

## FINAL TERMS

Dated 19 September 2014

### ETFS COMMODITY SECURITIES LIMITED

*(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended)  
with registered number 90959)*

**(the “Issuer”)**

#### **Programme for the Issue of ETFS Short and Leveraged Commodity Securities**

**Issue of**

**1,200 ETFS Daily Leveraged Cocoa Individual Securities**

**(the “ETFS Short and Leveraged Commodity Securities”)**

These Final Terms (as referred to in the prospectus (the “**Prospectus**”) dated 24 June 2014 in relation to the above Programme) relates to the issue of the ETFS Short and Leveraged Commodity Securities referred to above. The ETFS Short and Leveraged Commodity Securities have the terms provided for in the trust instrument dated 8 February 2008 as amended and supplemented by trust instruments supplemental thereto between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee constituting the ETFS Short and Leveraged Commodity Securities. Words and expressions used in these Final Terms not defined herein bear the same meaning as in the Prospectus.

These Final Terms have been prepared for the purpose of Article 5(4) of Directive 2003/71/EC and must be read in conjunction with the Prospectus and any supplement, which are published in accordance with Article 14 of Directive 2003/71/EC on the website of the Issuer: <http://www.etfsecurities.com>. In order to get the full information both the Prospectus (and any supplement) and these Final Terms must be read in conjunction. A summary of the individual issue is annexed to these Final Terms.

The particulars in relation to this issue of ETFS Short or Leveraged Commodity Securities are as follows:

Issue Date:	22 September 2014
Class:	ETFS Daily Leveraged Cocoa Individual Securities
Creation Price:	23.1510286
ISIN:	JE00B2NFV803
Aggregate Number of ETFS Commodity Securities to which these Final Terms apply:	1,200
Exchange on which ETFS Short or Leveraged Commodity Securities are admitted to trading:	Borsa Italiana;Deutsche Börse;London Stock Exchange;

The Issuer does not fall under Article 5.1 or 5.2 of Council Regulation (EU) No 833/2014 as amended by Council Regulation (EU) No. 960/2014 of 8 September 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine

**SUMMARY**  
**ETFS Commodity Securities Limited**

**Prospectus Summary**

**ETFS Short Commodity Securities and ETFS Leveraged Commodity Securities**

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

**SECTION A – Introduction and Warnings**

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| A.1 | Standard warning disclosure | <ul style="list-style-type: none"><li>• This summary should be read as an introduction to the base prospectus of ETFS Commodity Securities Limited relating to the programme for the issue of Short and Leveraged Commodity Securities dated 24 June 2014 (the “<b>Prospectus</b>”).</li><li>• Any decision to invest in the ETFS Short Commodity Securities or the ETFS Leveraged Commodity Securities should be based on consideration of the Prospectus as a whole by the investor.</li><li>• Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</li><li>• Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the ETFS Short Commodity Securities or the ETFS Leveraged Commodity Securities.</li></ul> |
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| A.2 | Disclosure of consent for use of | The Issuer has consented to the use of the Prospectus, and use of the Prospectus for subsequent resale or final has accepted responsibility for the content of the |
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the Prospectus for subsequent resale or final placement of securities by financial intermediaries

Prospectus, with respect to subsequent resale or final placement by way of placement of securities by public offer of the Short or Leveraged Commodity Securities (as described below) in financial intermediaries any of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Portugal, the Netherlands, Norway, Spain, Sweden and the United Kingdom by any financial intermediary which is an investment firm within the meaning of the Markets in Financial Instruments Directive, as amended (“**MiFID**”) and which is authorised in accordance with MiFID in any member state. Such consent applies to any such resale or final placement by way of public offer during the period of 12 months from the date of the Prospectus, unless such consent is withdrawn prior to that date by notice published on the Issuer’s website. Other than the right of the Issuer to withdraw the consent, no other conditions are attached to the consent described in this paragraph.

**In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made. Any financial intermediary using the Prospectus for the purpose of any offering must state on its website that it uses the Prospectus in accordance with the consent given and the conditions attached thereto.**

It is a condition of this consent that, where the financial intermediary wishes to resell or make a final placement by way of public offer of the Short and Leveraged Commodity Securities, such financial intermediary may not reuse this Prospectus for such purpose unless it is in specified agreed jurisdictions during a specified offer period, provided such offer is made during the Offer Period specified in the applicable Final Terms. The financial intermediary may not otherwise reuse this Prospectus to sell Short and Leveraged Commodity Securities.

In the event of a public offer in one or more Public Offer Jurisdictions, the Short or Leveraged Commodity Securities may be offered and sold to persons in the relevant Public Offer Jurisdiction who are legally eligible to participate in a public offering of such securities in such jurisdiction under applicable laws and regulations. The Issuer has not authorised, nor does it authorise, the making of any offer of Short and Leveraged Commodity Securities in any other circumstances.

**Issue Specific Summary**

Public Offer Jurisdictions: None

Offer Period: None

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**SECTION B – Issuer**

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B.1 Legal and commercial name

ETFS Commodity Securities Limited (the “**Issuer**”).

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B.2 Domicile/Legal form/Legislation/Country of incorporation The Issuer is a public company incorporated and registered in Jersey under the Companies (Jersey) Law 1991 (as amended) with registered number 90959.

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B.16 Direct/indirect control of the Issuer The shares in the Issuer are held entirely by ETFS Holdings (Jersey) Limited (“**HoldCo**”), a holding company incorporated in Jersey. The shares in HoldCo are directly owned by ETF Securities Limited (“**ETFSL**”) which is also incorporated in Jersey. The Issuer is neither directly or indirectly owned or controlled by any other party to the programme.

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B.20 Special purpose vehicle The Issuer has been established as a special purpose vehicle for the purpose of issuing debt securities.

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B.21 Principal activities and overview of the parties The principal activity of the Issuer is issuing several classes and types of debt security backed by derivative contracts linked to commodity indices. Pursuant to this Prospectus, the Issuer is issuing debt securities (the “**Short and Leveraged Commodity Securities**”) which (before fees and expenses) provide either inverse (-1 times) or leveraged (2 times) exposure to the daily changes in such commodity indices (the “**Bloomberg Commodity Indices**” and each a “**Bloomberg Commodity Index**”). The Bloomberg Commodity Indices track movements in the price of individual commodity futures contracts or baskets of commodity futures contracts. Until 30 June 2014 the Bloomberg Commodity Indices are calculated and published by CME Group Index Services LLC (“**CME Indices**”) in conjunction with UBS Securities LLC (“**UBS Securities**”) and known as the Dow Jones – UBS Commodity Indices<sup>SM</sup>. On and after 1 July 2014, Bloomberg will be responsible for the governance, calculation, distribution and licensing of the Bloomberg Commodity Indices and their name will be changed to the Bloomberg Commodity Indices. In this summary they are referred to as Bloomberg Commodity Indices but prior to 1 July 2014 those references should be read as referring to the Dow Jones – UBS Commodity Indices<sup>SM</sup>. The Issuer has established a programme under which different classes of Short and Leveraged Commodity Securities may be issued from time to time.

The Issuer gains exposure to the daily percentage changes in the level of the Bloomberg Commodity Indices by entering into fully funded collateralised derivative contracts (the “**Commodity Contracts**”) with UBS AG, London Branch (“**UBS**”) and Merrill Lynch Commodities Inc. (“**MLCI**”). Together MLCI and UBS are known as the “**Commodity Contract Counterparties**”. The terms of the Commodity Contracts purchased or to be purchased by the Issuer are governed by (i)

an agreement entitled “**Facility Agreement**” between the Issuer and UBS dated 5 August 2009; and (ii) an agreement entitled “**Facility Agreement**” between the Issuer and MLCI dated 14 March 2011. The payment obligations of MLCI under its Facility Agreement are supported by a guarantee (the “**BAC Guarantee**”) from Bank of America Corporation (“**BAC**”).

The obligations of the Commodity Contract Counterparties to the Issuer under Commodity Contracts are secured by collateral provided by the Commodity Contract Counterparties (the “**Collateral**”) and held in accounts in the names of the Commodity Contract Counterparties at Bank of New York Mellon (“**BNYM**”). Pursuant to (i) agreements entitled “**UBS Security Agreement**” between UBS and the Issuer and “**UBS Control Agreement**” between BNYM, UBS and the Issuer each dated 5 August 2009; and (ii) agreements entitled “**MLCI Security Agreement**” between the MLCI and the Issuer and “**MLCI Control Agreement**” between BNYM, MLCI and the Issuer each dated 14 March 2011, UBS and MLCI are required to transfer to a collateral account, securities and obligations to the value of the Issuer’s total exposure under the Commodity Contracts to UBS or MLCI (as applicable). The collateral held is adjusted daily to reflect the value of the relevant Commodity Contracts.

Short and Leveraged Commodity Securities can be issued to and required to be redeemed on a daily basis by financial institutions (“**Authorised Participants**”) who (i) have entered into an agreement entitled “**Authorised Participant Agreement**” with the Issuer; (ii) have certified to the Issuer as to their status under the Financial Services and Markets Act 2000 (“**FSMA**”); and (iii) (except in the case of a Commodity Contract Counterparty which has entered into an Authorised Participant Agreement with the Issuer) has entered into a corresponding agreement entitled “**Direct Agreement**” with at least one Commodity Contract Counterparty and which has not been notified by that Commodity Contract Counterparty that it is not an unacceptable authorised participant in respect of that Commodity Contract Counterparty. Other holders of Short and Leveraged Commodity Securities may also redeem Short and Leveraged Commodity Securities if there are no Authorised Participants or if the Issuer otherwise announces. All other parties may buy and sell Short and Leveraged Commodity Securities through trading on an exchange or market on which the Short and Leveraged Commodity Securities are admitted to trading.

Short and Leveraged Commodity Securities are constituted under an agreement entitled the “**Trust Instrument**” between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the “**Trustee**”) of all rights and entitlements under the Trust Instrument for any person identified on the registers as holding the Short and Leveraged Commodity Securities (the “**Security Holders**”).

The Issuer and the Trustee have entered into separate documents each entitled “**Security Deed**” in respect of each pool of assets attributable to any class of Short or Leveraged Commodity Securities (each a “**Pool**”) and the rights and entitlements held by the Trustee under each Security Deed are held by the Trustee on trust for the Security Holders of the relevant class of Short or Leveraged Commodity Security.

ETF Management Company (Jersey) Limited (“**ManJer**”), a company which is wholly-owned by ETFSL, supplies, or will arrange the supply of, all management

and administration services to the Issuer and pays all the management and administration costs of the Issuer in return for a fee payable by the Issuer.

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B.22 No financial statements

Not applicable; financial statements have been made up as at the date of this Prospectus.

B.23	Key historical financial information	<i>As of December</i>	
		<i>2013 USD</i>	<i>2012 USD</i>
	<b>Current Assets</b>		
	Trade and Other Receivables	2,241,550	2,531,217
	Commodity Contracts	3,389,700,130	4,317,870,439
	Amounts Receivable on Commodity Contracts Awaiting Settlement	<u>14,211,084</u>	<u>11,505,948</u>
	Amounts Receivable on Commodity Securities Awaiting Settlement	35,616,361	28,513,755
	<b>Total Assets</b>	<u>3,441,769,125</u>	<u>4,360,421,359</u>
	<b>Current Liabilities</b>		
	Commodity Securities	3,413,854,578	4,317,870,439
	Amounts Payable on Commodity Securities Awaiting Settlement	14,211,084	11,505,948
	Amounts Payable on Commodity Contracts Awaiting Settlement	35,616,361	28,513,755
	Trade and Other Payables	<u>2,241,548</u>	<u>2,531,215</u>
	<b>Total Liabilities</b>	<u>3,465,923,571</u>	<u>4,360,421,357</u>
	<b>Equity</b>		
	Stated Capital	<u>2</u>	<u>2</u>
	Revaluation Reserve	<u>(24,154,448)</u>	-
	<b>Total Equity</b>	<u>(24,154,446)</u>	<u>2</u>
	<b>Total Equity and Liabilities</b>	<u>3,441,769,125</u>	<u>4,360,421,359</u>

B.24 Material adverse change Not applicable; there has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its last audited financial statements for the year ended 31 December 2013.

B.25 Underlying assets The underlying assets for the Short and Leveraged Commodity Securities of each class, by which they are backed and on which they are secured, are:

- the rights and interests under the Commodity Contracts entered into by the Issuer with the Commodity Contract Counterparty;
- the rights and interests under the Facility Agreements pursuant to which the

- Commodity Contracts are entered into (to the extent attributable to that class); and
- the rights and interests in the Collateral pursuant to the UBS Security Agreement, the UBS Control Agreement and/or the MLCI Security Agreement and the MLCI Control Agreement.

The securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the securities.

The securitised assets are the Commodity Contracts, Facility Agreements, the BAC Guarantee, the UBS Security Agreement, the UBS Control Agreement, the MLCI Security Agreement and the MLCI Control Agreement. Short and Leveraged Commodity Securities of each class are backed by Commodity Contracts with corresponding terms and each time a Short or Leveraged Commodity Security is created or redeemed a matching amount of Commodity Contracts are purchased or cancelled by the Issuer. Commodity Contracts will be purchased from one or more Commodity Contract Counterparties.

The Issuer will decline applications for Short and Leveraged Commodity Securities if it cannot for any reason create corresponding Commodity Contracts with a Commodity Contract Counterparty.

At the date of this Prospectus, the Issuer has entered into arrangements with two Commodity Contract Counterparties – UBS and MLCI.

Under the Facility Agreements there are limits, both daily and in aggregate, on the number of Commodity Contracts that can be created or cancelled at any time. Creations and redemptions of Short and Leveraged Commodity Securities are subject to both daily limits and total aggregate limits, to match the limits on Commodity Contracts.

UBS is a corporation domiciled in Basel, Switzerland, operating in the United Kingdom under branch registration number BR004507, acting through its London branch at 1 Finsbury Avenue, London, EC2M 2PP, England. UBS AG's two registered offices and principal places of business are Bahnhofstrasse 45, CH-8001 Zurich, Switzerland and Aeschenvorstadt 1, CH-4051 Basel, Switzerland. The principal activity of UBS is the provision of financial services to private, institutional and corporate clients.

MLCI is a company incorporated in the State of Delaware, United States whose registered office is care of The Corporation Trust Company, Corporation Trust Center, 1209, Orange Street, Wilmington, Delaware, 19801. The principal activity of MLCI is conducting a commodity business, including over-the-counter commodity derivatives, with institutional clients in various U.S. domestic and international markets.

BAC is a Delaware Corporation, a bank holding company and a financial holding company. Through BAC's banking and various non-banking subsidiaries throughout the U.S. and in international markets, BAC provides a diversified range of banking, and non-banking financial services and products. BAC's principal executive offices are located at 100 North Tryon Street, Charlotte, NC 282255, United States.



***Issue Specific Summary:***

Class of Short or Leveraged Commodity Security:	ETFS Daily Leveraged Cocoa
Class of Commodity Contract:	Daily Leveraged Cocoa
Relevant Bloomberg Commodity Index:	Bloomberg Cocoa Subindex Total Return

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B.26 Investment management

Not applicable; there is no active management of the assets of the Issuer.

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B.27 Further securities backed by the same assets

Further Short and Leveraged Commodity Securities of any class may be issued but each time a Short or Leveraged Commodity Security of any class is issued corresponding Commodity Contracts of the same class will be created and will form part of the corresponding “Secured Assets”. Such newly issued Short and Leveraged Commodity Securities will be fungible with all existing Short and Leveraged Commodity Securities of the same class and will be backed by the assets of the same Secured Assets.

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B.28 Structure of the transaction

The Issuer has created a programme whereby Short and Leveraged Commodity Securities may be issued from time to time. The Short and Leveraged Commodity Securities can be issued or required to be redeemed on a daily basis by Authorised Participants who entered into an Authorised Participant Agreement with the Issuer.

Authorised Participants may then sell and buy Short and Leveraged Commodity Securities to and from other investors on exchange or in private transactions.

Short and Leveraged Commodity Securities are constituted by the Trust Instrument. Under the terms of the Trust Instrument, the Security Holders of each class of Short and Leveraged Commodity Security both (a) to make determinations and exercise rights under the Short and Leveraged Securities for the benefit of Security Holders and (b) to hold on trust for Security Holders the security granted by the Issuer under the Security Deeds, to exercise any rights to enforce the same and to distribute the proceeds (after payment of all amounts owed to the Trustee) to the Security Holders (among others).

The obligations of the Issuer in respect of each class of Short and Leveraged Commodity Security as secured by a charge over the equivalent class of Commodity Contracts under the Facility Agreements and related contracts.

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



## B.29 Description of the flow of funds

Short and Leveraged Commodity Securities can be bought or sold for cash on the London Stock Exchange, Borsa Italiana and/or the Frankfurt Stock Exchange (being the stock exchanges on which the securities are admitted to trading) or in private off-exchange transactions. Details of the exchanges on which a particular class of security can be traded are set out in a document entitled “Final Terms”, prepared by the Issuer each time that securities are issued. Market makers provide liquidity on those stock exchanges and for those transactions but only Authorised Participants can apply directly to the Issuer for the issue of Short and Leveraged Commodity Securities. The Issuer has entered into Authorised Participant Agreements and has agreed with Authorised Participants to issue Short and Leveraged Commodity Securities to those Authorised Participants on an on-going basis. An Authorised Participant may sell the Short and Leveraged Commodity Securities on an exchange or in an off-exchange transaction or may hold the securities themselves.

Upon issue of Short and Leveraged Commodity Securities, an Authorised Participant must deliver an amount of cash to the Commodity Contract Counterparty equal to the price of the Short and Leveraged Commodity Securities to be issued in exchange for which the Issuer issues the Short and Leveraged Commodity Securities and delivers them to the Authorised Participant via CREST.

Upon redemption of Short and Leveraged Commodity Securities by an Authorised Participant (and in certain limited circumstances, other Security Holders), the Commodity Contract Counterparty must deliver an amount of cash to the relevant Authorised Participant equal to the price of the Short and Leveraged Commodity Securities to be redeemed in return for delivery by the redeeming Security Holder of the Short and Leveraged Commodity Securities.

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B.30 Originators of the securitised assets

The Commodity Contracts are and will be entered into with the Commodity Contract Counterparties.

At the date of the Prospectus, the Issuer has entered into agreements with UBS and MLCI to act as Commodity Contract Counterparties.

UBS is a corporation domiciled in Basel, Switzerland, operating in the United Kingdom under branch registration number BR004507, acting through its London branch at 1 Finsbury Avenue, London, EC2M 2PP, England. UBS AG's two registered offices and principal places of business are Bahnhofstrasse 45, CH-8001 Zurich, Switzerland and Aeschenvorstadt 1, CH-4051 Basel, Switzerland. The principal activity of UBS is the provision of financial services to private, institutional and corporate clients.

MLCI is a company incorporated in the State of Delaware, United States whose registered office is care of The Corporation Trust Company, Corporation Trust Center, 1209, Orange Street, Wilmington, Delaware, 19801. The principal activity of MLCI is conducting a commodity business, including over-the-counter commodity derivatives, with institutional clients in various U.S. domestic and international markets.

The Prospectus will be updated should an additional Commodity Contract Counterparty be appointed.

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## SECTION C – Securities

C.1 Type and class of securities being offered

Short and Leveraged Commodity Securities are designed to give investors a “total return” similar to that which could be achieved from managing a long fully cash collateralised unleveraged position in futures contracts of specific maturities, less applicable fees. Unlike managing futures positions, Short and Leveraged Commodity Securities involve no rolling, margin calls, expiry or futures brokerage.

The Issuer has created and made available for issue 71 classes of Short and Leveraged Commodity Securities each of which gives investors exposure to the daily percentage changes in movements in one of the Bloomberg Commodity Indices and which can be grouped into 4 different types:

- Short Individual Securities;
- Short Index Securities;
- Leveraged Individual Securities; and
- Leveraged Index Securities.

### *Class and Index characteristics*

The return on the Short and Leveraged Commodity Securities is linked in each case to the daily percentage change in the value of the related Bloomberg Commodity Indices as follows:

- Short Individual Securities provide a short exposure to the daily percentage change in Bloomberg Commodity Indices which track

movements in the value of futures contracts in one type of commodity (such that if the value of the relevant Bloomberg Commodity Index increases on any day, the value of the Short Individual Security will decrease on that day by the same percentage and vice versa);

- Short Index Securities provide a short exposure to the daily percentage change in Bloomberg Commodity Indices which track movements in the value of futures contracts in respect of a number of different commodities (such that if the value of the relevant Bloomberg Commodity Index increases on any day, the value of the Short Index Security will decrease on that day by the same percentage and vice versa);
- Leveraged Individual Securities provide an exposure to twice the daily percentage change in Bloomberg Commodity Indices which track movements in the value of futures contracts in one type of commodity (such that if the value of the relevant Bloomberg Commodity Index increases on any day, the value of the Leveraged Individual Security will increase on that day by twice the percentage increase in the Bloomberg Commodity Index and vice versa);
- Leveraged Index Securities provide an exposure to twice the daily percentage change in Bloomberg Commodity Indices which track movements in the value of futures contracts in respect of a number of different commodities (such that if the value of the relevant Bloomberg Commodity Index increases on any day, the value of the Leveraged Index Security will increase on that day by twice the percentage change in the Bloomberg Commodity Index and vice versa),

in each case plus an adjustment for the risk free interest rate which accrues to a fully collateralised position in the relevant underlying futures contracts.

***Issue specific summary:***

The following details apply to the Short or Leveraged Commodity Securities being issued pursuant to the Final Terms:

Class	ETFS Daily Leveraged Cocoa
LSE Code	LCOC
ISIN	JE00B2NFV803
Aggregate number of Micro or Commodity Securities of that class	1200
Name of underlying index	Bloomberg Cocoa Subindex Total Return

Class and index characteristics:

- Leveraged Individual Securities provide an exposure to twice the daily percentage change in Bloomberg Commodity Indices which track movements in the value of futures contracts in one type of commodity (such that if the value of the relevant Bloomberg Commodity Index increases on any day, the value of the Leveraged Individual Security will increase on that day by twice the percentage increase in the

Bloomberg Commodity Index and vice versa)

plus an adjustment for the risk free interest rate which accrues to a fully collateralised position in the relevant underlying futures contracts.

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C.2 Currency Short and Leveraged Commodity Securities are denominated in U.S. Dollars.

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C.5 Restrictions on transfer Not applicable; the Short and Leveraged Commodity Securities are freely transferable.

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C.8 Rights A Short and Leveraged Commodity Security entitles an Authorised Participant to require the redemption of the security by the Issuer and to receive the higher of (i) the minimum denomination for that class of Short and Leveraged Commodity Security (known as the “Principal Amount”), and (ii) the price of that class of Short and Leveraged Commodity Security on the applicable day determined using the Formula set out and described in C.15.

Generally only Authorised Participants will deal directly with the Issuer in redeeming Short and Leveraged Commodity Securities. In circumstances where there are no Authorised Participants, or as the Issuer may in its sole discretion determine, Security Holders who are not Authorised Participants may require the Issuer to redeem their securities directly.

***Issue specific summary:***

The Principal Amount and class of each of the Short or Leveraged Commodity Securities being issued pursuant to the Final Terms is as follows:

Class of Short or Leveraged Commodity Securities: ETFS Daily Leveraged Cocoa

Principal Amount: 2.5800000

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C.11 Admission Application has been made to the UK Listing Authority for all Short and Leveraged Commodity Securities issued within 12 months of the date of this Prospectus to be admitted to the Official List and to the London Stock Exchange, which operates a Regulated Market, and for all such Short and Leveraged Commodity Securities to be admitted to trading on the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List). It is the Issuer’s intention that all Short and Leveraged Commodity Securities issued after the date of this document will also be admitted to trading on the Main Market.

Certain of the Short and Leveraged Commodity Securities have also been admitted to listing on the Regulated Market (General Standard) (*Regulierter Markt [General*

Standard]) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the ETFplus market of Borsa Italiana S.p.A.

The Issuer intends to make an application for certain of the Short and Leveraged Commodity Securities to be admitted to listing on Euronext Amsterdam. Public trading of such Short and Leveraged Commodity Securities on Euronext Amsterdam can only occur after the application for such admission has been approved, which is expected to occur on or after 2 July 2014. There can be no assurance that such admission will necessarily be approved.

***Issue specific summary:***

Application has been made for the Short or Leveraged Commodity Securities being issued pursuant to the Final Terms to trading on the Main Market of the London Stock Exchange, which is part of its Regulated Market for listed securities (being securities admitted to the Official List).

Such Short or Leveraged Commodity Securities are also admitted to listing on the Regulated Market (General Standard) of the Frankfurt Stock Exchange

Such Short or Leveraged Commodity Securities are also admitted to listing on the ETFplus market of Borsa Italiana S.p.A

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C.12 Minimum denomination

Each Short and Leveraged Commodity Security has a face value known as the “**Principal Amount**”, which is the minimum denomination for a Short or Leveraged commodity security of the relevant type as follows:

<b>Short and Leveraged Commodity Securities</b>	<b>The Principal Amounts of each Class fall within the following range</b>
Short Individual Securities	US\$1.85 to US\$5.00
Leveraged Individual Securities	US\$0.02 to US\$5.00
Short Index Securities	US\$5.00
Leveraged Index Securities	US\$0.65 to US\$2.08

***Issue specific summary:***

The Principal Amount and class of each of the Short or Leveraged Commodity Securities being issued pursuant to the Final Terms is as follows:

Class of Short or Leveraged Commodity Securities: ETFs Daily Leveraged Cocoa  
Principal Amount: 2.5800000

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C.15 Value of the investment is affected by the value of the underlying

**Price**

The Price of a Short or Leveraged Commodity Security on a particular day is based on (i) the percentage change between the level of the relevant underlying index on that day and the level of the relevant underlying index on the previous day, multiplied by the relevant level of exposure and adjusted by the applicable fees and so is calculated

instruments

in accordance with the following formula (the “**Formula**”):

$$P_{i,t} = P_{i,t-1} \times \{1 + CA_{i,t} + LFi \times (I_{i,t}/I_{i,t-1} - 1)\}$$

### **Capital Adjustment**

The Capital Adjustment is an adjustment factor which is agreed from time to time by the Commodity Contract Counterparties and the Issuer and reflects an interest return on the value invested in that class of Short and Leveraged Commodity Securities and fees payable by the Issuer to ManJer, the Commodity Contract Counterparties and the index providers. The Capital Adjustment applicable to each class of Short and Leveraged Commodity Securities on any day is published on the Issuer’s website at <http://www.etfsecurities.com/>.

The formula and method of calculating the Price is the same for all classes of Short and Leveraged Commodity Securities.

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C.16 Expiration/  
Maturity date

Not applicable; the Short and Leveraged Commodity Securities are undated securities and have no specified maturity date and no expiry date.

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C.17 Settlement

### **CREST**

The Issuer is a participating issuer in CREST, a paperless system for the settlement of transfers and holding of securities.

### **Settlement of creations and redemptions**

On creation or redemption of the Short and Leveraged Commodity Securities, settlement will occur (provided certain conditions are met) on the third business day (or, with effect from the date of the change to the UK standard settlement cycle expected to take place on 6 October 2014 (the **T+2 Implementation Date** being the date announced as such by the Issuer) the second business day) following receipt of the relevant creation or redemption request on a delivery versus payment basis within CREST.

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

For the purpose of good delivery of the Short and Leveraged Commodity Securities on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft (“**Clearstream**”) will issue, for each series and the relevant number of Short and Leveraged Commodity Securities, a Global Bearer Certificate (each a “**Global Bearer Certificate**”) in the German language created under German law. Whenever the number of Short and Leveraged Commodity Securities represented by the Global Bearer Certificate of a class changes, Clearstream will amend the relevant Global Bearer Certificate accordingly.

### **Settlement on the Borsa Italiana S.p.A.**

All Short and Leveraged Commodity Securities traded on the Borsa Italiana S.p.A. are eligible for settlement through the normal Monte Titoli S.p.A. settlement systems on

the deposit accounts opened with Monte Titoli S.p.A.

### **Settlement on NYSE Euronext ESES**

Settlements in the Euronext markets of Belgium, France and the Netherlands are performed through the Euroclear Settlements for Euronext-zone Services ("ESES") platform and all trades of Short and Leveraged Commodity Securities listed on NYSE Euronext Amsterdam will be executed on the single order book held at Euronext Paris as the market of reference.

### **Issue specific summary:**

For the purpose of good delivery of the Short or Leveraged Commodity Securities being issued pursuant to the Final Terms on the Frankfurt Stock Exchange, Clearstream Banking Aktiengesellschaft ("Clearstream") will issue, for each series and the relevant number of Short and Leveraged Commodity Securities, a Global Bearer Certificate (each a "Global Bearer Certificate") in the German language created under German law. Whenever the number of Short or Leveraged Commodity Securities represented by the Global Bearer Certificate of a class changes, Clearstream will amend the relevant Global Bearer Certificate accordingly.

The Short or Leveraged Commodity Securities issued pursuant to the Final Terms are where traded on the Borsa Italiana S.p.A. eligible for settlement through the normal Monte Titoli S.p.A. settlement systems on the deposit accounts opened with Monte Titoli S.p.A.

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#### **C.18 Description of return**

The Price of each Short or Leveraged Commodity Security reflects movements in the relevant Bloomberg Commodity Index since the previous day on which the Price was calculated, adjusted by a leverage factor of -1 (for Short Commodity Securities) or +2 (for Leveraged Commodity Securities) and deduction of any applicable fees. Therefore, the return for a particular class will be based on, primarily, the performance of the relevant Bloomberg Commodity Index.

To achieve this, both the Short and Leveraged Commodity Securities and the Commodity Contracts through which the Issuer obtains exposure to the Bloomberg Commodity Indices are priced in accordance with the Formula. This Formula reflects (a) the difference between the level of the relevant Bloomberg Commodity Index on that day and the level of the relevant Bloomberg Commodity Index on the previous day on which the Price was calculated, (b) the application of a leverage factor of -1 (for Short Commodity Securities) or +2 (for Leveraged Commodity Securities); and (c) fees payable by the Issuer to the Commodity Contract Counterparty under the Facility Agreement and to ManJer. The deduction of the fees payable to the Commodity Contract Counterparty and ManJer are referenced in the capital adjustment referenced in the Formula.

The Price of each class of Short and Leveraged Commodity Security will be calculated by the Issuer as at the end of each pricing day (after the futures market prices for that day have been published) and posted along with the applicable Capital Adjustment on the Issuer's website at <http://www.etfsecurities.com/retail/uk/en-gb/pricing.aspx>.



The Short and Leveraged Commodity Securities do not bear interest. The return for an investor is the difference between the price at which the relevant Short and Leveraged Commodity Securities are issued (or purchased in the secondary market) and the price at which they are redeemed (or sold).

The Short and Leveraged Commodity Securities provide a return linked to Bloomberg Cocoa Subindex Total Return . Further information can be found at [www.bloombergindeces.com](http://www.bloombergindeces.com)

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C.19	Final price/exercise price	Prices for each class of Short and Leveraged Commodity Security are calculated on each pricing day in accordance with the Formula and redemptions of Short and Leveraged Commodity Securities with the Issuer will be at the relevant price (determined by the Formula) on the day on which the redemption request is received.
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C.20	Type of underlying and where information on underlying can be found	<p>The Short and Leveraged Commodity Securities are backed by Commodity Contracts which are derivative contracts with the Commodity Contract Counterparty purchased from Commodity Contract Counterparties.</p> <p>The Commodity Contracts provide a return linked to the relevant underlying DJ-UBS Commodity Index and are priced in the same way as the Short and Leveraged Commodity Securities by reference to the relevant DJ-UBS Commodity Index. Information on DJ-UBS Commodity Indices can be found at <a href="http://www.djindexes.com/ubs/index.cdfm">http://www.djindexes.com/ubs/index.cdfm</a>. Details of the collateral held at BNYM for the benefit of the Issuer under the UBS Security Agreement, the UBS Control Agreement, the MLCI Security Agreement and the MLCI Control Agreement can be found at the website of the Issuer at <a href="http://www.etfsecurities.com/retail/uk/en-gb/documents.aspx">www.etfsecurities.com/retail/uk/en-gb/documents.aspx</a>.</p>
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***Issue specific summary:***

The Commodity Contracts provide a return linked to Bloomberg Cocoa Subindex Total Return further information can be found at [www.bloombergindeces.com](http://www.bloombergindeces.com)

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## SECTION D – Risks

D.2	Key risks of Issuer	The Issuer has been established as a special purpose vehicle for the purpose of issuing the ETFS Short Commodity Securities, ETFS Leveraged Commodity Securities and certain other securities (the “ <b>Classic and Longer Dated Securities</b> ”), which are issued pursuant to a separate base prospectus (the “ <b>Prospectus for Classic and Longer Dated Securities</b> ”) of the Issuer dated the same date as the Prospectus, as asset-backed securities and has no assets other than those attributable to the Short and Leveraged Commodity Securities and the Classic and Longer Dated Securities. The amounts that a Security Holder could receive following a claim against the Issuer are, therefore, limited to the proceeds of realisation of the secured property applicable to
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such Security Holder's class of Short and Leveraged Commodity Securities and as the Issuer is a special purpose vehicle formed only for the purpose of issuing the Short and Leveraged Commodity Securities and the Classic and Longer Dated Securities, and as the Short and Leveraged Commodity Securities are not guaranteed by any other person, the Issuer would have no further assets against which the Security Holder could claim. In the event that the secured property is insufficient to cover the amount payable to the Security Holder, the Security Holder would suffer a loss.

Although Short and Leveraged Commodity Securities are secured by Commodity Contracts and collateral, the value of such Short and Leveraged Commodity Securities and the ability of the Issuer to pay any redemption amounts remains partly dependent on the receipt of amounts due from UBS and MLCI under the Facility Agreements, the BAC Guarantee, the Security Agreements and the Control Agreements. No holder has any direct rights of enforcement against any such person.

There can be no assurance UBS, MLCI or any other entity will be able to fulfil their payment obligations under the relevant Commodity Contracts, Facility Agreement, BAC Guarantee, Security Agreement or Control Agreement. Consequently, there can be no assurance that the Issuer will be able to redeem Short and Leveraged Commodity Securities at their redemption price which could lead to an investor receiving less than the redemption price upon redemption of their Short and Leveraged Commodity Securities.

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D.6 Key risks of securities

Past performance is not an indication of expected performance and the investment performance of a Short and Leveraged Commodity Security could be volatile. Consequently, investors in Short and Leveraged Commodity Securities may lose the value of their entire investment or part of it.

If UBS, acting as calculation agent, notifies the Issuer that the intra-day price of Commodity Contracts of the same class as any Short or Leveraged Commodity Securities has fallen to or below zero at any time during any trading day and that such Commodity Contracts have been terminated, then the Short or Leveraged Commodity Securities of such class will automatically be compulsorily redeemed on that day and Security Holders are unlikely in that situation to receive any proceeds as the relevant Pool is unlikely in these circumstances to have sufficient assets to repay Security Holders any material sums on such redemptions as the only assets available for the redemption of the affected Short or Leveraged Commodity Securities will be the Commodity Contracts whose value will be zero even if the Price of that class of Short or Leveraged Commodity Securities subsequently increases. In these circumstances, the Security Holder may suffer a loss if the cash value of the Short and Leveraged Commodity Securities are redeemed at a price lower than it would otherwise have been had the Security Holder's investment been redeemed on a day chosen by the Security Holder rather than on the date of the early redemption. Early redemption could also lead to a Security Holder incurring a tax charge that it would otherwise not be subject to and/or if the redemption takes place at a time when the cash value of the Short and Leveraged Commodity Securities is lower than when they were purchased by the Security Holder, the Security Holder could suffer a loss.

In the event of realisation of collateral from a Commodity Contract Counterparty, the

value of the assets realised may be less than required to meet the redemption amount due to Security Holders. Any realisation of the collateral may take time and a Security Holder could experience delays in receiving amounts due to them. A Security Holder may also suffer a loss if the assets realised are less than the redemption amount due.

The returns from Short and Leveraged Commodity Securities are designed to provide exposure to daily changes in the relevant index. This is not the same as providing exposure to changes in the relevant index over periods greater than one day.

There may be days where disruption in the underlying commodity markets means that one or more classes of Short and Leveraged Commodity Securities are unable to be priced on that day. This will cause a delay in the application or redemption process which could adversely affect potential or existing investors.

***Issue Specific Summary:***

- During situations where the cost of futures contracts for delivery on dates further in the future is higher than those for delivery closer in time, the value of the corresponding Bloomberg Commodity Index will decrease overtime unless the spot price increases by the same rate as the rate of the variation in the price of the futures contract. The rate of variation could be quite significant and last for an indeterminate period of time, reducing the value the Bloomberg Commodity Index and therefore the price of any Leveraged Commodity Securities linked to that Bloomberg Commodity Index which could lead to a Security Holder incurring a loss.

Daily changes in the Price of Leveraged Commodity Securities will be magnified. In respect of Leveraged Commodity Securities, a daily decrease in the relevant Bloomberg Commodity Indices of 50 per cent. or more could result in a total loss of an investment.

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## **SECTION E – Offer**

E.2b	Offer and use of proceeds	Not applicable; the reasons for the offer and use of proceeds are not different from making profit and/or hedging.
E.3	Terms and conditions of the offer	The Short and Leveraged Commodity Securities are being made available by the Issuer for subscription only to Authorised Participants who have submitted a valid application and will only be issued once the subscription price has been paid to the relevant Commodity Contract Counterparty. An Authorised Participant must also pay the Issuer a creation fee of £500. Any applications for Short and Leveraged Commodity Securities made by 2.30 p.m. London time on a business day will generally enable the Authorised Participant to be registered as the holder of Short and Leveraged Commodity Securities within three business days or, from the T+2 Implementation Date, two business days.

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E.4 Material or conflicting interests Mr Tuckwell and Mr Roxburgh (who are directors of the Issuer) are also directors of ManJer and each of the Directors of the Issuer (other than Mr Weeks) are also directors of HoldCo – the sole shareholder of the Issuer. Mr. Tuckwell is also a director and a shareholder in ETFSL and Mr Roxburgh is the Chief Financial Officer of ETFSL. The Directors do not believe that there are any actual or potential conflicts of interest between the duties which the directors and/or members of the administrative, management and supervisory bodies of the Issuer owe to the Issuer, and the private interests and/or other duties that they have.

The Directors of the Issuer also hold directorships of other issuers of exchange traded commodities also owned by HoldCo.

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E.7 Expenses

The Issuer charges the following costs to investors:

To Authorised Participants only:

- the Issuer charges a fee of £500 per application or redemption carried out directly with the Issuer;

To all Security Holders:

- a management fee of 0.98 per cent. per annum based on the value of all Short and Leveraged Commodity Securities outstanding;
- a fee payable to the Commodity Contract Counterparties of 0.85 per cent. per annum in the case of the Short Commodity Securities and 1.30 per cent. per annum in the case of the Leveraged Commodity Securities each based on the value of all Short and Leveraged Commodity Securities outstanding; and
- a licence allowance of 0.05 per cent. per annum (based on the aggregate daily price of all fully paid Commodity Contracts outstanding at that time) to be used to pay the fee of CME Indexes or Bloomberg,

each charged by way of application of the Capital Adjustment.

No other costs will be charged to investors by the Issuer.

If an investor purchases Short and Leveraged Commodity Securities from a financial intermediary, the Issuer estimates that the expenses charged by an authorised offeror in connection with the sale of Short and Leveraged Commodity Securities to an investor will be 0.15 per cent. of the value of the Short and Leveraged Commodity Securities sold to such investor.

Application Fee	£500
Redemption Fee	£500
Capital Adjustment	-0.0000634
Management Fee	0.98%
Licence Allowance	0.05%
Fee to Commodity Contract Counterparty:	1.30%