

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66816; File No. SR-NYSEArca-2012-28)

April 16, 2012

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to List and Trade Shares of the JPM XF Physical Copper Trust Pursuant to NYSE Arca Equities Rule 8.201

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on April 2, 2012, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade shares of JPM XF Physical Copper Trust (the “Trust”) pursuant to NYSE Arca Equities Rule 8.201. The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and www.nyse.com.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade JPM XF Physical Copper Shares (“Shares”) of the Trust under NYSE Arca Equities Rule 8.201. Under NYSE Arca Equities Rule 8.201, the Exchange may propose to list and/or trade pursuant to unlisted trading privileges (“UTP”) “Commodity-Based Trust Shares.”⁴ The Commission has previously approved listing on the Exchange under NYSE Arca Equities Rule 8.201 of other issues of Commodity-Based Trust Shares. The Commission has approved listing on the Exchange of the streetTRACKS Gold Trust and iShares COMEX Gold Trust.⁵ The Commission also has approved listing of the iShares Silver Trust on the Exchange⁶ and, previously, listing of the iShares Silver Trust on the American Stock Exchange LLC.⁷ In addition, the Commission has approved listing on the Exchange of the following issues of Commodity-Based Trust Shares: ETFS Silver Trust, the ETFS Gold Trust, the ETFS Platinum Trust, the ETFS Palladium Trust, the ETFS Precious Metals Basket Trust, the ETFS White Metals Basket Trust, and the ETFS Asian Gold Trust.⁸

⁴ Commodity-Based Trust Shares are securities issued by a trust that represent investors’ discrete identifiable and undivided interest in and ownership of the net assets of the Trust.

⁵ See Securities Exchange Act Release No. 56224 (August 8, 2007), 72 FR 45850 (August 15, 2007) (SR-NYSEArca-2007-76) (approving listing on the Exchange of the streetTRACKS Gold Trust); Securities Exchange Act Release No. 56041 (July 11, 2007), 72 FR 39114 (July 17, 2007) (SR-NYSEArca-2007-43) (order approving listing on the Exchange of iShares COMEX Gold Trust).

⁶ See Securities Exchange Act Release Nos. 58956 (November 14, 2008), 73 FR 71074 (November 24, 2008) (SR-NYSEArca-2008-124) (approving listing on the Exchange of the iShares Silver Trust).

⁷ See Securities Exchange Act Release No. 53521 (March 20, 2006), 71 FR 14967 (March 24, 2006) (SR-Amex-2005-72) (approving listing on the American Stock Exchange LLC of the iShares Silver Trust).

⁸ See Securities Exchange Act Release Nos. 59781 (April 17, 2009), 74 FR 18771 (April 24, 2009) (SR-NYSEArca[sic]-2009-28) (order approving listing on the Exchange of

The Trust will issue Shares representing units of fractional undivided interest in and ownership of the net assets of the Trust. The objective of the Trust is for the value of the Trust's Shares to reflect, at any given time, the value of copper owned by the Trust at that time, less the Trust's expenses and liabilities at that time. The Trust will not be actively managed and will not engage in any activities designed to obtain a profit from, or to prevent losses caused by, changes in the price of copper.⁹

J.P. Morgan Commodity ETF Services LLC is the sponsor of the Trust ("Sponsor"), J.P. Morgan Treasury Securities Services, a division of JPMorgan Chase Bank, National Association, is the administrative agent of the Trust ("Administrative Agent"), Wilmington Trust Company is the trustee of the Trust ("Trustee"), and the Henry Bath Group is the warehouse-keeper of the Trust ("Warehouse-keeper").¹⁰ The Trustee will delegate to the Sponsor its duty and authority to administer the Trust, as defined and limited by the terms of the Trust's "Trust Agreement". The

ETFS Silver Trust); 59895 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40) (order approving listing on the Exchange of ETFS Gold Trust); 61219 (December 22, 2009), 74 FR 68886 (December 29, 2009) (SR-NYSEArca-2009-95) (order approving listing on the Exchange of ETFS Platinum Trust); 61220 (December 22, 2009), 74 FR 68895 (December 29, 2009) (SR-NYSEArca-2009-94) (order approving listing on the Exchange of ETFS Palladium Trust); 62692 (August 11, 2010), 75 FR 50789 (August 17, 2010) (SR-NYSEArca-2010-56) (order approving listing on the Exchange of ETFS Precious Metals Basket Trust); 62875 (September 9, 2010), 75 FR 56156 (September 15, 2010) (SR-NYSEArca-2010-71) (order approving listing on the Exchange of ETFS White Metals Basket Trust); 63464 (December 8, 2010), 75 FR 77926 (December 14, 2010) (SR-NYSEArca-2010-95) (order approving listing on the Exchange of ETFS Asian Gold Trust).

⁹ See the registration statement for the J.P. Morgan Physical Copper Trust on Amendment No. 5 to Form S-1, filed with the Commission on July 12, 2011 (No. 333-170085) ("Registration Statement"). The descriptions of the Trust, the Shares and the copper market contained herein are based, in part, on the Registration Statement.

¹⁰ Each of Henry Bath & Son Limited, Henry Bath LLC, Henry Bath Singapore Pte Limited, Henry Bath Italia Sr1 and Henry Bath BV is a member of the Henry Bath Group of companies and a wholly owned subsidiary of J.P. Morgan Ventures Energy Corporation, and is an affiliate of the Sponsor.

Trust's valuation agent ("Valuation Agent") is Metal Bulletin Ltd., an independent, third-party valuation agent that is not affiliated with the Sponsor.¹¹

The Exchange represents that the Shares satisfy the requirements of NYSE Arca Equities Rule 8.201 and thereby qualify for listing on the Exchange.¹²

According to the Registration Statement, the Shares are intended to constitute a simple and cost-effective means of making an investment similar to an investment in copper. Although the Shares are not the exact equivalent of an investment in copper, they provide investors with an alternative that allows a level of participation in the copper market through the securities market.

Overview of the Copper Industry

The Registration Statement provides a summary of the copper industry by looking at some of the key participants and detailing the primary sources of supply and demand in the market. It also provides a description of the typical path copper and its alloys take from the mine to the customer.¹³

Copper Basics

According to the Registration Statement, one of the main industrial usages for copper is for the production of cable, wire and electrical products for both the electrical and building

¹¹ The Valuation Agent is responsible for calculating, on each Business Day (as defined below in note 18, *infra*), the locational premium for each permitted warehouse location (as discussed below), which is used to determine the net asset value ("NAV") of the Trust and to make other calculations relating to the Trust's operations. The "locational premium" for a permitted warehouse location is calculated as an amount expressed in U.S. dollars that is equal to the average value of copper per metric ton in such location minus the London Metal Exchange ("LME") settlement price of copper on such Business Day.

¹² With respect to application of Rule 10A-3 (17 CFR 240.10A-3) under the Act (15 U.S.C. 78a), the Trust relies on the exemption contained in Rule 10A-3(c)(7).

¹³ Unless otherwise indicated, all market data herein was published in December 2011 by Brook Hunt, a wholly owned subsidiary of Wood Mackenzie that has provided such data to the Sponsor for an annual subscription fee.

industries. In the current market, approximately three-quarters of copper demand is for electrical purposes, including power transmission and generation, telecommunications and electrical and electronic consumer and industrial products. The construction industry accounts for copper's second largest usage demand in such areas as pipes for plumbing, heating and ventilating as well as building wire and sheet metal facings. Alloyed with other metals, such as zinc (to form brass), aluminum or tin (to form bronzes), or nickel, it can acquire new characteristics for use in highly specialized applications. Copper's physical, chemical and aesthetic properties make it a material of choice in a wide range of electrical, electronics and communication, construction, transportation, industrial machinery and equipment and general consumer applications, such as coins and keys. Copper by-products from manufacturing and obsolete copper products are readily recycled and contribute significantly to copper supply.

Market Participants

The participants in the world copper market may be classified in the following sectors: primary and secondary producers; fabricators, manufacturers and end-use consumers; the banking sector; and the investment sector. A brief description of each follows.

Primary and Secondary Producers. Primary and secondary producers are generally the market participants that bring physical copper supplies to the market. This sector is primarily comprised of mining companies that specialize in copper production, metal processors, such as refiners and smelters, and scrap recyclers.

Fabricators, Manufacturers and End-use Consumers. Consumption of extracted resources typically occurs in two phases. Refined copper supplies in various grades and forms are initially demanded by fabricators that convert unwrought metals to salable "semi-fabricated" products such as wire, tubing and plates. These semi-fabricated products are available for consumption by

other fabricators and/or manufacturers to further upgrade the copper product until the material is ultimately converted into a final saleable product (such as keys, coins and air conditioning unit parts).

Banking Sector. Banks provide a variety of services to the copper market and its participants, thereby facilitating interactions between other parties. Services provided by the banking community include traditional banking products as well as mine financing (both secured and unsecured), physical copper purchases and sales, hedging and risk management and inventory management for industrial users and consumers.

Investment Sector. The investment sector includes professional and private investors and speculators who are involved in investment and trading activities related to copper. Participants range from large hedge funds and other investment vehicles to day-traders on futures exchanges.

Copper Supply Process

Copper supply generally comes from two sources: (1) the extraction and processing of copper ore (referred to as “primary production”) and (2) the recovery of copper from existing stock (referred to as either “secondary copper” or “copper scrap”). Primary production accounts for the majority of new global copper supply. However, in developed countries with significant amounts of copper already in use or in the supply chain, secondary copper provides a significant portion of new supply.

Primary Copper Production

According to data provided to the Sponsor by Brook Hunt, primary mine production in 2011 is expected to have reached 16.279 million metric tons, a modest 0.53% increase from 2010. That primary production has grown only modestly in spite of extremely high copper prices may reflect, to some degree, the entrenched inelasticity of supply, as old mines continue to

face “head grade” decline (i.e., a decreasing percentage of copper content in copper ores, due to factors such as good quality copper sources already being exploited) and new mine projects encounter production delays. There appears, however, to be no shortage of underlying copper resources. For example, the United States Geological Service estimates that current reserves—both proven and probable—amount to around 690 million metric tons (source: U.S. Geological Survey published as of January 2012). In addition, measured or inferred resources may become economically viable for extraction to the extent that financiers, geologists and surveyors increase their estimate for long-term copper prices.

According to the Registration Statement and information provided by the Sponsor, copper mine supply in 2005 to 2011 faced a number of constraints. Many existing mines are struggling to meet targets and, with only a few notable exceptions, new projects and project upgrades are subject to delay, with geo-technical issues being a major inhibiting factor. In addition to disruptions to existing operations, supply growth is dependent on further exploitation of copper reserves concentrated primarily in Africa and Latin America. Latin American production is dominated by Chile, which is the world’s largest copper producer and has the largest proven reserve base of economically viable copper deposits in the world (source: U.S. Geological Survey). Reliable and cost-effective power and clean water availability represent two large hurdles to new primary production in Chile. Outside of Chile, Peru remains one of South America’s prospective regions and is affected by many of the same inhibiting factors to new production as Chile. In Africa, the two most prospective countries are Zambia and the Democratic Republic of Congo, whose combined production is approximately 86.6% of the continent’s 2011 copper mine supply. Both nations have been inconsistent suppliers of copper since the mid-1970s due to political and social instability causing supply risks, including

sovereign risk, threat of asset expropriation, ownership disputes over certain large mines and limited infrastructure.

Secondary Copper Production

Copper and copper alloys have been recycled for hundreds of years and secondary copper remains a major source of supply in developed economies. The copper and copper alloy industries rely on the fact that copper scrap is easily and economically used and reused. Depending on its quality and other factors, copper scrap can be refined and converted back into cathode form for further use, directly melted to produce semi-fabricated products or used in primary production as a cooling additive during the smelting process.

Copper Consumption

As highlighted above, copper has many uses. From copper derived from primary and secondary production, fabricators produce semi-fabricated products, such as copper wire, copper alloys, tube products, rods, bars, section, plate, sheets and strips, for various applications. For example, tube products have many applications, including plumbing, heating, vacuuming and air conditioning. Copper wire accounted for 55% of total copper fabrication in 2011.

Global copper consumption in 2011 is estimated to have measured 19.931 million metric tons, an increase of approximately 3.5% from 2010. By market sector, copper is equally exposed to construction and electrical and electronic applications (each 33% of total demand in 2010). In 2010, significant other sources of demand included industrial machinery (13%), transportation (13%) and consumer products (8%).

The combination of a Western economic recovery and ongoing robust demand in emerging markets is expected to result in growth of global copper demand of close to 3.7% in 2012. According to projections by Brook Hunt, copper demand is likely to measure 20.67

million metric tons in 2012 (excluding the direct use of secondary copper by semi-fabricators). Current projections for total copper consumption in 2012 are at about 25.8 million metric tons, a number inclusive of refined copper from primary and secondary production and the direct use of secondary copper in the fabrication sector.

World Copper Production and Consumption 2000–2011 (in metric tons)

The following table sets forth a summary of world copper production and consumption from 2000 to 2011.¹⁴

¹⁴ Please note that the figures may not add up to equal the totals listed due to independent rounding.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Electro-Refined Copper Production ¹⁵	12552	13118	12733	12601	13277	13951	14540	15035	15189	15017	15703	16293
SX/EW Production ¹⁶	2291	2538	2619	2676	2658	2644	2755	2990	3071	3289	3309	3401
Refined Copper Production	14844	15656	15351	15277	15935	16595	17296	18025	18260	18306	19012	19694
Europe Consumption	4584	4539	4437	4498	4736	4607	5023	4787	4482	3536	3861	3994
Americas Consumption	3281	2859	2644	2497	2712	2549	2395	2307	2188	1764	1897	1957
China Consumption	1850	2230	2425	3020	3565	3815	3967	4670	5100	6375	7204	7780
Japan Consumption	1349	1145	1164	1202	1279	1256	1307	1268	1199	876	1060	1038
Other Consumption	4096	4010	4224	4358	4729	4730	4792	4949	4960	4750	5242	5162
Refined Copper	15160	14783	14894	15575	17021	16957	17484	17981	17929	17301	19264	19931

¹⁵ Copper is extracted from copper sulfide ores using a multi-step production process. First, a “mine production” process is used to extract the metal. Then, the metal ore is separated from the waste. The ore is subsequently crushed and placed in flotation cells with chemical reagents, and, using a process called froth flotation, a material commonly known as “copper in concentrate” is extracted. Copper in concentrate is a mixture of about 25-35% copper (the rest being various other metals and impurities). The copper in concentrate then undergoes a “smelter production,” through which the copper is processed under high heat (or “smelted”) to remove impurities, such as iron, sulfur and oxygen. Finally, the copper is chemically leached through an electro-refining process (“electro-refined copper production”), whereby copper is placed into a bath of sulfuric acid and then an electric current is used to move the copper out of the solution onto a stainless steel sheet (an “anode”). This is repeated until the steel sheets are covered in copper in cathode form.

¹⁶ Copper is extracted from copper oxide ores using a chemical leaching process called solvent extraction and electrowinning (“SX/EW production”), a process which involves dissolving copper into a soluble liquid such as acid, from which the copper is later recovered as copper plates (“cathodes”).

Consumption (1)												
Refined Metal Balance	-316	873	457	-298	-1086	-362	-188	44	331	1005	-252	-237

The Global Copper Market

The global market in copper consists of (i) trading within the physical copper market and (ii) financial trading, through either (a) the exchange-traded futures and options market or (b) the over-the-counter (“OTC”) market. Each of these is described below in further detail.

The Physical Copper Market

Copper, like any other good or merchandise, is traded between producers (such as mining companies and refiners), consumers (such as fabricators and manufacturers) and/or merchants. Mining companies sell their present or future production to refiners and smelters that transform the metal into shapes or alloys, so that fabricators and manufacturers can then transform these into different end-use products. Copper is used in many different industrial processes, which makes its location relative to consumption demand important, especially given its bulk and the cost of transportation. The source of copper (i.e., mine location and smelters/refineries) is also actively tracked by buyers, including fabricators and consumers, and affects buying behavior. Buyers may require copper from very specific sources because both the physical shape and chemical composition must match the setup of their respective production facilities or fabrication needs. Copper supply chains need to be actively managed on a continuous basis because of fluctuating demand in the market.

Depending on the timing of physical delivery, the price of copper is usually either a function of the cash price (specifically, the settlement price, plus any contractually agreed upon locational premium, if applicable) for the present day or the relevant forward price for future

days. The settlement price is the price utilized in a trade for physical delivery of copper assuming that delivery occurs two business days after the price is agreed upon, while a forward price is employed when the delivery is agreed to take place at a specific time in the future. The LME provides the global benchmark prices for the settlement price and forward prices of Grade A Copper. The LME settlement price and three-month forward price of Grade A Copper are the most widely used benchmarks for daily prices of physical copper held in bonded, customs and duties free zones and traded in the international physical copper market, and are published by various financial information sources. Unless otherwise specified, the term “copper,” as used in the Registration Statement, always refers to Grade A Copper and the “settlement price” or “LME settlement price” of copper¹⁷ always refers to the official cash sellers price per metric ton in U.S. dollars of Grade A Copper as quoted on the LME for a particular Business Day.¹⁸

According to the Registration Statement, in addition to the settlement price or forward prices, in order to obtain copper of a specific brand that is stored at a specific location,

¹⁷ The “LME settlement price” or “settlement price” is, with respect to any Business Day, the official cash sellers price per metric ton of Grade A Copper on the LME, stated in U.S. dollars, as determined by the LME at the end of the morning’s second ring session (12:35 p.m. London time) for copper on each day that the LME is open for trading. The LME settlement price is made publicly available in real-time through third-party vendors such as Bloomberg and Reuters (on Bloomberg, it is currently displayed on Bloomberg page “LOCADY <comdt>”). It is also made publicly available on a delayed basis on the LME’s website at approximately 10:00 p.m. London time.

¹⁸ With respect to the submission of creation and redemption orders and the processing of such orders, and the calculation of NAV, a “Business Day” is a day that the Exchange is open for regular trading and that is not a holiday in London, England. With respect to the delivery of Creation Units of Shares in connection with creations or redemptions, a “Business Day” is a day that the Exchange is open for regular trading, without regard to London holidays. For example, if in a particular week Tuesday is a London holiday but not an Exchange holiday, a creation or redemption order that is placed on Monday will require Shares to be delivered on Thursday. If in a particular week Tuesday is an Exchange holiday but not a London holiday, a creation or redemption order that is placed on Monday will require Shares to be delivered on Friday. In either case, creation and redemption orders would not be accepted on Tuesday.

consumers are prepared to pay an additional locational premium. As discussed further in “Locational Premia for Copper” below, these locational premia are based on various supply and demand factors, for example, freight rates, time to transport and relative pricing power of the producers versus consumers, which in turn is reflective of available sources of copper. A location that is low in supply and high in demand will generally carry a higher locational premium than a location where supply is high and demand is low. Supply contracts between physical market participants are generally annual contracts under which the locational premium is fixed for the period of the contract while the spot or forward price is floating and only fixed at the point of delivery. This approach ensures that the physical aspects of the contract are fixed in order to provide both producers and consumers certainty but leaves both parties exposed to price risk. This price risk is managed independently by both producers and consumers through positions either on futures exchanges or in OTC markets.

The Sponsor represents that, according to the Valuation Agent, on December 30, 2011, the average locational premium per metric ton in the physical copper market in the permitted warehouse locations (as discussed in “Description of the Trust” below) ranged from approximately \$10.00 to \$120.54 over an LME settlement price of \$7,554.00; in percentage terms, the average premium ranged from 0.1203% to 1.4308% of the LME settlement price.

Futures Exchanges

The role of a commodity futures exchange is to facilitate and make transparent the process of determining commodity prices. According to the Registration Statement, a majority of copper trading occurs on three commodity exchanges: the LME, COMEX (a division of CME Group, Inc.) and the Shanghai Futures Exchange (“SHFE”).¹⁹ LME members are regulated by

¹⁹ According to data sourced from Bloomberg, copper futures volume on COMEX for 2011 was 10,222,548 contracts. As of December 30, 2011, COMEX open interest for copper

the Financial Services Authority (“FSA”), the regulator of the financial services industry in the UK (as discussed below under “The London Metal Exchange”). COMEX is regulated by the U.S. Commodity Futures Trading Commission (“CFTC”) under the Commodity Exchange Act.²⁰ The SHFE is regulated by the Chinese Securities Regulatory Commission.

Futures prices are settled by bid and offer, reflecting the market’s perception of supply and demand of a commodity on a particular day. On the LME, copper is traded in 25 metric ton lots and quoted in U.S. dollars per metric ton. On COMEX, copper is traded in lots of 25,000 pounds and quoted in U.S. cents per pound. On the SHFE, copper is traded in lots of five metric tons and quoted in Chinese renminbi per metric ton. At present, Chinese regulations stipulate that only companies or organizations organized and registered in China or Chinese citizens are allowed to participate in trading on the SHFE.

Exchanges provide for the trading of futures and options contracts. These contracts allow producers and consumers to fix a price in the future, thus providing the consumers a hedge against price variations. Producers and consumers often seek to manage their price risk by taking long or short positions on the futures exchange. The participation of investors, who are ready to buy the risk of price variation in exchange for potential monetary reward, increases liquidity in the market. A futures or options contract defines the standard of the product, the size of the lot, delivery dates and other aspects related to the trading process. Contracts are unique

was 120,988 contracts. Copper futures volume on SHFE for 2011 was 40,833,743 contracts. As of December 30, 2011, SHFE open interest for copper was 429,582 contracts. Copper futures volume on LME for 2011 was 34,503,680 contracts. As of December 30, 2011, LME open interest for copper was 448,161 contracts. Turnover (described as the number of contracts traded in a year multiplied by the number of metric tons per contract) in the calendar year of 2011 for the LME, COMEX and SHFE was 863 million metric tons, 141.4 million metric tons and 204 million metric tons, respectively.

²⁰ 7 U.S.C. 1 et seq.

for each exchange. The existence of futures contracts also allows producers and their clients to agree on different price settling arrangements to accommodate different interests.

Over-the-Counter Contracts

OTC contracts are principal-to-principal agreements traded and negotiated privately between two principal parties, without going through an exchange or intermediary. Unlike exchange contracts, OTC contracts can be customized to the counterparty's individual exposures (e.g., through changes to the standardized contract terms in areas such as settlement dates, settlement process, strike, spot or averaging settlement calculations, underlying currency exposures and contract size).²¹ OTC contracts can also be structured similarly to exchange contracts such that they are "look-alikes" to underlying exchange contracts. In other words, OTC contracts can contain the same economic terms as exchange contracts, although they are not registered with an exchange and are settled bilaterally between the parties to the contract. At present, a central clearing counterparty does not stand between OTC counterparties for the purpose of insulating counterparties from default losses. The underlying price risk of OTC contracts is determined bilaterally, between a dealer or a market maker, acting as a counterparty, and another trading counterparty, which may be a consumer, producer or another dealer. Such OTC transactions can be documented using negotiated terms and references that suit the parties to the contract. These can be the same as the terms and references of exchange contracts (the

²¹ According to the Registration Statement, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, passed [sic] on July 21, 2010, will impose mandatory clearing, exchange-trading, margin and disclosure requirements on many derivatives transactions for certain participants in the U.S. market, including formerly unregulated OTC derivatives. The Commission, the CFTC, the Federal Reserve and other regulators are currently engaged in rulemaking to determine and clarify the details of these requirements.

“terms of business”) or documentation provided by the International Swaps and Derivatives Association, Inc.

The London Metal Exchange

According to the Registration Statement, the most significant copper futures exchange is the LME. The LME was founded to trade copper in 1877 and later added the trading of additional metals. The LME is a principal-to-principal market where only eligible organizations or “members” are able to participate directly in trading. Through its members, the LME offers its clients, who represent all aspects of the physical industry, the opportunity to “hedge” their price risk and therefore gain protection from future adverse price movements. Within the membership structure, there are a number of categories of membership, and each category provides for a different level of activity. For example, the trading and clearing members can provide their clients with access to the market, its risk management tools and the LME’s delivery mechanism.

Trading between members takes place across three trading platforms: through open-outcry trading in the “Ring,” through an inter-office telephone market and through LMEselect, the LME’s electronic trading platform. The LME is a member-owned organization, and membership is open to all companies that meet the relevant criteria as described in the LME’s rules and regulations. Membership categories are generally divided between broker members and trade members.

Category 1 members are “Ring Dealing Members,” currently including twelve entities, which are entitled to trade in the Ring, on LMEselect and by telephone. They may operate a 24-hour market by trading through the inter-office telephone market. All Ring Dealing Members are also members of LCH.Clearnet and hence are entitled to clear all transactions with other

LCH.Clearnet members through the independent clearing house. The twelve Ring-Dealing members of the LME are: Amalgamated Metal Trading Limited, Barclays Capital, ED & F Man Commodity Advisers Limited, INTL FCStone (Europe) Ltd., J.P. Morgan Securities Ltd., MAREX Financial Limited, Metdist Trading Ltd, Natixis Commodity Markets Limited, Newedge Group (U.K. Branch), Société Générale, Sucden Financial Limited, and Triland Metals Ltd.

Category 2 members are “Associate Broker Clearing Members,” currently including 26 entities, which have all the trading rights of the Ring Dealing Members, except that they may not trade in the Ring. As members of LCH.Clearnet, they also have the capacity to clear all transactions with other LCH.Clearnet members through the independent clearing house.

Category 3 members are “Associate Trade Clearing Members,” currently including two entities, which cannot issue client contracts or trade in the Ring. They are typically industrial users of the market that are able to clear their own transactions through LCH.Clearnet.

Category 4 members are “Associate Broker Members,” currently including seven entities, which can issue exchange contracts but are not members of LCH.Clearnet and hence cannot make use of its clearing services. They may not trade in the Ring, nor directly on LMEselect, and instead trade through the 24-hour inter-office telephone market.

Category 5 members, “Associate Trade Members,” have no trading rights on the LME except as clients. Associate Trade Members are typically industrial and financial companies with an interest in the base metals market.

According to the Registration Statement, the LME provides a transparent forum for the trading of exchange contracts. As a result of this daily trading, prices are “discovered” and published by the LME. The prices are then used by the international physical industry as the

basis of price negotiations for the physical purchase or sale of base metals. As discussed above, the LME provides global benchmark prices by publishing the settlement price and three-month forward price of Grade A Copper. Price discovery (i.e., the process of establishing these official prices), as well as a significant portion of the trading volume on the LME, is conducted during regular London trading hours by open-outcry among the twelve Ring Dealing Members in the Ring, a circular area in which the LME Ring Dealing Members trade.

Open outcry is the oldest and most popular way of trading on the LME and consists of a morning session and an afternoon session, in which each of the different metal contracts traded on the LME is traded in a five-minute ring session for each contract, and after a five-minute interval break, the series is repeated. The second ring session in the morning session is integral to setting the cash buyer price, the cash seller price (i.e., the settlement price) and three-month seller price (which is a three-month forward price) for Grade A Copper. At the end of this ring session, the LME determines official prices for these contracts from the last bid and offer prices, before the bell is sounded to signal the session's end. Ring prices are disseminated around the world in real time.

According to the Registration Statement, the LME is required by statute to ensure that business on its markets is conducted in an orderly and transparent manner, providing proper protection to investors and persons looking to manage risk. Regulation of the market is largely carried out by the LME, while the FSA, the regulator of the financial services industry in the United Kingdom, is responsible for regulating the financial soundness and conduct of the business conducted by LME members. The FSA was given rule-making, enforcement, and regulatory powers by the Financial Services and Markets Act 2000 (the "FSM Act"). The FSA was granted this authority to fulfill four statutory objectives: (1) market confidence, (2) financial

stability, (3) consumer protection, and (4) reduction of financial crime. The LME is approved as a Recognised Investment Exchange, and, in conformance with U.K. and other international regulatory requirements, the LME offers, through price, volume transparency and audit trails, a forum for the trading of base metals, including by providing rules for arbitration proceedings. LME members also operate in a strict regulatory environment overseen by the FSA.

The LME and its members are also subject to regulatory controls and input from various U.K. government bodies and offices, as well as directives from the European Union Commission. In international trading, rules applied by overseas regulatory bodies, such as the CFTC, are also taken into account.

LME Warrants

According to the Registration Statement, all contracts registered with the LME are executed on the basis of physical settlement by delivery. In order to effectuate such physical delivery, the LME members are obligated to deliver base metal against LME futures contracts in the form of LME warrants. An “LME warrant” is a bearer document evidencing the right of the holder to possession of a specified lot of metal at a specified LME warehouse location. It is the right of the seller of the futures contract to select the LME warrant it will deliver to the buyer of the futures contract. LME warrants are tradable in their own right in the OTC market. The holder of each LME warrant bears the rental payments for storage of the underlying copper in an LME-approved warehouse location, as well as the risk of any changes to the value of the LME warrant due to the physical variance of the underlying copper and any changes in the locational premium or rent. The system for recording all pertinent information regarding LME warrants is called LME Sword and is controlled by the LME as part of its custody and clearing operations. The LME publishes, as a matter of public record (in the form of daily stock reports), the number

of, and tonnage associated with, LME warrants (including cancelled LME warrants for which copper has yet to be delivered out of the relevant LME warehouse), as well as other relevant information, such as holding reports. The LME has become a primary source of information regarding the physical demand and supply for specific metals, such as copper. This is because of the perception that it is a “market of last resort” for participants to sell excess stock in times of oversupply or as a source of material in times of extreme shortage.

Physical Variance of Copper

The LME trades, promotes and maintains the standards of quality, shape and weight of Grade A Copper, a commonly accepted standardized form of copper cathode. Grade A Copper currently must conform to the standard BS EN 1978:1998 (Cu-CATH-1). This standard specifies the allowed source, shape and chemical composition of the cathode. Most copper cathodes are 99.95% to 99.99% pure copper. The chemical composition, and impurities, in the cathode depend largely on the source of the copper and whether the metal has been processed from copper sulfide ore or copper oxide ore. Copper oxides have a smaller number of residual chemical elements in the cathode.

As discussed further below, all copper delivered to the LME that underlies an LME warrant must be of an acceptable weight (with each LME warrant representing one lot of copper), Acceptable Delivery Brand (as defined below) and acceptable chemical composition (i.e., Grade A Copper) and must be stored in an LME-approved warehouse.

Each cathode varies in size and weight, depending on the refining process. Cathodes are aggregated into “lots” of 25 metric tons each, which is the standard weight of the physical metal underlying each LME futures contract traded through the LME clearing system and futures market. Each LME futures contract provides for the delivery of one lot of copper (i.e., 25 metric

tons), and upon the settlement of an LME futures contract, a person can satisfy the futures contract's physical delivery requirement with the delivery of one LME warrant representing one lot of copper. Because all physical substances vary in weight, the LME Rules and Regulations (the "LME Rules") provide for a tolerance of plus or minus 2% in the weight of a lot of copper as represented by an LME warrant.

Similarly, the physical copper market also trades most copper based on a 25 metric ton lot and has also adopted the standard tolerance of plus or minus 2% in the weight of a lot of copper as set by the LME Rules. In practice, this means that one lot of copper in the physical market generally uses tolerance levels similar to the levels applied by the LME of plus or minus 2% in weight. Therefore, any transaction in physical copper, including a transaction by the Trust, will need to account for such physical tolerances.

Acceptable Delivery Brands and Good Delivery Standards

Each lot of physical copper has a specific brand that is specific to one refiner. A lot of copper always has a single brand, and there is no commingling of brands within an individual lot.

The LME oversees the registration process for each refinery seeking to register its brand of copper as an acceptable delivery brand for LME registered transactions. Copper cannot be represented by LME warrants unless the source refinery has had its brand registered with the LME (an "Acceptable Delivery Brand"). Currently, there are 79 brands that are Acceptable Delivery Brands. Some refineries have more than one smelting and refining process, so a refinery may register more than one brand, reflecting, among other factors, the different chemical composition, size, origins and bundling of the copper cathodes. The country with the largest number of Acceptable Delivery Brands is Chile, which has 22 Acceptable Delivery Brands, followed by Japan, which has 9 Acceptable Delivery Brands.

The LME has the authority to de-register brands from the LME from time to time. This decision is generally made by the LME, on the recommendation of the LME's Copper Committee, when an Acceptable Delivery Brand ceases to have a proper tradable market, for example upon a merger of the refiner that causes the brand to be subsumed into the surviving entity's product line, upon closure of the refinery or specific mining source or due to other commercial reasons. An Acceptable Delivery Brand may be de-registered after the issuance of a notice to LME members and other market participants indicating that (i) no further deliveries of such brand will be accepted for LME warranting as of a stated effective date and (ii) once the stocks of such brand in the LME system are exhausted, the brand will be delisted and such copper will no longer constitute good delivery against LME Grade A Copper contracts. The LME attempts to make this process occur in an orderly fashion with sufficient notice to the market.

Acceptable Delivery Brands, de-registered brands and unregistered brands of copper are traded actively in the physical copper market. If a de-registered or unregistered brand has a relationship to an Acceptable Delivery Brand (e.g., a brand is de-registered and phased out due to the merger of the refiner, whose copper product is now registered under a different Acceptable Delivery Brand) it is generally traded in the physical copper market at a slight discount to the LME price. Generally, copper that is not of an Acceptable Delivery Brand is worth less than copper that is of an Acceptable Delivery Brand because of the perceived lower liquidity associated with that brand of metal.

The Trust will accept only copper of an Acceptable Delivery Brand in connection with the creation of Shares.

Warehousing of Copper

The warehousing of copper can generally be divided into two primary systems: the LME-approved warehousing system (i.e., for LME warrants) and the warehousing of copper for the physical market (i.e., any copper delivered outside of systems or exchanges like the LME).

Copper represented by an LME warrant may be stored only in an LME-approved warehouse. Each LME-approved warehouse must comply with the LME Rules related to road, rail and water access to the specific warehouse. LME-approved warehouses are required to be in bonded, customs- and duties-free zones within a jurisdiction and the LME Rules set certain requirements, such as mandatory inspections carried out by the LME, to ensure that LME-registered metal is accepted, processed and stored in accordance with the LME Rules. The LME sets the maximum storage and delivery fees a warehouse can charge for the delivery of LME-registered metal into or out of an LME-approved warehouse. Additionally, the LME sets a maximum daily rent charge (per metric ton) and the rental payment schedule for LME-registered metal stored in an LME-approved warehouse. Warehouse rental rates as of April 2012 will range from 39 to 41 cents per metric ton per day, with annual payment in advance due on March 31 of each calendar year. As a result, LME Warrants generally trade in between these payment dates, inclusive of accrued rent. Warehouse rental charges are typically revised annually, generally in April or May of each calendar year.

According to the Registration Statement, in contrast to the LME-approved warehousing system, warehousing in the physical copper market is not subject to regulations like the LME Rules, although it has developed links, locations and standard practices similar to those used by LME-approved warehouses. These warehouses can be established in bonded, customs- and duties-free zones within a country (as with LME-approved warehouses), or alternatively located in jurisdictions where the movement of metal is subject to customs and duties charges. Rental

rates for the storage of non-LME registered copper are agreed upon on a bilateral basis between the warehouse-keeper and the contracting party.

An LME-approved warehouse can reside within the same location as a non-LME-approved warehouse. In addition, LME-approved warehouses may hold copper that is not registered with the LME (i.e., not underlying the issuance of an LME warrant), although the relevant warehouse is obligated to identify, record and store copper not registered with the LME separately from any copper registered with the LME. Such metal is not subject to LME supervision or the LME Rules. Copper held by the Trust can be stored by the Warehouse-keeper in both LME-approved and non-LME-approved warehouses and is not subject to regulation by the LME. All warehouse locations for the Trust will be in bonded, customs- and duties-free zones. For the avoidance of doubt, the Trust will only hold physical copper, not LME warrants.

Locational Premia for Copper

As noted above, copper is bulky relative to precious metals such as gold, silver, platinum and palladium. Copper is used in many different industrial processes, which makes its location relative to the place of consumption important, especially given its bulk relative to its monetary value. The settlement price of copper determined on the LME is based on a theoretical “cheapest-to-deliver” LME warrant of copper in the LME system (that is, the LME warrant of copper with the lowest locational premium) because determining which copper will be delivered is the right of the seller. In other words, the settlement price is determined by the Ring Dealing Members relative to a theoretical “cheapest-to-deliver” lot because each transaction requires only the delivery of an LME warrant representing a lot of copper in any LME-approved warehouse. By virtue of market forces, any LME dealer required to deliver copper will always, if possible, deliver the LME warrant representing the “cheapest-to-deliver” LME warrant of copper it owns.

LME warrants in the OTC market (i.e., not used for the settlement of LME registered transactions) may trade at a price that is different from the LME settlement price. Depending on the location and the brand associated with a particular LME warrant, the relevant premium will differ in amount, reflecting the supply and demand dynamics of the specific location and brand of copper underlying that LME warrant.

Within the physical copper market, there is a similar dynamic, with the result that copper trades at a locational premium (or discount) to the settlement price, depending on the grade, brand and location of the copper and the terms of delivery (which are often based on the International Commercial Terms, an internationally recognized standard used in contracts for the sale of goods also referred to as the Incoterms®). All other pricing variables being equal (if copper is consistently the same grade (e.g., Grade A Copper), the same brand (e.g., an Acceptable Delivery Brand) and delivered under the same International Commercial Terms (e.g., same in-warehouse insurance, transportation and/or delivery costs paid, as well as similar pre-entry customs, duties and taxes)), differences in locational premia can reflect various supply and demand factors, such as the relative pricing power of the producers versus the consumers. Currently, warehouse locations in Asia, such as Singapore, Malaysia and South Korea, due to their proximity to China, carry the highest locational premia over the LME settlement price. Fundamentally, copper that is stored in a location that is low in supply and high in demand will carry a higher premium than copper that is stored in a location where supply is generally high and demand is low.

The Trust will hold only copper and will not trade in copper futures contracts on the LME, COMEX, the SHFE or any other futures exchange. The Trust will not buy, sell or hold LME Warrants. Rather, the Trust will take delivery of copper in the form of Grade A Copper.

According to the Registration Statement, the Trust will not be regulated by the CFTC under the Commodity Exchange Act as a “commodity pool,” and the Sponsor is not subject to regulation by the CFTC as a commodity pool operator or a commodity trading advisor. Investors in the Trust will not receive the regulatory protections afforded to investors in regulated commodity pools, nor may the LME, COMEX, the SHFE or any futures exchange enforce its rules with respect to the Trust’s activities.

Description of the Trust

The Trust will invest in Grade A copper in physical form. All copper owned by the Trust will be of an Acceptable Delivery Brand at the time such copper enters the Trust. The Trust will store copper in warehouses that are maintained by the Warehouse-keeper. Initially, the permitted warehouse locations are in the Netherlands (Rotterdam), Singapore (Singapore), South Korea (Busan and Gwangyang), China (Shanghai) and the United States (Baltimore, Chicago and New Orleans). Although the Trust may hold copper in warehouses in any of these locations (or other locations that may be determined from time to time), the locations at which copper is actually held will depend on (i) the warehouse locations at which Authorized Participants have actually delivered copper to the Trust and (ii) the warehouse locations from which copper is or has been delivered pursuant to the Trust’s redemption procedures.

As discussed in “The Physical Copper Market” above, copper at different warehouse locations will trade with different locational premia, based on supply and demand factors (for example, freight rates, insurance costs, time to transport and the relative pricing power of the producers versus consumers). The Trust’s Selection Protocol, which is described in “Selection Protocol” below, is designed to ensure that the Trust will always deliver copper first from the warehouse where it holds available copper that has the lowest locational premium at a particular

time, referred to in the Registration Statement as the “cheapest-to-deliver location.” The cheapest-to-deliver location is determined on each Business Day of the Trust by the Valuation Agent independently in its sole discretion, using the same procedure applied by the Valuation Agent to determine the locational premium of each warehouse location where the Trust holds copper.

The Valuation Agent will be responsible for (i) calculating the locational premia used to calculate the Trust’s NAV and in certain other calculations by the Administrative Agent and (ii) determining whether the cheapest-to-deliver location has changed. The locational premium for a warehouse location for a Business Day will be calculated as an amount expressed in U.S. dollars that is equal to the average value of copper per metric ton in such location minus the LME settlement price of copper on such Business Day.

The Valuation Agent will calculate the average value of copper per metric ton in a location through a combination of (i) a weighted calculation (based on tonnage) of actual transactions and (ii) the indicative prices of market makers. Data will be collected primarily by phone, but also by email and by direct submission. In order to avoid any actual or potential conflict of interest, or perception of a conflict, the Valuation Agent will exclude any information provided by any JPMorgan-affiliated entity when calculating the locational premium of copper in any permitted warehouse location. The Valuation Agent will record details regarding its contacts for reference and internal audit purposes.

When the Valuation Agent collects information on actual transactions for use in calculating locational premia, the Valuation Agent will generally request full details regarding such transactions, including price, material specifications, transaction size, delivery point and terms, payment details and other factors, all of which may inform the Valuation Agent’s

assessment of the value of the underlying transaction. If a particular transaction involves a significantly higher or lower price than other comparable transactions, the Valuation Agent may request proof of the transaction price, and if such information is not provided, the price may be excluded from the assessment. Where possible, the Valuation Agent will seek to confirm details with the parties on both sides of a transaction.

The Valuation Agent is expected to conduct its polling process for each permitted warehouse location of the Trust for each day that is a regular Business Day in such location; if a day is not a regular Business Day in a permitted warehouse location, the last calculated locational premium will be used. The Valuation Agent will use a combination of actual and indicative transaction prices from market participants. The number of market participants that provide information will vary.

In calculating the locational premia, the Valuation Agent will determine in its discretion the relative weights that it will give to actual transactions as compared to indicative prices. The Valuation Agent may vary the relative weights of the components based on the level of physical activity on a particular Business Day as well as other factors. The use of both actual transaction information and indicative pricing information is intended to allow continuity of pricing and up-to-date market quotes for periods when physical activity has declined.

Pursuant to the Valuation Agreement, the Valuation Agent has made numerous commitments to ensure the integrity and objectivity of the locational premia:

- The Valuation Agent will not make any locational premia publicly available prior to the time such information is provided to the Trust, the Sponsor and the Administrative Agent on any Business Day.
- The Valuation Agent will maintain books and records relating to its valuations for

at least ten years from the end of the period to which they relate, and will allow an independent third party to inspect such books and records upon reasonable notice.

- The Valuation Agent will at all times maintain written policies and procedures reasonably designed to:
 - (i) prevent any violation of applicable law, including without limitation the Securities Act, the Exchange Act and the Commodity Exchange Act, in connection with its provision of services under the Valuation Agreement; and
 - (ii) ensure the Valuation Agent's compliance with, and prevent violations of, the Valuation Agreement.

- The Valuation Agent will designate a chief compliance officer who is responsible for administering the Compliance Policies and Procedures. The chief compliance officer must:
 - (i) review on an ongoing basis the adequacy of the Compliance Policies and Procedures and the effectiveness of their implementation;
 - (ii) provide a report to the Sponsor, at least annually, on the adequacy of the Compliance Policies and Procedures and the effectiveness of their implementation; and
 - (iii) report promptly to the Sponsor (A) any violation of the Compliance Policies and Procedures and (B) any material weakness or inadequacy in the Compliance Policies and Procedures and the steps taken or to be taken to remedy any such weakness.

- The Valuation Agent must provide to the Sponsor:

- (i) for each fiscal year of the Trust, within 30 days of the end of such fiscal year, a certification that (A) during such fiscal year the Valuation Agent has complied with the terms and conditions of the Valuation Agreement and its valuation methodology and (B) the Valuation Agent's representations and warranties in the Valuation Agreement continue to be materially true and correct;
 - (ii) for each calendar quarter, reports or certifications requested by the Sponsor relating to the valuation data, valuation methodology and related services; and
 - (iii) such other reports or certifications at such other times as the Sponsor may reasonably request from time to time in response to an articulated, identifiable concern, including reports or certifications required to be delivered to a governmental agency or regulatory body.
- The Valuation Agent may not purchase or sell, and must instruct its officers, directors, employees and agents not to purchase or sell, any securities of the Trust or futures, options or other derivative instruments on securities of the Trust, and must maintain compliance policies and procedures reasonably designed to promote and monitor compliance with such instruction by the foregoing persons.
 - The Valuation Agent must take specific security measures when collecting, storing, processing, archiving and disposing of information used to derive locational premia.

The Sponsor has represented that it believes that the Valuation Agent's independence, valuation methodology and other commitments will ensure the integrity and objectivity of the

pricing information, and that such pricing information, together with the procedures for transparency and public availability of information set forth below, will produce a robust arbitrage mechanism that will (i) align the secondary market price per Share to the NAV per Share and (ii) facilitate having creation and redemptions occur at a value close to the NAV per Share.

The Sponsor has further represented that, because the Trust will create and redeem Shares based solely on a weight of copper, rather than a price of copper (as described below), the locational premia will be used primarily for (i) informational purposes, such as calculating intraday indicative values that are published in order to facilitate arbitrage activity, and (ii) making other determinations, such as whether and when copper will be sold in order to pay the Trust's expenses, that bear little relationship to creation and redemption activity.

Daily Operations of the Trust

According to the Registration Statement, on each Business Day, after 4:00 p.m. Eastern Time ("E.T.") (unless otherwise indicated below), the following activities, each of which is described in more detail below, will be taken by or on behalf of the Trust, in the order indicated:

- First, if the Valuation Agent has determined and informed the Administrative Agent by 5:00 p.m. London time on any such Business Day, that the cheapest-to-deliver location has changed, the Administrative Agent and the Warehouse-keeper will follow the procedures described in the Registration Statement relating to a change in the cheapest-to-deliver location.
- Second, the Administrative Agent will (A) process any creation orders successively, in the order that they were submitted in completed form to the Administrative Agent, (B) instruct the Warehouse-keeper to give effect to

changes in the ownership of copper as a result of processing any such creation orders and (C) cause the Trust to create Shares to effect any such creation orders.

- Third, the Administrative Agent will (A) process any redemption orders successively, in the order that they were submitted in completed form to the Administrative Agent, (B) instruct the Warehouse-keeper to give effect to changes in the ownership of copper as a result of processing any such redemption orders and (C) cause the Trust to redeem Shares to effect any such redemption orders.
- Fourth, the Administrative Agent will calculate the Trust's NAV, NAV per Share, Creation Unit Ratio and Creation Unit Weight effective for the next Business Day.
- Fifth, if the Trust's procedure for paying the Sponsor's fee (as described in the Registration Statement) requires copper to be transferred on such Business Day, the Administrative Agent will instruct the Warehouse-keeper to effectuate a book-entry transfer of the ownership of such copper to the Sponsor for payment of any accrued unpaid Sponsor's fee.
- Sixth, if the Trust's procedure for paying Other Expenses²² (as discussed in the Registration Statement) requires copper to be transferred on such Business Day, the Administrative Agent will instruct the Warehouse-keeper to effectuate the book-entry transfer of such copper from the Trust to the Sponsor for sale and the application of the proceeds toward payment of accrued unpaid Other Expenses.

Creations and Redemptions of Shares

²² "Other Expenses" are expenses of the Trust other than the Sponsor's fee.

Shares of the Trust are created when an Authorized Participant transfers copper having a weight equal to the Creation Unit Weight (as described below) to the Trust and the Trust, in return for such copper, delivers a Creation Unit of Shares to the Authorized Participant.²³ Shares of the Trust are redeemed when an Authorized Participant transfers a Creation Unit of Shares to the Trust and the Trust, in return for such Shares, delivers copper having a weight equal to the Creation Unit Weight to the Authorized Participant.²⁴

²³ To be an Authorized Participant, a person must: (i) be a registered broker-dealer or other securities market participant such as a bank or other financial institution that is not required to register as a broker-dealer to engage in securities transactions; (ii) be a participant in DTC; (iii) have entered into, or had its agent enter into on its behalf, an Authorized Participant Warehouse Agreement with the Warehouse-keeper establishing the Authorized Participant's Reserve Account and Private Account; (iv) have entered into an Authorized Participant Agreement with the Sponsor on behalf of the Trust, which among other things grants express authority to the Administrative Agent to instruct the Warehouse-keeper to transfer whole lots and/or fractional lots of copper (including creation overweight and creation underweight amounts of copper associated with any creation order and redemption underweight amounts of copper associated with any redemption order) between the Trust Account and such Authorized Participant's Private Account and Reserve Account; and (v) have delivered at least 25.0 metric tons of copper to the Warehouse-keeper at a permitted warehouse location of the Trust to establish its Reserve Account (and thereafter maintain at least 15.0 metric tons of copper in its Reserve Account at any permitted warehouse location of the Trust). In general, in order to create Shares, an Authorized Participant must own copper that is held in a permitted warehouse location of the Warehouse-keeper prior to the submission of a creation order.

²⁴ Creation orders submitted to the Administrative Agent must contain the following information: (i) the number of Creation Units expected to be created; (ii) the amount of the transaction fee due for such creation order; (iii) the warehouse location for each whole lot proposed to be transferred to the Trust; (iv) the specific identification number for each whole lot proposed to be transferred to the Trust; (v) the exact weight, expressed in metric tons, of each whole lot proposed to be transferred to the Trust; and (vi) the brand of each whole lot to be transferred to the Trust, which must be an Acceptable Delivery Brand. Creation orders will be given effect in the order accepted by the Administrative Agent, after the implementation of any change in the cheapest-to-deliver location on a particular Business Day, but before giving effect to any redemptions or the payment of any accrued unpaid Sponsor's fee or accrued unpaid Other Expenses on such Business Day. The amount of copper required to be transferred from the Authorized Participant to the Trust Account will be determined using the Creation Unit Ratio calculated on the immediately prior Business Day. All weights will be calculated to the nearest 0.001 metric ton.

A Creation Unit of Shares is a block of 2,500 Shares. The Creation Unit Weight for a particular day is equal to 25.0 metric tons multiplied by the Creation Unit Ratio in effect for such day. The Creation Unit Ratio is initially equal to 1.0, but declines gradually over time, reflecting the payment of expenses by the Trust. As a result, the Creation Unit Weight will decline gradually over time as well. The Creation Unit Weight and Creation Unit Ratio in effect on any Business Day will have been calculated on the prior Business Day, after the calculation of the Trust's NAV on such Business Day.²⁵

Holding and Transferring Copper in Whole Lots and Fractional Lots

In connection with a creation order or a redemption order, an Authorized Participant must transfer to the Trust, or the Trust must transfer to the Authorized Participant, as applicable, copper having an aggregate weight equal to the number of Creation Units being created or redeemed, multiplied by the Creation Unit Weight in effect for such day. The copper that the Trust holds normally trades in standardized lots, each of which weighs between 24.5 metric tons and 25.5 metric tons. These lots (referred to in the Registration Statement as "whole lots") will not be physically divisible in connection with the Trust's activities, and consequently the exact weight of copper required for a creation or a redemption generally cannot be transferred using only whole lots.

As a result, the creation and redemption of shares in the manner contemplated by the Trust's operations requires a means of owning and transferring not only whole lots of copper, but also "fractional lots," i.e., interests that represent a fractional portion of a whole lot, in order to resolve any overweight amounts or underweight amounts.

²⁵ References in the Registration Statement to the "weight" of copper refer to the net weight of copper in metric tons. This means, with respect to any lot, the weight of the actual copper in the lot and does not include the weight of any bindings, straps, wooden platforms (pallets), or of any temporary or permanent storage mechanisms.

Therefore, the Warehouse-keeper will establish and utilize a book-entry procedure to record ownership by the Trust, the Sponsor or an Authorized Participant of specific whole and fractional lots of copper held in the warehouse locations. The Warehouse-keeper's book-entry system will use three different types of accounts, referred to in the Registration Statement as the Trust Account,²⁶ the Reserve Accounts²⁷ and the Private Accounts.²⁸ The Warehouse-keeper

²⁶ The Warehouse-keeper will maintain a book-entry account at each warehouse location to record all of the copper that is owned by the Trust. Collectively, such book-entry accounts are referred to as the "Trust Account." The Trust's ownership of whole lots and fractional lots of copper will be recorded in the Trust Account. Copper that is transferred to the Trust in connection with creation orders will be recorded by the Warehouse-keeper, upon instruction from the Administrative Agent, as an addition to the Trust Account, and copper that is transferred from the Trust in connection with redemption orders or the payment of Trust expenses will be recorded by the Warehouse-keeper, upon instruction from the Administrative Agent, as a removal from the Trust Account. In consideration for its Sponsor's Fee, the Sponsor will pay all expenses associated with the storage of copper owned by the Trust and recorded in the Trust Account, including both whole and fractional lots.

²⁷ The Warehouse-keeper will maintain at each warehouse location a book-entry account to record the private ownership interest in copper held by an Authorized Participant at such warehouse location. These book-entry accounts with respect to an Authorized Participant are collectively referred to herein as the "Reserve Account" of such Authorized Participant. A Reserve Account serves two primary purposes. First, in order to reduce the risk that creation orders will fail as a result of an insufficient amount of copper being transferred from an Authorized Participant's Private Account (as discussed below) to the Trust in connection with a creation order, each Authorized Participant will be required to hold an excess amount of copper that meets a minimum requirement in order to satisfy any underweight amounts remaining from a creation order. This copper will be held in the Reserve Account so that it is separately identifiable from the copper owned by the same Authorized Participant through its Private Account. Second, a Reserve Account will be used to record any fractional lot of copper that an Authorized Participant may hold at a warehouse location as a result of the processing of creation or redemption orders. A fractional lot can be created when the weight of copper needed to create or redeem a Creation Unit of Shares is more or less than the weight of the whole lots of copper delivered.

²⁸ The Warehouse-keeper will maintain at each warehouse location book-entry accounts to record the private ownership interest in copper held by each of the Sponsor and each Authorized Participant, as applicable. These book-entry accounts of the Sponsor or an Authorized Participant, as applicable, are collectively referred to herein for any single owner as the "Private Account" of such owner. As part of a creation or redemption, an Authorized Participant will use its Private Account to facilitate movements of copper

will record in these accounts the warehouse receipts it issues representing the ownership of specific whole and fractional lots of copper by the Trust, the Sponsor and each Authorized Participant. An overview of each of these types of accounts and the operation of the accounts in connection with creations and redemptions of Creation Units is described further in the Registration Statement.

Selection Protocol

The operation of the Trust requires the Administrative Agent to follow a prescribed procedure to identify specific lots of copper to be used for (i) the reconciliation of any creation overweight and creation underweight amounts when the Trust issues Creation Units of Shares; (ii) the satisfaction of any redemption orders accepted on any Business Day; (iii) the reconciliation of any redemption underweight amounts when the Trust redeems Creation Units of Shares; (iv) the calculation and payment of Trust expenses; and (v) the reallocation of ownership interests in copper to the extent required in connection with a change in the cheapest-to-deliver location, as described in the Registration Statement. The “Selection Protocol” is the procedure used by the Administrative Agent whenever it needs to select lots for these purposes.

The Selection Protocol is intended to provide a consistent and transparent method of selecting lots, by requiring the Administrative Agent to select lots in the following manner:

- Lots will be selected first from the cheapest-to-deliver location, and then from other warehouse locations successively based on a ranking of their respective locational premia from lowest to highest.

between itself and the Trust. Each Authorized Participant or the Sponsor can add or remove copper from its respective Private Account by adding copper to, or removing copper from, a warehouse location.

- If there are multiple lots in the same warehouse location specified by the first step, lots in such warehouse location will be selected based on the date such lots were first delivered to the relevant account, with the earliest delivered lot being selected first.
- If there are multiple lots in the same warehouse location that were first delivered to the relevant account on the same date, lots will be selected based on the actual weight of the lot, with the lot having the lowest actual weight being selected first.

The Sponsor represents that, in addition to providing an objective selection protocol, these selection methods make it more likely that “older” lots of copper will be redeemed and potentially used for industrial purposes rather than held indefinitely by the Trust.

Creation of Shares

In connection with any creation order on any Business Day, an Authorized Participant will be required to transfer to the Trust copper having an aggregate weight equal to the number of Creation Units being created multiplied by the Creation Unit Weight in effect for such Business Day. When an Authorized Participant submits a creation order it must specify, among other things, the specific whole lot(s) in its Private Account to be transferred to the Trust Account for such creation order (using the unique identification number(s) of such lot(s)), as well as the warehouse location and weight of each such lot (calculated to the nearest 0.001 metric ton).²⁹ In order to assure that the exact required amount of copper is transferred to the

²⁹ The Authorized Participant chooses the location from which whole lots of metal will be transferred to the Trust for a creation. This can include the potential that whole lots specified in a creation order will be from more than one location. This provides Authorized Participants with greater flexibility in order to fulfill a creation order. In addition, the Trust does not know at all times where an Authorized Participant will have sufficient stock available for creations at any given time. Although the Authorized Participant will choose which location(s) to which to deliver, the metal must be Grade A

Trust Account, in connection with any creation order, the Administrative Agent will calculate the amount by which the aggregate actual weight of the whole lots to be transferred by the Authorized Participant falls short of (a “creation underweight”) or exceeds (a “creation overweight”) the aggregate Creation Unit Weight for such creation order, and will instruct the Warehouse-keeper to adjust for any such overweight or underweight amount for such creation order by transferring ownership of copper between the Authorized Participant’s Reserve Account and the Trust Account, pursuant to specific procedures set forth in the Registration Statement.

Redemption of Shares

In connection with any redemption order on any Business Day, the Trust will be required to transfer to the redeeming Authorized Participant copper having an aggregate weight equal to the number of Creation Units being redeemed multiplied by the Creation Unit Weight in effect for such Business Day (calculated to the nearest 0.001 metric ton). In order to assure that the exact required amount of copper is delivered from the Trust to the redeeming Authorized Participant in connection with any redemption order, the Administrative Agent will select, in accordance with the Selection Protocol, specific whole lots to be transferred from the Trust to the redeeming Authorized Participant, and will instruct the Warehouse-keeper to transfer such selected whole lots to such Authorized Participant’s Private Account, until the aggregate weight of whole lots transferred in connection with the redemption order is less than the aggregate Creation Unit Weight of such redemption order and the remaining weight of copper needed to satisfy the redemption order is less than the weight of the next whole lot that would be selected pursuant to the Selection Protocol.

Copper of an acceptable LME brand (at such time) and the location(s) must be acceptable warehouse locations for the Trust (at such time).

The remaining weight by which the aggregate weight of the transferred whole lots (calculated to the nearest 0.001 metric ton) falls short of the aggregate weight of the copper required to be transferred from the Trust to the Authorized Participant is the “redemption underweight.” Following the transfer of whole lots of copper, the Administrative Agent will instruct the Warehouse-keeper to adjust for any redemption underweight by transferring ownership of copper recorded in the Trust Account to the relevant Authorized Participant’s Reserve Account, pursuant to specific procedures set forth in the Registration Statement.

When copper is redeemed in the foregoing manner, the amount of copper received by the Authorized Participant will equal a pro rata share of the copper held by the Trust based on the weight of the Trust’s aggregate copper holdings immediately prior to the processing of redemptions. However, because the copper held by the Trust in different locations may vary in value based on the applicable locational premium, the value of the copper actually received by the Authorized Participant will depend on the location of the specific whole lot(s) and fractional lots, if any, of copper that were transferred to the Authorized Participant.

The cut-off time for placing creation orders or redemption orders for a Business Day is 4:00 p.m. E.T. Creation orders and redemption orders will be processed on each Business Day after 4:00 p.m., in the order that such orders have been received in satisfactory form by the Administrative Agent. Redemption orders will be processed individually following the processing of all creation orders on such day but prior to the calculation of the Trust’s NAV and any payment of accrued expenses on such day.

The Valuation Agent will generally be responsible for (i) calculating the locational premia used in connection with the determination of the NAV, the NAV per Share, the Creation

Unit Ratio and other calculations by the Administrative Agent, and (ii) determining whether the cheapest-to-deliver location has changed.

The Warehouse-keeper's Role

The Warehouse-keeper is responsible for the day-to-day storage of the copper held by the Authorized Participants and the Trust and the accurate recordkeeping of these inventories of copper.³⁰ The Warehouse-keeper's principal responsibilities include:

- (a) facilitating the delivery of copper in and out of each Authorized Participant's Private Account and Reserve Account;
- (b) storing the copper of the Trust, the Authorized Participants and the Sponsor in its warehouse locations;
- (c) effectuating the transfers or allocations of copper between the Trust Account and each Authorized Participant's Private Account and Reserve Account;
- (d) effectuating the transfers or allocations of copper between the Trust Account and the Sponsor's Private Account;
- (e) confirming the executability of creation orders and redemption orders and cooperating with the Administrative Agent to resolve any discrepancies, errors or any other issues affecting a creation order or redemption order prior to acceptance or rejection; and

³⁰ According to the Registration Statement, The Henry Bath Group, the Warehouse-keeper, is a warehousing services provider specializing in the storage and shipping of exchange-traded metals and soft commodities around the world. The Henry Bath Group operates a global platform of exchange-approved storage warehouses for holding, making and taking delivery of physical commodity products and is licensed by the LME, the London International Financial Futures and Options Exchange, the COMEX (a division of the CME Group), the Intercontinental Exchange and the Dubai Copper & Commodities Exchange to store and issue exchange-traded warrants for various commodities including copper, aluminum, zinc, lead, nickel, tin, aluminum alloy, steel billets, cocoa, robusta coffee, arabica coffee and plastics.

- (f) electing sub-contractors for warehousing.

The Henry Bath Group warehouse locations utilized by the Trust will consist of both LME-approved and non-LME-approved warehouses. With respect to LME-approved warehouses, the LME sets minimum security standards for all such member warehouse facilities, including but not limited to scheduled inspections of premises, visual inspection of all metal in storage, quarterly inspection of all weighing equipment by an institution unaffiliated with the warehouse and review of all records and supporting documentation.

Reporting and Valuation

According to the Registration Statement, on each Business Day, as promptly as practicable after 4:00 p.m. E.T., the following will be published on the Trust's website:

- the number of outstanding Shares of the Trust as of the beginning of the Business Day;
- the Trust's NAV;
- the NAV per Share;
- the locational premium for each warehouse location, as calculated by the Valuation Agent at 5:00 p.m. London time, quoted both in U.S. dollars and as a percentage premium relative to the LME settlement price;
- the price per metric ton of copper in each warehouse location where the Trust is permitted to hold copper;
- the aggregate weight in metric tons of all copper owned by the Trust;
- the aggregate weight in metric tons of the copper owned by the Trust in each warehouse location;

- the gross value in U.S. dollars of the copper owned by the Trust in each warehouse location;
- the Creation Unit Ratio; and
- the Creation Unit Weight.

On each Business Day, as promptly as practicable after 4:00 p.m. E.T., a downloadable file will be made available on the Trust's website with the following information relating to each lot of copper owned by the Trust:

- the unique identification number of such lot;
- the warehouse location in which such lot is held;
- the brand of such lot and, if such brand of copper is not an Acceptable Delivery Brand, an indication that such lot consists of a brand of copper that has been de-registered;
- the weight in metric tons of such lot; and
- the date upon which such lot was delivered to the Trust.

In addition, during the NYSE Arca Core Trading Session from 9:30 a.m. to 4:00 p.m. E.T., NYSE Arca will calculate and publish:

- the "First-Out IIV," an intraday indicative value per Share disseminated approximately every 15 seconds that represents, as of the time of such calculation, the hypothetical U.S. dollar value per Share of the copper that would need to be transferred to or from the Trust to create or redeem one Share included in a Creation Unit, assuming that copper in cheapest-to-deliver location was used for such creation or redemption; and

- the “Liquidation IIV,” an intraday indicative value per Share disseminated approximately every 15 seconds that represents, as of the time of such calculation, the hypothetical U.S. dollar value per Share of all of the copper owned by the Trust divided by the number of Shares then outstanding.³¹

The Valuation Agent will calculate the average value of copper per metric ton in a location through a combination of (i) a weighted calculation (based on tonnage) of actual transactions and (ii) the indicative prices of market makers. Data will be collected primarily by phone, but also by email and by direct submission. In order to avoid any actual or potential conflict of interest, or perception of a conflict, the Valuation Agent will exclude any information provided by any JPMorgan-affiliated entity when calculating the locational premium of copper in any permitted warehouse location. The Valuation Agent will record details regarding its contacts for reference and internal audit purposes.

When the Valuation Agent collects information on actual transactions for use in calculating locational premia, the Valuation Agent will generally request full details regarding such transactions, including price, material specifications, transaction size, delivery point and terms, payment details and other factors, all of which may inform the Valuation Agent’s assessment of the value of the underlying transaction. If a particular transaction involves a significantly higher or lower price than other comparable transactions, the Valuation Agent may request proof of the transaction price, and if such information is not provided, the price may be excluded from the assessment. Where possible, the Valuation Agent will seek to confirm details with the parties on both sides of a transaction.

³¹ The Liquidation IIV is the Indicative Trust Value for purposes of NYSE Arca Equities Rule 8.201(e)(2)(v).

The tonnage weighting of copper for indicative prices will be set at the equivalent of 10 lots, or approximately 250 metric tons, of copper.

In calculating the locational premia, the Valuation Agent will determine in its discretion the relative weights that it will give to actual transactions as compared to indicative prices. The Valuation Agent may vary the relative weights of the components based on the level of physical activity on a particular Business Day, as well as other factors. The use of both actual transaction information and indicative pricing information is intended to allow continuity of pricing and up-to-date market quotes when physical activity falls.

In conducting its valuation process, the Valuation Agent generally aims to speak to market participants from both sides of the market. The Valuation Agent seeks to maintain an open process that allows any participants who are conducting business in a market to contribute information to the Valuation Agent. The Valuation Agent may, however, disregard data that it believes is incorrect or unrepresentative of the market. There is no set parameter to decide whether a particular data point will be excluded as an outlier, as such a determination will depend significantly on prevailing market conditions.

On each Business Day, the Valuation Agent will provide locational premia to the Administrative Agent at or before 5:00 p.m. London time.

Net Asset Value

The Administrative Agent will calculate the NAV of the Trust on each Business Day as promptly as practicable after 4:00 p.m. E.T.

To calculate the NAV of the Trust, the Administrative Agent will first calculate the Trust's gross asset value. The Trust's gross asset value, with respect to any Business Day, will be equal to the aggregate value in U.S. dollars of all whole lots and fractional lots of copper held

by the Trust in each warehouse location, calculated using the LME settlement price as of such Business Day plus the applicable locational premia, after giving effect to, as applicable, (i) any change in the cheapest-to-deliver location (as discussed below), (ii) any creation orders and (iii) any redemption orders, but before the selection of lots of copper for the purpose of paying any accrued unpaid Trust expenses on such Business Day.

After the Administrative Agent calculates the gross asset value, the Administrative Agent will calculate the Trust's NAV, with respect to any Business Day, as an amount equal to (x) the gross asset value of the Trust as of such Business Day *minus* (y) the Trust's accrued unpaid expenses (i.e., the total amount of any accrued unpaid Sponsor's fee and accrued unpaid Other Expenses) as of such Business Day.

NAV Per Share

On any Business Day, as promptly as practicable following the calculation of the Trust's NAV as set forth above, the Administrative Agent will calculate the NAV per Share by dividing (x) the Trust's NAV for such Business Day by (y) the number of Shares of the Trust outstanding on such Business Day, after accounting for any creations or redemptions of Shares for such Business Day.

Creation Unit Ratio and Creation Unit Weight

On each Business Day, as promptly as practicable after 4:00 p.m. E.T., the Administrative Agent will calculate the Creation Unit Ratio that will be effective for the next Business Day. The Administrative Agent will use the Creation Unit Ratio to determine the Creation Unit Weight, which is the weight of copper that an Authorized Participant or the Trust is obligated to transfer in connection with a creation or redemption, as applicable, of a Creation Unit of Shares for the applicable Business Day.

The Creation Unit Ratio will be determined by the Administrative Agent as follows:

- First, the Administrative Agent will calculate the aggregate weight in metric tons of all the copper owned by the Trust, after giving effect to (i) any creation orders and (ii) any redemption orders, but before the selection of any lots of copper for the purpose of paying accrued unpaid Trust expenses on such Business Day.
- Second, the Administrative Agent will calculate the accrued unpaid Sponsor's fee, expressed in metric tons, owed by the Trust. The Administrative Agent will do so by (i) first, calculating the accrued unpaid Sponsor's fee in U.S. dollars, (ii) second, selecting pursuant to the Selection Protocol (from a population of whole lots available in the Trust Account) and taking into account their value (including any locational premia), the lots that would need to be transferred to pay such accrued unpaid Sponsor's fee in full (including any portion of a whole lot, as applicable) and (iii) third, calculating the aggregate weight in metric tons of such lots identified in (ii).
- Third, the Administrative Agent will calculate all accrued unpaid Other Expenses, expressed in metric tons, owed by the Trust. The Administrative Agent will proceed in so doing by (i) first, calculating the accrued unpaid Other Expenses in U.S. dollars, (ii) second, selecting pursuant to the Selection Protocol (from a population of whole lots available in the Trust Account, excluding for such purposes any lots used, either in whole or in part, in the calculation described in step two above) and taking into account their value (including any locational premia), the lots that would need to be transferred or sold to pay such accrued unpaid Other Expenses in full (including any portion of a whole lot, as applicable)

and (iii) third, calculating the aggregate weight in metric tons of such lots identified in (ii).

- Fourth, the Administrative Agent will subtract the weights determined pursuant to the second and third steps above from the aggregate weight in metric tons of all of the Trust's copper (i.e., the amount determined in the first step above). This process represents a calculation of the Trust's NAV, but expressed in metric tons of copper instead of U.S. dollars.
- Finally, the Administrative Agent will calculate the Creation Unit Ratio by dividing (x) the weight derived pursuant to the fourth step above by (y) one-hundredth (1/100) multiplied by the number of Shares of the Trust then outstanding. (The divisor in this step reflects the fact that each Share of the Trust included in the initial Creation Unit will have, a value equal to one-hundredth (1/100) of one metric ton of copper, because the initial Creation Unit of Shares will be issued in exchange for 25 metric tons of copper and a Creation Unit will consist of 2,500 Shares of the Trust.)

On each Business Day, as soon as practicable following the calculation of the Creation Unit Ratio, the Administrative Agent will calculate the Creation Unit Weight that will be effective for the next Business Day. The Creation Unit Weight for any Business Day will be equal to 25.0 metric tons of copper multiplied by the Creation Unit Ratio in effect for the next Business Day, as calculated pursuant to the process described above. The Creation Unit Weight is the weight of copper that an Authorized Participant or the Trust would be obligated to transfer in connection with a creation order or a redemption order in respect of one Creation Unit on such Business Day.

Intraday Indicative Values

The Administrative Agent will calculate the NAV of the Trust and the NAV per Share only once each day. In order to provide market participants with an indication of the underlying value of the Trust's Shares during the during the [sic] trading day, on each day on which NYSE Arca is open for business, NYSE Arca will disseminate, approximately every 15 seconds, two different intraday indicative values for the Trust's Shares, referred to in the Registration Statement as the "First-Out IIV" and the "Liquidation IIV." Both the First-Out IIV and the Liquidation IIV will incorporate the price of copper as well as the previous day's locational premia, as discussed further below.

The objective is that the First-Out IIV and the Liquidation IIV reflect the intraday cash settlement price of copper throughout the day. The First-Out IIV and the Liquidation IIV can incorporate one of two values: (1) the "Last Traded" price from LMEselect of the cash price of copper at such point; or (2) the "Last Traded" price from LMEselect of the three-month copper price at such point, and using the previous day's cash-to-three month spread fixed at the auction, convert the intraday three-month price of copper to an indicative intraday cash equivalent.³²

³² Currently the three-month copper contract is the most liquid intraday contract, with live ticking prices every second. It is therefore the most accurate reflection of intraday price activity and, hence, the current best method to derive an IIV price for copper. At some point in the future, the intraday activity for the cash price of copper (i.e., copper to be settled two days from trade date) might become a deeper and more liquid market. This would allow the Exchange to switch from using the three-month copper price plus a cash-to-three month spread conversion to simply applying the intraday cash price traded. If the Sponsor instructs the Exchange to make the change described above to the method of deriving the IIV price for copper, the Sponsor will notify the market of such change by causing the Trust to make a public filing to that effect (i.e., a press release that would be filed on Form 8-K and, if required, an amendment to the Trust's Registration Statement). See e-mail from Michael Cavalier, Chief Counsel, NYSE Euronext, to Christopher W. Chow, Special Counsel, and Brian J. Baltz, Attorney-Advisor, Commission, dated April 11, 2012.

First-Out IIV

The Sponsor expects that, because of the Selection Protocol, Authorized Participants generally will expect to receive copper from the cheapest-to-deliver location whenever they redeem Creation Units of Shares. The Sponsor also expects that, because an Authorized Participant will not expect that the copper it will receive upon redeeming a Creation Unit will be more valuable (i.e., have a higher locational premium) than the copper it delivers to the Trust when creating a Creation Unit of Shares, the Authorized Participant will tend to deliver copper in exchange for Creation Units of Shares only from the cheapest-to-deliver location at which the Authorized Participant holds copper. Because of the foregoing dynamic and the arbitrage mechanism described below, the Sponsor expects that the Shares will trade with a market price that is within a limited range, with the lower end of that range approximating the value of copper in the cheapest-to-deliver location and the higher end of that range approximating the value of copper in the cheapest-to-deliver location at which the Authorized Participants have copper available.

The “First-Out IIV” is an intraday indicative value disseminated every 15 seconds during the Exchange trading day that represents, as of the time of such calculation, the hypothetical U.S. dollar value per Share of the copper that would need to be transferred to or from the Trust to create or redeem one Share included in a Creation Unit, assuming that copper in the cheapest-to-deliver location was used for such creation or redemption. The First-Out IIV will be calculated and published by NYSE Arca.

The Exchange will calculate the First-Out IIV as follows:

- First, NYSE Arca will calculate an indicative price per metric ton of copper in the cheapest-to-deliver location, which will be the sum of (x) a deemed intraday

indicative cash price per metric ton of copper in U.S. dollars based on either a live cash price or a combination of basis swaps and live intraday futures prices, as of the time of such First-Out IIV calculation, derived by methods and means established by the Exchange, and (y) the last available locational premium calculated by the Valuation Agent for copper in the cheapest-to-deliver location on such Business Day (which will have been provided to Arca by the Administrative Agent);³³

- Second, NYSE Arca will calculate an indicative value for a Creation Unit Weight of copper in the cheapest-to-deliver location, by multiplying the value calculated in the first step by the Creation Unit Weight in effect for such Business Day (which will have been provided to NYSE Arca by the Administrative Agent). The calculation in this step represents an indicative value in U.S. dollars, as of the time of calculation, of the amount of copper in the cheapest-to-deliver location that would need to be delivered by an Authorized Participant for a Creation Unit of Shares; and
- Third, NYSE Arca will convert the value obtained in the second step to a U.S. dollar value per Share by dividing the value obtained in the second step by 2,500 (the number of Shares in a Creation Unit). The result of this calculation is the First-Out IIV.

³³ The locational premia will not change in the generation of the IIV associated with the pricing for such day. These published locational premia will be published by the Valuation Agent in U.S. dollars per metric ton. These levels will be converted into a Share equivalent as a function of the Creation Unit Weight applicable on such day for a Creation Unit of Shares and the number of Shares within a Creation Unit.

The First-Out IIV is intended to facilitate arbitrage activity by Authorized Participants by serving as an indicator of whether the Trust's Shares are trading at a discount or premium during the Exchange trading day. If an Authorized Participant views the First-Out IIV as an estimate of the underlying value of copper per Share in U.S. dollars of the Shares it could create or redeem on any Business Day, an Authorized Participant may seek to create Shares when the market price exceeds the First-Out IIV (if the Authorized Participant has copper lots available for delivery to the Trust in the cheapest-to-deliver location), and may seek to redeem Shares when the market price is less than the First-Out IIV, because:

- if the market price per Share is greater than the underlying value of copper per Share in U.S. dollars, an Authorized Participant could create a Creation Unit of Shares by delivering the Creation Unit Weight of copper in the cheapest-to-deliver location to the Trust, and may be able to sell such Shares on the NYSE Arca for an aggregate amount that is greater than the value of the copper used to create the Shares; and
- if the underlying value per Share in U.S. dollars is greater than the market price per Share, an Authorized Participant could redeem a Creation Unit of Shares by delivering the Creation Unit to the Trust and receiving a Creation Unit Weight of copper in the cheapest-to-deliver location, and may be able to sell the copper for an aggregate amount that is greater than [sic] amount it paid to acquire the Shares.

Liquidation IIV

The "Liquidation IIV" is an intraday indicative value disseminated every 15 seconds during the NYSE Arca Core Trading Session that represents, as of the time of the calculation, the

hypothetical U.S. dollar value per Share of all of the copper owned by the Trust divided by the number of Shares then outstanding.³⁴

The Exchange will calculate the Liquidation IIV as follows:

- First, NYSE Arca will determine an indicative price per metric ton of copper reflecting the weighted average price of copper held in the Trust, calculated as the sum of (a) a deemed intraday indicative cash price per metric ton of copper in U.S. dollars based on either a live cash price or a combination of basis swaps and live intraday futures prices, as of the time of such Liquidation IIV calculation, derived by methods and means established by the Exchange, and (b) the weighted average locational premium per metric ton, calculated using the locational premium calculated by the Valuation Agent for each warehouse location in effect for such time for such Business Day, and the number of metric tons of copper held by the Trust at each warehouse location on such Business Day (which will have been provided to the NYSE Arca by the Administrative Agent);
- Second, NYSE Arca will calculate an indicative value for a Creation Unit Weight of copper in the Trust by multiplying the value calculated in the first step by the Creation Unit Weight in effect for such Business Day (which will have been provided to NYSE Arca by the Administrative Agent). The calculation in this step represents an indicative average value in U.S. dollars, as of the time of calculation, of the amount of copper in the Trust (including both whole and fractional lots of copper) corresponding to a Creation Unit of Shares; and

³⁴ As noted above, the Liquidation IIV is the Indicative Trust Value for purposes of NYSE Arca Equities Rule 8.201(e)(2)(v).

- Third, NYSE Arca will convert the value obtained in the second step to a U.S. dollar value per Share by dividing the value obtained in the second step by 2,500 (the number of Shares in a Creation Unit). The result of this calculation is the Liquidation IIV.

Additional Information Relating to the Trust

While the Trust's investment objective is for the value of the Shares to reflect, at any given time, the value of the copper owned by the Trust at that time, less the Trust's expenses and liabilities, the Shares may trade in the secondary market on NYSE Arca at prices that are lower or higher than the NAV per Share. The amount of the discount or premium in the trading price relative to the NAV per Share may be influenced by, among other things, non-concurrent trading hours between NYSE Arca and the LME. While the Shares will trade on NYSE Arca until the market closes (generally 4:00 p.m. E.T.), liquidity in the global copper market will be reduced after the close of copper trading on the LME (generally 4:55 p.m. London time, or 11:55 a.m. E.T.). As a result, during the time after the close of trading on the LME, trading spreads, and the resulting premium or discount on the Shares, may widen. In addition, the NAV per Share includes a locational premium for the Trust's copper in each warehouse location, which will not be reflected in the price of copper that is traded on the LME. Creations and redemptions of Creation Units are not executed at the NAV per Share, but rather occur based on a specified weight of copper required to create or redeem Shares on a particular day, which may contribute to disparities between the NAV per Share and the secondary market price of Shares.

Additional information regarding the world copper market, the Shares and the operation of the Trust, including termination events, risks, Trust expenses, Sponsor fees, and creation and redemption procedures, are described in the Registration Statement.

Availability of Information Regarding Copper Prices

Currently, the Consolidated Tape Plan does not provide for dissemination of the spot price of a commodity, such as copper, over the Consolidated Tape. However, there will be disseminated over the Consolidated Tape the last sale price for the Shares, as is the case for all equity securities traded on the Exchange (including exchange-traded funds). In addition, there is a considerable amount of copper price and copper market information available on public websites and through professional and subscription services.

Investors may obtain almost on a 24-hour basis copper pricing information based on the spot price for an ounce of copper from various financial information service providers, such as Reuters and Bloomberg. Reuters and Bloomberg provide at no charge on their websites delayed information regarding the spot price of copper and last sale prices of copper futures, as well as information about news and developments in the copper market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on copper prices directly from market participants. Complete real-time data for copper futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. The COMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its website (www.cmegroup.com). There are a variety of other public websites providing information on copper, ranging from those specializing in precious metals to sites maintained by major newspapers, such as The Wall Street Journal.

The locational premia will be available on the Trust's website and from various financial information service providers, such as Reuters and Bloomberg. While the Valuation Agent is the only entity that will provide locational premia information for each location, other information vendors provide periodic information relating to copper pricing in various warehouses. For

example, FastMarkets Ltd. provides weekly premium reports for all primary base metals, including copper, on an in-warehouse and cost-insurance-freight (“CIF”) basis, based on information collected directly from a large number of market participants on all sides of the physical market. In addition, Platts, a division of The McGraw-Hill Companies, Inc., provides weekly prices for all primary base metals in the weekly “Platts Metal Week” publications.³⁵ It is not expected that the weekly price in the FastMarkets Ltd. and Platts publications generally will differ significantly from the daily price provided by the Valuation Agent. The LME settlement price will be available from Bloomberg.³⁶

The Trust’s website (www.jpmpf.com) will provide ongoing pricing information for copper spot prices and the Shares. Market prices for the Shares will be available from a variety of sources including brokerage firms, information websites and other information service providers. The Net Asset Value will be published by the Sponsor on each Warehouse Business Day and will be posted on the Trust’s website. The Exchange will provide on its website (www.nyx.com) a link to the Trust’s website.³⁷ In addition, the Exchange will make available over the Consolidated Tape quotation information, trading volume, closing prices and NAV for the Shares from the previous day.

Criteria for Initial and Continued Listing

The Trust will be subject to the criteria in Rule 8.201(e) for initial and continued listing of the Shares.

³⁵ FastMarkets Ltd. and Platts may not publish prices based on exactly the same warehouse locations as the Valuation Agent.

³⁶ See note 17, *supra*.

³⁷ NYSE Arca Equities Rule 8.201(e)(2)(iv) provides that the Exchange will consider the suspension or removal from listing of an issue of Commodity-Based Trust Shares if the Exchange stops providing a hyperlink on its website to the value of the underlying commodity from a source unaffiliated with the sponsor for such issue.

It is anticipated that a minimum of 100,000 Shares will be required to be outstanding at the start of trading. The minimum number of Shares required to be outstanding is comparable to requirements that have been applied to previously listed Shares of the streetTRACKS Gold Trust, the iShares Gold Trust, the iShares Silver Trust and exchange-traded funds. The Exchange believes that the anticipated minimum number of Shares outstanding at the start of trading is sufficient to provide adequate market liquidity.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Fund subject to the Exchange's existing rules governing the trading of equity securities. Trading in the Shares on the Exchange will occur in accordance with NYSE Arca Equities Rule 7.34(a). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

Further, NYSE Arca Equities Rule 8.201 sets forth certain restrictions on ETP Holders acting as registered Market Makers in the Shares to facilitate surveillance. Pursuant to NYSE Arca Equities Rule 8.201(g), an ETP Holder acting as a registered Market Maker in the Shares is required to provide the Exchange with information relating to its trading in the underlying copper, related futures or options on futures, or any other related derivatives. Commentary .04 of NYSE Arca Equities Rule 6.3 requires an ETP Holder acting as a registered Market Maker, and its affiliates, in the Shares to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of any material nonpublic information with respect to

such products, any components of the related products, any physical asset or commodity underlying the product, applicable currencies, underlying indexes, related futures or options on futures, and any related derivative instruments (including the Shares).

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons, which include any person or entity controlling an ETP Holder, as well as a subsidiary or affiliate of an ETP Holder that is in the securities business. A subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts would not be subject to Exchange jurisdiction, but the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which conditions in the underlying copper market have caused disruptions and/or lack of trading, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Shares will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange's "circuit breaker" rule.³⁸

Surveillance

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products (including Commodity-Based Trust Shares) to monitor trading in the Shares. The Exchange represents that these procedures are adequate to properly monitor Exchange

³⁸ See NYSE Arca Equities Rule 7.12.

trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The Exchange's current trading surveillance focuses on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations. Also, pursuant to NYSE Arca Equities Rule 8.201(g), the Exchange is able to obtain information regarding trading in the Shares and the underlying copper, copper futures contracts, options on copper futures, or any other copper derivative, through ETP Holders acting as registered Market Makers, in connection with such ETP Holders' proprietary or customer trades through ETP Holders which they effect on any relevant market. In addition, the Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members of the ISG,³⁹ including COMEX. In addition, the Exchange has entered into a comprehensive surveillance sharing agreement with LME that applies with respect to trading in copper.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in the Creation Unit (including noting that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3)

³⁹ A list of ISG members is available at <http://www.isgportal.org>. The Exchange does not have access to information regarding copper-related OTC transactions in spot, forwards, options or other derivatives.

how information regarding the IIV is disseminated; (4) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; (5) the possibility that trading spreads and the resulting premium or discount on the Shares may widen as a result of reduced liquidity of physical copper trading during the Core and Late Trading Sessions after the close of the major world copper markets; and (6) trading information. For example, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Trust. The Exchange notes that investors purchasing Shares directly from the Trust (by delivery of the Creation Deposit) will receive a prospectus. ETP Holders purchasing Shares from the Trust for resale to investors will deliver a prospectus to such investors.

In addition, the Information Bulletin will reference that the Trust is subject to various fees and expenses described in the Registration Statement. The Information Bulletin will also reference the fact that there is no regulated source of last sale information regarding physical copper, that the Commission has no jurisdiction over the trading of copper as a physical commodity, and that the CFTC has regulatory jurisdiction over the trading of copper futures contracts and options on copper futures contracts.

The Information Bulletin will also discuss any relief, if granted, by the Commission or the staff from any rules under the Act.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)⁴⁰ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to,

⁴⁰ 15 U.S.C. 78f(b)(5).

and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.201. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange may obtain information via ISG from other exchanges that are members of ISG, including COMEX. In addition, the Exchange has entered into a comprehensive surveillance sharing agreement with LME that applies with respect to trading in copper. On each day on which NYSE Arca is open for business, the last sale price for the Shares will be disseminated over the Consolidated Tape. In addition, there is a considerable amount of copper price and copper market information available on public websites and through professional and subscription services. Investors may obtain almost on a 24-hour basis copper pricing information based on the spot price for an ounce of copper from various financial information service providers. NYSE Arca will disseminate, approximately every 15 seconds, two different intraday indicative values for the Trust's Shares – the First-Out IIV and the Liquidation IIV. The Trust's website will provide ongoing pricing information for copper spot prices and the Shares. Complete real-time data for copper futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. The COMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its website. Market prices for the Shares will be available from a variety of sources including brokerage firms, information websites and other information service

providers. The NAV will be published by the Sponsor on each Warehouse Business Day and will be posted on the Trust's website. The Exchange will provide on its website a link to the Trust's website. In addition, the Exchange will make available over the Consolidated Tape quotation information, trading volume, closing prices and NAV for the Shares from the previous day.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information is publicly available regarding the Trust and the Shares, thereby promoting market transparency. The Trust's website will provide ongoing pricing information for copper spot prices and the Shares. Investors may obtain almost on a 24-hour basis copper pricing information based on the spot price for an ounce of copper from various financial information service providers. NYSE Arca will disseminate, approximately every 15 seconds, two different intraday indicative values for the Trust's Shares – the First-Out IIV and the Liquidation IIV. Market prices for the Shares will be available from a variety of sources including brokerage firms, information websites and other information service providers. The NAV will be published by the Sponsor on each warehouse Business Day and will be posted on the Trust's website. The Exchange will provide on its website a link to the Trust's website. In addition, the Exchange will make available over the Consolidated Tape quotation information, trading volume, closing prices and NAV for the Shares from the previous day. Trading in Shares of the Trust will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of Commodity-Based Trust Shares that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2012-28 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2012-28. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All

comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2012-28, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴¹

Kevin M. O'Neill
Deputy Secretary

⁴¹ 17 CFR 200.30-3(a)(12).