



“Bringing Exchange Traded Commodities to the World’s Stock Exchanges”

## ETFs Commodity Securities Australia Limited

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 108736)

### Product Disclosure Statement

for the issue of

### CSAL Commodity Securities

Class	Reference Asset	Underlying Index
ETFs Agriculture (Collateralised Structured Product) (ASX Code: ETPAGR)	ETFs Agriculture DJ-UBSCI <sup>SM</sup> (LSE Code: AIGA)	DJ-UBS Agriculture Sub-Index <sup>SM</sup>
ETFs All Commodities (Collateralised Structured Product) (ASX Code: ETPCMD)	ETFs All Commodities DJ-UBSCI <sup>SM</sup> (LSE Code: AIGC)	DJ-UBS Commodity Index <sup>SM</sup>
ETFs Industrial Metals (Collateralised Structured Product) (ASX Code: ETPIND)	ETFs Industrial Metals DJ-UBSCI <sup>SM</sup> (LSE Code: AIGI)	DJ-UBS Industrial Metals Sub-Index <sup>SM</sup>
ETFs Energy (Collateralised Structured Product) (ASX Code: ETPNRG)	ETFs Energy DJ-UBSCI <sup>SM</sup> (LSE Code: AIGE)	DJ-UBS Energy Sub-Index <sup>SM</sup>
ETFs Grains (Collateralised Structured Product) (ASX Code: ETPGRN)	ETFs Grains DJ-UBSCI <sup>SM</sup> (LSE Code: AIGG)	DJ-UBS Grains Sub-Index <sup>SM</sup>
ETFs Natural Gas (Collateralised Structured Product) (ASX Code: ETPGAS)	ETFs Natural Gas (LSE Code: NGAS)	DJ-UBS Natural Gas Sub-Index <sup>SM</sup>
ETFs Brent Crude Oil (Collateralised Structured Product) (ASX Code: ETPOIL)	ETFs Brent Crude (LSE Code: BRNT)	DJ-UBS Brent Crude Sub-Index <sup>SM</sup>

ETFS Wheat (Collateralised Structured Product) (ASX Code: ETPWHT)	ETFS Wheat (LSE Code: WEAT)	DJ-UBS Wheat Sub-Index <sup>SM</sup>
ETFS Copper (Collateralised Structured Product) (ASX Code: ETPCOP)	ETFS Copper (LSE Code: COPA)	DJ-UBS Copper Sub-Index <sup>SM</sup>
ETFS Corn (Collateralised Structured Product) (ASX Code: ETPCRN)	ETFS Corn (LSE Code: CORN)	DJ-UBS Corn Sub-Index <sup>SM</sup>

This Product Disclosure Statement ("PDS") is dated 23 May 2012.

ETFS Commodity Securities Australia Limited (the "Issuer") proposes to issue a number of Classes of CSAL Commodity Securities under this PDS as set out in the table above which are designed to provide Holders with a total return exposure to a range of individual commodities or baskets of commodities similar to the returns which could be achieved from a fully paid/collateralised investment in futures contracts through CSAL Commodity Securities issued by the Issuer. Each CSAL Commodity Security will track the price of an underlying exchange traded commodity security of the equivalent class issued by ETFS Commodity Securities Limited (the "Reference Asset"). Each Reference Asset (before fees and expenses) tracks the performance of an index within the DJ-UBS CI<sup>SM</sup> family (the "Underlying Index") and a collateral yield. The Reference Assets and relevant Underlying Index for each Class of CSAL Commodity Securities are set out in the table above.

Each CSAL Commodity Security is backed by the relevant Reference Assets for that Class which are held by way of security by the Security Trustee under the Security Interest Agreement and subject to the Jersey Security Interest and a Charge in the Security Trustee's favour (held for the benefit of Holders in that Class).

The Issuer may issue further Classes of CSAL Commodity Securities which will be similar to those offered under this PDS in all material respects except that the underlying assets will be debt securities linked to commodities indices other than those specified in the table above, or which have different Final Maturity Dates or other features.

The Issuer is a special purpose entity administered by ETFS Management Company (Jersey) Limited, a company that administers a number of exchange traded products in Europe and Australia, with total assets in excess of approximately US\$25 billion as at the date of this PDS.

In order to provide liquidity and ensure minimal tracking error, CSAL Commodity Securities can be applied for or redeemed at any time by Authorised Participants who are expected to make a market in the securities. It is expected that all other Holders will buy and sell CSAL Commodity Securities through trading on the Australian Securities Exchange ("ASX") (or other exchanges if CSAL Commodity Securities are traded or listed thereon).

**Dated: 23 May 2012**

## **IMPORTANT INFORMATION**

### **Information and Representations**

This PDS has been prepared by ETFs Commodity Securities Australia Limited (the "Issuer") the issuer of the CSAL Commodity Securities. This PDS is issued by the Issuer and arranged by Cameron Stockbrokers Limited (ABN 38 090 472 012, AFS Licence No. 246705) ("the Arranger") pursuant to section 911A(2)(b) of the Corporations Act. Pursuant to that section, the Issuer will issue the CSAL Commodity Securities in accordance with the offer made by the Arranger. Potential Holders should note that no person is authorised by the Issuer to give any information to Holders or to make any representation on behalf of the Issuer other than as contained in this PDS. CSAL Commodity Securities are being offered for subscription only to Authorised Participants (as defined in the Glossary in Section 12). All other potential Holders may purchase CSAL Commodity Securities on the Australian Securities Exchange ("ASX") or any other exchange which the CSAL Commodity Securities may be traded or listed. As CSAL Commodity Securities may only be created directly by Authorised Participants (who are holders of an AFS Licence), the Issuer is exempt from the requirement to hold an AFS License under section 911A(2)(b) of the *Corporations Act 2001 (Cth)*.

### **Changes to Dates and Terms**

The Issuer reserves the right to vary the dates and terms of this offer without notifying the recipient of this PDS or any Authorised Participants. Any changes to the dates or terms of this offer will be notified as set out below under the heading "*Update of Information*". Without limiting the foregoing, if any date referred to in this PDS is not a Business Day, then the immediately following Business Day will be used as appropriate.

### **PDS In-Use Notice Filed with ASIC**

A PDS in-use notice has been filed with the Australian Securities and Investments Commission ("ASIC") in accordance with the requirements of the Corporations Act. ASIC takes no responsibility as to the contents of this PDS.

### **The Quotation on ASX**

CSAL Commodity Securities are proposed to be quoted on the ASX. The fact that the ASX has quoted or may quote the CSAL Commodity Securities of the Issuer is not to be taken in any way as an indication of the merits of the Issuer or the quoted CSAL Commodity Securities. The ASX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this PDS.

### **Investment Decisions**

It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each potential Holder. Accordingly, nothing in this PDS is a recommendation by the Issuer, the Security Trustee or any other person concerning investments in the CSAL Commodity Securities, shares or any other security. Potential Holders should not rely on this PDS as the sole basis for any investment decision in relation to the CSAL Commodity Securities, shares or any other security and should seek independent professional investment and taxation advice before making a decision whether to invest in the CSAL Commodity Securities. Potential Holders should read the entire PDS before making any decisions to invest in the CSAL Commodity Securities. If potential Holders have any doubt as to their course of action they should consult their stockbroker, solicitor, accountant or other professional adviser.

### **Disclosure of Interests**

The Issuer and its related entities, and their directors and employees may have pecuniary or other interests in the Delivery Assets.

### **Update of Information**

This PDS is current as at 23 May 2012. Information in this document is subject to change from time to time. To the extent that the change is not materially adverse to Holders, it may be updated by the Issuer posting a notice of the change on the Issuer's website at [www.etfsecurities.com/au/document/etfs\\_document.asp](http://www.etfsecurities.com/au/document/etfs_document.asp). In addition, any material updates will also be notified to Holders through the Company Announcements Platform on the ASX. The Issuer will provide to Holders, free of charge, a paper copy of the updated information upon request. Please refer to the "Corporate Directory" at the back of this PDS for contact details of the Issuer.

### **Electronic Product Disclosure Statement**

Holders who receive this PDS in electronic form are entitled to obtain a paper copy of this PDS free of charge by contacting the Issuer by emailing [info@etfsecurities.com](mailto:info@etfsecurities.com).

## Nature of CSAL Commodity Securities

Please note the term "CSAL Commodity Securities" when used in this PDS means an agreement to buy the Delivery Assets on a deferred purchase basis between the Issuer and the Holder pursuant to the Terms of Issue that is, a deferred purchase agreement, the obligations under which are secured by rights in respect of the Reference Assets of the relevant Class and under various agreements. Further details on the deferred purchase agreement are set out in Section 2 "Description of the CSAL Commodity Securities".

The CSAL Commodity Securities are "securities" and "warrants" under the Corporations Act. The CSAL Commodity Securities are **not** units in a trust, units in a managed investment scheme, shares in a company or a legal or beneficial interest in the relevant Reference Asset.

## Jurisdiction

The offers made in this PDS are, subject to the terms described in this PDS, available to persons receiving a PDS within Australia. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this PDS comes should seek advice on and observe any such restrictions. Failure to comply with relevant restrictions may violate those laws. This PDS is not an offer or invitation in relation to the CSAL Commodity Securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the offers under this PDS or otherwise permit a public offer of the CSAL Commodity Securities in any jurisdiction outside Australia. The CSAL Commodity Securities have not been and will not be registered under the US Securities Act of 1933 and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act) except in a transaction exempt from the registration requirements of the Securities Act and applicable US state securities laws.

## No Personal Advice

None of the Issuer or the Security Trustee, their related bodies corporate and their directors, officers or employees make any recommendation as to the suitability of the CSAL Commodity Securities for any Holder or make any representation or give any assurance as to the performance of the CSAL Commodity Securities or any particular rate of overall return. This PDS does not contain personal investment advice. You should seek your own financial, taxation and investment advice before investing in the CSAL Commodity Securities. Before making an investment on the basis of this PDS, you should consider, in conjunction with your financial and taxation advisors, whether an investment in the CSAL Commodity Securities is appropriate in view of your particular investment needs, objectives, financial and taxation circumstances. It is important that you read the entire PDS before making any decision to invest.

## Creditworthiness and Counterparty Risk

The CSAL Commodity Securities are subject to creditworthiness and counterparty risk. Please see Section 6 "Risk Factors" and Section 5 "Parties to the Offer" for further information.

## No Cooling Off

Please note that cooling off rights do not apply in respect of an investment in the CSAL Commodity Securities.

## Social Criteria

The Issuer does not take into account any labour standards or environmental, social or ethical considerations in the selection, retention or realisation of any element of the CSAL Commodity Securities.

## Status of this Document

This PDS is issued for the purpose of the Corporations Act. It is not a prospectus or other disclosure document lodged under Chapter 6D of the Corporations Act.

## Risk Factors

In considering the prospects of the CSAL Commodity Securities, it is important to consider the risk factors that could affect the financial performance of an investment. The material risks associated with an investment in CSAL Commodity Securities are set out in Section 6 "Risk Factors". A summary of the key risks is also provided in Section 1.8 "Key Risks".

## Further Information

Holders who are seeking advice on the offer or who have questions in relation to this PDS should contact their broker, accountant or other professional advisor.

## Defined Terms

Capitalised terms used in this PDS are defined in the Glossary in Section 12. This PDS should be read in conjunction with these defined terms.

All references to "CSAL Commodity Securities" shall include each Class of CSAL Commodity Securities.

## Investor Warning

CSAL Commodity Securities are complex, structured products involving a significant degree of risk and may not be suitable or appropriate for all types of investor. It is advisable that any person wishing to invest in the CSAL Commodity Securities seeks appropriate financial, tax and other advice from an independent financial advisor with appropriate regulatory authorisation and qualifications and an investment in CSAL Commodity Securities is only suitable for persons who understand the economic risk of an investment in CSAL Commodity Securities and are able to bear the risk for an indefinite period of time. A prospective investor should be aware that their entire investment in CSAL Commodity Securities may be lost.

If an Holder is in any doubt about whether it can rely on this PDS and/or who is responsible for its contents it should seek legal advice.

A prospective investor or potential Holder who is in any doubt whatsoever as to the risks involved in investing in CSAL Commodity Securities should consult its independent professional advisers.

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

It should be remembered that the value of CSAL Commodity Securities can go down as well as up and that investors in CSAL Commodity Securities could lose the entire value of their investment.

## Jersey Law Consents

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

The Issuer has obtained a certificate under the Collective Investment Funds (Jersey) Law 1988, as amended, (the "CIF Law") to enable it to undertake its functions in relation to the CSAL Commodity Securities. The Jersey Financial Services Commission is protected by the CIF Law against liability arising from the discharge of its functions thereunder.

ManJer and R&H Fund Services (Jersey) Limited are registered under the Financial Services (Jersey) Law, 1998, as amended, (the "Financial Services Law") to enable them to undertake their functions in relation to CSAL Commodity Securities. The Jersey Financial Services Commission is protected by the Financial Services Law against liability arising from the discharge of its functions thereunder.

It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

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# 1 DETAILS OF THE OFFER

## 1.1 Overview of the Offer

The Issuer is currently offering ten Classes of CSAL Commodity Securities under this PDS which are designed to provide Holders with a total return exposure to a range of individual commodities or baskets of commodities similar to the returns which could be achieved from a full paid/collateralised investment in futures contracts. Each CSAL Commodity Security will track the price of an underlying exchange traded commodity security of the equivalent class issued by ETFS Commodity Securities Limited (the "Reference Asset"). Each Reference Asset (before fees and expenses) tracks the performance of an index within the DJ-UBS CI<sup>SM</sup> family (the "Underlying Index") and a collateral yield. The relevant Underlying Index for each Class is as set out in the table on the front of the PDS and in Section 3.1. The Issuer may issue further Classes of CSAL Commodity Securities which will be similar to the CSAL Commodity Securities in all material respects except that the underlying assets will be debt securities linked to commodity indices other than those specified in this PDS, or which have different Final Maturity Dates or other features.

Each Class of CSAL Commodity Security is a deferred purchase agreement, the value of which reflects the price movements of the Reference Asset for the Class.

## 1.2 Applications, Maturity and Repurchases

In order to provide liquidity and ensure minimal tracking error, CSAL Commodity Securities of each Class can be applied for or redeemed at any time by Authorised Participants in exchange for delivery to the Security Trustee of the appropriate number of Reference Assets of the relevant type (and any applicable Application Fee). All other Holders must buy and sell the CSAL Commodity Securities through trading on the ASX or any other exchange on which the CSAL Commodity Securities may be traded or listed. Holders, other than Authorised Participants, may only redeem their CSAL Commodity Securities upon Maturity or Early Maturity or if (subject to the discretion of the Issuer) there are no Authorised Participants and the Issuer accepts a Holder requested Redemption.

A CSAL Commodity Security will only be issued to an Authorised Participant upon receipt from the Authorised Participant of a valid Application Form and once the Authorised Participant has transferred the appropriate number of Reference Assets for such Class to the Security Trustee (and paid any applicable Application Fee). A CSAL Commodity Security will only be cancelled by an Authorised Participant on or before the Final Maturity Date, upon delivery by the Authorised Participant of a valid Repurchase Notice and the delivery of the relevant CSAL Commodity Securities to the Registrar on the Settlement Date.

As at the date of this PDS, the Final Maturity Date for the Classes of CSAL Commodity Securities offered under this PDS is 23 May 2022 and the applicable Settlement Date for the CSAL Commodity Securities offered under this PDS is the 10<sup>th</sup> Business Day following the Final Maturity Date. Upon Maturity, a Holder may elect to request payment of their redemption proceeds ultimately in the form of (i) cash; or (ii) the Delivery Assets and the Issuer may in its discretion also offer Holders the option of investing their redemption proceeds into another Class of CSAL Commodity Securities or similar securities offered by another issuer within the Issuer's group of companies.

*Further details are set out in Section 2.5 "Applications, Repurchases and Maturity".*

## 1.3 Security Trust Arrangements

For each CSAL Commodity Security, the Security Trustee will hold by way of security one corresponding Reference Asset. The obligations of the Issuer in respect of each Class of CSAL Commodity Security will be secured by the Jersey Security Interest and a Charge over the Reference Assets for the relevant Class each held by the Security Trustee.

## 1.4 AQUA Market on the ASX

Application has been made to admit the CSAL Commodity Securities to trading status on the ASX under the AQUA Rules. The AQUA Rules form part of the ASX Rules. The CSAL Commodity Securities will not be listed on the ASX under the ASX Listing Rules.



The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, exchange-traded funds, and structured products.

Since you may be more familiar with the ASX Listing Rules, it is important to familiarise yourself with the main differences between the AQUA Rules and the ASX Listing Rules.

#### **1.4.1 Trading status**

In operational terms, the market for products quoted under the AQUA Rules operates in the same way that it does for listed equities, with continuous matching of bids and offers and an opening and closing auction.

#### **1.4.2 AQUA Rules: fundamental difference**

The key distinction between products admitted under the ASX Listing Rules and those quoted under the AQUA Rules is the level of control and influence that an issuer has over the value of the underlying assets of the entity. Under the ASX Listing Rules, listed equity securities typically reflect the value of the business operated by the issuer. By contrast, the value of a product quoted on AQUA typically reflects the performance of the underlying assets.

#### **1.4.3 Key specific differences between the ASX Listing Rules and the AQUA Rules**

Due to the different nature of shares listed under the ASX Listing Rules and AQUA Products quoted under the AQUA Rules, the requirements relating to AQUA Products differ from those relating to products listed under the ASX Listing Rules. The key differences for AQUA Products are as follows:

1. Continuous disclosure – the continuous disclosure requirements for AQUA Product issuers are different to those under the ASX Listing Rules because of the nature and regulation of the underlying asset. There is a requirement under the AQUA Rules that an AQUA Product issuer provide the ASX with any information the non-disclosure of which may lead to the establishment of a false market in the products or would materially affect the price of its products. The Issuer must also disclose information about dividends and distributions to the ASX. The Issuer intends to make disclosure to the ASX and market participants using the Company Announcements Platform of the ASX at the same time information is disclosed to ASIC. The Issuer also intends to post any such information on its website [www.etfsecurities.com](http://www.etfsecurities.com) at the same time.
2. Periodic disclosure – AQUA Product issuers are not required to disclose half yearly and annual financial information or annual reports to the ASX. However, Issuers of products quoted under the AQUA Rules will be subject to the ASX's capital requirements which ensure that issuers have sufficient levels of available capital for its operations.
3. Spread requirements – The requirements under the ASX Listing Rules that issuers satisfy certain minimum spread requirements (i.e. a minimum number of holders each having a minimum parcel size) do not apply to AQUA Products. Under the AQUA Rules, unless and until a suitable spread of holders is achieved, an AQUA Product issuer must ensure a reasonable bid and volume is maintained for the AQUA Product on the ASX, generally through the appointment of a market maker, or have in place other arrangements which meet ASX's requirements for providing liquidity.
4. Corporate control – the ASX requirements in relation to matters such as takeover bids, share buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial holdings are not relevant and do not apply to AQUA Products. The Issuer is subject to general Corporations Act requirements in respect of some of these matters in some circumstances.
5. Related party transactions – ASX requirements relating to transactions between an entity and persons in a position to influence the entity, do not apply to AQUA Products. However, Corporations Act requirements (i.e. Chapter 2E) applicable to public companies will still apply to the Issuer.
6. Auditor rotation obligations – AQUA Product issuers, including the Issuer, will not be subject to the requirements in Division 5 of Part 2M.4 of the Corporations Act in relation to auditor rotation.

More information about the AQUA Rules is available from the ASX's website: [www.asx.com.au](http://www.asx.com.au) and, in particular, the ASX 'Managed Funds, ETFs and Structured Products' document available at [www.asx.com.au/documents/professionals/aqua\\_overview.pdf](http://www.asx.com.au/documents/professionals/aqua_overview.pdf).

## **1.5 CHESS**

The Issuer participates in the Clearing House Electronic Sub-register System ("CHESS"). The Registrar, on behalf of the Issuer, will provide each Holder with an uncertificated securities holding statement which will set out the

CSAL Commodity Securities issued to the Holder. If applicable, the holding statement will inform each Holder of their "Holder Identification Number" and the "Sponsoring Issuer Number" as used by CHESSE.

## 1.6 Register

Link Market Services Limited will maintain a register of the CSAL Commodity Securities in Sydney.

## 1.7 Transaction Documents

The documents which, in addition to this PDS, set out the terms and conditions relating to the CSAL Commodity Securities and the holding of the Reference Assets comprise the:

- Terms of Issue (contained in Section 7 "Terms of Issue");
- Security Trust Deed;
- Security Interest Agreement;
- Deed of Charge; and
- Deed Poll.

*Further details are set out Section 8 "Summary of Transaction Documents".*

## 1.8 Key Risks

Past performance is not an indication of expected or future performance and the investment performance of CSAL Commodity Securities could be volatile. An investment in CSAL Commodity Securities involves a significant degree of risk. The following are just some of the risk factors which should be carefully considered by prospective Holders before deciding whether to invest in CSAL Commodity Securities:

- Commodity prices, and therefore the prices of Reference Assets and the value of the corresponding CSAL Commodity Securities, may fluctuate widely.
- Commodity markets have the potential to suffer from market disruption or volatility caused by shortages of the relevant physical commodity.
- At any time, the price at which the CSAL Commodity Securities trade on the ASX may show some "tracking error" due to the prices and/or spreads quoted by market-makers, and thus may not reflect accurately the price of the Reference Assets represented by the CSAL Commodity Securities.
- The Reference Assets for all Classes of CSAL Commodity Securities are denominated in US dollars, while the CSAL Commodity Securities are denominated in Australian dollars. Therefore, Holders are exposed to foreign exchange risk as movements in the USD/AUD exchange rate will affect the value of the CSAL Commodity Securities and the Final Value at Maturity or upon a Holder requested Redemption.
- There are certain circumstances in which an early redemption of CSAL Commodity Securities may be imposed on Holders, which may result in an investment in CSAL Commodity Securities being redeemed earlier than desired. In particular, the Issuer may, at any time, require the Redemption of all or any of the CSAL Commodity Securities on issue.
- The recourse of Holders in any one Class of CSAL Commodity Securities against the Issuer is limited to only the Reference Assets for that Class (which are held by way of security by the Security Trustee under the Security Interest Agreement and are subject to the Charge). Otherwise, Holders have no right of recourse (other than a right expressly provided by a Law) against the Issuer whatsoever.

*Further details are set out in Section 6 "Risk Factors".*

## 2 DESCRIPTION OF THE CSAL COMMODITY SECURITIES

CSAL Commodity Securities are deferred purchase agreements issued and governed by the relevant Terms of Issue and the provisions and statements contained in this PDS. A description of some of the key features of the CSAL Commodity Securities and provisions of the Transaction Documents are set out in this Section 2 and further details are set out in Section 8 "Summary of the Transaction Documents".

### 2.1 CSAL Commodity Securities Characterisation

CSAL Commodity Securities are designed to provide Holders with a total return exposure to a range of individual commodities or baskets of commodities similar to the returns which could be achieved from a full paid/ collateralised investment in futures contracts. Each Class of CSAL Commodity Security will track the price of the Reference Asset for that Class, the value of each CSAL Commodity Security reflects the price movements of the relevant Reference Asset. Further information about the Reference Assets is set out in Section 3.1 "The Reference Assets". Each CSAL Commodity Security is a deferred purchase agreement entered into by the Issuer and the Holder

The structure of a deferred purchase agreement means that each CSAL Commodity Security constitutes an agreement to buy a number of Delivery Assets on a deferred purchase basis between the Issuer and the Holder pursuant to the Terms of Issue. The deferred purchase agreement gives a Holder a beneficial interest in the Portion of the Delivery Assets, the right to receive the Delivery Assets upon a Holder requested Redemption or Maturity of the CSAL Commodity Securities and is secured by the Jersey Security Interest and a Charge over the Reference Assets of the relevant Class held by the Security Trustee. The Delivery Assets that a Holder receives upon Maturity or a Holder requested Redemption will be equal in value (before any other fees and expenses) to the Final Value of the relevant CSAL Commodity Securities.

Applications and Repurchases for CSAL Commodity Securities may be made by Authorised Participants on any Business Day.

Upon Early Maturity or Maturity of each CSAL Commodity Security a Holder will generally be entitled to receive either (i) cash; or (ii) such whole number of the Delivery Assets as equal in value to the Final Value or Early Maturity Value (as applicable). Upon Repurchase, an Authorised Participant will be entitled to receive Reference Assets equal in number to the number of CSAL Commodity Securities being Repurchased.

Upon a Holder requested Redemption, Holders will generally receive physical delivery of the Delivery Assets equal in value to the Final Value of the Redemption Date.

### 2.2 Final Value

For each CSAL Commodity Security, one Reference Asset of the relevant type will be held by the Security Trustee.

The Final Value of each CSAL Commodity Security is the actual price achieved by the Issuer on disposal of the Reference Assets or the value of the Reference Assets as at close of business on the Maturity Date or Redemption Date (as relevant).

### 2.3 Fees and Expenses

#### *Application and Repurchase Fees*

Application Fees and Repurchase Fees will only be payable on Application for and Repurchase of CSAL Commodity Securities (and will not be payable on Maturity or Early Maturity following an Early Maturity Event) and not by investors who buy and sell the CSAL Commodity Securities on the secondary market, including the ASX.

The Issuer will charge a capped fee of A\$750 to an Authorised Participant on the day that Authorised Participant lodges an Application Form or Repurchase Notice, regardless of the number of CSAL Commodity Securities to be issued or repurchased (i.e. if more than one Application Form or Repurchase Notice is lodged by an Authorised Participant on any one day, the total fee payable is only A\$750).

The Issuer may waive, reduce or otherwise vary the Application Fee or the Repurchase Fee at its discretion.

### *Management Fees*

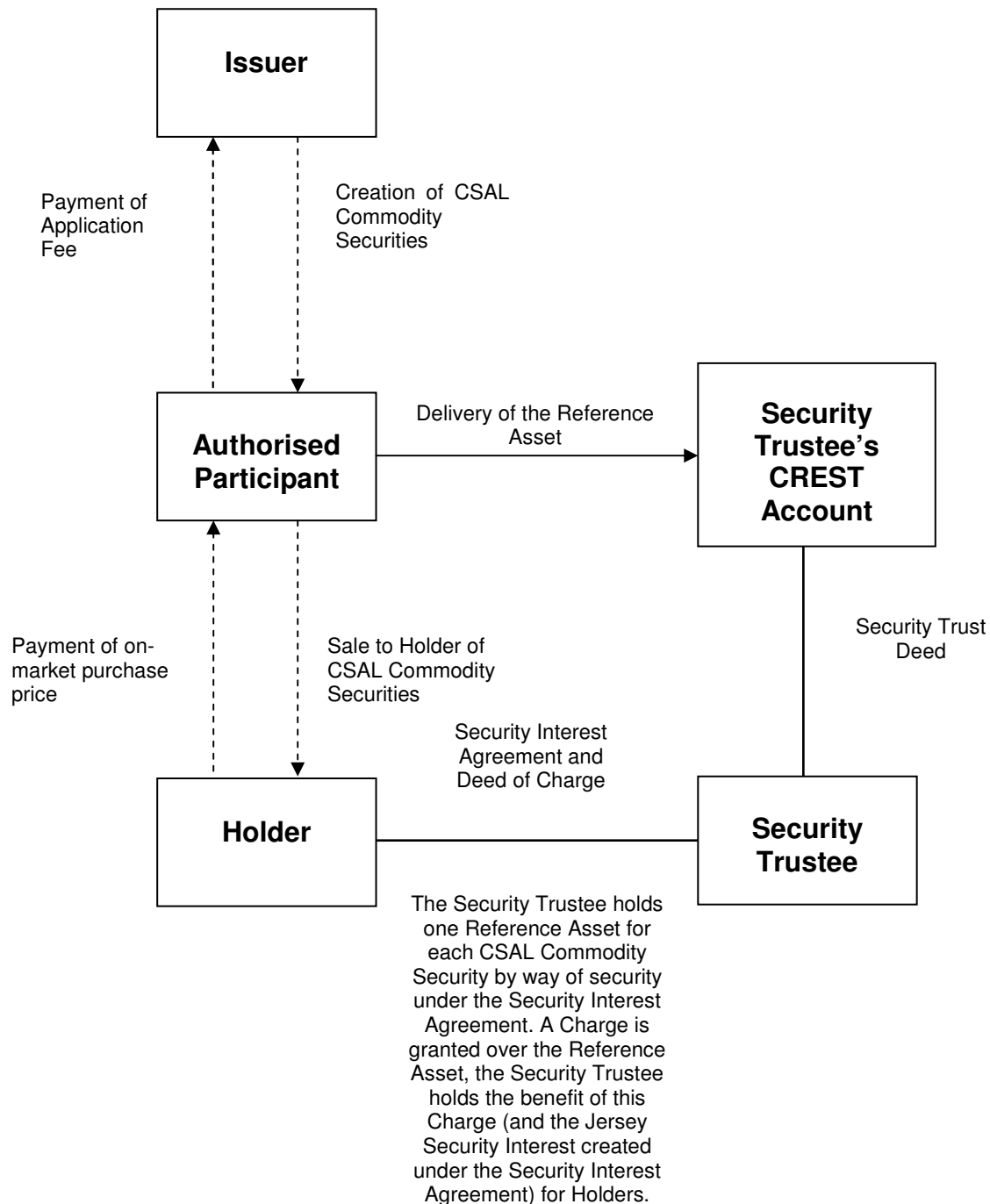
There is no management fee applicable to the CSAL Commodity Securities. Please refer to Section 5.2 "ManJer" for an explanation of ManJer's role and how it is compensated for the provision of management and administration services in respect of the CSAL Commodity Securities.

The Reference Assets have a management fee as at the date of this PDS of 0.49% per annum and a licence allowance of 0.05% per annum. These fees are payable by the issuer of the Reference Assets to ManJer (who provides management and administration services to the issuer of the Reference Assets in respect of the Reference Assets). Other adjustments are also reflected in the price of the Reference Assets as part of a capital adjustment. The capital adjustment is a daily rate expressed as a percentage and reflects the collateral yield, any benefit to the swap counterparties of providing the swaps to the issuer of the Reference Assets, the management fee and the licence allowance (each as set out above). Further details relating to the fees and capital adjustment of the issuer of the Reference Assets can be found at [http://www.etfsecurities.com/en/document/etfs\\_prospectus\\_accept.aspx](http://www.etfsecurities.com/en/document/etfs_prospectus_accept.aspx)

The Reference Asset may, therefore, underperform its Underlying Index due to the impact of fees and expenses. Please refer to Section 6.1.3 "Risk of Reference Asset underperforming its Underlying Index".

## 2.4 Structure of CSAL Commodity Securities

The following diagram shows the key aspects of the structure of each Class of CSAL Commodity Securities.



As shown in the diagram:

- new CSAL Commodity Securities will be issued following an Authorised Participant completing the relevant Application Form and transferring the correct amount of Reference Assets for the relevant Class to the Security Trustee (and paying any applicable Application Fee);
- other Holders buy (and generally sell) CSAL Commodity Securities on the ASX;

- the Issuer's obligations under the CSAL Commodity Securities will be backed by the Reference Assets for the relevant Class held by the Security Trustee under the Security Interest Agreement; and
- the Security Trustee and the Issuer grant the Security Trustee a Charge in respect of a Class over the Reference Assets for that Class held by the Security Trustee. The Charge and the Jersey Security Interest created under the Security Interest Agreement are held on trust for Holders by the Security Trustee pursuant to the Security Trust Deed.

## **2.5 Applications, Repurchases and Maturity**

### **2.5.1 Business Days**

Application Forms and Repurchase Notices may only be lodged by an Authorised Participant on any Business Day. The date on which CSAL Commodity Securities are issued or cancelled is referred to as the Settlement Date. Due to the time difference between Australia and London, transfers of Reference Assets in respect of an Application must be made by the CREST deadline for transferring securities on the Business Day prior to the Settlement Date. Transfers of Reference Assets in connection with Repurchases will be conducted during London business hours on the Settlement Date.

### **2.5.2 Applications**

CSAL Commodity Securities may be created on any Business Day during the term of this PDS. Only Authorised Participants may lodge an Application Form.

Payment for new CSAL Commodity Securities must be made by the Authorised Participant depositing into the Security Trustee's CREST Account Reference Assets equal in number to the number of CSAL Commodity Securities applied for by no later than the CREST deadline for transferring securities on the Business Day prior to the Settlement Date. Until the issue of the corresponding CSAL Commodity Securities, the Security Trustee will hold all transferred Reference Assets on behalf of the Authorised Participant pursuant to the Deed Poll (see section 8.7 of this PDS for further detail).

An Application received by the Registrar by 4.30 p.m. AEST on a Business Day will generally enable the Authorised Participant to receive the new CSAL Commodity Securities in their CHESS account three Business Days later, provided the Authorised Participant has, prior to such day, delivered the Reference Assets to the Security Trustee. An Application received by the Registrar after 4.30 p.m. AEST on a Business Day will generally be taken to have been received on the following Business Day.

The Issuer may, in its absolute discretion, accept or reject any Application. The Registrar will notify an Authorised Participant if its Application has been rejected. Until the issue of the corresponding CSAL Commodity Securities, the Security Trustee will hold all transferred Reference Assets in respect of that Application on behalf of the Authorised Participant pursuant to the Deed Poll (see section 8.7 of this PDS for further detail).

### **2.5.3 Repurchase of CSAL Commodity Securities**

Repurchases can be made on any Business Day by Authorised Participants only.

A completed and valid Repurchase Notice received by the Registrar by 4.30 p.m. AEST on a Business Day will generally enable the Authorised Participant to receive the proceeds from Repurchase (being Reference Assets equal in number to the number of CSAL Commodity Securities being Repurchased) three Business Days later, provided the Authorised Participant has prior to such day delivered the relevant CSAL Commodity Securities to the Registrar's CHESS account. Any Repurchase Notice received by the Registrar after 4.30 p.m. AEST on a Business Day will generally be taken to have been received on the following Business Day.

The Issuer may, in its absolute discretion, accept or reject any Repurchase Notice. The Registrar will notify an Authorised Participant if its Repurchase Notice has been rejected.

#### **2.5.3.1 Payment of Repurchase Proceeds**

Upon the Settlement Date (or as soon as possible thereafter), an Authorised Participant will be entitled to receive one Reference Asset for each CSAL Commodity Security being Repurchased.

Repurchases are effected by the Security Trustee transferring to an Authorised Participants' CREST account (or the CREST account of an agent or nominee of the Authorised Participant notified to the Issuer by the Authorised Participant in writing) a number of Reference Assets equal in number to the number of CSAL Commodity Securities being Repurchased. After such transfer, the relevant CSAL Commodity Securities will be immediately cancelled.

An Authorised Participant must deposit the CSAL Commodity Securities being sold into the Registrar's CHES Account by not later than the CHES deadline for transferring securities on the Settlement Date and payment for Repurchase will only be made after the Registrar has confirmed receipt of the CSAL Commodity Securities. Repurchase Notices lodged with the Registrar by 4:30 p.m. AEST on a Business Day (provided the CSAL Commodity Securities are also deposited into the Registrar's CHES Account, by the CHES deadline for transferring securities, three Business Days later) will generally enable an Authorised Participant to receive their Reference Assets the same day. Repurchase Notices lodged after 4:30 p.m. AEST on a Business Day will generally be treated as having been lodged on the next Business Day.

An Authorised Participant may only lodge a Repurchase Notice if they have given the Registrar details of the CREST account into which the Reference Assets are to be delivered.

#### **2.5.4 Holder requested Redemption of CSAL Commodity Securities**

If at any time there are no Authorised Participants, the Issuer may, but is not required to, allow Holders to request Redemption of their CSAL Commodity Securities prior to any applicable Maturity or Early Maturity Date. In these circumstances only, all Holders will be entitled to receive the number of Delivery Assets that represent the Final Value of their CSAL Commodity Securities on the Redemption Date less any costs associated with acquiring and delivering the Delivery Assets.

Holder requested Redemptions will generally be effected by the Share Delivery Method described below, unless the Issuer elects (at its discretion) to offer another method which is selected by the relevant Holder. For example, the Issuer may determine to offer Holders an Agency Sale Arrangement under which the Issuer sells the Delivery Assets on behalf of the Holder and delivers the sale proceeds to the Holder (please refer to clause 7.4.4 of the Terms for further information about the Agency Sale Arrangement).

##### *Share Delivery Method*

The **Share Delivery Method** will be effected by delivery through CHES to a Holder on the Settlement Date (or as soon as practicable thereafter) of the number of Delivery Assets that is equivalent to the Final Value less any costs associated with acquiring and delivering the Delivery Assets.

If, after aggregating all Delivery Assets transferable to a Holder on the Settlement Date, a fractional share in the Delivery Asset which is valued at more than A\$20.00 would be transferable to a Holder, the Issuer will transfer the relevant amount of dollars into the Holder's nominated Settlement Account or pay it to the Holder by cheque within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter. This amount is in effect a reimbursement of a portion of the amount paid by the Holder to purchase the CSAL Commodity Security. If the amount does not exceed A\$20.00, neither the Issuer, nor the Security Trustee, is under any obligation to the Holder to make any payment for the fractional share.

#### **2.5.5 Maturity or Early Maturity**

Each of the CSAL Commodity Securities has a Final Maturity Date or in certain circumstances may be subject to Early Maturity. The Issuer has the ability to determine that Early Maturity should occur including if the Issuer determines in good faith that continued existence of one or more Classes of the CSAL Commodity Securities is not commercially viable from the Issuer's perspective. The Issuer will notify Holders and/or CHES of an upcoming Maturity by sending them a Maturity Notice no later than 20 Business Days before the relevant Maturity Date. As at the date of this PDS the Final Maturity Date of the CSAL Commodity Securities offered under this PDS is 23 May 2022.

Upon a Maturity or Early Maturity, a Holder will be entitled to receive the number of Delivery Assets that represent the Final Value or Early Maturity Value (as applicable) of their CSAL Commodity Securities on the Maturity Date or Early Maturity Date (as relevant) less any costs associated with acquiring and delivering the Delivery Assets. Holders can elect the Agency Sale Arrangement in accordance with the Terms.

Satisfaction of the Issuer's obligations to Holders who are Authorised Participants upon Maturity or Early Maturity will be made by use of the Share Delivery Method or Agency Sale Arrangement (if elected).

The Issuer is not responsible or liable for any failure by the Security Trustee or the Registrar to effect an Agency Sale Arrangement or Share Delivery Method in accordance with the instructions of the Issuer. The Security Trustee is not responsible or liable for any failure by the Registrar to effect an Agency Sale Arrangement or Share Delivery Method in accordance with the instructions of the Security Trustee. However, in the event of such failure, the Issuer shall to the extent practicable, assign to the redeeming Holder its claims in relation to such Delivery Assets, cash or any other relevant assets in satisfaction of all claims of such Holder in respect of the CSAL Commodity Securities to be redeemed and the Holder shall have no further claims against the Issuer in respect of the Secured Property.

### **2.5.6 Delivery Assets**

The Delivery Assets which a Holder is entitled to receive on Maturity or Early Maturity will be fully paid ordinary ASX listed shares in the Commonwealth Bank of Australia (ASX code: CBA) (CBA) with total value equal to the Final Value of their CSAL Commodity Securities on the Maturity Date, Early Maturity Date (or if applicable the Redemption Date) less any costs associated with acquiring and delivering the Delivery Assets. CBA is Australia's largest retail bank and one of the 'Big Four' Australian retail banks. It also operates in New Zealand and Asia. Its core business is the provision of retail, business and institutional banking services. It is also a major fund manager and has increasing market shares in general and life insurance. More information on CBA can be obtained from [www.commbank.com.au](http://www.commbank.com.au). As CBA is listed on the ASX, information and announcements are also available from the ASX website ([www.asx.com.au](http://www.asx.com.au)) and major newspapers and market information services. CBA have not authorised, and have not been involved in the preparation of, or caused the issue of, this PDS. CBA do not take any responsibility for any part of this PDS.

Holders should be aware that the Delivery Assets may be substituted with any other security quoted and trading on the ASX (including any other security or fund or entity listed on the ASX) that is a constituent of the S&P/ASX200 Index as the Issuer may in its sole discretion determine in accordance with the Terms of Issue.

For further information about substitution of the Delivery Assets refer to Section 6.10 "Substitution of Delivery Assets" and clause 4.7 of the Terms.

## **2.6 Authorised Participants**

Only Authorised Participants may deal with the Issuer in applying for and Repurchasing CSAL Commodity Securities. All other persons must buy and sell CSAL Commodity Securities through trading on the ASX unless the Issuer allows a Holder requested Redemption to occur (see section 2.5.4 of this PDS) in which case, Holders will deal directly with the Issuer.

A person can only be an Authorised Participant if: (a) it is a bank, securities house or other market professional approved by the Issuer (in its absolute discretion); and (b) it is an authorised person, being a person who holds an AFS Licence as authorised by ASIC for the purposes of the Corporations Act. An Authorised Participant may be subject to certain terms dealing with, amongst other things, the rights and obligations of the Authorised Participant in relation to applying for and redeeming CSAL Commodity Securities. The names of all Authorised Participants at any time will be published at [www.etfsecurities.com](http://www.etfsecurities.com).

The Issuer has agreed to use reasonable endeavours to ensure that at all times there is at least one Authorised Participant. There can, however, be no assurance that there will at all times be an Authorised Participant to deal with the Issuer in applying for or redeeming CSAL Commodity Securities.

## **2.7 Trading CSAL Commodity Securities on the ASX**

All Holders other than Authorised Participants are expected to buy and sell CSAL Commodity Securities through trading on the ASX or any other exchanges on which the CSAL Commodity Securities may be listed or admitted to trading from time to time (other than at Maturity).

The processes described above in section 2.5 "Applications, Repurchases and Maturity" are intended to ensure that CSAL Commodity Securities will have sufficient liquidity and that the price at which they trade on the ASX will track the Reference Asset. Further, entities within the Issuer's group of companies intend to have agreements with one or more market-makers requiring them to continually make a market on the ASX in all of the CSAL Commodity Securities.

The market value of the CSAL Commodity Securities in a Class trading on the ASX may be affected by:



- the market value, volatility, liquidity and bid/offer spread of the relevant Reference Asset;
- the exchange rate between US dollars and Australian dollars;
- the bid/offer spread on the ASX for the Class of CSAL Commodity Securities, which may be impacted by the bid/offer spreads in the market for the relevant Reference Asset;
- the volatility and liquidity of the CSAL Commodity Securities in the Class in trading; and
- the degree of comfort Holders have with all the contractual arrangements underlying the CSAL Commodity Securities.

## 3 THE REFERENCE ASSETS

### 3.1 The Reference Assets

Class of CSAL Commodity Security	Reference Asset	Underlying Index	Underlying Futures
ETFS Agriculture (Collateralised Structured Product) (ASX Code: ETPAGR)	ETFS Agriculture DJ-UBSCI <sup>SM</sup> (LSE Code: AIGA)	DJ-UBS Agriculture Sub-Index <sup>SM</sup>	CBOT Soybeans Futures, CBOT Corn Futures, CBOT Wheat Futures, NYBOT Sugar Futures, NYBOT Cotton Futures, NYBOT Coffee Futures and CBOT Soybean Oil Futures
ETFS All Commodities (Collateralised Structured Product) (ASX Code: ETPCMD)	ETFS All Commodities DJ-UBSCI <sup>SM</sup> (LSE Code: AIGC)	DJ-UBS Commodity Index <sup>SM</sup>	NYMEX Natural Gas Futures, NYMEX Crude Oil Futures, NYMEX Gasoline Futures, NYMEX Heating Oil Futures, COMEX Copper Futures, LME Aluminium Futures, LME Zinc Futures, LME Nickel Futures, COMEX Gold Futures, COMEX Silver Futures, CME Live Cattle Futures, CME Lean Hogs Futures, CBOT Soybeans Futures, CBOT Corn Futures, CBOT Wheat Futures, NYBOT Sugar Futures, NYBOT Cotton Futures, NYBOT Coffee Futures and CBOT Soybean Oil Futures
ETFS Industrial Metals (Collateralised Structured Product) (ASX Code: ETPIND)	ETFS Industrial Metals DJ-UBSCI <sup>SM</sup> (LSE Code: AIGI)	DJ-UBS Industrial Metals Sub-Index <sup>SM</sup>	COMEX Copper Futures, LME Aluminium Futures, LME Zinc Futures, LME Nickel Futures
ETFS Energy (Collateralised Structured Product) (ASX Code: ETPNRG)	ETFS Energy DJ-UBSCI <sup>SM</sup> (LSE Code: AIGE)	DJ-UBS Energy Sub-Index <sup>SM</sup>	NYMEX Natural Gas Futures, NYMEX Crude Oil Futures, NYMEX Gasoline Futures, NYMEX Heating Oil Futures
ETFS Grains (Collateralised Structured Product) (ASX Code: ETPGRN)	ETFS Grains DJ-UBSCI <sup>SM</sup> (LSE Code: AIGG)	DJ-UBS Grains Sub-Index <sup>SM</sup>	CBOT Soybeans Futures, CBOT Corn Futures, CBOT Wheat Futures
ETFS Natural Gas (Collateralised Structured Product) (ASX Code: ETPNG)	ETFS Natural Gas (LSE Code: NGAS)	DJ-UBS Natural Gas Sub-Index <sup>SM</sup>	NYMEX Natural Gas Futures

Code: ETPGAS)			
ETFS Brent Crude Oil (Collateralised Structured Product) (ASX Code: ETPOIL)	ETFS Brent Crude (LSE Code: BRNT)	DJ-UBS Brent Crude Sub Index <sup>SM</sup>	ICE Brent Crude Oil Futures
ETFS Wheat (Collateralised Structured Product) (ASX Code: ETPWHT)	ETFS Wheat (LSE Code: WEAT)	DJ-UBS Wheat Sub-Index <sup>SM</sup>	CBOT Wheat Futures
ETFS Copper (Collateralised Structured Product) (ASX Code: ETPCOP)	ETFS Copper (LSE Code: COPA)	DJ-UBS Copper Sub-Index <sup>SM</sup>	COMEX Copper Futures
ETFS Corn (Collateralised Structured Product) (ASX Code: ETPCRN)	ETFS Corn (LSE Code: CORN)	DJ-UBS Corn Sub-Index <sup>SM</sup>	CBOT Corn Futures

Each Class of CSAL Commodity Security identified in the table above is designed to enable Australian investors to gain an exposure to the Underlying Futures specified for that Class in the table above through exposure to the underlying Reference Asset and Underlying Index for that Class. Each CSAL Commodity Security is backed by a single Reference Asset. Each CSAL Commodity Security is listed on the ASX under the ASX code for that Class identified in the table above and is quoted in AUD. The underlying Reference Assets are listed on the London Stock Exchange under the LSE codes for each Class identified in the table above and are quoted in USD.

Each Reference Assets is designed to enable investors to gain an exposure to a total return investment in the relevant Underlying Futures for that Class by tracking the Underlying Index for that Class identified in the table above. For Classes of CSAL Commodity Securities for which more than one Underlying Future is listed in the table above, the weighting of each Underlying Future in the Underlying Index is available at [www.etfsecurities.com/au/document/etfs\\_document.asp](http://www.etfsecurities.com/au/document/etfs_document.asp). The exposure is provided through a fully funded collateralized swap ("Commodity Contract") which is priced by reference to the relevant Underlying Index for the Class and a collateral return. Each Reference Asset is an exchange traded commodity ("ETC") structured as a secured, undated limited recourse debt security which can be created and redeemed on demand (by market makers). It trades on exchanges just like an equity and its pricing and tracking operate similarly to an Exchange Traded Fund. Each ETC is backed by matching Commodity Contracts with UBS AG, London Branch or Merrill Lynch Commodities Inc. whose payment obligations are backed by collateral which is marked to market daily to reflect the value of the Commodity Contracts. Collateral is held in pledge accounts at The Bank of New York Mellon. There are risks associated with the Commodity Contract and Holders should note that the collateral may not be realized. For details of the specific risk associated with the Reference Assets please refer to section 6.1 of this PDS. For further detail about the CSAL Commodity Securities and the risks associated with them, please refer to section 6 of this PDS.

Please refer to section 2.3 "Fees and Expenses" and Section 6.1.3 "Risk of Reference Asset underperforming its benchmark index" for details about the impact of the fees applicable to the Reference Asset on the CSAL Commodity Securities.

For further information on the Reference Assets please refer to <http://www.ETFSecurities.com/csl> including the prospectus relating to the Reference Assets and the risks associated with them which can be found at [http://www.ETFSecurities.com/en/document/ETFs\\_prospectus\\_accept.aspx](http://www.ETFSecurities.com/en/document/ETFs_prospectus_accept.aspx).

For further information on the Underlying Indices please refer to <https://www.djindexes.com/ubs/index.cdfm>.

### **3.2 Holding of the Reference Assets**

The Reference Assets for each Class will be held by the Security Trustee under the Security Interest Agreement. The number of Reference Assets held will equal the number of CSAL Commodity Securities of the relevant Class on issue from time to time. Holders in each Class will have the benefit of the Jersey Security Interest and a Charge over the Reference Assets of that Class to secure the Issuer's obligations to Holders under that Class of CSAL Commodity Securities. The Charge and the Jersey Security Interest are held by the Security Trustee for the benefit of Holders in the relevant Class.

The Security Trustee and any of its affiliates may from time to time purchase or sell CSAL Commodity Securities for its own account, as agent for its customers and for accounts over which it exercises investment discretion.

The Security Trustee does not warrant the contents of this PDS, nor are they involved in the management, administration or net asset value calculation of the CSAL Commodity Securities.

*See Section 8 "Summary of Transaction Documents" for further details on the Security Trust Deed.*

### **3.3 The market for the Reference Assets**

All of the Reference Assets are listed and traded on the London Stock Exchange and certain of the Reference Assets are also listed and traded on the Frankfurter Wertpapierbörse (Xetra), Borsa Italiana, NYSE Euronext Paris, NYSE Euronext Amsterdam, and the Tokyo Stock Exchange.

## 4 WORKED EXAMPLES

The examples below demonstrate the potential returns that a Holder could receive, depending on the performance of the Reference Asset and the price at which the relevant CSAL Commodity Securities are purchased and sold by the Holder.

All of the figures used in the examples below are for illustrative purposes only. Returns are not guaranteed.

Each Class of CSAL Commodity Securities works in the same way (the only difference being that each Class provides exposure to a different Reference Asset), and therefore the outcome of the examples would be the same in respect of all Classes of CSAL Commodity Securities, assuming that the prices were as set out in these examples.

The CSAL Commodity Securities provide investors with the return on the Reference Asset, on a one for one basis, converted into AUD.

Holders should note, however, that at any time the price at which the CSAL Commodity Securities trade on the ASX may not reflect accurately the price of the Reference Assets represented by such CSAL Commodity Securities. This potential difference is referred to as a "tracking error". Factors such as the liquidity of the CSAL Commodity Securities and the bid-offer spreads applicable to the CSAL Commodity Securities may contribute to the occurrence of a tracking error. Please refer to section 6.2 "Tracking Error and Liquidity" for further detail.

### Example 1 – Holder purchases and sells the CSAL Commodity Securities on market

#### Scenario 1: Reference Asset Increases in Value, no change in AUD/USD exchange rate

	Start of Period (when Holder purchases)	End of Period (when Holder sells)
<b>Reference Asset Price in USD</b>	100	
+ Reference Asset performance over the period		10%
= <b>Reference Asset Price in USD</b>		110
AUD/USD Exchange Rate	1:1	1:1
= <b>CSAL Commodity Security Price in AUD</b>	100	<b>110</b>

In the above scenario, it is assumed that the value of the Reference Asset increases 10% over the relevant period and there is no change in the AUD/USD exchange rate. As Holders have exposure to 1 Reference Asset for each CSAL Commodity Security in the relevant Class, the market price of the CSAL Commodity Securities on the ASX would also be expected to increase approximately 10%, subject to any movements in the AUD/USD exchange rate.

Therefore, if a Holder had purchased and sold 1,750 CSAL Commodity Securities at the prices set out above, they would have made a gain of \$17,500, being 10% of the amount invested.

#### Scenario 2: Reference Asset Decreases in Value, no change in AUD/USD exchange rate

	Start of Period (when Holder purchases)	End of Period (when Holder sells)
<b>Reference Asset Price in USD</b>	100	
+ Reference Asset performance over the period		(10%)
= <b>Reference Asset Price in USD</b>		90

AUD/USD Exchange Rate	1:1	1:1
= CSAL Commodity Security Price in AUD	100	90

In the above scenario, it is assumed that the value of the Reference Asset decreases 10% over the relevant period and there is no change in the AUD/USD exchange rate. As Holders have exposure to 1 Reference Asset for each CSAL Commodity Security in the relevant Class, the market price of the CSAL Commodity Securities on the ASX would also be expected to decrease approximately 10%, subject to any movements in the AUD/USD exchange rate.

Therefore, if a Holder had purchased and sold 1,750 CSAL Commodity Securities at the prices set out above, they would have made a loss of \$17,500, being 10% of the amount invested.

### Scenario 3: Reference Asset Increases in Value, AUD Depreciates against USD

	Start of Period (when Holder purchases)	End of Period (when Holder sells)
Reference Asset Price in USD	100	
+ Reference Asset performance over the period		10%
= Reference Asset Price in USD		110
AUD / USD Exchange Rate	1:1	1:0.99
CSAL Commodity Security Price in AUD	100	111.11

In the above scenario, it is assumed that the value of the Reference Asset increases 10% over the relevant period and AUD depreciates against the USD. As Holders have exposure to 1 Reference Asset for each CSAL Commodity Security in the relevant Class, the market price of the CSAL Commodity Securities on the ASX would also be expected to increase approximately 10%, subject to any movements in the AUD/USD exchange rate.

If a Holder had purchased and sold 1,750 CSAL Commodity Securities at the prices set out above, they would have made a gain of \$19,442.5, being 11.11% of the amount invested. When compared with scenario 1, this shows that a depreciation in the AUD against the USD increases returns on the CSAL Commodity Securities.

### Scenario 4: Reference Asset Increases in Value, AUD Appreciates against USD

	Start of Period (when Holder purchases)	End of Period (when Holder sells)
Reference Asset Price in USD	100	
+ Reference Asset performance over the period		10%
= Reference Asset Price in USD		110
AUD / USD Exchange Rate	1:1	1:1.01
CSAL Commodity Security Price in AUD	100	108.91

In the above scenario, it is assumed that the value of the Reference Asset increases 10% over the relevant period and AUD appreciates against the USD. As Holders have exposure to 1 Reference Asset for each CSAL Commodity Security in the relevant Class, the market price of the CSAL Commodity Securities on the ASX

would also be expected to increase approximately 10%, subject to any movements in the AUD/USD exchange rate.

If a Holder had purchased and sold 1,750 CSAL Commodity Securities at the prices set out above, they would have made a gain of \$15,592.5, being 8.91% of the amount invested. When compared with scenario 1, this shows that an appreciation in the AUD against the USD decreases returns on the CSAL Commodity Securities.

**Scenario 5: Reference Asset Decreases in Value, AUD Depreciates against USD**

	Start of Period (when Holder purchases)	End of Period (when Holder sells)
<b>Reference Asset Price in USD</b>	100	
+ Reference Asset performance over the period		(10%)
<b>= Reference Asset Price in USD</b>		90
AUD / USD Exchange Rate	1:1	1:0.99
<b>CSAL Commodity Security Price in AUD</b>	100	<b>90.91</b>

In the above scenario, it is assumed that the value of the Reference Asset decreases 10% over the relevant period and the AUD depreciates against the USD. As Holders have exposure to 1 Reference Asset for each CSAL Commodity Security in the relevant Class, the market price of the CSAL Commodity Securities on the ASX would also be expected to decrease approximately 10%, subject to any movements in the AUD/USD exchange rate.

Therefore, if a Holder had purchased and sold 1,750 CSAL Commodity Securities at the prices set out above, they would have made a loss of \$15,907.5, being 9.09% of the amount invested. When compared with scenario 2, this shows that a depreciation in the AUD against the USD decreases losses on the CSAL Commodity Securities.

**Scenario 6: Reference Asset Decreases in Value, AUD Appreciates against USD**

	Start of Period (when Holder purchases)	End of Period (when Holder sells)
<b>Reference Asset Price in USD</b>	100	
+ Reference Asset performance over the period		(10%)
<b>= Reference Asset Price in USD</b>		90
AUD / USD Exchange Rate	1:1	1:1.01
<b>CSAL Commodity Security Price in AUD</b>	100	<b>89.11</b>

In the above scenario, it is assumed that the value of the Reference Asset decreases 10% over the relevant period and the AUD appreciates against the USD. As Holders have exposure to 1 Reference Asset for each CSAL Commodity Security in the relevant Class, the market price of the CSAL Commodity Securities on the ASX would also be expected to decrease approximately 10%, subject to any movements in the AUD/USD exchange rate.

Therefore, if a Holder had purchased and sold 1,750 CSAL Commodity Securities at the prices set out above, they would have made a loss of \$19,057.5, being 10.89% of the amount invested. When compared with scenario 2, this shows that an appreciation in the AUD against the USD increases losses on the CSAL Commodity Securities.

## Example 2 – Final Value of CSAL Commodity Securities on Redemption or on the Final Maturity Date

Upon Maturity or Redemption, Holders will receive a number of Delivery Assets which are equal in value to the Final Value (being the closing price of the Reference Asset on the relevant date).

The following example assumes:

- a Final Value of \$25.00 ;
- a holding of 1,750 CSAL Commodity Securities; and
- no other costs or expenses associated with Maturity apply.

The Final Value in respect of all CSAL Commodity Securities held by the Holder is \$43,750 and, as we have assumed there are no other costs or expenses associated with Maturity, the value of the Delivery Assets which the Holder will receive will be \$43,750.

The number of Delivery Assets that would be received by the Holder is calculated according to the following formula:

$(\text{Final Value} \times \text{number of CSAL Commodity Securities held by the Holder}) / \text{Delivery Asset Price}$

Delivery Asset	Delivery Asset Price	Number of Delivery Assets
Commonwealth Bank Australia	\$50.27	870

The Delivery Asset Price used for the purpose of this example is indicative and is provided for illustrative purposes only. The number of Delivery Assets has been rounded down to the nearest whole number and is valued at \$43,734.90. Therefore there is a difference of \$15.10 (i.e. \$43,750 less \$43,734.90). As this amount is less than \$20, you will not receive this amount. If the fractional amount were greater than or equal to \$20, it would be transferred by the Issuer into the Holder's nominated Settlement Account or paid to the Holder by cheque within 10 Business Days after the Settlement Date or as soon as reasonably practicable thereafter.

Holders should be aware that market movements from the Maturity Date to the Settlement Date will affect the value of the Delivery Assets. The Issuer will transfer the Delivery Assets to Holders as soon as practical but there is a risk they may fall in value by the time they are transferred to Holders.



## 5 PARTIES TO THE OFFER

### 5.1 The Issuer

**The information set out below is intended to be a brief summary only of the Issuer. Holders must make their own assessment of the ability of the Issuer to meet its obligations in relation to the CSAL Commodity Securities. Nothing in this PDS is, or may be relied upon as, a representation as to any future event or a promise as to the future.**

The Issuer was incorporated as a public limited company in Jersey on 1 August 2011 under the Companies (Jersey) Law 1991 (as amended) (the "Jersey Law"). The Issuer operates under the Jersey Law and secondary legislation made thereunder. The Issuer is registered in Jersey under number 108736.

All of the Issuer's ordinary shares are owned by ETFs Holdings (Jersey) Limited, a wholly owned subsidiary of ETF Securities Limited. The Issuer is authorised to issue an unlimited number of no par value shares of one class designated as Ordinary Shares of which two Ordinary Shares of no par value have been issued for a consideration of £1.00 each.

The directors of the Issuer as at the date of this PDS are Graham Tuckwell, Craig Stewart, Graeme Ross and Tom Quigley. Further information on the directors is provided in Section 5.3 "Directors Profiles". The company secretary will be R&H Fund Services (Jersey) Limited.

The only assets of the Issuer attributable to CSAL Commodity Securities will be the Reference Assets (held by the Security Trustee under the Security Interest Agreement) and the Issuer's rights under the Security Trust Deed. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this PDS a significant effect on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened by or against the Issuer.

Holders can assess the ability of the Issuer to meet its obligations by reviewing the Issuer's financial statements. The financial year end of the Issuer is 31 December in each year. The Issuer was formed on 1 August 2011 and has not commenced trading since incorporation and has not produced any historical financial statements. The Issuer's accounting reference date is 31 December and the first financial statements of the Issuer will be produced for the period ending 31 December 2012. When available, financial statements of the Issuer will be lodged with ASIC and may be obtained from, or inspected at, an ASIC office. The Issuer will provide a copy, free of charge, of its latest available annual financial report to any person who requests such copies during the term of this PDS, by contacting the Issuer on 1800 633 100. The Issuer's latest available annual financial report can also be downloaded free of charge from the Issuer's website at [www.etfsecurities.com/au/document/etfs\\_document.asp](http://www.etfsecurities.com/au/document/etfs_document.asp).

As at the date of this PDS, the financial statements of the Issuer are not available. As at the date of this PDS, the Issuer has no assets other than its paid up share capital (a nominal amount of £2.00 (having issued only 2 ordinary no par value shares for an issue price of £1.00 each)) and no liabilities, other than under the administration agreement with ManJer. However, following the issue of CSAL Commodity Securities, the Issuer's assets will comprise (in addition to its paid up share capital) the Reference Assets which are provided to the Issuer by the Authorised Participants in payment for the CSAL Commodity Securities and the Issuer's liabilities will be the obligation to deliver the Delivery Assets to Holders in accordance with the Terms of Issue. At all times, the assets of the Issuer will approximately equal the liabilities of the Issuer as the value of the Delivery Assets to be delivered equals the value of the Reference Assets. Any differences between the assets and liabilities of the Issuer will be attributable to the paid up share capital and fractional amounts in respect of Delivery Assets or Reference Assets which are not required to be paid to Holders or Authorised Participants (as applicable). There are no management fees charged in relation to the CSAL Commodity Securities as these are charged on the Reference Asset as described in the prospectus for the Reference Assets which is available at [http://www.etfsecurities.com/en/document/etfs\\_prospectus\\_accept.aspx](http://www.etfsecurities.com/en/document/etfs_prospectus_accept.aspx). The administrative costs in relation to the CSAL Commodity Securities (for example listing fees and directors remuneration) will be borne by ManJer and are not paid by the Issuer.

## 5.2 ManJer

ManJer is responsible for supplying all administration services and covering all administrative costs of the Issuer. These costs will include:

- management and administration services;
- shareholder information costs;
- ASX and ASIC reporting and compliance costs;
- ASX fees and share registry costs; and
- any promotion costs and other fees and expenses relating to activities which ManJer decides to undertake from time to time.

In return, ManJer will receive any Application Fees and Repurchase Fees (where applicable) (as set out in Section 2.3) generated from the issue and redemption of CSAL Commodity Securities.

For more information, please refer to the description of the Administration Agreement in Section 8 "Summary of Transaction Documents".

## 5.3 Directors Profiles

The Directors of the Issuer at the date of this PDS are as follows:

### *Graham Tuckwell — Chairman*

Mr Tuckwell is the founder and chairman of ETF Securities Limited, ManJer, HoldCo and the Issuer and of seven other companies issuing exchange-traded commodities or other exchange-traded products: Gold Bullion Securities Limited in Jersey, ETFS Metal Securities Australia Limited (formerly known as Gold Bullion Securities Limited) in Australia (which two companies obtained the world's first listings of a commodity on a stock exchange), ETFS Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and ETFS Hedged Commodity Securities Limited. He is also a director of ETEFX Fund Company Public Limited Company and of its manager ETEFX Management Company Limited in Ireland as well as the President and Chief Executive Officer of ETF Securities USA LLC. Assets under management in those companies are in excess of US\$25 billion. Previously, Mr Tuckwell was the founder and managing director of Investor Resources Limited, a boutique corporate advisory firm which specialised in providing financial, technical and strategic advice to the resources industry. He has more than 20 years of corporate and investment banking experience. Prior to the above activities, Mr Tuckwell was Head of Mining Asia/Pacific at Salomon Brothers, Group Executive Director at Normandy Mining responsible for Strategy and Acquisitions and Head of Mergers and Acquisitions at Credit Suisse First Boston in Australia. He holds a Bachelor of Economics (Honours) and a Bachelor of Laws degree from the Australian National University.

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

Mr Quigley is the Chief Financial Officer of ETF Securities Limited and is also a non-executive director of HoldCo, the Issuer, ETFS Commodity Securities Limited, ETFS Hedged Commodity Securities Limited, ETFS Metal Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and Gold Bullion Securities Limited. Mr Quigley is also the Chief Financial Officer and Treasurer of ETF Securities USA LLC. Previously, Mr Quigley held senior management positions in investment banking where he was a Managing Director at ING Barings Investment Banking and, prior to that, at Close Brothers Corporate Finance in London. More recently, he was a Director of Terra Firma Capital Partners, the private equity firm, and a Managing Director at W.P. Carey & Co LLC, the asset management firm. He is a Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales having trained with Price Waterhouse in London. Mr Quigley holds an MA in Physics from Oxford University, England.

### *Graeme Ross — Non-Executive Director*

Mr Ross graduated from Abertay University in 1980 and joined Arthur Young McClelland Moores in Perth, Scotland. He qualified as a chartered accountant in 1984 and joined KPMG Peat Marwick's practice in Jersey shortly afterwards. Mr Ross joined the Jersey practice of Rawlinson & Hunter in 1986 as a manager in the fund administration division. In 1994 he was admitted to the Jersey partnership. Mr Ross has been the managing director of R&H Fund Services (Jersey) Limited since 1996 and has in-depth knowledge and experience of the fund management industry and in particular retail funds. He has worked in the offshore fund management

industry for 25 years and also served as a committee member of the Jersey Fund Managers Association for three years. As a director of R&H Fund Services (Jersey) Limited, Mr Ross maintains the day to day operations in Jersey of the Issuer and of Gold Bullion Securities Limited, ETFS Metal Securities, ETFS Commodity Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and ETFS Hedged Commodity Securities Limited (he is a non-executive director of each of those companies and of ETF Securities Limited, ManJer and HoldCo).

*Craig Stewart — Non-Executive Director*

Mr Stewart graduated from Edinburgh University in 1987 with a degree in Politics and worked in commercial roles for two blue chip companies headquartered in London. In 1993, he joined Arthur Andersen's Audit and Business Advisory practice in Jersey and qualified as a chartered accountant in 1997. He has specialised in the investment fund sector and been particularly involved with retail, institutional and private equity funds. In 1997, he was promoted to manager with sole responsibility for Andersen's asset management clients in European offshore jurisdictions. He was also the manager on a significant number of consulting assignments including controls reviews, operational reviews, due diligence projects, benchmarking studies and forensic investigations. In April 2000, he joined Rawlinson & Hunter's fund administration division and in January 2001 he was promoted to Director of R&H Fund Services (Jersey) Limited. He was admitted to the partnership of Rawlinson & Hunter, Jersey, in 2003. Mr Stewart has worked in the offshore fund management industry for over 18 years and also served as a committee member of the Jersey Fund Managers Association for three years. Mr Stewart is also a non-executive director of ETF Securities Limited, ManJer, HoldCo, Gold Bullion Securities Limited, ETFS Metal Securities Limited, ETFS Commodity Securities Limited, ETFS Oil Securities Limited, ETFS Foreign Exchange Limited, ETFS Industrial Metal Securities Limited and ETFS Hedged Commodity Securities Limited.

## 6 RISK FACTORS

### 6.1 Reference Asset Risks

#### 6.1.1 Risks in the Reference Assets

The market price of a CSAL Commodity Security of a particular Class will be highly correlated with the price of the relevant underlying Reference Asset (although Holders should note that the CSAL Commodity Securities will be subject to tracking error discussed at Section 6.2 below and foreign exchange risk discussed at Section 6.1.2 below). In addition, for each CSAL Commodity Security, the Security Trustee holds one Reference Asset under the Security Interest Agreement, which is also subject to a Charge held by the Security Trustee for the benefit of Holders.

Therefore, all risk factors which affect the Reference Assets will also affect the CSAL Commodity Securities and the price at which the CSAL Commodity Securities trade. These include:

- commodity prices;
- roll-yield;
- tracking error and liquidity risk;
- exchange limits;
- counterparty credit risk and default;
- realisation of collateral;
- commodity contract counterparty withholding;
- activities of affiliates of commodity contract counterparties;
- market disruption; and
- management experience.

A full description of the risk factors associated with the Reference Assets can be found in the section entitled "Risk Factors" in the prospectus relating to the Reference Assets which is available at [http://www.etfsecurities.com/en/document/etfs\\_prospectus\\_accept.aspx](http://www.etfsecurities.com/en/document/etfs_prospectus_accept.aspx).

#### 6.1.2 Pricing of the Reference Assets – Foreign exchange risk

The prices of the Reference Assets for all Classes are quoted in US dollars and the price of all CSAL Commodity Securities will be quoted on the ASX in Australian dollars. Therefore, Holders are exposed to foreign currency risk as changes in the exchange rate between the US dollar and Australian dollars will affect the value of the Reference Assets and therefore the CSAL Commodity Securities and the Final Value at Maturity.

#### 6.1.3 Risk of Reference Asset underperforming its Underlying Index

The issuer of the Reference Asset is liable to pay a management fee (and any other fee or expense set out in the prospectus relating to the Reference Assets) in relation to the Reference Assets. These fees and expenses will accrue on a daily basis and are reflected in the daily price of the Reference Assets in accordance with the prospectus relating to the Reference Assets. Due to these fees and expenses, the Reference Asset may not exactly reflect the performance of the Underlying Index and the collateral yield. For a detailed explanation of how the Reference Assets are priced to capture all associated fees, please refer to the prospectus relating to the Reference Assets which is available at [http://www.etfsecurities.com/en/document/etfs\\_prospectus\\_accept.aspx](http://www.etfsecurities.com/en/document/etfs_prospectus_accept.aspx).

#### 6.1.4 Availability of the relevant Reference Assets

If for any reason the access to the Reference Assets is restricted, it will become difficult for the Issuer to hedge its risk as issuer of any subsequent issues of the relevant Class of CSAL Commodity Securities and it would be likely that trading of the CSAL Commodity Securities on ASX would be at least suspended and possibly Early Maturity would occur.

### 6.2 Tracking Error and Liquidity

At any time, the price at which CSAL Commodity Securities trade on the ASX may not reflect accurately the price of the Reference Assets represented by such CSAL Commodity Securities. The Application and Repurchase procedures for CSAL Commodity Securities and the role of certain Authorised Participants as market-makers are intended to minimise this potential difference or "tracking error". However, the market price of CSAL Commodity Securities will be a function of supply and demand amongst Holders wishing to buy and sell CSAL

Commodity Securities and the bid-offer spread that market-makers are willing to quote for CSAL Commodity Securities.

With respect to market offer prices, if new demand for CSAL Commodity Securities exceeds the availability of the underlying Reference Assets required to create such new CSAL Commodity Securities then the issue of new CSAL Commodity Securities will be restricted and therefore CSAL Commodity Securities may trade at a premium. Holders who pay a premium risk losing the premium if demand for CSAL Commodity Securities abates or when new CSAL Commodity Securities are issued.

CSAL Commodity Securities are relatively new securities and have limited trading records. There can be no assurance as to the depth of the secondary market (if any) in CSAL Commodity Securities, which could affect their liquidity and market price.

### **6.3 Only Authorised Participants May Apply for or Repurchase CSAL Commodity Securities**

Only Authorised Participants may apply for CSAL Commodity Securities. All other persons may buy CSAL Commodity Securities through trading on the ASX. Only Authorised Participants may Repurchase CSAL Commodity Securities (except that other Holders may redeem on Maturity and submit a Holder requested Redemption if there are no Authorised Participants). All Holders may dispose of CSAL Commodity Securities through trading on the ASX. The Issuer has agreed to use reasonable endeavours to ensure that at all times there is at least one Authorised Participant. There can, however, be no assurance that there will at all times be an Authorised Participant to deal with the Issuer in applying for or redeeming CSAL Commodity Securities.

*Further information on Applications and Repurchases is outlined in Sections 2.5.2 and 2.5.3.*

### **6.4 Performance by the Issuer and Parties to Material Contracts**

The Issuer has certain obligations under the Terms of Issue so the value of the CSAL Commodity Securities may be affected by real or anticipated changes in the Issuer's credit quality and the enforceability of the Deed of Charge, Security Trust Deed and the Security Interest Agreement. Holders must make their own assessment of the ability of the Issuer to meet its obligations and its general creditworthiness. Holders can assess the Issuer's ability to meet its counterparty obligations by reviewing the financial information of the Issuer. A description of the financial position of the Issuer is included in Section 5.1 "The Issuer". As the Issuer is newly formed, audited financial statements of the Issuer were not available as at the date of this PDS, but, once available, will be made available to Holders as described in to Section 5.1 "The Issuer".

The value of a CSAL Commodity Security depends on the ability of the Issuer to perform its obligations under the Terms of Issue as well as the ability of various persons to perform their obligations under the material contracts summarised in Section 8 "Summary of Transaction Documents" of this PDS.

Obligations created by the CSAL Commodity Securities are secured contractual obligations of the Issuer which will rank ahead of unsecured contractual obligations of the Issuer other than liabilities mandatorily preferred by Law. Holders must make their own assessment of the ability of the Issuer and any person involved in performing an obligation under the Transaction Documents in meeting their obligations concerning the CSAL Commodity Securities.

Under the Terms of the CSAL Commodity Securities, the Issuer also has the right to transfer its rights and obligations under this PDS and the Terms (provided that the transfer is not unfair (as defined in Section 12BG of the ASIC Act)) so your credit exposure to the Issuer may change during the term of your investment.

### **6.5 Foreign Issuer risk**

The Issuer is a company incorporated in Jersey. The Issuer is subject to the regulatory regime applicable in Jersey and is not subject to the Corporations Act, Corporations Regulations or other Australian laws. This means that the regulatory requirements and supervision of the Issuer will be different to those applicable to an Australian incorporated issuer of similar products and this may impact on the liability of the Issuer and the rights and remedies of Holders.

The fact that the Issuer is incorporated overseas may make bringing legal proceedings against the Issuer more difficult. In addition, the Secured Property which is subject to the Charge (including the Reference Assets held by

the Security Trustee under the Security Interest Agreement) is located in Jersey and it may be more difficult for the Security Trustee (on behalf of Holders) to enforce the Charge over these assets which are held overseas.

## 6.6 Opportunity Cost

The CSAL Commodity Securities are a speculative financial product. The actual return Holders receive could possibly be negative and Holders may lose some or all of the amount invested. In addition, it is likely that the actual return Holder's receive will not be the same return as Holders would earn if they had invested directly in the relevant Reference Asset.

## 6.7 Market Value and Unpredictable Factors

The market value of the CSAL Commodity Securities may fluctuate between the date they are purchased and the Final Maturity Date when the Issuer will determine the Final Value. Therefore, Holders may sustain a significant loss if they dispose of their CSAL Commodity Securities. Several factors, many of which are beyond the Issuer's control, will influence the market value of the CSAL Commodity Securities. Generally, the price of the Reference Asset on any day will affect the market value of the CSAL Commodity Securities more than any other factor. Other factors that may influence the market value of the CSAL Commodity Securities in a Class include:

- (a) the volatility of the Reference Asset for the Class and AUD/USD foreign exchange rates (i.e. the frequency and magnitude of changes in the value of the Reference Asset for the Class and AUD/USD foreign exchange rates);
- (b) the time remaining to the Maturity of the CSAL Commodity Securities in that Class;
- (c) supply and demand for the CSAL Commodity Securities in that Class;
- (d) economic, financial, political, regulatory, or judicial events that affect the price of the Reference Asset for that Class or that affect commodity markets generally; or
- (e) the creditworthiness of the Issuer and its group entities, the Security Trustee and the Authorised Participants.

## 6.8 Creditworthiness and counterparty risk

Holders should not rely on the creditworthiness of the Issuer. However, the Charge, the Security Trust Deed and the Security Interest Agreement operate to provide security to Holders. If the Issuer goes into liquidation or receivership or statutory management or is otherwise unable to meet its debts as they fall due, the Holders could receive none, or only some, of the amount invested. A relevant factor for the assessment of counterparty risk of the Issuer is the financial strength of the Issuer and enforceability of the Charge, the Security Trust Deed and the Security Interest Agreement. A description of the financial position of the Issuer is included in Section 5.1 "The Issuer". As the Issuer is newly formed, no audited financial statements of the Issuer are available as at the date of this PDS. Once available, the financial statements will be made available to Holders as described in Section 5.1 "The Issuer". The Issuer was established for the sole purpose of issuing deferred purchase agreements and other structured products, it has no other business activities and undertakes to at all times issue products only where the relevant assets are ring-fenced from cross-liability.

For each CSAL Commodity Security in each Class, the Security Trustee will hold one Reference Asset by way of security under the Security Interest Agreement. The obligations of the Issuer in respect of each Class are secured by the Jersey Security Interest and the Charge granted by the Issuer over the Reference Assets for the Class (and all assets into which these may be converted and the proceeds of those investments, but excluding all proper fees and expenses of the Issuer) which hedges the Issuer's obligations under this PDS. The Charge and Jersey Security Interest for the Class are held on trust for Holders in that Class by the Security Trustee pursuant to the Security Trust Deed. There is one Charge for each Class created under the Deed of Charge. Each Charge is separate and distinct so that the Reference Assets held for each Class are ring fenced and protected from cross-liability of each other Charge and Class. There is one Jersey Security Interest created for each Class under the Security Interest Agreement. Each Jersey Security Interest is separate and distinct so that the Reference Assets held for each Class are ring fenced and protected from cross-liability of each other Jersey Security Interest and Class.

If the Issuer defaults on (i) a payment or delivery obligation; or (ii) any other obligation under a CSAL Commodity Security, and in the Security Trustee's opinion (acting on the instructions of the Holders), the failure is materially adverse to the Holders and cannot be remedied (or has not been remedied within 5 Business Days of

written notice), the Security Trustee has the power to enforce the Charge for and on behalf of Holders in the relevant Class and enforce the Issuer's rights to the Reference Assets for the relevant Class and any other Secured Property in relation to that Class. Holders should note that if the Charge is enforced following an event of default by the Issuer, then any unpaid fees of the Security Trustee could be deducted from any amount recovered under the Charge.

There is also the risk that the Security Trustee may be unable to perform its obligations under the Security Trust Deed, the Charge and the Security Interest Agreement.

*Please refer to Section 8 "Summary of Transaction Documents" for more details on the Security Trust Deed, Charge and Security Interest Agreement.*

## **6.9 Enforceability of the Charge and Jersey Security Interest**

To secure the Issuer's obligations in respect of a Class of CSAL Commodity Securities, the Security Trustee has granted two security interests in respect of the Secured Property in respect of the Class, being the Jersey Security Interest created under the Security Interest Agreement (governed by the law of Jersey) and the Charge created under the Deed of Charge (governed by the law of New South Wales). Two securities have been created because the Jersey Security Interest will be an enforceable security in respect of the Reference Assets and the Charge will be enforceable security in respect of any other Secured Property.

## **6.10 Substitution of Delivery Assets**

The Issuer may determine that if it is not possible or efficient to obtain or transfer one or more of the intended Delivery Assets it may substitute one or more of the Delivery Assets for any other security quoted and trading on the ASX (including any other security or fund or entity listed on the ASX) that is a constituent of the S&P/ASX200 Index, and deliver that substituted asset instead. Refer to clause 4.7 of the Terms of Issue for information about substitution of the Delivery Assets.

## **6.11 Termination of the Security Trust Deed**

Each Separate Trust created under the Security Trust Deed (being one Separate Trust for each Class) will terminate when the Issuer has satisfied in full its Secured Obligations in respect of that Separate Trust. The Security Trustee may also resign or be removed. No resignation or removal of the Security Trustee takes effect until a successor Security Trustee has been appointed.

## **6.12 Limited Recourse by Holders**

To protect different Classes from cross-liability, Holders in any one Class of CSAL Commodity Securities are limited in their recourse against the Issuer (if the Issuer defaults under the CSAL Commodity Securities or the PDS, including on Repurchase by an Authorised Participant) to only the assets comprising the Secured Property subject to the Charge for that Class (which includes Reference Assets for that Class which are held by the Security Trustee). Otherwise, Holders have no right of recourse (other than a right expressly provided under a Law) against the Issuer whatsoever.

Holders should note that they are limited in their recourse against the Security Trustee. The Security Trustee's liability is limited under the Security Trust Deed to any property held by the Security Trustee out of which the Security Trustee is actually indemnified for the liability (the Security Trustee is indemnified by the Issuer under the Security Trust Deed). Holders have no right of recourse (other than a right expressly provided under a Law) against the Security Trustee whatsoever.

## **6.13 No dividends in respect of the CSAL Commodity Securities or the Delivery Assets**

There are no dividends or distributions in respect of the CSAL Commodity Securities. You will not receive any dividend payments or other distributions paid by the Delivery Assets during the term of your investment. As an owner of CSAL Commodity Securities, you will not have, during the term of your investment, any voting rights or any other rights that holders of the Delivery Assets have with respect to the Delivery Assets, other than the right to receive physical delivery of the Delivery Assets on the Maturity Date (if you elect the Share Delivery Method). The Issuer may enter into agreements or hold assets to hedge its obligations under the CSAL Commodity Securities, however you will not have any rights or interests in or security over those assets or arrangements.

## 6.14 Security Trustee risk

The Reference Assets for each Class which form part of the property charged under the Charge for the Class for the benefit of the Security Trustee (on behalf of the Holders in that Class) are held by the Security Trustee under the Security Interest Agreement. There is the risk that the Security Trustee may improperly deal with the Reference Assets or otherwise not comply with the terms of the Security Interest Agreement which would affect the value of the Secured Property. The Security Trustee will only reconcile the CREST account and any of its other accounts in relation to the CSAL Securities one a month.

The Security Trustee may rely on a third party to discharge its duties. As at the date of this PDS, the Security Trustee has delegated its duties to a third party by way of written agreement.

## 6.15 Adjustment Events and Early Maturity

The Issuer may, with the prior consent of the ASX, make adjustments to the Terms due to Adjustment Events. Adjustment Events broadly include events such as:

- a) mergers and disposals;
- b) price source disruption;
- c) cash return of capital, pro rata cash distributions, share buy backs, bonus issues;
- d) suspension of the Reference Asset;
- e) failure of the Reference Asset to be calculated or announced by the Reference Asset Provider;
- f) tax disruption;
- g) amendment, disruption termination or adjustment of the Issuer's hedging contract; change in law;

The full set of Adjustment Events is set out in the Glossary.

If an Adjustment Event occurs, then the Issuer may, with ASX's consent:

- a) substitute part or all of the Reference Asset or a constituent of the Reference Asset with any other asset or index or withdraw any affected Reference Asset or constituent thereof; and/or
- b) substitute the Delivery Asset with any other security quoted and trading on the ASX, that is included in the S&P/ASX200 Index or, if a basket of Delivery Assets is being delivered, withdraw the affected Delivery Assets and deliver the remaining Delivery Assets; and/or
- c) adjust, change, delay or amend any variable, date, formula, amount or calculation as set out or used in the Terms or PDS; and/or
- d) adjust, amend or substitute the definition of Reference Asset, any constituent of the Reference Asset or any other defined term; and/or
- e) vary any of the Terms referred to in the PDS; and/or
- f) determine to suspend, defer, delay or bring forward any of the necessary calculations referred to in the Terms as appropriate until reliable values can be obtained,

either:

- (A) in a manner consistent with any adjustment or change made to the Issuer's hedging arrangement; or
- (B) as determined by the Issuer, provided that, in the reasonable opinion of the Issuer, the adjustment in accordance with this sub-paragraph (B) is appropriate to put both the Issuer and the Holder in as similar an economic position as reasonably possible as the Holder and the Issuer would have been in had the Adjustment Event not occurred.

If, in the reasonable opinion of the Issuer, it is not possible to deal with the occurrence of the Adjustment Event in accordance with clause 7.6 of the Terms, the Issuer may, with the consent of ASX, nominate the event as an Early Maturity Event. The Issuer will notify Holders of any adjustment that it proposes to make before the adjustment occurs (or if it is not possible to notify before adjustment as soon as reasonably practicable after the adjustment occurs).



The Issuer has the discretion to nominate an Early Maturity Event with ASX's consent on the occurrence of certain events. These events include:

- a) an event considered to be an Early Maturity Event as described in the PDS (whether or not specifically described as an Early Maturity Event);
- b) an Adjustment Event occurs or is proposed to occur and in the Issuer's reasonable opinion it is not possible to deal with the occurrence of that event in accordance with the Terms;
- c) if the Issuer determines in good faith that the performance of its obligations in relation to or under the Terms has or will become, in circumstances beyond the reasonable control of the Issuer, impossible, unlawful, illegal or otherwise prohibited;
- d) the Issuer has or will become obliged to pay additional amounts in Tax as a result of any change in law or interpretation by authorities;
- e) If the Issuer:
  - i. becomes unable to pay its debts as they fall due;
  - ii. goes into or proposes to go into liquidation or passes a winding up resolution or commences steps for winding up or dissolution or becomes deregistered;
  - iii. enters into, or proposes to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them;
  - iv. is presented or threatened with a petition or other process for winding up or dissolution or becomes aware of circumstances justifying such a petition or process; or
  - v. has a receiver, receiver and manager, judicial manager, liquidator, administrator or official manager appointed, over the whole or a substantial part of the Issuer's undertaking or property or becomes aware of circumstances justifying such an appointment; or
- f) any actual or proposed event that may (in the Issuer's reasonable opinion acting in good faith) be expected to lead to any of the events referred to in paragraphs (a) to (e) above occurring.

If any event occurs which constitutes both an Adjustment Event and an Early Maturity Event as defined in this clause, the Issuer may treat that event as either an Adjustment Event or Early Maturity Event and notify the Holder accordingly.

You will be given prior notice of any proposed Early Maturity in accordance with the Terms.

In addition, the Issuer can nominate an Early Maturity Date with ASX consent, at any time by giving Holders 21 Business Day's notice.

Holdes should read clauses 5 and 6 in the Terms of Issue to fully understand their rights and obligations if an Adjustment Event or an Early Maturity Event occurs.

## **6.16 Market Disruption Event**

The determination of the Delivery Assets closing price, or any other calculation or determination may be postponed if the Issuer determines that a Market Disruption Event has occurred or is continuing on the date on which the calculation or determination is to be made, including on any Maturity Date. The determination made by the Issuer may or may not depend on the Issuer's judgment whether the event has materially interfered with the Issuer's ability to unwind its hedge positions. Since these determinations by the Issuer may affect the market value of the CSAL Commodity Securities, the Issuer may have a conflict of interest if it needs to make any such decision.

If such a postponement occurs, then the date for the calculation or determination will be the first Trading Day after that day on which no Market Disruption Event occurs or is continuing. In no event, however, will the date for the calculation or determination or the Maturity Date for the CSAL Commodity Securities be postponed by more than eight Trading Days. If the date for the calculation or determination or the Maturity Date is postponed to the last possible day, but a Market Disruption Event occurs or is continuing on such last possible day, then that eighth day will nevertheless be the Maturity Date or the relevant date for the determination or calculation. If

a Market Disruption Event is occurring on the last possible date for the calculation or determination of the Maturity Date, the Issuer will make a good faith estimate in its absolute discretion of the observation to be reached for the calculation or determination that would have prevailed on the original date or Maturity Date but for the Market Disruption Event. For each Delivery Asset which is not affected by a Market Disruption Event on the Maturity Date, the Maturity Date shall be the scheduled Maturity Date.

Holders should read clause 6.2 in the "Terms of Issue" to fully understand their rights and obligations if a Market Disruption Event occurs.

### **6.17 General Market Risk**

General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and, therefore, the market price of CSAL Commodity Securities. These risks are generally applicable to any investment in quoted securities. Holders should be aware that CSAL Commodity Securities can go down in price as well as up and Holders may lose the value of all or part of their investment.

### **6.18 Tax and Regulatory Risk**

The expected tax implications of entering into the investment may change as a result of changes in the taxation laws and interpretation of them, for example, if the ATO changes its views in relation to the tax treatment of deferred purchase agreements, as currently set out in Taxation Determinations TD 2008/21 and TD 2008/22. A general summary of the potential tax treatment is in the Section 9 "Summary of Tax Considerations". All Holders should seek independent tax advice as to the possible impact of these matters in light of their own personal circumstances.

The offer of CSAL Commodity Securities and investment in CSAL Commodity Securities are subject to various laws and regulations which may change during the term of a Holder's investment. As an example, a change of law may result in the Issuer not being able to transfer a particular Delivery Asset to you which can then lead to a substitution of the Delivery Asset. The impact of tax risk and regulatory risk cannot be ascertained with certainty at the time of investment.

### **6.19 No Representation**

None of the Issuer, the Security Trustee or any Authorised Participants makes any representations as to:

- the suitability of any CSAL Commodity Securities and Delivery Assets for any particular Holder;
- the appropriate accounting treatment or possible tax consequences of an investment in any CSAL Commodity Securities; or
- the expected performance of any CSAL Commodity Securities, either in absolute terms or relative to competing investments.

## 7 TERMS OF ISSUE

These Terms of Issue form the terms and conditions on which Authorised Participants and Holders from time to time agree to acquire the Delivery Assets from the Issuer under the CSAL Commodity Securities. Capitalised words have the meaning given to them in Section 12 "Glossary" of this PDS.

### 7.1 Applications and Acceptance

#### 7.1.1 Offer by the Holder

A Holder who is an Authorised Participant may make an offer to the Issuer to acquire the Delivery Assets from the Issuer on a deferred basis in accordance with these Terms and in accordance with Section 2.5 of this PDS:

- (a) by completing and returning a valid Application Form to the Issuer; and
- (b) by transferring the same number of Reference Assets to the Security Trustee as CSAL Commodity Securities applied for and paying any applicable Application Fee to the Issuer.

#### 7.1.2 Holder bound by Terms

By signing the Application Form and lodging it with the Issuer, the Holder agrees to be bound by:

- (a) these Terms, including any variation to these Terms, provided that the variation is not unfair to the Holder (as defined in Section 12BG of the ASIC Act), as notified to Holders in a supplementary PDS or otherwise as made and notified to Holders in accordance with these Terms; and
- (b) the terms of the Security Trust Deed and the Security Interest Agreement as varied and notified to Holders, provided such variation is not unfair to Holders (as defined in Section 12BG of the ASIC Act).

#### 7.1.3 Acceptance of the offer by the Issuer

- (a) The Issuer may decide in its absolute discretion whether or not it will accept the Holder's offer to acquire the Delivery Assets from the Issuer and whether or not to issue the CSAL Commodity Securities.
- (b) If the Issuer decides that it will accept an Application and provided that the Issuer has received the Reference Assets and Application Fee outlined in clause 7.1.1(b), acceptance of the Holder's offer will take place, and the parties' rights and obligations under these Terms will commence, on the Issue Date. For each Reference Asset transferred in accordance with clause 7.1.1(b), the Holder will be entitled to one CSAL Commodity Security.
- (c) Within 10 Business Days of the Issue Date the Issuer will send to the Holder a Confirmation Notice acknowledging either the acceptance or rejection of a Holder's offer and, if the Issuer accepts a Holder's offer, setting out any relevant details of the CSAL Commodity Security.

#### 7.1.4 Issue of CSAL Commodity Securities

The Issuer has the discretion to determine not to proceed with the issue of a Class of CSAL Commodity Securities for any reason. If the Issuer determines not to proceed with the issue of a Class of CSAL Commodity Securities, they will return the Reference Assets transferred and the Application Fee paid in accordance with clause 7.1.1(b) to applicants without interest within 5 Business Days.

#### 7.1.5 Transferability and Holding Statements

- (a) The CSAL Commodity Securities are transferable in accordance with the ASX Rules and the ASX Clearing and Settlement Rules (as applicable).
- (b) The CSAL Commodity Securities are CS Approved Products. Certificates will not be issued to Holders. The Issuer will comply with the ASX Rules in relation to the issue or dispatch of Holding Statements as if the CSAL Commodity Securities were shares in a company.

### 7.2 Appointment of Registrar

- (a) The Issuer will appoint the Registrar set out on the back cover of this PDS. The Registrar will be responsible for establishing and maintaining the Register of CSAL Commodity Securities issued by the Issuer during the term of the Registrar's appointment. The Register will be established and maintained in Sydney (or any other place in Australia as the Issuer and the Registrar may agree).

- (b) The Holder acknowledges and agrees that the Register will be conclusive evidence of ownership of interests in the CSAL Commodity Securities. The Issuer is not required to recognise any interest in CSAL Commodity Securities not recorded in the Register.

### **7.3 Deferred purchase of the Delivery Assets**

#### **7.3.1 Purchase of Delivery Assets**

The Holder agrees to purchase from the Issuer the Delivery Assets (which will be paid by an Authorised Participant by transfer of Reference Assets and will be purchased by Holders on market). Following Maturity, the Issuer will deliver the Delivery Assets to the Holder in accordance with clause 7.4.

### **7.4 Maturity and Settlement of the CSAL Commodity Securities**

#### **7.4.1 Notice of Maturity**

The Issuer will, unless otherwise specified in the PDS, give a Maturity Notice to the Holder not less than twenty (20) Business Days before the Final Maturity Date.

#### **7.4.2 Effecting Maturity**

- (a) If the Holder wishes to receive cash or physical delivery of the Delivery Assets on Maturity the Holder should elect to use the Agency Sale Arrangement or Share Delivery Method.
- (b) The Holder must return the Maturity Notice to the Issuer on the date which is at least 3 Business Days before the Maturity Date, specifying in the Maturity Notice that the Holder wishes to receive cash (in which case the Issuer will procure the delivery of the Delivery Assets in accordance with the Agency Sale Arrangement set out in clause 7.4.4) or the Delivery Assets (in which case the Issuer will deliver the Delivery Assets in accordance with clause 7.4.3).
- (c) If the Holder:
  - (i) does not lodge a completed and valid Maturity Notice with the Issuer by the date which is at least 3 Business Days before the Maturity Date; or
  - (ii) returns the Maturity Notice to the Issuer by the date which is at least 3 Business Days before the Maturity Date and the Holder has not made any election in the Maturity Notice (or the Maturity Notice is otherwise incomplete or invalid),

the Holder will be deemed to have elected to use the Share Delivery Method (subject to the Issuer's discretion).

- (c) The Issuer may also offer Holders the option of rolling over into another Class of CSAL Commodity Securities or other replacement product.

#### **7.4.3 Physical delivery of the Delivery Assets to the Holder**

If the Holder has elected the Share Delivery Method on the Maturity Notice:

- (a) the Issuer (either itself or through a nominee) will procure the performance of all acts required of a transferor of marketable securities under the ASX Clearing and Settlement Rules for ASX listed Delivery Assets to enable the Delivery Assets to be transferred to the Holder (or the Holder's nominee) on the Settlement Date or as soon as possible thereafter, free from any security interest or third party interest or restriction on transfer (other than one that has been accepted by the ASX for the purposes of quotation of the property comprising the Delivery Assets); and
- (b) in respect of ASX listed Delivery Assets, the Holder irrevocably authorises the Issuer and any of its nominees, at the option of the Issuer, to act as the Holder's agent to do all things required to be done, including but not limited to supplying the Holder's HIN, to effect the delivery of the Delivery Assets to the Holder (or the Holder's nominee); and
- (c) Holders who are CHESS sponsored with the Issuer or the Issuer's nominees will receive delivery of the Delivery Assets in their Issuer (or Issuer's nominee) sponsored account.

#### **7.4.4 Delivery through the Agency Sale Arrangement**

If the Holder has elected the Agency Sale Arrangement on the Maturity Notice, the Issuer (either itself or through a nominee) will procure the delivery of the Delivery Assets as follows:

- (a) the Issuer or its nominees are irrevocably authorised to accept physical delivery of the Delivery Assets for and on behalf of the Holder;

- (b) the Holder irrevocably authorises the Issuer or its nominees to sell, and irrevocably directs and authorises the Issuer or any of its nominees to take all actions necessary or desirable to effect the sale by the Issuer or its nominees of, the Delivery Assets for and on behalf of the Holder for consideration constituted by cash;
- (c) the Issuer or its nominees on behalf of the Issuer will transfer the cash to the Holder, within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter;
- (d) the Holder acknowledges and agrees that:
  - (i) the Issuer or its nominees agree to sell the Delivery Assets on behalf of the Holder (including a sale to the Issuer) for an amount per Delivery Asset equal to the Delivery Asset Price;
  - (ii) to the maximum extent permitted by law, the Issuer and its nominees are not responsible for any loss, costs or expense incurred by the Holder as a result of using the Agency Sale Arrangement, except to the extent that such loss, cost or expense arises as a result of the Issuer's or its nominee's gross negligence, wilful default, fraud or dishonesty; and
  - (iii) the Issuer and its nominees will use reasonable commercial endeavours to sell the relevant Delivery Assets in accordance with clause 7.4.4(d)(i). If, for any reason whatsoever, the Issuer and its nominees are unable to sell the relevant Delivery Assets at the Delivery Asset Price, the Holder irrevocably authorises the Issuer and its nominees to use reasonable commercial endeavours to sell the relevant Delivery Assets as soon as reasonably practicable for the market price applicable at the time of sale.

#### **7.4.5 Satisfaction of obligations**

Upon delivery of the Delivery Assets to the Holder in accordance with clause 7.4.3 or the delivery of cash to the Holder in accordance with clause 7.4.4(c), the Issuer's obligations to the Holder under these Terms are satisfied in full and discharged.

#### **7.4.6 Delivery of a whole number of Delivery Assets only**

The Issuer or its nominee will not transfer a fractional Delivery Asset or parts of a Delivery Asset. If after aggregating all Delivery Assets to be transferred to a Holder on or after the Settlement Date (or any other date), and if any fractional share would be transferable by the Issuer on the Settlement Date (or any other date), the Issuer will cause to be paid to the Holder (within 10 Business Days of the Settlement Date or as soon as reasonably practicable thereafter) an amount equal to the value of the fraction of the share forgone based on the Delivery Asset Price provided that such amount exceeds twenty Australian Dollars (A\$20.00). If the amount does not exceed A\$20.00, the Issuer is under no obligation to the Holder to make any payment for the fractional share. Upon payment of the amount under this clause, the Issuer is discharged of its obligation to deliver the fraction of the share forgone.

#### **7.4.7 Substitution of Delivery Assets**

The Issuer may determine that it is not possible or efficient to obtain or to transfer one or more of the Delivery Assets to the Holder due to legal or regulatory restrictions relating to one or more of the Delivery Assets (including but not limited to cessation or Suspension from listing) or the Issuer, including but not limited to trade limitations resulting from internal conflict arrangements. In this case, Maturity will take place in accordance with clause 7.4 (or, in the case of an Early Maturity, in accordance with clause 7.5.5(a)) except that the Issuer may substitute the Delivery Asset for any other security quoted and trading on the ASX (including any other security or any other fund or entity listed on the ASX) that is a constituent of the S&P/ASX200 Index, and deliver that substituted security in accordance with these Terms as if the definition of "Delivery Asset" was amended to refer to the substituted security.

### **7.5 Early Maturity**

#### **7.5.1 Early Maturity by the Issuer**

The Issuer may at any time (acting reasonably), with the consent of the ASX, nominate any of the following as an Early Maturity Event:

- (a) an event considered to be an Early Maturity Event as described in the PDS (whether or not specifically described as an Early Maturity Event);
- (b) an Adjustment Event occurs or is proposed to occur and in the Issuer's reasonable opinion it is not possible to deal with the occurrence of that event in accordance with clause 7.6;

- (c) if the Issuer determines in good faith that the performance of its obligations in relation to or under these Terms has or will become, in circumstances beyond the reasonable control of the Issuer, impossible, unlawful, illegal or otherwise prohibited as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power;
- (d) if the Issuer determines in good faith that continued existence of one or more Classes of the CSAL Commodity Securities is not commercially viable from the Issuer's perspective, for example if the issue size of the relevant Class becomes too small so that returns to the Issuer or its related bodies are insufficient to cover the ongoing costs of that Class; or
- (e) any actual or proposed event that may (in the Issuer's reasonable opinion acting in good faith) be expected to lead to any of the events referred to in paragraphs (a) to (d) above occurring.

If any event occurs which constitutes both an Adjustment Event and an Early Maturity Event as defined in this clause, the Issuer may treat that event as either an Adjustment Event or Early Maturity Event and notify the Holder accordingly.

#### **7.5.2 Determination that there will be an Early Maturity**

Where the Issuer, with the consent of the ASX, has nominated an event as an Early Maturity Event, the Issuer may in its absolute discretion determine that there will be an Early Maturity and may specify a date as the Early Maturity Date. The Issuer will notify Holders of Early Maturity in accordance with clause 7.5.5(a).

#### **7.5.3 Repurchase**

An Authorised Participant may request that the Issuer repurchase their CSAL Commodity Securities on any Business Day by completing a Repurchase Notice and lodging it with the Issuer and otherwise following the requirements set out in Section 2.5 of this PDS. Once lodged, the request for Repurchase is irrevocable. If the Issuer determines to accept an Authorised Participant's request for Repurchase, then settlement of the CSAL Commodity Securities will take place in accordance with the procedures set out in Section 2.5 of this PDS.

#### **7.5.4 Holder requested Redemption**

In circumstances set out in Section 2.5 of the PDS, Holders who are not Authorised Participants may request that the Issuer to redeem their CSAL Commodity Securities by completing a Redemption Notice. Upon the Holder making such a request:

- (a) The Holder acknowledges that they may receive less than the price they paid to acquire their CSAL Commodity Securities.
- (b) The Issuer will, as soon as practicable after the request is received determine whether to accept or reject the request. If the request is accepted, the Issuer must use reasonable endeavours to execute the Redemption at the time specified in the request or within one (1) month if no date is specified. The Holder acknowledges that the Redemption Date will depend, in part, upon the Issuer's ability to liquidate its hedging arrangement (if any) which may require the Issuer to delay and hold over a request for Redemption.
- (c) If the Issuer determines to accept the Holder's request for Redemption, then settlement of the CSAL Commodity Securities will take place in accordance with the procedures set out in clauses 7.4.2 to 7.4.7 of these Terms with the following differences:
  - (i) the Issuer will not provide a Maturity Notice to the Holder;
  - (ii) the Holder will be deemed to have elected to use the Share Delivery Method (at the Issuer's discretion); and
  - (iii) the Final Value will be, at the discretion of the Issuer, reduced by the deduction of any costs, losses or expenses that it reasonably incurs in relation to the Redemption, including without limitation, Costs and Taxes, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain.

#### **7.5.5 Early Maturity Mechanism**

- (a) If the Issuer determines that there will be an Early Maturity, the Early Maturity will take place as follows:
  - (i) the Issuer will, before the Early Maturity Date, notify the Holder that Early Maturity will occur on the Early Maturity Date in accordance with clause 7.5 of these Terms. The Early Maturity

Notice issued by the Issuer under this clause shall serve as the Maturity Notice. The Issuer will specify in the Early Maturity Notice whether Early Maturity will occur by the maturity process in accordance with clause 7.5.5(a)(ii) or by Termination Payment in accordance with clause 7.5.5(a)(iii);

- (ii) if specified in the Maturity Notice and subject to clause 7.5.5(b), Early Maturity will take place in accordance with the procedures set out in clauses 7.4.2 to 7.4.7 of these Terms;
  - (iii) if specified in the Early Maturity Notice, Early Maturity will occur by the Issuer paying to the Holder the Termination Payment to the Holder's Settlement Account (or pay by cheque to the Holder if no Settlement Account is nominated) by the Settlement Date or as soon as practicable thereafter; and
  - (iv) after the Delivery Assets are delivered to the Holder under clause 7.4.3 or the Issuer (or its nominee) pays the Holder the Termination Payment in accordance with clause 7.5.5(a)(iii) or the relevant amount in respect of the Delivery Assets under clause 7.4.4 as a result of an Early Maturity Event occurring, all obligations of the Issuer to the Holder under these Terms are deemed to be satisfied in full and the Issuer is discharged from its obligations under these Terms. This clause does not discharge the Issuer of its obligations under the Privacy Act or the terms of its privacy policy.
- (b) If there is an Early Maturity by the Issuer, the number of Delivery Assets to be delivered will be determined in accordance with the definition of "Delivery Assets" in the Glossary section of the PDS.
- (c) Without limiting the foregoing, in determining the Early Maturity Value, Termination Payment or the redemption price the Issuer may deduct any costs, losses or expenses that it reasonably incurs in relation to the Early Maturity or redemption, including without limitation, Costs and Taxes, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under these Terms, and any cost of funding or any loss of bargain.

#### **7.5.6 Possible reduction of value on Early Maturity**

If there is an Early Maturity, the Issuer does not guarantee to deliver to the Holder Delivery Assets with value equal to the Final Value. For the avoidance of doubt, when there is an Early Maturity (and the Issuer elects to apply the maturity process in accordance with clause 7.5.5(a)(ii)) the number of Delivery Assets to be delivered will only be determined in accordance with clause 7.5.5(b).

#### **7.5.7 Adjustments to this clause**

Subject to clause 7.16, where the Issuer reasonably determines that any of the provisions of this clause 7.5 are not appropriate in any particular circumstances, or that any event which is not dealt with in clause 7.5 should have been dealt with, it may, with the consent of the ASX, make any alterations to the effect of this clause 7.5 or any other Term that it considers to be reasonably appropriate provided that the alteration is not unfair (as defined in section 12BG of the ASIC Act).

### **7.6 Adjustment Events and Market Disruption Events**

#### **7.6.1 Adjustment Events**

If an Adjustment Event occurs or is proposed to occur on or before the Maturity Date, the Issuer may, with the consent of the ASX elect to do any or all of the following:

- (a) substitute part or all of the Reference Assets with any other assets; and/or
- (b) substitute some or all of the Delivery Assets with any other security quoted and trading on the ASX that is a constituent of the S&P/ASX 200 Index; and/or
- (c) adjust, change, delay or amend any variable, date, formula, amount or calculation as set out or used in these Terms (including the PDS); and/or
- (d) adjust, amend or substitute the definition of Reference Asset or Delivery Asset; and/or
- (e) vary any of the Terms referred to in the PDS; and/or
- (f) determine to suspend, defer, delay or bring forward any of the necessary calculations referred to in these Terms as appropriate until reliable values can be obtained,

either:

(A) in a manner consistent with any adjustment or change made to the Issuer's hedging arrangements;  
or

(B) as determined by the Issuer, provided that, in the reasonable opinion of the Issuer, the adjustment in accordance with the above paragraphs is appropriate to put both the Issuer and the Holder in as similar an economic position as reasonably possible as the Holder and the Issuer would have been in had the Adjustment Event not occurred. The Issuer will notify the ASX of an Adjustment Event and the action it proposes to take.

If, in the reasonable opinion of the Issuer, it is not possible to deal with the occurrence of the Adjustment Event in accordance with this clause 7.6.1, the Issuer may, with the consent of the ASX, nominate the event as an Early Maturity Event and may deal with that event in accordance with clause 7.5.1. The Issuer will notify Holders of any adjustment that it proposes to make under this clause before the adjustment occurs or if it is not possible to notify before adjustment as soon as reasonably practicable after the adjustment occurs, and the Issuer will reasonably determine and notify Holders of the effective date of that adjustment.

#### **7.6.2 Market Disruption Events**

- (a) If there is a Market Disruption Event affecting one or more components of the Reference Asset or the Delivery Assets on any date that a calculation or determination is to be made (including the Maturity Date and the Trading Day immediately following the applicable Maturity Date) (each an "Affected Delivery Asset"), then the date for the determination or calculation in relation to that Affected Delivery Asset or the relevant Maturity Date for the Affected Delivery Asset is to be the first succeeding Trading Day on which there is no Market Disruption Event in respect of the Affected Delivery Asset, and the relevant date for the making of such calculation or determination for each Delivery Asset that is not affected by the occurrence of a Market Disruption Event shall be the original scheduled date. However, if there is a Market Disruption Event in respect of an Affected Delivery Asset on each of the 8 Trading Days immediately following the original date that, but for the Market Disruption Event, would have been the date on which the determination or calculation was made or the Maturity Date, then:
- (i) that 8th Trading Day is to be taken to be the Maturity Date or the relevant date for the determination or calculation (as applicable) in respect of the Affected Delivery Asset, despite the Market Disruption Event; and
  - (ii) the Issuer must on that 8th Trading Day in good faith and in its absolute discretion determine the Closing Price of the Affected Delivery Asset or other observation to be reached for the calculation or determination that would have prevailed on the original date but for that Market Disruption Event.
- (b) If there is a Market Disruption Event affecting one or more components of the Reference Asset for a Class or the Delivery Assets during the period from the Issue Date to the Final Maturity Date, then the Issuer may, with the consent of the ASX, treat the Market Disruption Event as an Adjustment Event under this clause 7.6.2, including to nominate the event as an Early Maturity Event.
- (c) The Issuer must, as soon as practicable (and in no event later than 5 Business Days after the original date that, but for the occurrence or existence of a Market Disruption Event, would have been the date on which the determination or calculation was made or the Maturity Date) notify Holders of the existence or occurrence of a Market Disruption Event.

#### **7.7 Accretions**

These Terms do not confer on the Holder any right or interest in respect of Accretions to the Delivery Assets arising prior to delivery of the Delivery Assets. Accretions to the Delivery Assets may lead to adjustments as provided for in clause 7.6 of these Terms.

#### **7.8 Beneficial interest in the Portion of the Delivery Assets**

- (a) Upon acceptance by the Issuer of the Holder's application for CSAL Commodity Securities, the Holder receives, in respect of their total investment amount, a beneficial interest in a Portion of the Delivery Assets ("Beneficial Interest") on the Issue Date. The Holder holds the Beneficial Interest until the earlier of the Maturity Date or transfer of their CSAL Commodity Securities in accordance with these Terms.
- (b) A Holder may only deal with the Beneficial Interest in accordance with these Terms.
- (c) The Beneficial Interest forms part of the CSAL Commodity Securities held by the Holder and may not be severed from the balance of the rights in connection with those CSAL Commodity Securities or dealt with separately in any way.



- (d) When a Holder deals with a CSAL Commodity Security in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding Beneficial Interest. When a Holder deals with a Beneficial Interest in any way, then without the need for any additional writing or action, the same dealing between the same parties shall occur in respect of the corresponding CSAL Commodity Security. For example, when a Holder (the “old holder”) transfers a CSAL Commodity Security to another person (the “new holder”):
- (i) all the rights and obligations that attach to that CSAL Commodity Security, including the Beneficial Interest are transferred from the old holder to the new holder;
  - (ii) the old Holder’s interest in the CSAL Commodity Security will be removed from the Register and the new holder will be added to the Register; and
  - (iii) the old holder ceases to have any rights in relation to the CSAL Commodity Security or the Beneficial Interest.
- (e) If any Holder purports to deal with a CSAL Commodity Security without an equivalent dealing in the corresponding Beneficial Interest, or if any Holder purports to deal with a Beneficial Interest without an equivalent dealing in the corresponding CSAL Commodity Security, or if any Holder purports to contract out of this clause in any way, any such dealing will be void and the CSAL Commodity Security and the Beneficial Interest will remain with the Holder recorded on the Register.
- (f) The Issuer or its nominee will hold the Portion of the Delivery Assets from the Issue Date until the Maturity Date and will be entitled to retain any distributions made in connection with those assets, exercise all voting rights and will not be required to pass any notice of meeting or other material in connection with those assets to the Holder. On the Maturity Date, the Issuer will sell the Portion of the Delivery Assets and the sale proceeds from this sale will be included in the Final Value.
- (g) The Holder agrees and acknowledges that the agreement to purchase the Delivery Assets as set out in these Terms and the payment of the Application Fee does not transfer the legal or beneficial interest in the Delivery Assets to the Holder other than the Beneficial Interest in a Portion of the Delivery Assets. The parties agree and acknowledge that the legal or beneficial interest in the balance of the Delivery Assets will transfer to the Holder only on the Settlement Date (or as soon as possible thereafter). If the Issuer fails to deliver the balance of the Delivery Assets to the Holder in accordance with these Terms, the Holder agrees that it will not be entitled to an injunction, specific performance or any other equitable rights or remedies and will be entitled only to damages.

## **7.9 Taxes**

- (a) The Issuer is not liable for any Taxes or other charges (i) payable by the Holder in relation to or in connection with these Terms; or (ii) payable by the Issuer or any other person on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset or rights, the payment of any Periodic Payment, or any other supply made under or in connection with these Terms.
- (b) The Holder must:
- (i) pay all Taxes (including GST) and other charges for which the Holder becomes liable in relation to or in connection with these Terms; or
  - (ii) pay an additional amount to the Issuer on demand equal to any applicable Taxes (including GST) and other charges for which the Issuer or any other person becomes liable on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset or rights, the payment of any Periodic Payment, or any other supply made under or in connection with these Terms.

## **7.10 Security Trust Deed**

Holders of the CSAL Commodity Securities of each Class agree and acknowledge that pursuant to the Security Trust Deed and the Deed of Charge the Security Trustee holds the Charge created under the Deed of Charge in respect of that Class on trust for and on behalf of Holders of that Class on the terms of the Security Trust Deed.

## **7.11 Security**

- (a) **Deed of Charge**

Holders of CSAL Commodity Securities of each Class agree and acknowledge that pursuant to a Deed of Charge, the Issuer charges the Secured Property for that Class to the Security Trustee as security for the due and punctual payment and satisfaction of the Secured Obligations for that Class. A separate Charge is created for each Class under the Deed of Charge.

Each Holder of CSAL Commodity Securities of each Class:

- (i) acknowledges that they are entitled to the benefit of the Security Trust Deed and the Charge for that Class even though they are not a party to it, or were not Holders at the time of execution and delivery of the Security Trust Deed and the Deed of Charge;
- (ii) is taken to have notice of that Security Trust Deed and Deed of Charge;
- (iii) is bound by the terms of that Security Trust Deed and Deed of Charge;
- (iv) must perform all of the obligations and comply with all restrictions and limitations applicable to it under that Security Trust Deed and Deed of Charge; and
- (v) acknowledges that the liability of the Security Trustee is limited under that Security Trust Deed to the amount the Security Trustee can obtain as a final reimbursement from the relevant Separate Trust, being the Secured Property.

**(b) Security Interest Agreement**

Holders of CSAL Commodity Securities of each Class agree and acknowledge that, under the Security Interest Agreement, the Issuer creates a Jersey Security Interest over the Jersey Secured Property for that Class by assigning to the Security Trustee all of its rights, title and interest, present and future, in, to, and under, the Jersey Secured Property for that Class. The Security Interest Agreement creates a separate Jersey Security Interest for each Class.

Holders of CSAL Commodity Securities of each Class acknowledge that the Security Interest Agreement contains an indemnity in favour of the Security Trustee.

**(c) General**

Holders of CSAL Commodity Securities of each Class agree and acknowledge that the Security Trustee's recourse in respect of the Secured Obligations under the Deed of Charge and the Security Interest Agreement is limited to the amount the Security Trustee can obtain by enforcing the Security Trustee's rights in respect of the Secured Property and the Jersey Secured Property for that Class.

Holders of CSAL Commodity Securities of each Class acknowledge and agree that the Security Trustee is not responsible or liable for the value of or any change in the value of the CSAL Commodity Securities or the Secured Property and the Jersey Secured Property for that Class or for the sale price of the Security Property or the Jersey Secured Property for that Class provided that the Security Trustee acts in accordance with the Deed of Charge, the Security Trust Deed and the Security Interest Agreement.

Holders of CSAL Commodity Securities of each Class acknowledge and agree that their recourse against the Issuer is limited to the Secured Property and the Jersey Secured Property for that Class and otherwise they can take no action against the Issuer.

Holders of CSAL Commodity Securities of each Class acknowledge that they will receive payment only after the fees, costs, charges, expenses or other sums incurred or payable by or to the Security Trustee in connection with the exercise or enforcement of rights relating to the CSAL Commodity Security for that Class have been paid.

## **7.12 Holder's representations and warranties**

By signing the Application Form and lodging it with the Issuer the Holder represents and warrants to the Issuer (as continuing representations and warranties) that:

- (a) the Holder has full legal capacity to make the Application and be bound by these Terms and has taken all actions that are necessary to authorise the Application and be bound by these Terms;

- (b) the Holder has reviewed these Terms and has made its own independent investigations and appraisals of the taxation, legal, commercial and credit aspects associated with the purchase of the Delivery Assets;
- (c) the Holder has not relied in any way on any statements made by the Issuer or its related entities or their agents, employees or representatives in relation to these Terms or the deferred purchase of the Delivery Assets and the Holder acknowledges that the Issuer has not made any representations to the Holder regarding the suitability or appropriateness of the deferred purchase of Delivery Assets pursuant to these Terms;
- (d) the Holder understands that nothing in these Terms or any marketing material associated with these Terms can be considered financial product advice or a recommendation to invest in the CSAL Commodity Securities or to acquire the Delivery Assets;
- (e) the Holder has obtained all consents which may be required by law to enable the Holder, as the case may be, to acquire the Delivery Assets and to become registered as the holder of the Delivery Assets and the registration of the Holder as the holder of the Delivery Assets will not contravene any law, regulation or ruling or the constitution of the issuer of the Delivery Assets;
- (f) the CSAL Commodity Securities being applied for will not breach or result in a breach of any exchange controls, fiscal, securities or other laws or regulations for the time being applicable to the Holder and the Holder is not a resident or national of any jurisdiction where the Application for or the Maturity of the CSAL Commodity Securities is prohibited by any law or regulation or where compliance with the relevant laws or regulations would require filing or other action by the Issuer or any of its related bodies corporate; and
- (g) the Holder acknowledges that the section in the PDS entitled "Summary of Tax Considerations" is provided only for the benefit of the Issuer and is necessarily general in nature and does not take into account the specific taxation circumstances of each Holder. Each Holder acknowledges that it has sought its own independent advice on the taxation implications relevant to their own circumstances before making an investment decision.

### **7.13 Set off Rights**

- (a) All monetary obligations imposed on the Holder under these Terms are absolute, free of any right to counterclaim or set off and may only be satisfied once the payment has cleared.
- (b) The Issuer may set off any amount payable to it by the Holder against any amount payable by the Issuer to the Holder. The Issuer may withhold any amount payable by it to the Holder in satisfaction of any amount payable to it by the Holder.

### **7.14 Notices**

- (a) Any notice or statement to be given or demand to be made on the Holder under these Terms:
  - (i) will be effectively signed on behalf of the Issuer if it is executed by the Issuer, any of its officers, its solicitor or its attorney;
  - (ii) may be served by being delivered personally to, by being left at, by being e-mailed to, or by being posted in a prepaid envelope or wrapper to the Holder's address (or e-mail address) notified to the Issuer or the Holder's registered office, place of business, or residence last known to the Issuer, or by being sent to the Holder by facsimile transmission; and
  - (iii) may be posted on the Issuer's website or an announcement made in an Australian newspaper with national coverage, if providing notice in such a manner is allowed by the Corporations Act or any ASIC policy.
- (b) A demand or notice if:
  - (i) posted will be deemed served two Business Days after posting;
  - (ii) sent by facsimile or electronic transmission will be deemed served on conclusion of transmission; or
  - (iii) posted on a website or published in a newspaper will be deemed served on the date of posting or publishing.
- (c) Service by any of these methods will be valid and effectual even if the Holder does not receive the document or if the document is returned to the Issuer unclaimed.

## **7.15 Amendment of Terms**

### **7.15.1 Change to Terms**

The Issuer may from time to time, by notice sent to the Holder make any modification, variation, alteration or deletion of, or addition to these Terms ("Change") where:

- (a) the terms of that Change are authorised by a resolution or consent of the Holders passed in accordance with the provisions of clause 7.16.3; or
- (b) with the consent of the ASX, the Change is necessary in the reasonable opinion of the Issuer to comply with any statutory or other requirements of law or a requirement of the ASX, provided that the change is not unfair (as defined in section 12BG of the ASIC Act); or
- (c) with the consent of the ASX, the Change is necessary in the reasonable opinion of the Issuer:
  - (i) to rectify any defect, manifest error or ambiguity contained in these Terms; or
  - (ii) to effect a modification of a formal, minor or technical nature,and does not materially prejudice the interests of the Holders and, in the Issuer's opinion, is not unfair (as defined in section 12BG of the ASIC Act); or
- (d) with the consent of the ASX, the Change is made to permit transfers by a method other than as set out in the Terms;
- (e) with the consent of the ASX, the Change is made in the case of an Adjustment Event (as described in the Terms); or
- (f) with the consent of the ASX, in the reasonable opinion of the Issuer, the Change does not materially prejudice the interests of Holders and, in the Issuer's opinion, is not unfair (as defined in section 12BG of the ASIC Act).

The Issuer will give the Holder notice of any Change to these Terms and the Holder will be bound by any such Change at the time the Holder is given such notice.

### **7.15.2 Notification of change to ASX**

The ASX must be notified of any Change to these Terms made under clause 7.15.1.

### **7.15.3 Resolution and requisitions**

#### **7.15.3.1 Valid Resolutions – By Ballot**

- (a) The Issuer must give notice to all Holders in writing of a proposed amendment to the Terms under clause 7.16.1(a) together with a ballot paper.
- (b) Ballot papers must be returned to the Issuer by Holders no later than 20 Business Days after the date of the notice. Each Holder is entitled to one vote for each CSAL Commodity Security held.
- (c) A resolution for amendment to the Terms under clause 7.16.3.1(a) is duly passed if 75% or more of the votes cast are in favour of the amendment, where the Issuer or its associates do not vote (unless they are voting as trustee or nominee for a person who is not an associate).
- (d) The Issuer's Registrar will determine the validity of all ballot papers and complete a total of all of the votes cast on valid ballot papers during the voting period.

#### **7.15.3.2 Valid Resolutions - By Unanimous Consent**

Without limiting clause 7.15.1, an amendment to the Terms will occur if:

- (a) the Issuer gives notice to all Holders in writing of a proposed amendment; and
- (b) all Holders consent in writing to the amendment.

## **7.16 General provisions**

### **7.16.1 Currency**

All amounts payable by either party under these Terms will be paid in Australian Dollars. All calculations will be performed in Australian Dollars.

### **7.16.2 No merger**

The Issuer's rights under these Terms are additional to and do not merge with or affect and are not affected by any mortgage, charge or other encumbrance held by the Issuer or any other obligation of the Holder to the Issuer, despite any rule of law or equity or any other statutory provision to the contrary.

### **7.16.3 Rounding**

All calculations made by the Issuer for the purposes of these Terms will be made to not fewer than nine decimal places. Other than as provided in these Terms, rounding of numbers will not occur until the final calculation of a relevant amount or number at which time the Holder's entitlements will be aggregated and that aggregate will be rounded so that all money amounts are rounded down to the nearest whole cent and all numbers of Delivery Assets are rounded down to the nearest whole number.

### **7.16.4 Certificates**

Any document or thing required to be certified by the Holder or the Issuer must be certified by the Holder (if an individual) or a director, secretary or authorised officer of the Holder (if a company) or the Issuer, as the case requires, or in any other manner that the Issuer may approve.

### **7.16.5 Execution by attorneys**

Each attorney executing an Application Form which binds the Holder to these Terms must state that he, she or it has no notice of revocation or suspension of the power of attorney under which the attorney executes that form.

### **7.16.6 Appointment as agent**

The Holder irrevocably appoints the Issuer, its attorneys and its nominees and any of their directors, secretaries and officers whose title includes the word "director" from time to time jointly and severally as agent of the Holder to do (either in the name of the Holder or the agent) all acts and things that the Holder is obliged to do under these Terms or which, in the opinion of the Issuer, are necessary or desirable in connection with the Delivery Assets or the protection of the Issuer's interests or the exercise of the rights, powers and remedies of the Issuer, including without limitation the authority to sell the Delivery Assets on behalf of the Holder in accordance with clause 7.4.4(b).

### **7.16.7 Invalid or unenforceable provisions**

(a) If a provision of these Terms is invalid or unenforceable in a jurisdiction, it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability, and that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions.

(b) To the extent that a provision of these Terms is read down or severed, the Issuer may, at its sole discretion, replace the read down or severed provision with a new provision in substantially the same form (as far as is practicable) as the read down or severed provision that is valid and/ or enforceable in the jurisdiction in which the read down or severed provision was read down or severed.

### **7.16.8 Waiver and exercise of rights**

A single or partial exercise of a right by the Issuer does not preclude another exercise or attempted exercise of that right or the exercise of another right by the Issuer. Failure by the Issuer to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

### **7.16.9 Assignment and transfer of interests**

(a) The Issuer may transfer its rights and obligations, under these Terms at any time by giving notice to the holder of the CSAL Commodity Securities, provided that the transfer is not to the detriment of the Holder, and is not otherwise unfair (as defined in Section 12BG of the ASIC Act).

(b) Subject to meeting any requirements and providing any information the Issuer may require, the rights and obligations under these Terms may be transferred or novated by a Holder with the prior consent of the Issuer.

(c) When a Holder deals with a CSAL Commodity Security in a manner that does not involve the transfer of legal ownership of the CSAL Commodity Security, the Issuer has no duty to record the dealing on the Register. Each Beneficial Interest corresponding to a particular CSAL Commodity Security will pass to a new Holder upon registration of a transfer of the CSAL Commodity Security in the Register.

#### **7.16.10 Recording conversations**

The Holder acknowledges that conversations between the Holder and the Issuer (or any officer of the Issuer) may be tape-recorded. The Holder consents to the tape-recording and its use (or any transcript of the recording) in any proceedings that may be commenced in connection with these Terms.

#### **7.16.11 Calculations and references to dates and times**

Calculations or determinations which are to be made on or by reference to a particular day, are to be made on or by reference to that day in the place and time zone determined by the Issuer as appropriate for that calculation.

#### **7.16.12 Payments by the Issuer**

All amounts payable by the Issuer under these Terms will be paid to the Holder's Settlement Account. If the Holder has not nominated a Settlement Account, payment will be made by the Issuer drawing a cheque made payable to the Holder which will be sent to the address recorded in the Register for that Holder, and on doing so the Issuer is discharged of its obligations under these Terms.

#### **7.16.13 Governing law and jurisdiction**

These Terms are governed by the laws of New South Wales. The Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

#### **7.16.14 Terms of Issue prevail**

If there is an inconsistency between the Terms and statements made in the PDS, the Terms prevail.

#### **7.16.15 Time is of the essence**

Time is of the essence in respect of the obligations of the Holder under these Terms.

#### **7.16.16 Discretions**

Any determination made by the Issuer will be made in its sole discretion, acting in good faith and in a commercially reasonable manner and will be conclusive and binding on all parties, except in the case of manifest error.

### **7.17 Interpretation**

- (a) In these Terms, unless the context requires another meaning, a reference:
- (i) to the singular includes the plural and vice versa;
  - (ii) to a document (including these Terms) is a reference to that document (including any schedules and annexures) as amended, consolidated, supplemented, novated or replaced;
  - (iii) to a person (including a party) includes an individual, company, other body corporate, association, partnership, firm, joint venture, trust or government agency, and it also includes the person's successors, permitted assigns, substitutes, executors and administrators; and
  - (iv) to a law is a reference to that law as amended, consolidated, supplemented or replaced and it includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law, or any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange.
- (b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) Headings are for convenience only and do not affect interpretation.
- (d) If a payment or other act must (but for this clause) be made or done on a day that is not a Business Day or where relevant a Trading Day, then it must be made or done on the next Business Day or where relevant a Trading Day.
- (e) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (f) These Terms may not be construed adversely to a party only because that party was responsible for preparing them.
- (g) Any term not defined in these Terms and which is defined in the PDS has the same meaning as in the PDS unless the context otherwise requires.
- (h) All references to time are to time in Sydney, Australia (unless otherwise stated).

## 8 SUMMARY OF TRANSACTION DOCUMENTS

### 8.1 Security Trust Deed

The Security Trust Deed is entered into by the Issuer and the Security Trustee.

Under the Security Trust Deed, the Security Trustee is appointed to (i) act as trustee under the Transaction Documents (including the Deed of Charge) and, (ii) to enter into the Deed of Charge as security trustee and to create a new Charge in respect of each Class under the Deed of Charge. The Security Trustee agrees to this appointment.

The Security Trust Deed is a master Security Trust Deed and a number of Separate Trusts are created under the Security Trust Deed. A Separate Trust is created in relation to each Class of CSAL Commodity Securities.

Under the Deed of Charge (explained below), the Issuer charges the relevant Parcel of Secured Property (which includes the Reference Assets held by the Security Trustee, all assets into which these may be converted and the proceeds of those investments, but excludes any proper fees and expenses of the Issuer) for that Class in favour of the Security Trustee. The Security Trustee will then hold the relevant Parcel of Secured Property and the Beneficial Interest Shares on trust for each Holder in proportion to the number of CSAL Commodity Securities of that Class a Holder holds on the terms of the Security Trust Deed until termination of the Separate Trust.

The primary function of the Security Trustee is to exercise any right, power or remedy under the Security Trust Deed and enforce the Security on behalf of the Holders. Holders are not allowed to exercise these rights or have any direct recourse to the security constituted by the Security Trust Deed except through the Security Trustee. However, where Majority Holders have instructed the Security Trustee to exercise a right, power, authority, discretion, or remedy of, and the Security Trustee fails to do so within a reasonable time, the Majority Holders may act on behalf of the Security Trustee to exercise the right, power, authority, discretion, or remedy.

In exercising these powers, the Security Trustee must request the instructions of the Majority Holders (by way of convening a meeting of Holders) and act in accordance with them.

Each Separate Trust created under the Security Trust Deed will terminate when the Issuer has satisfied in full its Secured Obligations in respect of that Separate Trust.

The Security Trustee can resign as trustee of a Separate Trust at any time by giving at least 60 days' written notice. However, it is a term of the Security Trust Deed that the resignation of the Security Trustee does not take effect until a successor Security Trustee is appointed.

The liability of the Security Trustee is limited under the terms of the Security Trust Deed. In particular, the Security Trustee (and its directors, specified persons acting on its behalf, employees, agents or attorneys) is not liable for any loss or damage occurring as a result of it exercising, failing to exercise or purporting to exercise any powers under the Security Trust Deed or in relation to the Securities, any failure of the Issuer to comply with their obligations or for acting in accordance with the instructions of the Holders or Majority Holders (except if the liability arises as a result of any wilful misconduct, fraud or gross negligence). The Security Trustee's liability is limited to the extent that the Security Trustee obtains final reimbursement from the relevant Separate Trust, being the Secured Property (including the trust fund). The Security Trustee is not obliged to take any action or exercise any of its powers until it is first indemnified to its reasonable satisfaction. Holders will receive payment only after the fees, costs, charges, expenses or other sums incurred or payable by or to the Security Trustee in connection with the exercise or enforcement of rights relating to the CSAL Commodity Security have been paid. This includes any fees payable to the Security Trustee by the Issuer.

A copy of the Security Trust Deed is available upon request. Please contact the Issuer on [info@etfsecurities.com](mailto:info@etfsecurities.com).

### 8.2 Deed of Charge

The Deed of Charge is a master Deed of Charge under which the Issuer and Security Trustee create a new Charge for each Class and Separate Trust. For each Class and Separate Trust, the Issuer charges the Secured Property (which includes the Reference Assets held by the Security Trustee and all assets into which these may be converted and the proceeds of those investments, including the Delivery Assets, but excluding any proper fees and expenses of the Issuer) in respect of that Class to the Security Trustee to secure the satisfaction of the Secured Obligations in respect of that Separate Trust (including the performance of the Issuer's obligations under the PDS and the Terms of Issue).

In its capacity as security trustee, the Security Trustee enters into the Deed of Charge and creates a new Charge in respect of the Separate Trust created under the Security Trust Deed and the Deed of Charge.

The Charge in respect of a Separate Trust will be released if the Security Trustee is satisfied that all of the Secured Obligations in respect of the relevant Separate Trust are paid, discharged or performed in full.

If an Event of Default under a Charge occurs, the Issuer must immediately pay or perform the Secured Obligations in respect of that Separate Trust to the Security Trustee on demand by the Security Trustee and in the manner notified by the Security Trustee.

If an Event of Default occurs, the Security Trustee has the power to do all acts and things and exercise all rights, powers and remedies that the Issuer could do or exercise in relation to the Secured Property of the relevant Separate Trust, including the power to:

- take possession and assume control of that Secured Property and collect and give receipts for the Secured Property;
- receive all dividends or other distributions made or to be made in respect of the Security Property of the relevant Separate Trust;
- sell, close out, terminate, unwind or agree to sell, close out, terminate or unwind the Secured Property on terms that the Security Trustee thinks fit;
- grant to any person an option to purchase any Secured Property on terms that the Security Trustee thinks fit;
- carry on business or concur in carrying on any business of the Issuer in respect of the Secured Property;
- do anything to maintain, protect or improve the Secured Property;
- make any agreement to compromise the Secured Money which the Security Trustee thinks fit;
- surrender or transfer the Secured Property to any Government Agency (whether or not for fair compensation);
- exchange any part of the Secured Property for any other property, for fair value and the property so acquired by the Security Trustee shall be treated as if it were part of the Secured Property and, for that purpose, the Security Trustee may create a security interest over that property in favour of the Security Trustee;
- delegate to any person for any time period as the Security Trustee approves any or all of the powers of the Security Trustee on terms that the Security Trustee thinks fit;
- give effective receipts for all money and other assets that come into the hands of the Security Trustee;
- carry out and enforce, or refrain from carrying out or enforcing, agreements entered into or held by the Issuer in relation to the Secured Property or entered into in exercise of the rights, powers or remedies of the Security Trustee under the Deed of Charge;
- institute, conduct, defend, discontinue, settle, arrange or compromise any proceedings, including proceedings relating to insurance of the Secured Property;
- execute and deliver documents on behalf of the Issuer under seal or under hand;
- exercise any voting rights or powers in respect of any part of the Secured Property; and
- do or cause to be done any other act or thing which the Security Trustee considers necessary or incidental to the exercise of any right, power or remedy of the Security Trustee.

The Security Trustee will hold any moneys or Delivery Assets received on trust for the beneficiaries (i.e. the Holders) in accordance with the Security Trust Deed.

Events of Default under the Charge include:

- the Issuer failing to make a payment or delivery under a Transaction Document on its due date (for example, the Issuer failing to perform a payment or delivery obligation under the Terms of the Deferred Purchase Agreement);
- the Issuer failing to perform or observe any other obligation under a Transaction Document, and the Security Trustee considers that the failure is materially adverse to the interests of the Holders and either (i) the failure cannot be remedied, or (ii) the failure can be remedied and the failure is not remedied within 5 Business Days of the Security Trustee providing written notice to the Issuer;
- a winding up order is made in respect of the Issuer, the Issuer becomes insolvent, has a liquidator or administrator appointed, or any event having a substantially similar effect occurs;



- a representation or warranty made or deemed to be made by the Issuer in, or in connection with, the Transaction Documents is untrue or misleading (by omission or in any other way) in any material respect when made or repeated; and
- a proceeding is commenced against the Issuer or in relation to any Secured Property which does or may threaten the Issuer's entitlement to any Secured Property.

A copy of the Deed of Charge is available upon request. Please contact the Issuer on +612 9365 3639.

### 8.3 Security Interest Agreement

The Security Interest Agreement is entered into between the Issuer and the Security Trustee and is governed by Jersey law.

Under the Security Interest Agreement, the Issuer creates a Jersey Security Interest over the Jersey Secured Property for each Class by assigning to the Security Trustee all of its rights, title and interest, present and future, in, to, and under, the Jersey Secured Property for that Class.

The Security Interest Agreement creates a separate first ranking Jersey Security Interest for each Class. The Jersey Security Interest for each Class created by the Security Interest Agreement is in addition to, independent from, and without prejudice to, the Charge for that Class created under the Deed of Charge. The Jersey Secured Property for each Class and corresponding Jersey Security Interest comprises:

- the Reference Assets for that Class;
- any right to any distribution, dividend or interest paid or payable in relation to any Reference Assets for that Class; and
- any other right, benefit, advantage, money, security or other property howsoever accruing, offered or arising at any time in relation to any Reference Assets for that Class, including by way of redemption, substitution, exchange, bonus or preference,

to the extent that such assets, rights or other property constitute intangible movable property located in Jersey under Jersey conflicts of law principles.

The Security Trustee will hold the benefit of the Jersey Security Interest for each Class created by the Security Interest Agreement on trust for itself and the Holders of the CSAL Commodity Securities of that Class under, and in accordance with, the Security Trust Deed.

For the purpose of the Security Interest Agreement, there will be an Event of Default for each Class and the corresponding Jersey Security Interest upon the occurrence of any Event of Default (as defined in the Deed of Charge (please refer to section 8.2 of this PDS)) for that Class.

At any time while an Event of Default for a Class is continuing, the Security Trustee has the right to serve on the Issuer a notice specifying the Event of Default for that Class complained of and, if such Event of Default for that Class is capable of remedy, requiring the Issuer to remedy it. The power of sale in relation to the Jersey Secured Property for that Class becomes enforceable either immediately upon service of such notice, if the Event of Default is not capable of remedy, or 14 days after receipt by the Issuer of such notice, if the Event of Default is capable of remedy and the Issuer has failed to remedy it.

Once the power of sale for a Class has become exercisable, the Security Trustee shall have the power to do all acts and things and exercise all rights, powers and remedies that the Issuer could do or exercise in relation to the Jersey Secured Property for that Class as if the Jersey Secured Property for that Class were not subject to the Jersey Security Interest for that Class, including the power to:

- take possession and assume control of any Jersey Secured Property for that Class;
- receive any right to any distribution, dividend or interest paid or payable in relation to any Reference Assets for that Class;
- sell or agree to sell any Jersey Secured Property for that Class on such terms as the Security Trustee thinks fit including:
  - by public auction, private treaty or by tender;
  - for cash or on terms that payment of any or all or part of the purchase price is deferred (with interest or not and with or without security);
  - in one lot or in parcels;

- whether or not in conjunction with the sale of other property by the Security Trustee or any other person;
- with or without special provisions as to title or time or mode of payment of the purchase money; and
- to the Security Trustee or any representative of the Security Trustee;
- grant to any person an option to purchase any Jersey Secured Property for that Class upon such terms as the Security Trustee thinks fit;
- exchange with any person any Jersey Secured Property for that Class for an interest in any property (and the property so acquired may, to the extent it constitutes intangible movable property located in Jersey under Jersey conflicts of law principles, be dealt with by the Security Trustee as if it were part of the Jersey Secured Property for that Class) and the Security Trustee may require that an encumbrance is created by the Issuer over any interest in any property so exchanged in favour of the Security Trustee on such terms as are specified by the Security Trustee;
- carry out and enforce, or refrain from carrying out or enforcing, rights and obligations of the Issuer which may arise in connection with any Jersey Secured Property for that Class or which may be obtained or incurred in the exercise of the rights, powers and remedies of the Security Trustee; and/or
- carry out any method or process by which value is given, allowed or credited by the Security Trustee for any Jersey Secured Property for that Class against the Secured Obligations for that Class.

The Jersey Security Interest in respect of each Class will be released:

- (a) if the Security Trustee is satisfied that the Secured Obligations for that Class have been unconditionally and irrevocably paid and discharged in full; or
- (b) as may be necessary in connection with (i) a Repurchase or Early Maturity or Maturity in accordance with the Transaction Documents for that Class, or (ii) any other circumstances in which the Issuer is required to deliver or pay any of the Jersey Secured Property for that Class to the Holders of the CSAL Commodity Securities of that Class under the Transaction Documents for that Class.

The recourse of the Security Trustee and the Holders of the CSAL Commodity Securities of each Class in respect of any claims for that Class against the Issuer arising under, or in connection with, the Security Interest Agreement shall be limited to the net proceeds of realisation of the Jersey Secured Property for that Class. If such net proceeds are insufficient to satisfy all such claims in full, any amount which remains unpaid shall be extinguished and no person shall have any further right of payment in respect of any unpaid amount.

Neither the Security Trustee nor the Holders of the CSAL Commodity Securities of any Class may seek to recover any claim by instituting or joining in any proceedings against the Issuer personally or applying to have the Issuer wound up or liquidated or seeking the appointment of a receiver, liquidator, administrator, the viscount or any other similar person to the Issuer or prove in any liquidation of, or affecting the Issuer.

A copy of the Security Interest Agreement is available upon request. Please contact the Issuer on [info@etfsecurities.com](mailto:info@etfsecurities.com).

## 8.4 Summary of Authorised Participants Agreements

The Issuer intends to encourage a number of market participants to sign up as Authorised Participants from time to time.

The current Authorised Participants, who have been approved by the Issuer, are listed on the Issuer's website at [www.etfsecurities.com](http://www.etfsecurities.com).

The Authorised Participant Agreement also sets out the terms on which and process by which Authorised Participants may apply for and be issued with CSAL Commodity Securities and also request that their CSAL Commodity Securities be repurchased by the Issuer or a nominee of the Issuer.

The terms in relation to each Authorised Participant may be amended from time to time and may also include commitments for an Authorised Participant to:

- make markets on varying terms;
- maintain particular maximum spreads and minimum lot sizes;

- maintain an AFS Licence;
- comply with the ASX Rules, the Corporations Act and applicable legislation and regulations; and
- satisfy the Issuer's Anti-Money Laundering and Counter-Terrorism Financing program which the Issuer has in place from time to time.

## 8.5 Service and Administration Arrangements

Pursuant to the Service Agreement, ManJer supplies all management and administration services for the Issuer and pays all the management and administration costs of the Issuer, including the fees of the Security Trustee.

The Issuer has also entered into an Administration Agreement with R&H Fund Services (Jersey) Limited ("R&H") whereby R&H will perform certain administration duties for the Issuer (including acting as receiving agent).

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

## 8.6 Registrar Agreement

The Registrar Agreement is entered into between the Issuer and the Registrar.

Under the Registrar Agreement, the Registrar is appointed to (i) act as Registrar under the terms of this PDS and, (ii) to provide various services to the Issuer relating to the creation and maintenance of the Register and the Registrars role under this PDS in respect of Applications, Repurchases, Holder requested Redemptions and Maturity (as applicable). The Registrar agrees to this appointment.

The liability of the Registrar is limited under the terms of the Registrar Agreement. In particular, the Registrar is liable for all proceedings, claims, demands, damages, reasonable costs and expenses, losses and liabilities of whatever nature (whether actual or contingent) suffered, incurred or sustained by the Issuer arising directly:

- (a) as a result of any breach of the Registrar Agreement by Link or its officers, agents, employees, including any breach in connection with the Issuer's confidential information and any breach of a representation, warranty, covenant, or obligation under this agreement; or
- (b) any negligence, fraud or default of Link or any breach by Link of any law or any fiduciary or other duty owed to any person,

except to the extent that it results from the negligence, fraud or wilful misconduct of the Issuer, its officers, agents or employees.

The Registrar Agreement excludes any liability of the Registrar for any indirect, special or consequential damages.

## 8.7 Deed Poll

The Deed Poll is made by the Security Trustee and is governed by English law.

Under the Deed Poll, the Security Trustee agrees to hold Reference Assets delivered by any Authorised Participant to the Security Trustee's CREST Account for the purposes of an Application, on trust until the CSAL Commodity Securities, which are the subject of such Application, are issued to the Applicant (at which point, the Reference Assets held on trust will form part of the Secured Property under the Deed of Charge).

## 9 SUMMARY OF TAX CONSIDERATIONS

This summary provides a general outline of the main Australian income tax implications arising for a Holder who:

1. will hold the CSAL Commodity Securities until Maturity and will hold the Delivery Assets which are related to their CSAL Commodity Securities post Maturity (i.e., without using the Agency Sale Arrangement);
2. will hold the CSAL Commodity Securities and the Delivery Assets in their own capacity as capital assets;
3. is an Australian resident operating from Australia for the purposes of this investment; and
4. has quoted their Tax File Number to the Issuer at the time of lodgement of their application form,

however this summary also touches briefly (when specifically mentioned) on Holders who sell their CSAL Commodity Securities on market but are holding on capital account and Holders who are engaged in a business of trading or investment of securities in their CSAL Commodity Securities.

Holders who:

1. are engaged in a business of trading or investment of securities who acquire the CSAL Commodity Securities for the purpose of resale at a profit; or
2. those which are banks, insurance companies, tax exempt organisations or superannuation funds,

may be subject to special or different tax consequences peculiar to their circumstances which are not discussed in this section (except when such Holders are specifically referred to).

This opinion does not discuss taxation consequences of early withdrawal or transfer of their CSAL Commodity Securities (i.e. where a Holders does not hold their CSAL Commodity Securities until the Maturity Date) except when specifically mentioned. Holders should seek their own professional taxation advice in relation to the taxation consequences of an early withdrawal or transfer.

Additionally, the tax discussion outlined here is not generally relevant to a Holder who does not receive delivery of the Delivery Assets.

The taxation of Holders who invest in the CSAL Commodity Securities through a platform will be affected by the arrangements governing the platform. Such Holders should refer to the information provided by that platform provider in relation to the tax implications of investing through the platform.

The following discussion is based on Australian law and administrative practice as at 23 May 2012. Holders should be aware that the ultimate interpretation of taxation law rests with the Courts and that the law, and the way the Federal Commissioner of Taxation ("Commissioner") and state and territory revenue authorities administer the law, may change at any time.

This statement is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Holder. Holders should seek independent professional advice in relation to their own particular circumstances before making any investment decision.

References in this section to the "1936 Act" and the "1997 Act" are references to the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth), respectively.

Baker & McKenzie is not involved in the marketing of CSAL Commodity Securities and its role should not be interpreted to mean that it encourages any party to invest.

## **Income of the Separate Trust**

A proportion of the net taxable income (if any) of each Separate Trust created for each Class may be included in the assessable income of the relevant Holders on 30 June each year. Whether or not a Separate Trust will have net taxable income in a year of income will be dependent on whether the Charge is enforced by the Security Trustee.

Each Holder's proportion of the net taxable income (if any) of the relevant Separate Trust will be determined by the number of CSAL Commodity Securities held by the Holder in a particular Class.

Should the Charge be enforced by the Security Trustee it is recommended that Holders should seek independent professional taxation advice.

## **Capital Gains Tax ("CGT")**

The Government has released in a Treasury's Proposals Paper, dated March 2010, supplemented with an updated media release by the Assistant Treasurer on 17 January 2011, proposed changes to the income tax treatment of instalment warrants. While we do not consider that the proposed changes, as set out in the Treasury's Proposals Paper, will impact the tax treatment set out in this tax section, this is something you should discuss with your tax adviser.

## **Delivery of Delivery Assets**

In making an investment in the CSAL Commodity Securities, a Holder has contracted to purchase from the Issuer the Delivery Assets.

A Holder's rights under a deferred purchase agreement product similar to CSAL Commodity Security constitute a discrete CGT asset and the delivery of the Delivery Assets on Maturity triggers CGT event C2 for the Holder. A Holder makes a capital gain on Maturity equal to the difference between the market value of the Delivery Assets (determined at that time) less the Holder's cost base in the CSAL Commodity Security.

We consider that a Holder's cost base in a CSAL Commodity Security should include:

1. the money the Holder pays to acquire the CSAL Commodity Security;
2. the incidental costs of acquisition and disposal; and
3. the costs of ownership of the CSAL Commodity Security (e.g., interest which a Holder incurs as a result of borrowing funds to acquire the CSAL Commodity Security where the interest is not otherwise allowable as a tax deduction).

Alternatively, Holders may make a capital loss equal to the difference between the Holder's reduced cost base in the CSAL Commodity Securities and the market value of the Delivery Assets (determined at the time of delivery of the Delivery Assets). The reduced cost base of a CSAL Commodity Security should include 1 and 2, but not 3 (refer above).

### *CGT discount provisions*

Capital gains made by individuals regarding assets held for at least 12 months that are assessed under the CGT provisions in Part 3-1 of the 1997 Act can qualify for the CGT discount concessions - under which the assessable portion of any capital gain is discounted by 50%. For complying superannuation funds and complying superannuation/FHSA assets of life insurance companies, the discount is 33.33%. Companies do not qualify for this discount.

A Holder is required to first apply any prior year or current year capital losses against the full capital gain before applying this CGT discount to the remaining net amount.

For these purposes, a Holder is considered to have acquired their rights in a CSAL Commodity Security on the day they enter into the CSAL Commodity Security. CGT event C2 happens when the Delivery Assets are received. As such, the 12 month holding period should be counted from this date.

## **Trading of the CSAL Commodity Security**

If an Australian resident Holder acquires a CSAL Commodity Security in the course of carrying on a business of dealing in securities or if the Holder acquires the CSAL Commodity Security as part of a profit making scheme, then any gain made on the sale of the CSAL Commodity Security will be assessable to the Holder as ordinary income (and any loss made on the sale will be an allowable deduction). The gain or loss is calculated by reference to the sale proceeds less the price paid to acquire the CSAL Commodity Security and any brokerage or other costs incurred in holding or disposing of the CSAL Commodity Security.

Day traders are effectively taxed on the same basis albeit in conjunction with the trading stock provisions where the day trader has acquired the CSAL Commodity Security for the purpose of sale or exchange in the ordinary course of business.

If the Holder acquires the CSAL Commodity Security as a long term investment, it may be the case that any gain is not ordinary income, but rather should be recognised on capital account and assessed under the CGT provisions. Where the gain is a capital gain and made by a Holder that is an individual, trust, complying superannuation entity or by a life insurance company from complying superannuation/FHSA assets, the gain may qualify for the CGT discount provisions discussed earlier.

### **Holding of Delivery Assets**

The usual consequences of share ownership apply in respect of holding the Delivery Assets that are Australian shares. For example:

1. Dividends paid on the Delivery Assets (grossed up for any franking credits) are assessable, and Holders may, depending on their personal circumstances, be entitled to tax offsets for any franking credits attached to the dividends.
2. Tax File Number ("TFN") withholding (currently imposed at a rate of 46.5%) will be required to be deducted from the unfranked portion of dividends paid on the Delivery Assets unless Holders quote their TFN or, where applicable, their Australian Business Number ("ABN") or exemption details.

### **Disposal of Delivery Assets**

The Delivery Assets are also CGT assets. Any subsequent disposal of the Delivery Assets by a Holder should constitute a CGT event at the time the contract for disposal is executed.

A Holder should be assessed on any capital gain made from the CGT event. The capital gain should be the difference between the capital proceeds received on disposal less the cost base which the Holder has in the Delivery Assets. If the capital proceeds received by a Holder are less than the reduced cost base that the Holder has in the Delivery Assets, then the Holder should make a capital loss. Capital losses can be offset against taxable capital gains made by a Holder but not against other types of income.

The capital proceeds which a Holder receives will be the cash or other property the Holder receives or is entitled to receive when the Holder disposes of the Delivery Assets.

The Holder's cost base in the Delivery Assets should be their market value at the time of delivery.

### ***CGT discount provisions***

A Holder that is an individual may claim the benefit of the CGT discount (as described above) on the assessable portion of any capital gain made on the disposal of the Delivery Assets where they have held the Delivery Assets for more than 12 months. A Holder acquires the Delivery Assets at the time of delivery. Accordingly, the 12 month holding requirement will be counted from this date.

### **Agency Sale Arrangement**

At Maturity the Issuer may offer the Holder another method other than the Share Delivery Method, such as an Agency Sale Arrangement. A Holder can choose to accept delivery of the Delivery Assets or alternatively enter into the Agency Sale Arrangement. The CGT consequences of a Holder using the Agency Sale Arrangement are the same as outlined above in relation to the consequences of a Holder selling Delivery Assets which they received on Maturity.

If during their holding of the CSAL Commodity Security the Holder's intention to hold the CSAL Commodity Security (and the Delivery Assets which they may acquire under the CSAL Commodity Security) for capital purposes alters, then any gain or loss made from using the Agency Sale Arrangement may be assessed as ordinary income, rather than under the CGT provisions as described in the preceding paragraphs. In such a situation the Holder would not be entitled to the CGT discount.

### **Early Maturity**

In the case of Early Maturity or Redemption, there is a risk that any gain will be assessed as ordinary income in which case the Holder will not qualify for the concessional CGT rules. This will depend on the circumstances in which these events occur.

### **Security**

A CSAL Commodity Security should not be characterised as either a "qualifying security" for the purposes of Division 16E of the 1936 Act or a "traditional security" for the purposes of sections 26BB and 70B of the 1936 Act. This is because a CSAL Commodity Security is a contract for the delivery of the Delivery Assets and is not therefore a "security" as defined for the purposes of these provisions. Accordingly, those provisions should not apply to a CSAL Commodity Security acquired by a Holder.

### **Complying Superannuation Funds**

In addition to the general discussion on interest deductions, below, complying superannuation funds must also consider the rules contained in the Superannuation Industry (Supervision) Act 1993 (Cth) and the Superannuation Industry (Supervision) Regulations 1994 (Cth) if they are considering borrowing to purchase the CSAL Commodity Securities.

### **Gearing – All Holders**

Holders should seek their own independent advice as to their own individual ability to deduct any interest expenses and borrowing expenses if they borrow to fund an investment in a CSAL Commodity Security.

### **Part IVA of the 1936 Act**

Part IVA includes the general anti-avoidance regime for income tax. Broadly, Part IVA can apply to a Holder's investment if any party has entered into this arrangement for the dominant purpose of enabling the Holder to obtain a tax benefit. A tax benefit can include deferring the recognition of assessable income to a later year of income or converting an assessable income amount into a discount capital gain.

A Holder in this product may obtain a tax benefit. Part IVA may apply where, viewed objectively, a Holder would be taken to have invested in this product with the dominant purpose of obtaining a tax benefit. This depends on the circumstances of each Holder. Depending on the profile of the Holder, the Commissioner may need to weigh the commercial advantages of investing in the CSAL Commodity Security - including those set out in this PDS - against any tax benefits obtained.

Holders should discuss the potential application of Part IVA with their own tax adviser.

### **Taxation of Financial Arrangements**

Division 230 of the 1997 Act contains the final stages of the taxation of financial arrangements ("TOFA") reforms. There are a number of exclusions from TOFA. Specifically, the TOFA rules should not apply to superannuation entities with assets of less than \$100 million or individuals that hold a CSAL Commodity Security since the CSAL Commodity Security is not regarded as a 'qualifying security' (refer to the above discussion). Other Holders should seek their own advice as to the possible application of the TOFA regime to their investment in a CSAL Commodity Security.

### **Foreign exchange gains and losses**

Subject to any application of the TOFA rules, unrealised foreign exchange gains and losses are not usually brought to account for tax purposes until they are realised. Consequently, where a CSAL Commodity Security is denominated in a currency other than Australian dollars, the Holder's payments or receipts in relation to their ownership in the CSAL Commodity Security and/or the Delivery Assets are converted into Australian currency

at the prevailing foreign exchange rate for the conversion into Australian dollars when working out the Holder's capital gain or loss for CGT purposes.

**Tax Agent Service**

The Issuer does not give taxation advice and the provision of this tax section is not intended to constitute a "tax agent service" for the purposes of the Tax Agent Services Act 2009. Holders should seek their own advice on the taxation implications of making an investment in a CSAL Commodity Security, and cannot rely on this summary.



## 10 JERSEY TAXATION

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

Under the Income Tax (Jersey) Law 1961 (the "**Jersey Income Tax Law**"), the Issuer will be regarded as resident in Jersey but (being neither a financial services company nor a specified utility company under the Jersey Income Tax Law at the date hereof) will be subject to Jersey income tax at a rate of 0 per cent.

The Issuer will be able to make payments in respect of the CSAL Commodity Securities without any withholding or deduction for or on account of Jersey tax. Holders of the CSAL Commodity Securities (other than residents of Jersey) should not be subject to any tax in Jersey in respect of the holding, sale, redemption or other disposition of CSAL Commodity Securities.

Repurchase payments (other than to residents of Jersey) will not be subject to withholding for or on account of Jersey tax.

### **Stamp duty**

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of CSAL Commodity Securities. In the event of the death of an individual sole holder of CSAL Commodity Securities, duty at rates of up to 0.75 per cent. of the value of the CSAL Commodity Securities held may be payable on registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with CSAL Commodity Securities held by the deceased individual sole holder thereof.

### **Goods and services tax**

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

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

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

As part of an agreement reached in connection with the European Union directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey authorities (and subject to the transitional arrangements described above), the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of redemption payments made by it to a paying agent established outside Jersey.

## **11 ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACT 2006**

Enacted by the Australian Government in December 2006, the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML/CTF Act is regulated by the Australian Transaction Reports and Analysis Centre (AUSTRAC). Under the AML/CTF Act, the Issuer (or its agent) is required:

- to verify the identity of Approved Participants before issuing securities to the Approved Participant, and to re-identify the Approved Participant in certain circumstances; and
- to keep a record of any identification documentation for 7 years.

### **Identification of Authorised Participants**

By lodging an Application Form, each Authorised Participant confirms that it is a reporting entity under the AML/CTF Act and undertakes to provide the Issuer with evidence of identity required by the Issuer pursuant to the AML/CTF Act at any time upon request. No application will be accepted by the Issuer unless such evidence of the Authorised Participant's identity satisfactory to the Issuer and its agents has been provided. The Issuer can accept or reject any Application in its discretion and is not liable for any resulting loss.

### **Transaction Freezes**

Transactions may be delayed, blocked, frozen or refused where the Issuer has reasonable grounds to believe that the transaction breaches Australian law or sanctions or the law or sanctions of any other country. Where transactions are delayed, blocked, frozen or refused the Issuer is not liable for any loss you suffer (including consequential loss) as a result of its compliance with the AML/CTF Act.

### **Reporting Obligations to AUSTRAC**

The Issuer has certain reporting obligations pursuant to the AML/CTF Act. The legislation prevents the Issuer from informing you that any such reporting has taken place. Where legally obliged to do so, the Issuer and its agents may disclose the information gathered to regulatory and/or law enforcement agencies, including AUSTRAC and to other bodies, if required by law.

## 12 GLOSSARY

In this PDS, unless the context requires otherwise:

**"Accountant"** means any member of the Australian Society of Certified Practising Accountants or member of The Institute of Chartered Accountants in Australia;

**"Accretions"** means in respect of a Class all rights, accretions and entitlements attaching to the Delivery Assets for that Class after the Issue Date including without limitation, all voting rights, all dividends and all rights to receive dividends and other distributions or shares, notes, options, units or other financial products exercisable, declared, paid or issued in respect of that Delivery Asset;

**"Adjustment Event"** means in respect of a Class or in respect of either the CSAL Commodity Security, the Reference Asset, the Underlying Index, the Underlying Futures or any constituents of any of these, or the Delivery Asset ("the Relevant Asset") for that Class any of the following events:

- (a) where the Relevant Asset is a security or an interest in a managed investment scheme:
  - (i) the actual or proposed adoption of any procedure, event or action which is or which is likely to result in any cash return of capital, pro rata cash distribution, capital reduction, liquidator's distributions, share buy-back, bonus issue, rights issue, arrangement, scheme of arrangement, compromise, merger, demerger, reconstruction, compulsory acquisition, redemption, cancellation, replacement, modification, subdivision or consolidation, special dividend, non-cash dividend, share split or any other similar or like event;
  - (ii) any event which is or which results in the actual or proposed administration, liquidation, winding up or termination of the issuer or sponsor of the Relevant Asset or other similar or like event (however described);
  - (iii) any event which is or which results in the actual or proposed de-listing of the Relevant Asset or the actual or proposed removal from quotation of the Relevant Asset or the actual or proposed Suspension from trading of the Relevant Asset other than a trading Suspension on the ASX or other exchange on which an issuer or sponsor of a Relevant Asset is listed which lasts for less than two (2) Business Days; or
  - (iv) any takeover bid is made or announced for all or any of the Relevant Assets;
  - (v) nationalisation of the underlying (or component of an underlying);
- (b) where the Relevant Asset is an index:
  - (i) the Relevant Asset is Suspended or ceases to be published for a period of 24 hours or more (or is permanently cancelled);
  - (ii) the Relevant Asset is not calculated and the level of the Relevant Asset is not announced by the index sponsor, but is calculated and announced by a successor sponsor or provider;
  - (iii) the Relevant Asset is replaced by a successor index using the same or substantially similar formula and method of calculation;
  - (iv) there is a Suspension or material limitation on trading of securities generally on a Relevant Exchange or Related Exchange for a period of 24 hours or more;

- (v) the index sponsor or any successor makes a material change in the formula for or the method of calculating the Relevant Asset or in any way materially modifies that Relevant Asset; or
- (vi) there is a Suspension or material limitation on trading of securities or component contracts that comprise an Index generally on a Relevant Exchange for a period of 24 hours or more;

For the purpose of determining whether such Suspension or limitation is material, if trading in a security included in the index is Suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index, in each case immediately before that Suspension or limitation;

- (c) where the Relevant Asset is a fund;
  - (i) a violation or change of any material terms of the fund's offer documents or other constitutional documents;
  - (ii) the main investment objective of the fund changes to a material extent;
  - (iii) any change in the currency of denomination of the NAV of the relevant class or shares of the fund;
  - (iv) the NAV of the fund, as calculated by its administrator, not being calculated or announced for any scheduled Business Day within the time period when the Issuer would ordinarily expect such NAV to be available;
  - (v) any restriction or limitation or Suspension or deferral of, redemptions of or subscription for shares in the fund (including the introduction or increase of any associated fee, cost or expense, or any mandatory redemption of shares of the fund);
  - (vi) a material change in the tax or regulatory environment of the fund, or of the manager, investment manager or investment advisor (each a "Manager") of the fund;
  - (vii) a change in asset allocation by the fund, whether in strategy or chose of Manager(s);
  - (viii) any review or investigation of the activities of the fund or any of its Managers, by a relevant regulator, in connection with suspected or alleged wrongdoing or breach of any rule or regulation, or other similar reason, or any disciplinary action taken by such regulatory in consequence thereof;
  - (ix) the Issuer is the beneficial owner of 25% or more of the shares of or interests in the fund or a relevant class of the fund;
  - (x) any accretion to the fund arises;
  - (xi) any winding-up, liquidation of, or any termination of any loss of regulatory approval, licence or registration of, the fund's Manager, or any merger, de-merger, winding-up or liquidation of or affecting the fund; or
  - (xii) any arrangement between the Issuer and the fund and/or one or more of its Managers, including arrangements relating to subscriptions and redemptions, being changed or terminated;
- (d) where the Relevant Asset is a futures contract or commodity:
  - (i) Price Source Disruption. The failure by the Relevant Exchange or price source to announce or publish the price for the Relevant Asset (or the information necessary for

- determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Relevant Exchange or price source; or
- (ii) Trading Suspension. The material suspension of trading on the Relevant Exchange or any Related Exchange; or
  - (iii) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Relevant Asset on the Relevant Exchange; or
  - (iv) Material Change in the nature of or pricing method. The occurrence of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Relevant Asset; or
  - (v) Material Change in Content. The occurrence of a material change in the content, composition of the Relevant Asset; or
  - (vi) De Minimis Trading. The number of contracts traded on the Relevant Exchange with respect to the Relevant Asset is such that the Issuer declares that its ability to enter into hedge positions with respect to the Relevant Asset has been impaired due to a lack of, or a material reduction in, trading in the Relevant Asset or any contract on the Relevant Exchange; or
  - (vii) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Relevant Asset (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority if the direct effect of such imposition, change or removal is to raise or lower the price of the Relevant Asset on the relevant valuation date as the case may be and/or on each of the three Trading Days following the relevant valuation date as the case may be from what it would have been without that imposition, change or removal; or
  - (viii) Trading Limitation. The material limitation imposed on trading in the Relevant Asset with respect to it or any contract with respect thereto on any exchange or principal trading market; or
  - (ix) Other Event. Other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations;
- (e) where the Relevant Asset is a foreign exchange rate or an interest rate:
- (i) Price Source Disruption. If it becomes impossible to obtain the rate on a relevant date, as the case may be, in the inter-bank market; or
  - (ii) Governmental Default. If with respect to any security or indebtedness for money borrowed or guaranteed by any governmental authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such

governmental authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iii) Inconvertibility/non-transferability (Exchange Rate only). The occurrence of any event which (i) generally makes it impossible to convert the currencies in the exchange rate through customary legal channels for conducting such conversion in the principal financial centre of the settlement currency or (ii) generally makes it impossible to deliver the settlement currency from accounts in the country of the principal financial centre of the settlement currency to accounts outside such jurisdiction or the settlement currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
  - (iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any governmental authority which deprives the Issuer (or any of its affiliates), of all or substantially all of its assets in the country of the principal financial centre of the settlement currency; or
  - (v) Illiquidity. Any impossibility in obtaining a firm quote for the rate or the settlement currency for an amount which the Issuer considers necessary to discharge its obligations under the CSAL Commodity Securities; or
  - (vi) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the CSAL Commodity Securities;
- (f) a security granted by the issuer of the Relevant Asset, its manager or certain services providers becomes enforceable or any of their trading or dealing arrangements have become terminable because of default by them;
  - (g) the net asset value of the Relevant Asset is not calculated or published as required, or the timing of the calculation or publication changes, or the methodology used changes;
  - (h) information about the Relevant Asset is not published or provided as required;
  - (i) trading in the Relevant Asset is Suspended or restricted;
  - (j) the Relevant Asset, its manager, its sponsor or certain service providers become insolvent by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Issuer of the Relevant Asset;
  - (k) there is an event in respect of the Relevant Asset, its sponsor or its manager by which:
    - (i) the entity will be merged with another entity (unless it will continue as an entity without reclassification or change of its shares or units); or
    - (ii) there is a change in control of the entity;
  - (l) a securities lending agreement (if any) is terminated, adjusted or changed;
  - (m) a Change in Law occurs;
  - (n) a Hedging Disruption or Increased Cost of Hedging or the Issuer's Hedging Positions are Suspended, terminated, adjusted, changed or delayed for any reason as determined by the calculation agent for those Hedging Positions or any Relevant Asset relevant to the Hedging Positions is Suspended, terminated, adjusted, changed or delayed in any way or any calculation under the Hedging Positions is Suspended, terminated, adjusted, changed, delayed, brought forward or calculated on a different day;

- (o) where any Force Majeure Event occurs, or any other event occurs which the Issuer determines in good faith in the performance of its obligations having or becoming, in circumstances beyond its reasonable control, impossible, unlawful, illegal or otherwise prohibited;
- (p) any actual or proposed event that may reasonably (in the Issuer's opinion) be expected to lead to any of the events referred to in paragraphs (a) to (o) above occurring;
- (q) any event which results in the Issuer being unable to redeem, sell, dispose of, liquidate, acquire, purchase or transfer the underlyings (or components of any underlying);
- (r) insolvency of the issuer or sponsor of the issuer of an underlying (or of the issuer of a component of any underlying);
- (s) a Market Disruption Event;
- (t) Hedging Disruption or Increased Costs of Hedging, Change in Law or any termination of the Issuer's hedging arrangement or the adjustment or change of the Issuer's hedging arrangements occurs for any reason;
- (u) any actual or proposed event that may (in the Issuer's reasonable opinion) be expected to lead to any of the events referred to in paragraphs (a) to (u) above occurring; or
- (v) any other event which the Issuer reasonably declares to be an Adjustment Event;

"ACH" means Australian Clearing House Pty Limited ABN 48 001 314 503;

"ACH Clearing Rules" means the rules of the ACH as amended or varied from time to time;

"Administration Agreement" means the agreement entered into by the Issuer and R&H Fund Services (Jersey) Limited on or around the date of this PDS under which the Issuer appoints R&H Fund Services (Jersey) Limited to provide certain administrative services to the Issuer in relation to the CSAL Commodity Securities;

"Affected Delivery Asset" has the meaning given in clause 7.6.2 of the Terms.

"AFS Licence" means an Australian Financial Services Licence issued by ASIC;

"Agency Sale Arrangement" means the agreement between the Holder and the Issuer entered into on receipt by or on behalf of the Issuer of a Maturity Notice specifying the Holder's election to use the Agency Sale Arrangement, under which the Issuer will sell, or procure the sale of, the Delivery Assets for and on behalf of, at the direction of and as agent for the Holder on or as soon as practicable after the Settlement Date in accordance with clause 7.4.4 of the Terms;

"Application" means in respect of a Class an offer by a person to the Issuer to subscribe for CSAL Commodity Securities in respect of that Class, being an offer on terms referred to in an Application Form and the PDS;

"Application Form" means in respect of a Class the form prescribed from time to time by the Issuer upon which an Application for new CSAL Commodity Securities in respect of that Class must be made;

"Application Fee" means the application fee described in Section 2.3 of this PDS;

"AQUA Products" has the meaning given under the AQUA Rules;

"AQUA Rules" means Schedule 10A of the ASX Operating Rules and related rules and procedures, as amended, varied or waived from time to time;

"Arranger" means Cameron Stockbrokers Limited (ABN 38 090 472 012, AFSL No: 246705);

"ASIC" means the Australian Securities and Investments Commission;

"ASIC Act" means the *Australian Securities and Investments Commission Act (2001) (Cth)*;

"Associate" has the meaning ascribed by section 11 of the *Corporations Act*;

"ASX" means the Australian Securities Exchange, or ASX Limited (ACN 008 624 691), or the market operated by ASX, as the context requires;

"ASX Business Day" means a day on which the ASX is open for business in Sydney;

"ASX Clearing and Settlement Rules" means ASX Settlement Operating Rules and the ASX Clear Operating Rules;

"ASX Clear Operating Rules" means the clearing rules of ASX Clear Pty Limited, as amended or substituted from time to time;

"ASX Listing Rules" means the listing rules of the ASX as amended, varied or waived from time to time;

"ASX Operating Rules" means the market rules of the ASX as amended, varied or waived from time to time;

"ASX Settlement Operating Rules" means the settlement rules of ASX Settlement Pty Limited as amended or substituted from time to time;

"ASX Rules" means the ASX Listing Rules and the ASX Operating Rules of the ASX as amended or varied from time to time which are applicable to the CSAL Commodity Securities from time to time;

"ASX Trading Day" means a day on which all of ASX is open for normal trading;

"ATO" means the Australian Taxation Office;

"AUD" or "A\$" means Australian Dollars;

"Authorised Participant" means any entity which from time to time enters into an Authorised Participant Agreement with the Issuer;

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

"Beneficial Interest" means the beneficial interest in the Portion of the Delivery Asset granted in accordance with clause 7.8 of the Terms;

"Beneficial Interest Shares" means those Delivery Assets held by the Security Trustee to provide Holders with a Beneficial Interest in a Portion of the Delivery Assets in accordance with this PDS.

"Business Day" means a day which is an ASX Business Day and a London Business Day;

"CAP" or "Company Announcement Platform" means the Company Announcements Platform of the ASX;

"Change" in respect of a Class has the meaning attributed to it in clause 7.16 of the Terms in respect of that Class;

"Change in Law" in respect of a Class means that on or after the date of this PDS in respect of that Class:

- (a) due to the adoption of or change in any applicable law or regulation (including, without limitation, any tax law); or
- (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

and:



- (c) it has become illegal to hold, acquire or dispose of the Delivery Assets or the Reference Assets for the Class, or perform its obligations under the PDS;
- (d) the Issuer will incur a materially increased (as compared with circumstances existing on the date this document was first used) cost in performing its obligations under this PDS (including without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse affect on its tax position);

**"Charge"** in respect of a Class means, the separate charge for that Class over the Secured Property in respect of that Class created under the Deed of Charge by the Security Trustee and the Issuer;

**"CHES"** means the Clearing House Electronic Sub register System established and operated in accordance with the ASX Clear Operating Rules;

**"Class"** means each class of CSAL Commodity Securities issued from time to time by the Issuer including the Classes of CSAL Commodity Securities offered under this PDS as specified in the table on the front page of this PDS and in Section 3.1;

**"Closing Time"** means the official time for close of trading on the Relevant Exchange on a Trading Day, or the ASX on an ASX Trading Date, or if a day is not a Trading Day or ASX Trading Day, 5:00 pm Sydney time on that day;

**"Commodity Contract"** has the meaning given in Section 3.1 "The Reference Assets";

**"Confirmation Notice"** in respect of a Class means a notice provided by the Issuer to a Holder in accordance with clause 7.1.3(c) of the Terms in respect of that Class;

**"Corporations Act"** and **"Corporations Regulations"** have the same meanings respectively given to them in the *Corporations Act 2001 (Cth)* as amended or varied for time to time;

**"Costs and Taxes"** in respect of a Class means any incidental costs or expenses incurred by the Issuer in relation to the transfer of any Delivery Assets in respect of that Class to or for the benefit of the Holder following Maturity (whether by way of physical delivery of the Delivery Assets to the Holder or delivery to the Issuer or its nominee under clause 7.4 of the Terms) plus any Taxes and any costs or expenses including brokerage incurred by or charged by the Issuer or its nominees under or in connection with the Agency Sale Arrangement in respect of that Class, if applicable. For the avoidance of doubt, this includes, without limitation, any amounts paid or incurred by the Issuer or its nominees on account of GST to the extent that input tax credits are not available;

**"CREST Account"** means a valid account held with CRESTCO Ltd;

**"CSAL Commodity Security"** means a deferred purchase agreement entered into by the Issuer and the Holder under which the Holder agrees to purchase the Delivery Assets from the Issuer on a deferred basis on the terms and conditions set out in this PDS or of a PDS for the issue of products giving exposure to unhedged commodities otherwise on similar terms to the products issued under this PDS;

**"CS Approved Product"** means a product traded on the ASX which is approved for settlement by a settlement facility approved by the ASX in accordance with the settlement facility's rules;

**"Deed of Charge"** means the deed entitled "master deed of charge" entered into between the Issuer and the Security Trustee dated on or about the date of this PDS as amended from time to time, under which the Issuer creates a new Charge in favour of the Security Trustee in respect of each Class and Separate Trust and which is governed by the law of New South Wales;

**"Deed Poll"** means the deed poll entered into by the Security Trustee dated on or about the date of this PDS in favour of the Authorised Participants, whereby the Security Trustee agrees to hold Reference Assets on behalf of the Authorised Participant prior to issue of the CSAL Commodity Securities;

**"Delivery Asset"** in respect of a Class means, ordinary fully paid shares in each of the companies specified in Section 2.5 of this PDS, or any other Delivery Asset specified in the PDS or determined by the Issuer in accordance with the Terms for that Class;

The number of each Delivery Asset to be delivered by the Issuer to the Holder on the Settlement Date (or as soon as possible thereafter) as determined by the following formula:

- (a) at the Final Maturity Date or on Redemption Date:

$$\frac{(\text{Final Value} \times \text{Number of CSAL Commodity Securities in that Class held by a Holder}) - \text{any costs associated with acquiring and delivering the Delivery Assets}}{\text{Delivery Asset Price}}$$

or

- (b) if an Early Maturity Event occurs:

$$\frac{(\text{Early Maturity Value} \times \text{Number of CSAL Commodity Securities in that Class held by Holder}) - \text{any costs associated with acquiring and delivering the Delivery Assets}}{\text{Delivery Asset Price}}$$

**"Delivery Asset Price"** means the price per Delivery Asset at which the Issuer (or its nominee) acquires or purchases, in connection with the CSAL Commodity Securities, the Delivery Assets on the ASX Business Day immediately following the Settlement Date, unless it is not possible or practical to determine the price of the Delivery Asset at that time, in which case the Issuer may, in its reasonable discretion acting in a commercially reasonable manner, nominate another time or period of time to determine the average weighted price at which the Issuer (or its nominee) acquires or purchases, in connection with the CSAL Commodity Securities, the Delivery Assets;

**"Disrupted Day"** in respect of a Class means a day on which a Market Disruption Event is subsisting, as determined by the Issuer in respect of that Class;

**"Early Maturity"** in respect of a Class means accelerated maturity in accordance with clause 7.5 of the Terms in respect of that Class;

**"Early Maturity Date"** in respect of a Class means the date notified to the Holder as such in the Early Maturity in respect of that Class;

**"Early Maturity Event"** in respect of a Class has the meaning given in clause 7.5.1 of the Terms in respect of that Class;

**"Early Maturity Notice"** in respect of a Class means the notice provided by the Issuer to the Holder notifying the Holder of the occurrence of an Early Maturity Event (if relevant) and that an Early Maturity will take place on the specified Early Maturity Date in respect of that Class;

**"Early Maturity Value"** in respect of a Class means the fair economic value of the CSAL Commodity Security per security in respect of that Class at or around 5:00 pm Sydney time on the Early Maturity Date in respect of that Class as determined by the Issuer in its reasonable discretion, unless it is not possible to determine the fair economic value of the CSAL Commodity Security at that time, in which case the Issuer may nominate another time to determine the Early Maturity Value;

**"Event of Default"** in respect of a Class occurs under the Charge if:

- (a) the Issuer fails to make a payment or delivery under a Transaction Document for that Class on its due date (or within 3 Business Days of its due date where the Issuer demonstrates to the Security Trustee's reasonable satisfaction that the failure occurred outside the control of the Issuer because of a failure in the banking or other system used for the transfer of funds);
- (b) the Issuer fails to perform or observe any other obligation under a Transaction Document for that Class (other than failure described in paragraph(a)) and the Security Trustee (acting on the Instructions of the Majority Holders for that Class or all Holders for that Class) considers:
- (i) that the failure is materially adverse to the interests of the Holders for that Class; and
- (ii) that the failure cannot be remedied; or

- (iii) that the failure can be remedied and the failure is not remedied within 5 Business Days after the Security Trustee provides written notice to the Issuer to remedy the failure;
- (c) the Issuer becomes insolvent;
- (d) another event of default (however described) occurs under a Transaction Document for that Class and:
  - (i) the Security Trustee considers that the failure or default cannot be remedied; or
  - (ii) the Security Trustee considers that the failure or default can be remedied but it is not remedied to the Security Trustee's satisfaction within 3 Business Days (or any longer period the Security Trustee approves) from the earlier of:
    - (A) the date the Issuer became aware of the default or ought reasonably to have become aware of the default; and
    - (B) receipt by the Issuer of a notice from the Security Trustee requiring it to remedy the default.
- (e) a representation or warranty made or deemed to be made by the Issuer in, or in connection with, the Transaction Documents for that Class is untrue or misleading (by omission or in any other way) in any material respect when made or repeated;
- (f) a proceeding is commenced against the Issuer or in relation to any Secured Property for that Class which does or may threaten the Issuer's entitlement to any Secured Property;
- (g) the Charge ceases for any reason to be a first ranking charge or an obligation of the Issuer ranks ahead of or equally with the Secured Money;

**"Final Maturity Date"** in respect of a Class means the date specified for that particular Class by the Issuer;

**"Final Value"** in respect of a Class per CSAL Commodity Security means the value as set out in Section 2.2;

**"Force Majeure Event"** in respect of a Class means an event or circumstance beyond the reasonable control of a party that prevents one or more parties from performing their obligations under this PDS for that Class;

**"Government Agency"** means:

- (a) a government, whether foreign, federal, state, territorial or local;
- (b) a department, office or minister of a government acting in that capacity; or
- (c) a commission, delegate, instrumentality, agency, board or other governmental, semi-governmental, administrative or judicial, monetary or fiscal body, department, tribunal, entity or authority, whether statutory or not and includes any self-regulatory organisation established under statute or any stock exchange;

**"GST"** has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (as amended from time to time);

**"Hedging Position"** means any purchase, sale, entry into or maintenance of one or more securities positions, futures contracts positions, derivatives positions or other instruments or arrangements (howsoever described) by the Issuer or any affiliate of the Issuer in order to hedge any of the Issuer's obligations under the Terms of Issue or this PDS;

**"Hedging Disruption"** in respect of a Class means a situation where on or prior to the Settlement Date (which includes the Maturity Date) or any other relevant date for that Class the Issuer is unable, in a reasonable timeframe and after using commercially reasonable efforts, to

- (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations for that Class; or
- (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"HIN"** means Holder Identification Number;

**"Holder"** in respect of a Class means the person or entity whose name is for the time being entered in the Register for that Class as the holder of a CSAL Commodity Securities;

**"Holding Statement"** means a statement issued to Holders in accordance with the ASX Settlement Operating Rules;

**"Increased Costs of Hedging"** in respect of a Class means a situation where on or prior to the Settlement Date for that Class (which includes the Maturity Date) or any other relevant date, the Issuer would incur a materially increased (as compared with circumstances existing on the date this PDS is first used) amount of tax, duty, expense or fee (other than brokerage commissions) to:

- (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to that Class; or
- (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

**"Issue Date"** in respect of each CSAL Commodity Security means the date on which that CSAL Commodity Security was issued;

**"Issuer"** means ETFS Commodity Securities Australia Limited a company incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 108736;

**"Jersey Secured Property"** has the meaning given in Section 8.3 "Security Interest Agreement" of this PDS;

**"Jersey Security Interest"** means, in respect of each Class and corresponding Separate Trust, the separate security interest in respect of the Secured Property related to that Separate Trust created by the Issuer and the Security Trustee under the Security Interest Agreement;

**"Law"** means a law of New South Wales or the Commonwealth of Australia;

**"London Business Day"** means for a particular Class a day (other than a Saturday or a Sunday or a public holiday in England) on which commercial banks generally and the Relevant Exchange are open for the transaction of business in London;

**"Majority Holders"** in respect of a Class, means Holders who together hold more than 50% of the CSAL Commodity Securities on issue in that Class;

**"ManJer"** means ETFS Management Company (Jersey) Limited a company incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 106921;

**"Market Disruption Event"** in respect of a Class means the occurrence or existence on any Trading Day any of the following events, in the determination of the Issuer:

- (a) the suspension or material limitation of trading in (a) the Reference Asset for that Class or (b) securities or futures contracts generally on ASX, the Relevant Exchange, a Related Exchange or a market associated with the Delivery Asset; or
- (b) any of the Delivery Assets or prices relating to Delivery Assets ceases to exist or is materially changed, fails to be calculated and published, or the method of calculation materially changes;
- (c) any event occurs that disrupts or impairs the ability of market participants in general (i) to effect transactions in, or obtain market values for, any of the Delivery Assets, on the Relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts related to the Delivery Assets on the Relevant Exchange or any Related Exchange;
- (d) the Relevant Exchange closes prior to its scheduled closing time on a Business Day and the earlier closing time was not expected or announced with sufficient notice;
- (e) the declaration of a general moratorium in respect of banking activities in the country where any Relevant Exchange or Related Exchange is located;
- (f) any market disruption event (however described) under the Issuer's hedging arrangements; or
- (g) any similar event the Issuer reasonably declares to be a Market Disruption Event, including a Force Majeure Event.

For the purposes of this definition, (1) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Relevant Exchange or Related Exchange; (2) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the Relevant Exchange or Related Exchange will constitute a Market Disruption Event; and (3) issues of materiality are to be determined in the discretion of the Issuer;

**"Maturity"** in respect of a Class means the settlement of the deferred purchase of the Delivery Assets for that Class in accordance with clause 7.4 of the Terms, other than as a result of Early Maturity;

**"Maturity Date"** in respect of a Class means the Final Maturity Date for that Class, unless

- (a) there is an Early Maturity under clause 7.5 of the Terms, in which case the Maturity Date will be the Early Maturity Date; or
- (b) there is a Repurchase, in which case the Maturity Date will be the Repurchase Date; or
- (c) there is a Holder requested Redemption, in which case the Maturity Date will be the Redemption Date;

**"Maturity Notice"** in respect of a Class means a notice issued by the Issuer in accordance with clauses 7.4.1 or 7.5.4(a) of the Terms for that Class;

**"Parcel of Secured Property"** in respect of the Separate Trust for each Class, means the Secured Property of that Separate Trust and includes, but without limitation, the Trust Fund for that Separate Trust;

**"Product Disclosure Statement"** or **"PDS"** means this Product Disclosure Statement, including any supplement, any supplementary PDS, any Application Form and any Repurchase Notice and Redemption Notice, for the CSAL Commodity Securities;

**"Portion of the Delivery Assets"** in respect of a Class means 0.0001 of one Delivery Asset being ordinary shares in Commonwealth Bank of Australia;

**"Redemption"** means a redemption of one or more CSAL Commodity Securities in accordance with Section 2.5.4 of this PDS and the Terms of Issue;

**"Redemption Date"** means the date on which a Holder's Redemption Notice is accepted by the Issuer;

**"Redemption Notice"** means a notice in a form approved by the Issuer from time to time;

**"Reference Asset"** in respect of a Class means the Reference Asset issued by ETFS Commodity Securities Limited specified in the table in Section 3.1 of the PDS for the Class;

**"Register"** in respect of a Class means the register or registers and any sub-registers of Holders of CSAL Commodity Securities kept and maintained by the Registrar and the register or registers and any sub-register of Holders to be kept pursuant to the Corporations Act and the ASX Rules for that Class;

**"Registered Address"** means in relation to a Holder, whether or not there is one or more than one Holder registered in respect of a CSAL Commodity Security, the last single address recorded in the Register in respect of that CSAL Commodity Security;

**"Registrar"** in respect of a Class means any person the Issuer may appoint from time to time to maintain the Register for that Class;

**"Registrar Agreement"** means the agreement between the Issuer and the Registrar executed on or around the date of this PDS;

**"Related Body Corporate"** has the same meaning given to the term **"related body corporate"** in the Corporations Act;

**"Relevant Exchange"** in respect of a Class means in the case of:

- (a) any exchange traded financial product, the primary exchange upon which that financial product is traded; and

(b) an index, the primary exchange upon which the financial products which primarily constitute that index are traded; or  
as determined in the discretion of the Issuer;

**"Related Exchange"** in respect of a Class means each exchange or quotation system where trading has a material effect (as determined by the Issuer) on the overall market for the futures, options, securities or other assets underlying the Delivery Assets, Reference Assets or Underlying Index for that Class;

**"Repurchase"** means a Repurchase of one or more CSAL Commodity Securities in accordance with Section 2.5.3 of this PDS and the Terms of Issue;

**"Repurchase Date"** in the case of a Repurchase means the day on which the Repurchase Notice is accepted;

**"Repurchase Fee"** means the Repurchase fee described in Section 2.3 of this PDS;

**"Repurchase Notice"** means a notice in a form approved by the Issuer from time to time;

**"Secured Money"** means for each Class all moneys, obligations and liabilities of any kind that may now be or might at any time in the future become due, owing or payable, whether actually, contingently or prospectively, to the Holders or the Security Trustee from the Issuer in relation to that Class including, but without limitation, on account of the value of the Delivery Assets, interest, fees, expenses, indemnity payments, losses or damages and irrespective of:

- (a) whether the Issuer is liable alone, jointly or jointly and severally with another person;
- (b) whether or not the money, obligation or liability is owed to a Holder or the Security Trustee or to their account as a result of an assignment, transfer or other dealing with or without the Issuer's consent; or
- (c) whether the money, obligation or liability is owed or secured before or after the date of:
  - (i) the Deed of Charge, the creation of the Charge under the Deed of Charge, the Security Interest Agreement or the creation of a Jersey Security Interest under the Security Interest Agreement; or
  - (ii) any assignment of the Deed of Charge, a Charge created under the Deed of Charge, the Security Interest Agreement, the creation of a Jersey Security Interest under the Security Interest Agreement or any other Transaction Document;

**"Secured Obligations"** means for each Class and each corresponding Charge and Jersey Security Interest, each of the obligations of the Issuer in respect of that Class to or for the account of the Holders of that Class and the Security Trustee, including, but without limitation, the obligation to pay the Secured Money for that Class;

**"Secured Property"** for each Class and corresponding Charge, means all of the present and future right, title, benefit and interest of the Issuer:

- (a) in the Reference Assets for the Class held by the Security Trustee under the Security Interest Agreement;
- (b) all assets into which those Reference Assets may be converted, including the Delivery Assets, and the proceeds of those investments including any sale proceeds (but excluding any proper fees or expenses of the Issuer and excluding the Beneficial Interest Shares); and
- (b) any other assets notified by the Issuer to the Security Trustee in writing from time to time as being charged in respect of that Class under the Charge created for that Class;

**"Security"** means in respect of a Class, the Charge for that Class created under the Deed of Charge, the Jersey Security Interest for that Class created under the Security Interest Agreement and each other deed or agreement entered into by the Issuer in favour of the Security Trustee in respect of that Class after the execution of the Security Trust Deed to be held in respect of that Class, to secure the Secured Obligations in respect of that Class or any part of it;

**"Security Interest Agreement"** means the agreement entitled "security interest agreement" entered into between the Issuer and the Security Trustee dated on or about the date of this PDS as amended from time to time, under

which the Issuer creates in favour of the Security Trustee a separate Jersey Security Interest in respect of each Class and Separate Trust and which is governed by the law of Jersey;

**"Security Trustee"** in respect of a Class means Cameron Wealth Management Nominees Proprietary Limited (ACN 134 746 679) or any other security trustee appointed in accordance with the Security Trust Deed from time to time to hold the Charge for the benefit of the Holders;

**"Security Trust Deed"** in respect the deed entitled "master security trust deed" entered into between the Security Trustee and the Issuer dated on or around the date of this PDS, as amended from time to time;

**"Separate Trust"** means each of the trusts, one for each Class in relation to the corresponding Parcel of Secured Property, constituted under the Security Trust Deed and the Deed of Charge;

**"Services Agreement"** means the agreement entered into by the Issuer and ManJer dated on or around the date of this PDS under which ManJer agrees to provide or procure the provision of services required by the Issuer in connection with the CSAL Commodity Securities.

**"Settlement Account"** means the banking account nominated by the Holder for the purposes of receiving amounts payable to them by the Issuer under the Terms;

**"Settlement Date"** in respect of a Class, means:

- (a) in respect of Maturity or Holder requested Redemption, up to the tenth Trading Day after the Maturity Date; or
- (b) in respect of a Repurchase, generally three Business Days after the Repurchase Date; or
- (c) in respect of creations, the third Business Day after the application for the creation has been approved by the Issuer; or
- (d) for any other date, such other date as determined by the Issuer in its discretion as is reasonably necessary for the Issuer to fulfil its obligations under the Terms and the PDS (including, without limitation, redemptions) or unwind and settle any hedging arrangements it has in place for that Class;

**"Share Delivery Method"** has the meaning given in Section 2.5.4 of the PDS;

**"Suspension"** means in respect of a Class any temporary cessation of the trading or quotation of a Delivery Asset, including a trading halt on the ASX, the Relevant Exchange or the Related Exchange (as the context requires) in respect of that Class;

**"Tax"** or **"Taxes"** means in respect of a Class any income tax, capital gains tax, GST, withholding tax, stamp, registration and other duties, and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with, the purchase, sale or transfer of a Delivery Asset or rights, or any other supply made under or in connection with the Terms in respect of that Class;

**"Termination Payment"** means in respect of a Class the amount determined by the Issuer in its reasonable discretion for that Class. Without limiting the foregoing, in determining the Termination Payment, the Issuer may adjust the Termination Payment for any costs, losses or expenses that it incurs in relation to the Early Maturity, including without limitation, Costs and Taxes, administrative costs, costs of unwinding any hedge put in place for the purposes of meeting its obligations under the Terms, and any cost of funding or any loss of bargain

**"Terms"** or **"Terms of Issue"** in respect of a Class means the terms and conditions of the CSAL Commodity Securities and this PDS on which the Holder agrees to acquire the Delivery Assets from the Issuer for that Class;

**"Trading Day"** in respect of a Class means, in respect of any of the Relevant Exchanges for that Class, a day on which that exchange is open for normal trading;

**"Transaction Documents"** means in respect of a Class:

- (a) the Deed of Charge;
- (b) the Security Trust Deed;
- (c) the Security Interest Agreement;
- (d) this Product Disclosure Statement including the Terms of Issue; and

- (e) each other document which the Issuer and the Security Trustee agree in writing is a Transaction Document for the purposes of the Security Trust Deed for that Class; and
- (f) each document entered into or provided under any of the documents described in paragraphs (a), (b), (c), (d) or (e) for the purpose of amending or novating any of those documents;

**"Trust Fund"** means, for each Separate Trust for a Class, all property, rights and interests which the Security Trustee acquires after the execution of the Security Trust Deed for that Class to hold on the Separate Trust created by the Security Trust Deed including:

- (a) the benefit of the Security;
- (b) the benefit of any other agreement that it enters into in its capacity as trustee of the trusts created by the Security Trust Deed; and
- (c) all property or money which represents the proceeds of enforcement, realisation or sale of any such property, rights or interests, any investment into which any of those proceeds are converted and the proceeds of any of those investments;

**"Underlying Index"** means, for each Class of CSAL Commodity Security, , the index underlying the relevant Reference Asset specified in Section 3.1;

**"Underlying Futures"** means, for each Class of CSAL Commodity Security, the underlying futures specified in the table in Section 3.1;

**"Wholesale Client"** has the meaning given in section 761G of the Corporations Act.

References in this document to a particular time are, unless otherwise stated, references to Australian Eastern Standard Time (AEST).



## 13 DISCLOSURES AND ADDITIONAL INFORMATION

### Cooling-off

No cooling off rights apply to the issue of CSAL Commodity Securities.

### Complaints and enquiries.

If a Holder has an enquiry or concern about their investment, they should contact us on [info@etfsecurities.com](mailto:info@etfsecurities.com) or in writing to ETFs Management Company (Jersey) Limited, 31 Pier Road, St Helier, Jersey JE4 8PW, Channel Islands.

If you have a complaint and it is not addressed to your satisfaction by the Issuer, you can then direct your complaint to the Head of Compliance using the address above.

The Issuer will acknowledge receipt of your complaint in writing.

Your complaint will be investigated in accordance with the relevant policy which is available by contacting the Issuer by emailing [info@etfsecurities.com](mailto:info@etfsecurities.com) or by writing to ETFs Management Company (Jersey) Limited, 31 Pier Road, St Helier, Jersey JE4 8PW, Channel Islands. You will be informed in writing of the result of the Compliance investigation into your complaint.

If you are not satisfied with the Issuer's response to your complaint, you can then contact the Financial Services Ombudsman Service ("FOS").

FOS is independent from the Issuer.

Contact FOS:

Telephone: 1300 780 808

Email: [info@fos.org.au](mailto:info@fos.org.au)

Mail:

Financial Ombudsman Service

GPO Box 3 Melbourne, Victoria, 3001

FOS is a free, independent external dispute resolution service approved by ASIC to consider complaints. In order for a complaint to be considered by FOS, the claim must be less than A\$500,000 (unless we and you agree otherwise in writing).

The Issuer is a member of FOS (membership number 29810).

### Consents

#### Baker & McKenzie

Baker & McKenzie, Solicitors, is aware that ETFs Commodity Securities Australia Limited wishes to offer CSAL Commodity Securities for subscription. Baker & McKenzie has consented to ETFs Commodity Securities Australia Limited using the name of Baker & McKenzie in the form and context in which it is included in this PDS. Baker & McKenzie has not withdrawn this consent before the document is lodged with ASIC.

Baker & McKenzie has not caused or authorised the issue of the PDS and take no responsibility as to the contents of the PDS.

#### Deloitte LLP

Deloitte LLP, Auditors, has given its consent to be named as the Auditor of the Issuer in the form and context in which its name appears in this PDS. Deloitte LLP has not withdrawn this consent before the document is lodged with ASIC.

Deloitte LLP has not caused or authorised the issue of the PDS and take no responsibility as to the contents of the PDS.

### **Cameron Stockbrokers Limited**

Cameron Stockbrokers Limited has not caused or authorised the issue of this PDS and has not made any statement that is included in this PDS or any statement on which a statement made in this PDS is based. Cameron Stockbrokers Limited takes no responsibility for, and are not liable as to the contents of the PDS. In particular, the Issuer notes that Cameron Stockbrokers Limited does not guarantee the performance of the Issuer or the Security Trustee.

### **Cameron Wealth Management Nominees Pty Limited**

Cameron Wealth Management Nominees Pty Limited has not caused or authorised the issue of this PDS and has not made any statement that is included in this PDS or any statement on which a statement made in this PDS is based. Cameron Wealth Management Nominees Pty Limited takes no responsibility for, and are not liable as to the contents of the PDS. In particular, the Issuer notes that Cameron Wealth Management Nominees Pty Limited does not guarantee the performance of the Issuer.

### **Link Market Services Limited**

Link Market Services Limited has not caused or authorised the issue of this PDS and has not made any statement that is included in this PDS or any statement on which a statement made in this PDS is based. Link Market Services Limited takes no responsibility for, and are not liable as to the contents of the PDS. In particular, the Issuer notes that Link Market Services Limited does not guarantee the performance of the Issuer or the Security Trustee.

## **Responsibility Statement**

ETFs Commodity Securities Australia Limited a Jersey incorporated company is the issuer of this PDS and is solely responsible for its contents.

## **Litigation**

The Issuer is not and has not been involved in any legal or arbitration proceedings since its date of incorporation. Nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Issuer.

## **Expenses of the Issue**

The expenses of the initial quotation and issue were paid by ETFs Management Company (Jersey) Limited. These expenses included:

- creation of the PDS documentation;
- lodgement fees with ASIC and security code fees from ASX;
- ASX fees;
- registry set up and maintenance;
- CHESS fees; and
- marketing.

## **Expert's and Advisers' Interests**

Except as set out in this paragraph, no expert and no firm in which an expert is a partner, has any interest that exists when this PDS is lodged with ASIC, nor has had such an interest that existed within 2 years before lodgement of this PDS for registration in connection with the formation or promotion of the Issuer and no amounts, whether in cash or shares or otherwise has been paid or agreed to be paid to any expert or to any firm in which such expert is a partner for services rendered by the expert or the firm in connection with the promotion or formation of the Issuer.

## **Director's Interests**

Except as set out below, no director or proposed director of the Issuer and no firm in which a director or proposed director of the Issuer is a partner, has any interest that existed when this PDS is lodged with ASIC, nor has had such an interest that existed within 2 years before lodgement of this PDS for registration, in the promotion of or in any property proposed to be acquired by the Issuer in connection with the formation or promotion of the Issuer and no amount, whether in cash or shares or otherwise, has been paid or agreed to be paid to any director or proposed director or to any firm in which such director or proposed director is a partner

to induce the director or proposed director to become, or to qualify the director or proposed director as, a director or otherwise for services rendered by the director or proposed director or by the firm in connection with the promotion or formation of the Issuer:

- no director of the Issuer currently draws a salary from the Issuer. However, the salary of the directors of the Issuer may be varied from time to time as determined by the Board of Directors;
- Mr Graeme Ross, Mr Graham Tuckwell and Mr Craig Stewart are officers of ManJer and may receive fees for their services to ManJer from time to time;
- each of the directors are also directors of the of the issuer of the Reference Assets;
- the directors may hold other property whether in their own right or non-beneficially, in which the Issuer may have an interest from time to time;
- the articles of association of the Issuer contain an indemnity in favour of the directors of the Issuer; and
- Associates (including directors) of the Issuer may hold the CSAL Commodity Securities and from time to time buy and sell these.

## Material Contracts

The Issuer has entered into the following contracts which in the opinion of the directors may be material to the issue of this PDS:

- Security Trust Deed;
- Security Interest Agreement;
- Deed of Charge;
- Administration Agreement; and
- Deed Poll.

## Privacy

ManJer respects the privacy of Holders. Although the Issuer only accepts applications for the issue of new CSAL Commodity Securities from Authorised Participants, if you purchase CSAL Commodity Securities your name may be placed on the Register and your personal information may be used to manage the Register and disclosed under the Corporations Act. Please note that personal information may be provided to service providers, but only under strict privacy controls. For more information on our privacy policy, or to see what information we have concerning you, please contact us at [info@etfsecurities.com](mailto:info@etfsecurities.com).

## Important Information

**The Reference Assets are limited recourse obligations of ETFS Commodity Securities Limited alone and are not obligations of Dow Jones, CME Indexes, UBS Securities, UBS, any other member of the UBS Group, MLCI, BAC or any other member of the BAC Group. The obligations of ETFS Commodity Securities Limited to the Issuer are not guaranteed by Dow Jones, CME Indexes, UBS Securities, UBS, any other member of the UBS Group, MLCI, BAC or any other member of the BAC Group.**

“Dow Jones”, “UBS”, “Dow Jones — UBS Commodity Index<sup>SM</sup>”, “DJ-UBS CI<sup>SM</sup>”, “Dow Jones — UBS Commodity Index 3 Month Forward<sup>SM</sup>” and “DJ-UBS CI-F3<sup>SM</sup>” are service marks of Dow Jones Trademark Holdings LLC, CME Indexes, UBS or UBS Securities, as the case may be, and have been licensed for use for certain purposes by the Issuer. The Reference Assets based on the DJUBS CI<sup>SM</sup> are not sponsored, endorsed, sold or promoted by Dow Jones, CME Indexes, UBS Securities, UBS, or any of their respective subsidiaries or affiliates, and none of Dow Jones, CME Indexes, UBS Securities, UBS, or any of their respective subsidiaries or affiliates, makes any representation regarding the advisability of investing in such product(s).

The Issuer has been granted a licence by CME Indexes and UBS Securities to price the CSAL Commodity Securities based on various commodity indices calculated by CME Indexes in conjunction with UBS Securities and published by CME Indexes. All references to indices calculated or published by CME Indexes and/or UBS Securities are used with the permission of CME Indexes and UBS Securities.

None of CME Indexes, Dow Jones, UBS Securities, UBS, MLCI or BAC has separately verified the information contained or incorporated by reference in this PDS. No representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by Dow Jones, CME Indexes, UBS Securities, UBS, MLCI or BAC as to the accuracy or completeness of any information contained in this PDS or any other information supplied in connection with the CSAL Commodity Securities or their distribution. Each person

applying for CSAL Commodity Securities in accordance with this PDS acknowledges that (i) such person has not relied on Dow Jones, CME Indexes, UBS Securities, UBS, MLCI or BAC, nor on any person affiliated with any of them in connection with its investment decision or its investigation of the accuracy of the information contained herein; and (ii) the obligations of the Issuer to Holders under the CSAL Commodity Securities are not guaranteed by CME Indexes, Dow Jones, UBS Securities, UBS or any other member of the UBS Group or MLCI or any other member of the BAC Group. None of the Issuer, the Security Trustee, the Authorised Participants and the Holders are, by virtue of any of the activities of CME Indexes, Dow Jones, any member of the UBS Group or any member of the BAC Group in connection with Commodity Contracts, clients or customers of CME Indexes, Dow Jones, any member of the UBS Group or any member of the BAC Group.

Holders should note that the collateral provided by UBS will only support Commodity Contracts with UBS and the collateral provided by MLCI will only support Commodity Contracts with MLCI, and neither of UBS and MLCI will secure the obligations to the issuer of the other.

The Authorised Participants have not separately verified the information contained or incorporated by reference in this PDS. None of the Authorised Participants makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this PDS or to the suitability of the CSAL Commodity Securities for any investor. None of the Authorised Participants undertakes to review the financial condition or affairs of the Issuer during the life of the CSAL Commodity Securities nor to advise any investor or potential investor in CSAL Commodity Securities of any information coming to the attention of any of the Authorised Participants.

This should not be considered as a recommendation by Dow Jones, CME Indexes, UBS Securities, UBS, MLCI or BAC that any recipient of this PDS should subscribe for or purchase CSAL Commodity Securities.

## CORPORATE DIRECTORY

### REGISTERED OFFICE OF THE ISSUER

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Mr Graeme Ross  
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