the offer and use of proceeds*” in the Base Prospectus.]/[•]

**5 OPERATIONAL INFORMATION**

ISIN:	[•]
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**Base Prospectus**

Common Code:	[•]
CFI:	[•]
FISN:	[•]
SEDOL:	[•]
WKN (if applicable):	[•]
Trading Method:	Unit
Delivery:	Delivery [free of][against] payment
Settlement Date:	[•] ( <i>same as Issue Date</i> )
Form:	<p>Registered Notes: [The Global Notes will be registered in the name of a [nominee]/[Common Safekeeper]/[depositary] for [Euroclear and Clearstream, Luxembourg]]</p> <p>Common Safekeeper: [Euroclear/Clearstream, Luxembourg]</p>
[Intended to be held in a manner which would allow Eurosystem eligibility:]	<p>[Yes. Note that the designation "Yes" simply means that the securities are intended upon issue to be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper), and does not necessarily mean that the securities will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /</p> <p>[No. Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the securities are capable of meeting them the securities may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the securities will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p>
Countries where the Base Prospectus has been notified:	N/A

## 6 TERMS OF ANY OFFER

Offer Price:	[USD [●] / [[●] metric tonnes [Copper]] / [[●] metric tonnes [Nickel]]]  [Such price as is individually agreed between an Authorised Offeror or Authorised Participant and the relevant purchaser]
Conditions to which the offer is subject:	In the event of an offer being made by an Authorised Offeror or Authorised Participant, the Authorised Offeror or Authorised Participant will provide information to investors on the terms and conditions of the offer at the time the offer is made.
Description of the time period, including any possible amendments during which the offer will be open and a description of the application process:	In respect of any ETC Securities, offers may be made at any time during the period from and including the date of the Base Prospectus to (but excluding) the date falling 12 months after the date of the Base Prospectus. There is no application process for potential purchasers. Instead, each Authorised Offeror or Authorised Participant may offer to investors in agreed transactions.
Subscription Order Cut-Off Time:	[3.00 p.m. London]/[●].
Buy-Back Order Cut-Off Time:	[3.00 p.m. London]/[●].
Description of possibility to reduce Subscriptions and manner for refunding excess amount paid by applicants:	Not applicable given the manner in which ETC Securities will be offered. The ETC Securities will not be the subject of an offer that asks for applications from potential purchasers and then reduces subscriptions and refunds any excess amount should those potential purchasers not be allocated ETC Securities.
Details of the minimum and/or maximum amount of application:	
(i) Minimum Subscription Amount:	[The minimum number of ETC Securities that may be subscribed is such number of ETC Securities as would, as of the relevant Subscription Trade Date, have an aggregate Metal Entitlement [equal to] / [comprising] no less than [[●] metric tonnes [Copper]] / [[●] metric tonnes [Nickel]] / [[●] metric tonnes [Cobalt]] / [●] Trading Units [●] / [Not applicable]]
(ii) Minimum Buy-Back Amount:	[The minimum number of ETC Securities that may be the subject of a Buy-Back Order is such number of ETC Securities as would, as of the

	relevant Buy-Back Trade Date, have an aggregate Metal Entitlement [equal to] / [comprising] no less than [[•]] / [[•]] metric tonnes [Copper]] / [[•]] metric tonnes [Nickel]] / [[•]] metric tonnes [Cobalt]] / [•] Trading Units [•] [and must be an integral multiple of such number]] / [Not applicable]
(iii) Minimum Trading Amount:	[The minimum number of ETC Securities that may be traded is [•]] / [Not applicable]
Details of the method and time limits for paying up and delivering the ETC Securities:	As individually agreed between a purchaser and the relevant Authorised Offeror or Authorised Participant.
Manner in and date on which results of the offer are to be made public:	The Issuer will sell all ETC Securities of a Series to one or more Authorised Participants on their issue. The Authorised Participants may act as market makers on stock exchanges and may also offer to the public in the EU and the United Kingdom in over-the-counter transactions during the offer period. The Authorised Participants are likely to hold ETC Securities in inventory. The number of ETC Securities issued will not vary based on the results of any offer (with any offer being agreed on an individual basis) and, as a result, there is no necessity to notify the public of the results of any offer.
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not applicable given the manner in which ETC Securities will be offered
Tranche(s) which has/have been reserved for certain countries:	Not applicable given the manner in which ETC Securities will be offered
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	As described above, there will be no formal offer period prior to issue and there will be no applications process whereby allotments are required to be made. As a result, no notification of allotments is required. No dealing by an investor may take place until such investor has been delivered the relevant ETC Securities.
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[•] / [Not applicable]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	Any Authorised Offeror or Authorised Participant is entitled to make an offer in the United Kingdom,

**Base Prospectus**

	subject to the conditions set out in the Base Prospectus.
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**ANNEX – SUMMARY OF THE INDIVIDUAL ISSUE**

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*[Issue specific summary to be inserted]*

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## GENERAL INFORMATION

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1. The Issuer has obtained all necessary consents, approvals and authorisations (if any) which are necessary in Ireland at the date of this 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 18 November 2020. An update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 24 November 2021 and 24 February 2022. A further update to the Base Prospectus was authorised by a resolution of the Board of Directors of the Issuer passed on 20 January 2023.
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 2021.
3. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since the date of its incorporation, which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.
4. The ETC Securities represent indebtedness of the Issuer. ETC Securities may be accepted for clearance through Euroclear and/or Clearstream, Luxembourg.

The International Securities Identification Number (ISIN), Common Code, Stock Exchange Daily Official List (SEDOL) and (where applicable) the WKN and identification number for each Series of ETC Securities will be set out in the relevant Final Terms.

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 any other Clearing System that is a Relevant Clearing System for a Series of ETC Securities will be specified in the relevant Final Terms.

5. The Issuer will provide post-issuance information in relation to the Metal Entitlement of the ETC Securities in respect of each calendar day up to (and including) the Early Redemption Trade Date or Final Redemption Valuation Date, as applicable, by no later than the immediately following Business Day on the website maintained on behalf of the Issuer at [www.elementummetals.com](http://www.elementummetals.com) (or such other website as may be notified to ETC Holders in accordance with Condition 19 (*Notices*)).
6. The Administrator will pay the expenses of the Issuer relating to the admission to trading of ETC Securities on the relevant Stock Exchanges on which the ETC Securities are traded.
7. For so long as ETC Securities may be issued pursuant to this Base Prospectus and for so long as any listed ETC Securities remain outstanding, copies of 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 each of the Paying Agents and (ii) in electronic format on the website of the Issuer at the following links:

## **Base Prospectus**

*Elementum Physical Copper ETC documents:* <https://elementummetals.com/product/elementum-physical-copper-etc#documents>

*Elementum Physical Nickel ETC documents:* <https://elementummetals.com/product/elementum-physical-nickel-etc#documents>

*Elementum Physical Electric Vehicle Metals ETC documents:* <https://elementummetals.com/product/elementum-physical-electric-vehicle-metals-etc#documents>.

- (a) each Issue Deed;
  - (b) the Master Terms and Conditions;
  - (c) the Master Trust Terms;
  - (d) the Master Agency Terms;
  - (e) the Master Irish Law Security Trust Terms;
  - (f) the Master English Law Security Trust Terms;
  - (g) this Base Prospectus together with any supplement hereto;
  - (h) each set of Final Terms;
  - (i) each KID;
  - (j) each Issue Specific Summary;
  - (k) the Memorandum and Articles of Association of the Issuer;
  - (l) the most recent annual and interim reports of the Issuer; and
  - (m) such other documents (if any) as may be required by the rules of any Relevant Stock Exchange.
8. Matheson LLP is acting solely in its capacity as listing agent for the Issuer in relation to the ETC Securities and is not itself seeking admission of the ETC Securities to the London Stock Exchange.
9. Any website referred to herein is not incorporated by reference and does not form part of this Base Prospectus.

**Base Prospectus**

ARRANGER	ISSUER		
<b>NTree International Limited</b> 85 Great Portland Street First Floor London W1W 7LT United Kingdom	<b>Elementum Metals Securities plc</b> <b>Ireland Limited</b> 2nd Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767 Ireland		
TRUSTEE AND SECURITY TRUSTEE	ADMINISTRATOR		
<b>Apex Corporate Trustees (UK) Limited</b> 6th Floor, 140 London Wall London EC2Y 5DN United Kingdom	<b>Apex Fund Services (Ireland) Limited</b> 2nd Floor, Block 5 Irish Life Centre, Abbey Street Lower, D01 P767 Ireland		
ACCOUNT BANK and PRINCIPAL PAYING AGENT	TRANSFER AGENT and REGISTRAR	CUSTODIAN	
<b>The Bank of New York Mellon, London Branch</b> One Canada Square London E14 5AL United Kingdom	<b>The Bank of New York Mellon, SA/NV, Luxembourg Branch</b> Vertigo Building Polaris 2-4 rue Eugene Ruppert L-2453 Luxembourg	<b>Eternize AG</b> Baarerstrasse 22 6300 Zug Switzerland	
<b>PRIMARY SUB-CUSTODIANS</b>			
<b>The Brink's Company</b> P.O. Box 18100 Bayberry Court Richmond, Virginia 23226-8100  United States	<b>Metaal Transport B.V.</b> Heijplaatweg 16, 3089 JC Rotterdam The Netherlands		
<b>LEGAL ADVISERS</b>			
<i>to the Arranger and the Issuer in respect of Irish law</i> <b>Matheson LLP</b> 70 Sir John Rogerson's Quay Dublin 2 Ireland	<i>to the Issuer in respect of English law</i> <b>White &amp; Case LLP</b> 5 Old Broad Street London EC2N 1DW United Kingdom	<i>to the Issuer in respect of Swiss law</i> <b>VISCHER AG</b> Schützengasse 1 8001 Zürich Switzerland	<i>to the Trustee in respect of Irish law</i> <b>Walkers Ireland LLP</b> The Exchange George's Dock, IFSC Dublin 1 D01 W3P9 Ireland
AUDITORS OF THE ISSUER	<b>PRIMARY LISTING AGENT</b> <b>Matheson LLP</b> 70 Sir John Rogerson's Quay Dublin 2 Ireland		
Grant Thornton Ireland 13-18 City Quay Dublin 2, D02 ED70 Ireland			