

## FINAL TERMS

Dated 16 January 2013

### 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 Commodity Securities**

**Issue of**

**7,000 ETFS Daily Short Cocoa Individual Securities**

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

These Final Terms (as referred to in the prospectus (the “**Prospectus**”) dated 14 December 2012 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. Terms 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:	17 January 2013
Class or Category:	ETFS Daily Short Cocoa Individual Securities
Creation Price:	37.8897907
ISIN:	JE00B2NFT310
Aggregate Number of Collateralised Currency Securities to which these Final Terms apply:	7,000

## Annex

### Summary of Individual Issue

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'. The following summary is specific to the issue of the following classes and number of Short and Leveraged Commodity Securities to be issued pursuant to the final terms of the Issuer dated 16-January-2013 (the "**Final Terms**");

ETFS Daily Short Cocoa

#### 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;</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 Prospectus for	The Issuer has consented to the use of the Prospectus, and has accepted responsibility for the content of the Prospectus, with respect to subsequent resale or final placement by way of public offer of the Short or Leveraged Commodity
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subsequent resale or final placement of securities by financial intermediaries

Securities in any of Austria, 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 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.**

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## Section B - Issuer

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B.1 Legal and commercial name

ETFS Commodity Securities Limited (the "Issuer").

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.

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.

B.20 Special purpose vehicle

The Issuer has been established as a special purpose vehicle for the purpose of issuing the ETFS Short Commodity Securities and ETFS Leveraged Commodity Securities as asset-backed securities in the form of individual or index securities.

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B.21 Principal activities and overview of the parties

The principal activity of the Issuer is issuing several classes of debt security (the “**Short and Leveraged Commodity Securities**”) which are backed by derivative contracts (the “**Commodity Contracts**”) which provide inverse or two times leveraged exposure to daily movements in indices (the “**DJ-UBS Commodity Indices**”) calculated and published by CME Group Index Services LLC (“**CME Indices**”) in conjunction with UBS Securities LLC (“**UBS Securities**”) which indices track movements in the price of individual commodity futures contracts or baskets of commodity futures contracts. The Issuer has established a programme under which different classes of Short and Leveraged Commodity Securities may be issued from time to time. Short and Leveraged Commodity Securities are designed to give investors an inverse or leveraged exposure to the daily performance of various individual commodity futures contracts and baskets of commodity futures contracts by tracking the DJ-UBS Commodity Indices.

The DJ-UBS Commodity Indices form part of the basis of the pricing of the Short and Leveraged Commodity Securities (which are priced according to the Formula).

Short and Leveraged Commodity Securities can be issued and 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.

The Issuer achieves a return based on the daily percentage changes in the relevant DJ-UBS Commodity Indices by holding corresponding Commodity Contracts purchased from UBS AG, London Branch (“**UBS**”) and Merrill Lynch Commodities, Inc. (“**MLCI**”) (together the current “**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 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 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 Commodity Contracts 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.

The Issuer is a special purpose company whose only assets attributable to the Short and Leveraged Commodity Securities are the Commodity Contracts and related contractual rights and so the ability of the Issuer to meet its obligations in relation to Short and Leveraged Commodity Securities will be wholly dependent on its receipt of payments under the Commodity Contracts from UBS and MLCI and its ability to realise the collateral under the UBS Security Agreement, UBS Control Agreement, MLCI Security Agreement and MLCI Control Agreement.

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	<b>As at 31 December 2011 USD</b>	<b>As at 31 December 2010 USD</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	4,035	17,641
Trade and Other Receivables	2,752,367	3,497,546
Commodity Contracts	4,418,950,726	6,514,544,587
Amounts Receivable Awaiting Settlement	20,720,022	62,132,357
<b>Total Assets</b>	<b>4,442,427,150</b>	<b>6,580,192,131</b>
<b>Current Liabilities</b>		
Commodity Securities	4,418,950,726	6,514,544,587
Amounts Payable Awaiting Settlement	20,720,022	62,132,357
Trade and Other Payables	2,756,400	3,305,890
<b>Total Liabilities</b>	<b>4,442,427,148</b>	<b>6,579,982,834</b>
<b>Equity</b>		
Stated Capital	2	2
Retained Profits	-	-
<b>Total Equity</b>	<b>2</b>	<b>2</b>
<b>Total Equity and Liabilities</b>	<b>4,442,427,150</b>	<b>6,580,192,131</b>

B.24 Material adverse change Not applicable; there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements as at 31 December 2011.

B.25 Underlying assets The underlying for the Short and Leveraged Commodity Securities of each class, on which they are secured, is the Commodity Contracts of the same class, the Facility Agreements (to the extent attributable to that class) and the UBS Security Agreement, the UBS Control Agreement and/or the MLCI Security Agreement and the MLCI Control Agreement in favour of the Issuer in respect of such Commodity Contract Counterparties' obligations to the Issuer under the Facility Agreements in

respect of that class.

The underlying for the Short and Leveraged Commodity Securities are Commodity Contracts which provide exposure to movements in indices which track commodities such as metals, oil, gas, agricultural or other commodities or various types of index related to these.

The securitised assets backing the issue being 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, have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Short and Leveraged Commodity Securities. 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. The addresses of UBS AG's two registered offices and principal places of business are Bahnhofstrasse 45, CH-8098 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 bank holding company and a financial holding company incorporated in the State of Delaware, United States, in 1998 (registration number 2927442).

BAC provides a diversified range of banking, investing, asset management and other financial and risk management products and services to consumers across the United

States and in more than 40 countries. BAC's headquarters and principal place of business are located at 100 North Tryon Street, Charlotte, NC 282255, United States. BAC acquired Merrill Lynch & Co. Inc. and its subsidiaries (including MLCI) on 1 January 2009.

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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

Short and Leveraged Commodity Securities are constituted by the Trust Instrument. Under the terms of the Trust Instrument, the Trustee acts as Trustee for the Security Holders of each class of Short and Leveraged Commodity Security.

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

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





**B.29 Description of the flow of funds**

Authorised Participants will approach the Issuer with requests to issue or redeem Short and Leveraged Commodity Securities at the price calculated on the relevant day in accordance with the Formula. The Issuer will then create or cancel the equivalent number of Commodity Contracts with the Commodity Contract Counterparties, as applicable.

Application moneys for all Short and Leveraged Commodity Securities must be paid by Authorised Participants directly to the relevant Commodity Contract Counterparty, via CREST. Legal title is transferred by means of the CREST system and evidenced by an entry on the register of Security Holders maintained by the Issuer’s registrar – Computershare Investor Services (Jersey) Limited. If an Authorised Participant does not make payment for the full amount of Short and Leveraged Commodity Securities applied for on the due date for payment or the following business day, the Issuer may elect by notice to the Authorised Participant to cancel the application.

A Security Holder who is also an Authorised Participant may, at any time, by lodging a redemption request (in such form as the Issuer will determine from time to time) with the Issuer, require the redemption of all or any of its Short or Leveraged Commodity Securities at the price on the day such redemption request is submitted. A Security Holder who is not also an Authorised Participant may only require the redemption of any of its Short and Leveraged Commodity Securities if, at the time, there are no Authorised Participants or the Issuer otherwise announces and the Security Holder submits a valid redemption request on such day. Payment on the redemption of a Short and Leveraged Commodity Security will be made by the Commodity Contract Counterparty directly to the relevant Authorised Participant

redeeming the Short or Leveraged Commodity Security, via CREST.

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B.30 Originators of the securitised assets

The Commodity Contracts are and will be 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.

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

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. The addresses of UBS AG's two registered offices and principal places of business are Bahnhofstrasse 45, CH-8098 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.

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**Section C - Securities**

C.1 Type and class of securities being offered

The Issuer has created and made available for issue four families of Short and Leveraged Commodity Securities ("Short Individual Securities", "Short Index Securities", "Leveraged Individual Securities" and "Leveraged Index Securities") each of which has been issued in multiple classes. Each class of Short and Leveraged Commodity Securities give investors exposure to the daily percentage changes in movements in several of the DJ-UBS Commodity Indices.

The return on the Short and Leveraged Commodity Securities is linked in each case to the daily performance of the related DJ-UBS Commodity Indices as follows:

- Short Individual Securities provide a short exposure to the daily percentage change in DJ-UBS Commodity Indices which track movements in the value of futures contracts in one type of commodity (such that if the value of the relevant DJ-UBS 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 DJ-UBS 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 DJ-UBS 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 DJ-UBS Commodity Indices which track movements in the value of futures contracts in one type of commodity (such that if the value of the relevant DJ-UBS 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 DJ-UBS Commodity Index and *vice versa*);
- Leveraged Index Securities provide an exposure to twice the daily percentage change in DJ-UBS 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 DJ-UBS 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 DJ-UBS 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.

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.

***Issue specific summary:***

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

Class	ETFS Daily Short Cocoa
LSE Code	SCOC
ISIN	JE00B2NFT310
Aggregate number of Micro or Commodity Securities of that class	7000
Name of underlying index	Dow Jones-UBS Cocoa Subindex Total Return

The return on the Short and Leveraged Commodity Securities being issued pursuant

to the Final Terms is linked to the daily performance of the related DJ-UBS Commodity Indices as follows:

Short Individual Securities provide a short exposure to the daily percentage change in DJ-UBS Commodity Indices which track movements in the value of futures contracts in one type of commodity (such that if the value of the relevant DJUBS 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).

There will also be 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	<p>Short and Leveraged Commodity Securities constitute direct and unconditional payment obligations of the Issuer which rank <i>pari passu</i> among themselves.</p> <p>Each Short and Leveraged Commodity Security is an undated secured limited recourse debt obligation of the Issuer, which carries the right on redemption to payment of the higher of (i) the Principal Amount for that class, and (ii) the price of that class of that Short and Leveraged Commodity Security on the applicable day determined using the Formula.</p> <p>Short and Leveraged Commodity Securities are constituted by the Trust Instrument. The Trustee holds all rights and entitlements under the Trust Instrument on trust for the Security Holders. The Issuer and the Trustee have entered into a separate Security Deed in respect of each 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 that particular class of Short and Leveraged Commodity Security. Under the terms of each Security Deed, the Issuer has assigned to the Trustee by way of security the contractual rights of the Issuer relating to such class under the Facility Agreements, and granted a first-ranking floating charge in favour of the Trustee over all of the Issuer's rights in relation to the secured property attributable to the applicable Pool.</p> <p>The Facility Agreements, the BAC Guarantee, the Security Agreements, the Control Agreements, the Authorised Participant Agreements and the Commodity Contracts, to the extent applicable to each class of Short and Leveraged Commodity Security,</p>
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are all the subject of security granted by the Issuer in favour of the Trustee under the Security Deeds.

The Issuer holds separate pools of assets for each class of securities so that holders of a particular class of Short and Leveraged Commodity Security will only have recourse to security granted by the Issuer over the Commodity Contracts of that same class.

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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) of the Frankfurt Stock Exchange and on the ETFplus market of Borsa Italiana S.p.A.

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

***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**".

**Issue specific summary:**

The Principal Amount of each of the Short or Leveraged Commodity Securities being issued pursuant to the Final Terms is U.S.\$ 5.0000000

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

**Price**

The price of each Short and Leveraged Commodity Security reflects daily percentage movements in the DJ-UBS Commodity Indices.

The price of a class of Short or Leveraged Commodity Securities is calculated in accordance with the following formula (the “**Formula**”):

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

where:

$P_{i,t}$  is the price of a Short or Leveraged Commodity Security of class i for day t;

$P_{i,t-1}$  is the price of a Short or Leveraged Commodity Security of class i for day t-1;

i refers to the relevant class of Short or Leveraged Commodity Security;

t refers to the applicable calendar day;

t-1 refers to the calendar day prior to day t;

$li,t$  is the closing settlement price level of the DJ-UBS Commodity Index applicable to a Short or Leveraged Commodity Security of class i for day t. If day t is not a Pricing Day for class I then  $li,t$  shall be the closing settlement price level of the DJ-UBS Commodity Index applicable to a Short or Leveraged Commodity Security of class I for day t-1;

$li,t-1$  is the closing settlement price level of the DJ-UBS Commodity Index applicable to a Short or Leveraged Commodity Security of class i for day t-1;

$CA_{i,t}$  is the Capital Adjustment applicable to class i on day t, expressed as a decimal; and

$LF_i$  is the leverage factor applicable to class i, expressed as a number. For Short Commodity Securities,  $LF = -1$  and for Leveraged Commodity Securities,  $LF = +2$ .

This pricing formula reflects applicable fees as well as the daily percentage change in the applicable underlying DJ-UBS Commodity Index.

**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 the fees payable by the Issuer to ManJer, the Commodity Contract Counterparties and the index

providers. The Capital Adjustment applicable to each class of Short or Leveraged Commodity Security on any day is published on the Issuer's website at [www.etfsecurities.com/csl](http://www.etfsecurities.com/csl).

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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 following receipt of the relevant creation or redemption request on a delivery versus payment basis within CREST.

**Settlement systems**

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.

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.

***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 and Leveraged Commodity Security reflects daily movements in the relevant DJ-UBS Commodity Indices and is calculated in accordance with the Formula.

The Formula reflects (a) the daily percentage change in the relevant DJ-UBS Commodity Index since the last day on which a price was calculated; (b) the management fee payable to ManJer; (c) the index fees payable to ManJer for payment of the licence fees associated with the use of the DJ-UBS Commodity Indices; and (d) the fees payable to the Commodity Contract Counterparties for provision of the Commodity Contracts. The deduction of the fees are reflected 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/csl>.

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).

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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 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

The Short and Leveraged Commodity Securities are backed by Commodity Contracts purchased from Commodity Contract Counterparties.

The Commodity Contracts provide a return linked to the relevant underlying DJ-UBS Commodity Index. Information on DJ-UBS Commodity Indices can be found at <http://www.djindexes.com/ubs/index.cdfm>

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 [www.etfsecurities.com/csl](http://www.etfsecurities.com/csl).

***Issue specific summary:***



The Commodity Contracts provide a return linked to Dow Jones-UBS Cocoa Subindex Total Return further information can be found at <http://www.djindexes.com/ubs/index.cdfm>.

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## Section D - Risks

D.2 Key risks of Issuer The following are the key risks of the Issuer:

The Issuer has been established as a special purpose vehicle for the purpose of issuing the ETFS Short Commodity Securities and ETFS Leveraged Commodity Securities as asset-backed securities.

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.

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D.6 Key risks of securities

The following are the key risks of the securities:

- Investors in Short and Leveraged Commodity Securities may lose the value of their entire investment or part of it.
- There are certain circumstances in which an early redemption of Short and Leveraged Commodity Securities may be imposed on investors, which may result in an investment in Short and Leveraged Commodity Securities being redeemed earlier than desired.
- The ability of the Issuer to pay on redemption of Short and Leveraged Commodity Securities is wholly dependent on it receiving payment from a Commodity Contract Counterparty. No Commodity Contract Counterparty nor any guarantor has guaranteed the performance of the Issuer's obligations and no holder has any direct rights of enforcement against any such person.
- 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 and any realisation of the collateral may take time.
- 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.

- An investor's potential loss is limited to the amount of the investor's investment.

***Issue Specific Summary:***

During situations where the cost of futures contracts for delivery on dates further in the future is lower than those for delivery closer in time, the value of the corresponding DJ-UBS Commodity Index will increase 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, increasing the value the DJ-UBS Commodity Index and therefore the price of any Short Commodity Securities linked to that DJ-UBS Commodity Index.

Daily changes in the Price of Short Commodity Securities will be magnified. In respect of Short Commodity Securities, a daily increase in the relevant Commodity Index of 100 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.

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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.

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E.4 Material or conflicting interests      Mr Tuckwell and Mr Ross (who are directors of the Issuer) are also directors of ManJer and each of the Directors of the Issuer are also directors of HoldCo – the sole shareholder of the Issuer. While these roles could potentially lead to conflicts of interest, 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:

- £500 per application or redemption carried out directly with the Issuer;
- a management fee of 0.98 per cent. per annum based on the value of all Short and Leveraged Commodity Securities outstanding by way of the Capital Adjustment;
- 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 by way of application of the Capital Adjustment; 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 by way of application of the Capital Adjustment.

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

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.

**Issue Specific Summary**

The fee payable to the Commodity Contract Counterparties for the Short and Leveraged Commodity Securities being issued pursuant to the Final Terms is 0.85 per cent. per annum based on the value of all Short and Leveraged Commodity Securities outstanding by way of application of the Capital Adjustment.