



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject: ETFS Gold Trust**

### **Background Information on the Fund**

As more fully explained in the Registration Statement (No. 333-158221) for the Trust, ETFS Securities USA LLC (the "Sponsor") is the sponsor of the Trust, Bank of New York Mellon is the trustee of the Trust ("Trustee"), and JPMorgan Chase Bank., N.A. is the custodian of the Trust ("Custodian"). The Trust is not an investment company registered under the Investment Company Act of 1940. The Trust will not hold or trade in commodity futures contracts regulated by the Commodity Exchange Act ("CEA"), as administered by the Commodity Futures Trading Commission. According to the Registration Statement, the Trust is not a commodity pool for purposes of the CEA, and the Sponsor and Trustee are not subject to regulation as a commodity pool operator or a commodity trading adviser in connection with ETFS Physical Swiss Gold Shares ("Shares").

The Trust will issue Shares, which represent units of fractional undivided beneficial interest in and ownership of the Trust. The investment objective of the Trust is for the Shares to reflect the performance of the price of silver bullion, less the Trust's expenses.

### **Creation and Redemption Process**

As described more fully in the prospectus and the Registration Statement for the Trust, issuances of Shares will be made only in baskets of 50,000 shares or multiples thereof ("Baskets"). The Trust will issue and redeem Baskets daily, by or through registered broker-dealers that have entered into participant agreements (each, an "Authorized Participant") with the Trustee. The creation and redemption of Baskets will only be made in exchange for the delivery to the Trust or the distribution by the Trust of the amount of silver and any cash represented by the Baskets being created or redeemed, the amount of which will be based on the combined net asset value ("NAV") of the number of Shares included in the Baskets being created or redeemed determined on the day the order to create or redeem Baskets is properly received.

The total deposit required to create each Basket (the "Creation Basket Deposit") will be the total deposit required to create a Basket. The deposit will be an amount of gold and cash, if any, that is in the same proportion to the total assets of the Trust (net of estimated accrued but unpaid fees, expenses and other liabilities) on the date an order to purchase one or more Baskets is properly received as the number of Shares comprising the number of Baskets to be created in respect of the deposit bears to the total number of Shares outstanding on the date such order is properly received.

The amount of the required gold deposit is determined by dividing the number of ounces of silver held by the Trust by the number of Baskets outstanding, as adjusted for the amount of gold constituting estimated accrued but unpaid fees and expenses of the Trust, as described in the Registration Statement.

The Shares will not be individually redeemable but will only be redeemable in Basket size. To redeem, an Authorized Participant will be required to accumulate enough Shares to constitute a Basket (i.e., 50,000 Shares).

The Trust's prospectus and Registration Statement describe additional procedures and requirements that apply to creation and redemptions of Shares.

### **Variation of Gold, Definition of Net Asset Value and Adjusted Net Asset Value ("ANAV")**

As of the London PM Fix on each day that the Exchange is open for regular trading or, if there is no London PM Fix on such day or the London PM Fix has not been announced by 12:00 noon New York time on such day, as of 12:00 noon New York time on such day (Evaluation Time), the Trustee will evaluate the gold held by the Trust and determine both the ANAV and the NAV of the Trust.

At the Evaluation Time, the Trustee will value the Trust's gold on the basis of that day's London PM Fix or, if no London PM Fix is made on such day or has not been announced by the Evaluation Time, the next most recent London gold price fix (AM or PM) determined prior to the Evaluation Time will be used, unless the Sponsor determines that such price is inappropriate as a basis for evaluation. In the event the Sponsor determines that the London PM Fix or such other publicly available price as the Sponsor may deem fairly represents the commercial value of the Trust's gold is not an appropriate basis for evaluation of the Trust's gold, it shall identify an alternative basis for such evaluation to be employed by the Trustee.

Once the value of the gold has been determined, the Trustee will subtract all estimated accrued but unpaid fees, expenses and other liabilities of the Trust from the total value of the gold and all other assets of the Trust (other than any amounts credited to the Trust's reserve account, if established). The resulting figure is the ANAV of the Trust. The ANAV of the Trust is used to compute the Sponsor's Fee.

To determine the Trust's NAV, the Trustee will subtract the amount of estimated accrued but unpaid fees computed by reference to the ANAV of the Trust and to the value of the gold held by the Trust from the ANAV of the Trust. The resulting figure is the NAV of the Trust. The Trustee will also determine the NAV per Share by dividing the NAV of the Trust by the number of the Shares outstanding as of the close of trading on the Exchange (which includes the net number of any Shares created or redeemed on such evaluation day).

The Depository Trust Company ("DTC") serves as securities depository for the Shares, which may be held only in book-entry form. Stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding shares of the Trust.

### **Dissemination of Indicative Trust Value**

In order to provide updated information relating to the Trust for use by investors, professionals, and Authorized Persons wishing to create or redeem Shares, the Exchange will disseminate

through the facilities of CTA an updated Indicative Trust Value (“ITV”). The ITV will be disseminated on a per Share basis at least every 15 seconds during the Exchange’s Core Trading Session (9:30 a.m. to 4:00 p.m. ET). The ITV will be calculated based on the amount of gold required for creations and redemptions and a price of gold derived from updated bids and offers indicative of the spot price of gold. The ITV on a per Share basis disseminated during the Exchange’s Core Trading Session should not be viewed as a real time update of the NAV, which is calculated only once a day.

### **Continuous Offering**

The Trust will issue Shares in Baskets to Authorized Participants in exchange for deposits of gold on a continuous basis. The Trust will not issue fractions of a Basket. Because new Shares can be created and issued on an ongoing basis, at any point during the life of the Trust, a “distribution,” as such term is used in the Securities Act, will be occurring. Broker-dealers and other persons are cautioned that some of their activities will result in their being deemed participants in a distribution in a manner which would render them statutory underwriters and subject them to the prospectus-delivery and liability provisions of the Securities Act. For example, a broker-dealer firm or its client will be deemed a statutory underwriter if it purchases a Basket from the Trust, breaks the Basket down into the constituent Shares and sells the Shares directly to its customers; or if it chooses to couple the creation of a supply of new Shares with an active selling effort involving solicitation of secondary market demand for the Shares. A determination of whether a particular market participant is an underwriter must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to designation as an underwriter.

Dealers that are not “underwriters” but are participating in a distribution (as contrasted to ordinary secondary trading transactions), and thus dealing with Shares that are part of an “unsold allotment” within the meaning of Section 4(3)(C) of the Securities Act, would be unable to take advantage of the prospectus-delivery exemption provided by Section 4(3) of the Securities Act.

### **Availability of Information Regarding Gold Prices**

Investors may obtain on a 24-hour basis gold pricing information based on the spot price for an ounce of gold from various financial information service providers, such as Reuters and Bloomberg. Reuters and Bloomberg provide at no charge on their Web sites delayed information regarding the spot price of gold and last sale prices of gold futures, as well as information about news and developments in the gold market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on gold prices directly from market participants. An organization named EBS provides an electronic trading platform to institutions such as bullion banks and dealers for the trading of spot gold, as well as a feed of live streaming prices to Reuters and Moneyline Telerate subscribers. Complete real-time data for gold futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. The NYMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its Web site. There are a variety of other public Web sites providing information on gold, ranging from those specializing in precious metals to sites maintained by major newspapers, such as The Wall Street Journal. In addition, the London AM Fix and London PM Fix are publicly available at no charge at or [www.thebulliondesk.com](http://www.thebulliondesk.com).

There is no regulated source of last sale information regarding physical gold.

The SEC has no jurisdiction over the trading of gold as a physical commodity. The CFTC has regulatory jurisdiction over the trading of gold futures contracts and options on gold futures contracts.

### **Sponsor's Fee**

According to the Registration Statement, in exchange for the Sponsor's Fee, the Sponsor has agreed to assume the following administrative and marketing expenses incurred by the Trust: the Trustee's monthly fee and out-of-pocket expenses, the Custodian's fee and reimbursement of the Custodian's expenses under the Custody Agreements, Exchange listing fees, SEC registration fees, printing and mailing costs, audit fees and up to \$100,000 per annum in legal expenses. The Sponsor will also pay the costs of the Trust's organization and the initial sale of the Shares, including the applicable SEC registration fees. The Sponsor's Fee will accrue daily at an annualized rate equal to 0.39% of the adjusted net asset value of the Trust and will be payable monthly in arrears.

### **Investment Risks**

Members are referred to the Trust's prospectus and Registration Statement for a description of risks associated with an investment in the Shares of the Trust. Among the risks described in the Registration Statement are the following:

The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares.

The Shares may trade at a price which is at, above or below the NAV per Share and any discount or premium in the trading price relative to the NAV per Share may widen as a result of non-concurrent trading hours between the Exchange and London, Zurich and Commodity Exchange, Inc., a subsidiary of New York Mercantile Exchange, Inc. (COMEX).

Purchasing activity in the gold market associated with the purchase of Baskets from the Trust may cause a temporary increase in the price of gold. This increase may adversely affect an investment in the Shares.

Shareholders will not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act of 1940 or the protections afforded by the Commodity Exchange Act of 1936.

The liquidity of the Shares may also be affected by the withdrawal from participation of one or more Authorized Participants.

Several factors may have the effect of causing a decline in the prices of gold and a corresponding decline in the price of Shares.

The Trust's gold may be subject to loss, damage, theft or restriction on access.

See the Registration Statement for more detail regarding these risks factors and for additional risk factors.

### **Trading Hours**

Trading in the shares on EDGA and EDGX Exchanges (the “Exchanges”) is on a UTP basis and is subject to the Exchanges’ equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value (“IIV”). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Suitability**

Trading in the Shares on the Exchanges will be subject to the provisions of EDGA and EDGX Exchange Rules 3.7. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the “know your customer” obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

### **Trading Halts**

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

### **Exchange Rules Applicable to Trading in the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchanges’ existing rules governing the trading of equity securities.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

### **Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations**

The SEC's Division of Trading and Markets (formerly, Division of Market Regulation) (the "Division") issued a letter dated June 21, 2006 granting exemptive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934, regarding trading in certain exchange-traded derivatively-priced securities. The Trust relies on the relief, described below, granted in the June 21, 2006 letter.

### **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits a "distribution participant" and the issuer or selling security holder, in connection with a distribution of securities, from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The SEC has granted an exemption from paragraph (d) of Rule 101 under Regulation M to permit persons who may be deemed to be participating in a distribution of Shares to bid for or purchase Shares during their participation in such distribution. The SEC also has granted an exemption from Rule 101 to permit the Distributor to publish research during the applicable restricted period on the Trust's website.

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder. Rule 100 of Regulation M defines "distribution" to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods. The SEC has granted an exemption from paragraph (e) of Rule 102 to permit the Trust and affiliated purchasers to redeem Shares during the continuous offering of the Shares.

### **Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)**

Broker-dealers who handle purchases or redemptions of Fund shares in Creation Units for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing creation unit aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of

the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- 3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

### **SEC Rule 14e-5**

The Commission has permitted any person acting as a dealer-manager of a tender offer for a component security of fund (1) to redeem fund shares in creation unit aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase fund shares during such tender offer. In addition, a No-Action has been issued under Rule 14e-5 states that if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more creation unit aggregations of shares, it must be made in conformance with the following:

- i. such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- ii. purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- iii. such bids or purchases are not effected for the purpose of facilitating such tender offer.

### **Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2**

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The Commission has clarified that Section 11(d)(1) does not apply to broker-dealers that are not authorized participants (and, therefore, do not create creation unit aggregations) that engage in both proprietary and customer transactions in shares of a fund in the secondary market, and for broker-dealer authorized participants that engage in creations of creation unit aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an authorized participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the shares of a fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). See letter dated November 22, 2005 from Brian A Bussey, Assistant Chief Counsel, SEC Division of Market Regulation, to Barclays Global Investors, N.A., dated November 22, 2005. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act states that broker-dealers may treat shares of a fund, for

purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

**SEC Rule 15c1-5 and 15c1-6**

The Commission has issued a No-Action letter with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of fund shares and secondary market transactions therein.

**This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**



## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>Cusip</b>
SGOL	ETFS Gold Trust	26922Y105