

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-79518; File No. SR-NYSEArca-2016-84)

December 9, 2016

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 3, and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 3, Relating to the Listing and Trading of Shares of the Long Dollar Gold Trust under NYSE Arca Equities Rule 8.201

I. Introduction

On June 1, 2016, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares (“Shares”) of the Long Dollar Gold Trust (“Fund”) under NYSE Arca Equities Rule 8.201. The proposed rule change was published for comment in the Federal Register on June 21, 2016.<sup>3</sup> On July 27, 2016, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to September 19, 2016.<sup>4</sup> On July 29, 2016, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change as originally filed.<sup>5</sup> On

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 78075 (June 15, 2016), 81 FR 40381.

<sup>4</sup> See Securities Exchange Act Release No. 78425 (July 27, 2016), 81 FR 50759 (August 2, 2016).

<sup>5</sup> In Amendment No. 1, the Exchange: (1) provided additional information about WM/Reuters, which calculates the “Spot Rate” (discussed below); (2) provided additional information about calculation of the Spot Rate; (3) provided additional information about dissemination of the value of the underlying index; (4) corrected a statement that the net asset value (“NAV”) of the Shares would not be calculated during the occurrence of a Market Disruption Event (discussed below) or Extraordinary Event (discussed below), and instead stated that, if the LBMA Gold Price AM is unavailable

September 8, 2016, the Exchange filed Amendment No. 2 to the proposed rule change, which replaced and superseded the proposed rule change as modified by Amendment No. 1.<sup>6</sup> On September 16, 2016, the Commission noticed the filing of Amendment No. 2, and instituted proceedings under Section 19(b)(2)(B) of the Exchange Act<sup>7</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 2.<sup>8</sup> On November 22, 2016, the Exchange filed Amendment No. 3, which replaced the proposed rule change as modified by Amendment No. 2.<sup>9</sup> The Commission has not received any comments on the

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during such circumstances, the Fund would calculate NAV using the last published LBMA Gold Price AM; (5) identified circumstances in which the Fund may reject a purchase order; (6) modified the circumstances in which the Fund may reject a redemption order; and (7) explained how market makers in the Shares would be able to hedge their positions. All amendments to the proposed rule change are available at: <https://www.sec.gov/comments/sr-nysearca-2016-84/nysearca201684.shtml>.

<sup>6</sup> In Amendment No. 2, the Exchange: (1) changed the names of the Fund and the Trust; (2) stated that the methodology of the underlying index is transparent; (3) explained how market makers in the Shares could calculate an approximate value for the underlying index during the Exchange’s Core Trading Session, which is ordinarily between 9:30 a.m. to 4:00 p.m. Eastern time (“ET”); (4) made further modifications to its description of when and how NAV would be calculated, and when it would be disseminated; (5) disclosed more information regarding the availability of the value of the underlying index; (6) provided information about its ability to obtain information from Exchange Trading Permit Holders (“ETP Holders”) regarding their trading in currencies and currency derivatives; and (7) represented that it (a) may halt trading in the Shares during the trading day if an interruption occurs in the dissemination of the value of the underlying index, and (b) would halt trading in the Shares no later than the beginning of the trading day following the interruption if the interruption in the dissemination of the value of the underlying index persists past the trading day in which it occurs.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>8</sup> See Securities Exchange Act Release No. 78859, 81 FR 65431 (September 22, 2016) (“OIP”). The Commission instituted proceedings to allow for additional analysis of the proposed rule change’s consistency with Section 6(b)(5) of the Exchange Act, which requires, among other things, that the rules of a national securities exchange be “designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade,” and “to protect investors and the public interest.” Id., 81 FR at 65441.

<sup>9</sup> In Amendment No. 3, the Exchange: (1) proposes to expand NYSE Arca Equities Rule 8.201(g), which governs market maker accounts, to include non-U.S. currencies; (2)

proposed rule change. The Commission is publishing this notice to solicit comments on Amendment No. 3 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 3, on an accelerated basis.

II. The Exchange's Description of the Proposed Rule Change, as Modified by Amendment No. 3

In its filing with the Commission, NYSE Arca included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. NYSE Arca has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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 the Shares, a series of the World Currency Gold Trust ("Trust"), under NYSE Arca Equities Rule 8.201.<sup>10</sup> Under NYSE Arca Equities Rule 8.201, the Exchange may propose to list and trade, or trade pursuant to unlisted trading privileges ("UTP"), "Commodity-Based Trust Shares."<sup>11</sup> In addition, the Exchange proposes to amend NYSE Arca Equities Rule 8.201(g) (Market Maker Accounts) to add references to non-U.S.

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states that the administrator of the WM/Reuters currency benchmarks complies with the International Organization of Securities Commissions ("IOSCO") Principles for Financial Benchmarks; and (3) states that: (a) the Commission has previously approved the listing and trading of other issues of securities based on a WM/Reuters exchange rate or an index that uses such a rate, and (b) WM/Reuters utilizes the same methodology in calculating the "Closing Spot Rate" (discussed below) and the Spot Rate.

<sup>10</sup> On August 30, 2016, the Trust filed with the Commission Amendment No. 3 to its registration statement on Form S-1 under the Securities Act of 1933 relating to the Fund (File No. 333- 206640) ("Registration Statement").

<sup>11</sup> Commodity-Based Trust Shares are securities issued by a trust that represent investors' discrete identifiable and undivided beneficial ownership interest in the commodities deposited into the Trust.

currencies in connection with market maker accounts used to hedge positions in an underlying commodity.

The Fund will not be registered as an investment company under the Investment Company Act of 1940<sup>12</sup> and is not required to register under such act.

The Sponsor of the Fund and the Trust will be WGC USA Asset Management Company, LLC (“Sponsor”).<sup>13</sup> BNY Mellon Asset Servicing, a division of The Bank of New York Mellon (“BNYM”), will be the Fund’s administrator (“Administrator”) and transfer agent (“Transfer Agent”) and will not be affiliated with the Trust, the Fund or the Sponsor. BNYM will also serve as the custodian of the Fund’s cash, if any. HSBC Bank plc will be the custodian (“Custodian”) of the Fund’s Gold (defined below).

The Commission has previously approved listing on the Exchange under NYSE Arca Equities Rules 5.2(j)(5) and 8.201 of other precious metals and gold-based commodity trusts, including the Merk Gold Trust;<sup>14</sup> ETFS Gold Trust,<sup>15</sup> ETFS Platinum Trust<sup>16</sup> and ETFS Palladium Trust (collectively, the “ETFS Trusts”);<sup>17</sup> APMEX Physical-1 oz. Gold Redeemable

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<sup>12</sup> 15 U.S.C. 80a-1.

<sup>13</sup> The Trust will be a Delaware statutory trust consisting of multiple series, each of which will issue common units of beneficial interest, which represent units of fractional undivided beneficial interest in and ownership of such series. The term of the Trust and each series will be perpetual (unless terminated earlier in certain circumstances). The sole trustee of the Trust will be Delaware Trust Company (“Trustee”).

<sup>14</sup> Securities Exchange Act Release No. 71378 (January 23, 2014), 79 FR 4786 (January 29, 2014) (SR-NYSEArca-2013-137).

<sup>15</sup> Securities Exchange Act Release No. 59895 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40).

<sup>16</sup> Securities Exchange Act Release No. 61219 (December 22, 2009), 74 FR 68886 (December 29, 2009) (SR-NYSEArca-2009-95).

<sup>17</sup> Securities Exchange Act Release No. 61220 (December 22, 2009), 74 FR 68895 (December 29, 2009) (SR-NYSEArca-2009-94).

Trust;<sup>18</sup> Sprott Gold Trust;<sup>19</sup> SPDR Gold Trust (formerly, streetTRACKS Gold Trust); iShares Silver Trust;<sup>20</sup> and iShares COMEX Gold Trust.<sup>21</sup> Prior to their listing on the Exchange, the Commission approved listing of the streetTRACKS Gold Trust on the New York Stock Exchange (“NYSE”)<sup>22</sup> and listing of iShares COMEX Gold Trust and iShares Silver Trust on the American Stock Exchange LLC.<sup>23</sup> In addition, the Commission has approved trading of the streetTRACKS Gold Trust and iShares Silver Trust on the Exchange pursuant to UTP.<sup>24</sup>

#### Operation of the Fund

Gold bullion typically is priced and traded throughout the world in U.S. dollars. The Fund has been established as an alternative to traditional dollar-based gold investing. Although

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<sup>18</sup> Securities Exchange Act Release No 66930 (May 7, 2012), 77 FR 27817 (May 11, 2012) (SR-NYSEArca-2012-18)

<sup>19</sup> Securities Exchange Act Release No. 61496 (February 4, 2010), 75 FR 6758 (February 10, 2010) (SR-NYSEArca-2009-113).

<sup>20</sup> See Securities Exchange Act Release No. 58956 (November 14, 2008), 73 FR 71074 (November 24, 2008) (SR-NYSEArca-2008-124) (approving listing on the Exchange of the iShares Silver Trust)).

<sup>21</sup> 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 street TRACKS 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).

<sup>22</sup> See Securities Exchange Act Release No. 50603 (October 28, 2004), 69 FR 64614 (November 5, 2004) (SR-NYSE-2004-22) (order approving listing of street TRACKS Gold Trust on NYSE).

<sup>23</sup> See Securities Exchange Act Release Nos. 51058 (January 19, 2005), 70 FR 3749 (January 26, 2005) (SR-Amex-2004-38) (order approving listing of iShares COMEX Gold Trust on the American Stock Exchange LLC); 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).

<sup>24</sup> See Securities Exchange Act Release Nos. 53520 (March 20, 2006), 71 FR 14977 (March 24, 2006) (SR-PCX-2005-117) (approving trading on the Exchange pursuant to UTP of the iShares Silver Trust); 51245 (February 23, 2005), 70 FR 10731 (March 4, 2005) (SR-PCX-2004-117) (approving trading on the Exchange of the streetTRACKS Gold Trust pursuant to UTP).

investors will purchase shares of the Fund with U.S. dollars, the Fund is designed to provide investors with the economic effect of holding gold in terms of a specific basket of major, non-U.S. currencies, such as the euro, Japanese yen and British pound (each, a “Reference Currency”), rather than the U.S. dollar. Specifically, the Fund will seek to track the performance of the Solactive GLD<sup>®</sup> Long USD Gold Index, less Fund expenses. The Solactive GLD<sup>®</sup> Long USD Gold Index, or the “Index,” represents the daily performance of a long position in physical gold and a short position in the FX Basket<sup>25</sup> comprised of each of the Reference Currencies.<sup>26</sup> The Index is designed to measure daily gold bullion returns as though an investor had invested in Gold in terms of the FX Basket comprised of the Reference Currencies reflected in the Index. (The Index is described in more detail below under the heading “Description of the Index.”)

The U.S. dollar value of an investment in Shares would therefore be expected to increase when both the price of Gold goes up and the value of the U.S. dollar increases against the value of the Reference Currencies comprising the FX Basket (as weighted in the Index). Conversely, the U.S. dollar value of an investment would be expected to decrease when the price of Gold goes down and the value of the U.S. dollar decreases against the value of the Reference Currencies comprising the FX Basket (as weighted in the Index). If Gold increases and the value of the U.S. dollar decreases against the value of the Reference Currencies comprising the FX

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<sup>25</sup> “FX Basket” means the basket of Reference Currencies with weighting determined by the Index.

<sup>26</sup> “Gold” means gold bullion meeting the requirements of London Good Delivery Standards. London Good Delivery Standards are the specifications for weight dimensions, fineness (or purity), identifying marks and appearance set forth in “The Good Delivery Rules for Gold and Silver Bars” published by the London Bullion Markets Association (“LBMA”).

Basket, or vice versa, the net impact of these changes will determine the value of the Shares on a daily basis.<sup>27</sup>

The Fund is a passive investment vehicle and is designed to track the performance of the Index regardless of: (i) the value of Gold or any Reference Currency; (ii) market conditions; and (iii) whether the Index is increasing or decreasing in value. The Fund's holdings generally will consist entirely of Gold. Substantially all of the Fund's Gold holdings will be delivered by Authorized Participants (defined below) in exchange for Shares. The Fund will not hold any of the Reference Currencies. The Fund generally will not hold U.S. dollars (except from time to time in very limited amounts to pay expenses). The Fund's Gold holdings will not be managed and the Fund will not have any investment discretion.

The Fund's NAV will go up or down each "Business Day" based primarily on two factors.<sup>28</sup> The first is the change in the price of Gold measured in U.S. dollars from the prior Business Day. This drives the value of the Fund's Gold holdings measured in U.S. dollars up (as Gold prices increase) or down (as Gold prices fall). The second is the change in the value of the Reference Currencies comprising the FX Basket against the U.S. dollar from the prior Business Day. This drives the value of the Fund's Gold holdings measured in the Reference Currencies comprising the FX Basket up (when the value of the U.S. dollar against the Reference Currencies comprising the FX Basket increases) or down (when the value of the U.S. dollar against the Reference Currencies comprising the FX Basket declines). The value of Gold and the Reference

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<sup>27</sup> For additional information regarding the gold bullion market, gold futures exchanges, and regulation of the global gold market, *see, e.g.*, Securities Exchange Act Release Nos. 59895 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40) (order approving Exchange listing and trading of the ETFs Gold Trust); and 66627 (March 20, 2012), 77 FR 27817 (May 11, 2012) (SR-NYSE Arca-2012-18) (order approving Exchange listing and trading of the APMEX Physical-1 oz. Gold Redeemable Trust).

<sup>28</sup> A Business Day with respect to the Fund is any day the Exchange is open for trading.

Currencies comprising the FX Basket are based on publicly available, transparent prices – for Gold, the LBMA Gold Price AM (defined below), for currencies, the WMR Fix.<sup>29</sup>

Because the Fund generally will hold only Gold bullion (and not U.S. dollars or the Reference Currencies), the economic impact of changes to the value of the Reference Currencies against the U.S. dollar from day to day is reflected in the Fund by moving an amount of Gold ounces of equivalent value in or out of the Fund. Therefore, the Fund will seek to track the performance of the Index by entering into a transaction each Index Business Day with the “Gold Delivery Provider” pursuant to which Gold is moved in or out of the Fund.<sup>30</sup> The terms of this transaction are set forth in a written contract between the Fund and the Gold Delivery Provider referred to as the “Gold Delivery Agreement.” Pursuant to the terms of the Gold Delivery Agreement, the Fund will deliver Gold to, or receive Gold from, the Gold Delivery Provider each Index Business Day. The amount of Gold transferred will be equivalent to the Fund’s profit or loss as if the Fund had exchanged the Reference Currencies comprising the FX Basket, in the proportion in which they are reflected in the Index, for U.S. dollars in an amount equal to the Fund’s declared holdings of Gold on such day. If there is a currency gain (i.e., the value of the U.S. dollar against the Reference Currencies comprising the FX Basket increases), the Fund will receive Gold. If there is a currency loss (i.e., the value of the U.S. dollar against the Reference Currencies comprising the FX Basket decreases), the Fund will deliver Gold.<sup>31</sup> In this manner,

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<sup>29</sup> The WMR Fix is the World Markets Company plc foreign exchange benchmark rate.

<sup>30</sup> The Gold Delivery Provider, Merrill Lynch International, is a company incorporated in England and Wales and regulated by the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”). The Gold Delivery Provider will not be affiliated with the Trust, the Fund, the Sponsor, the Trustee, the Administrator, the Transfer Agent, the Custodian or the Index Provider (defined below).

<sup>31</sup> If the applicable currency exchange rates did not change from one day to the next, or the net impact of such changes was zero, then the Fund would neither deliver nor receive Gold pursuant to the Gold Delivery Agreement.



the value of the Gold held by the Fund will be adjusted to reflect the daily change in the value of the Reference Currencies comprising the FX Basket against the U.S. dollar. The Gold Delivery Agreement requires Gold ounces equal to the value of the Gold Delivery Amount to be delivered to the custody account of the Fund or Gold Delivery Provider, as applicable. The fee that the Fund pays the Gold Delivery Provider for its services under the Gold Delivery Agreement will be accrued daily and reflected in the calculation of the Gold Delivery Amount.

The Fund does not intend to enter into any other Gold transactions other than with the Gold Delivery Provider as described in the Gold Delivery Agreement (except that the Fund may sell Gold to cover Fund expenses), and the Fund does not intend to hold any Reference Currency or enter into any currency transactions.

#### Description of the Index

The Index is maintained and calculated by a third-party data and index provider, Solactive AG (“Index Provider”). The Index Provider will license the Index to the Sponsor for use in connection with the Trust and the Fund. The Index Provider is not affiliated with the Trust, the Fund, the Sponsor, the trustee for the Trust, the Administrator, the Transfer Agent, the Custodian or the Gold Delivery Provider. The Index Provider is not affiliated with a broker-dealer. The Index Provider has adopted policies and procedures designed to prevent the spread of material non-public information about the Index.

The description of the strategy and methodology underlying the Index, which will be identified and described in the Registration Statement, is based on rules formulated by the Index Provider (“Index Rules”). The Index Rules, which will be described in the Registration Statement, will govern the calculation and constitution of the Index and other decisions and actions related to its maintenance. The Index is described as a “notional” or “synthetic” portfolio

or strategy because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index references certain assets (i.e., Gold and the Reference Currencies comprising the FX Basket), the performance of which will be used as a reference point for calculating the daily performance of the Index (“Index Level”). The Index seeks to track the daily performance of a long position in physical Gold and a short position in the Reference Currencies comprising the FX Basket (as weighted in the Index). If the Gold Price (as defined below) increases and the Reference Currencies comprising the FX Basket depreciate against the U.S. dollar, the Index Level will increase. Conversely, if the Gold Price decreases and the Reference Currencies comprising the FX Basket appreciate against the U.S. dollar, the Index Level will decrease. In certain cases, the appreciation of the Gold Price or the depreciation of the FX Basket comprised of the Reference Currencies may be offset by the appreciation of the FX Basket comprised of the Reference Currencies or the depreciation of the Gold Price, as applicable. The net impact of these changes determines the Index Level on a daily basis.

The Index values Gold on a daily basis using the “Gold Price.” The Gold Price generally is the LBMA Gold Price AM. The “LBMA Gold Price” means the price per troy ounce of Gold stated in U.S. dollars as set via an electronic auction process run twice daily at 10:30 a.m. and 3:00 p.m., London time each Business Day as calculated and administered by ICE Benchmark Administration Limited (“IBA”) and published by LBMA on its website. The “LBMA Gold Price AM” is the 10:30 a.m. LBMA Gold Price. IBA, an independent specialist benchmark administrator, provides the price platform, methodology and the overall administration and governance for the LBMA Gold Price.

As noted herein, the term “Reference Currencies” refers to the following non-U.S. currencies: the euro, Japanese yen, British pound sterling, Canadian dollar, Swedish krona and

Swiss franc. Each Reference Currency comprising the FX Basket is expressed in terms of a number of foreign currency units relative to one U.S. dollar (e.g., a number of Japanese yen per one U.S. dollar) or in terms of a number of U.S. dollars per one unit of the reference currency (e.g., a number of U.S. dollars per one euro).

The Index references European Union euro (“euro” or “EUR”), the Japanese yen (“JPY” or yen”), the British pound sterling (“GBP”), the Swiss franc (“CHF”), the Canadian dollar (“CAD”) and the Swedish Krona (“SEK”) (each of which is measured against U.S. dollars). The weightings of each currency referenced are as follows: euro (57.6%), yen (13.6%), GBP (11.9%), CAD (9.1%), SEK (4.2%) and CHF (3.6%).

Reference Currency Index values generally are calculated using the published WM/Reuters (“WMR”)<sup>32</sup> Spot Rate (“Spot Rate”) as of 9:00 a.m., London time associated with each Reference Currency.<sup>33</sup> The Spot Rate is the rate at which a Reference Currency comprising

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<sup>32</sup> WMR provides both intraday and closing fixes for currency spot rates, forward contracts and non-deliverable forward contracts. WMR rates are widely utilized by financial institutions in evaluating global markets. Thomson Reuters Benchmark Services Limited, the administrator of the WM/Reuters spot, forward and non-deliverable foreign exchange benchmark rates, has stated that it complies with the IOSCO Principles for Financial Benchmarks. See <http://financial.thomsonreuters.com/content/dam/openweb/documents/pdf/financial/wm-reuters-iosco-principles-statement.pdf>.

<sup>33</sup> The Spot Rate is calculated by WMR using observable data from arms-length transactions between buyers and sellers in the applicable currency market. The World Markets Company plc (“WM”) provides an exchange rate service that publishes Spot Rates at fixed times throughout the global trading day. WM does not use a panel or polling solicitation process to obtain underlying data in the benchmark calculation process. WM uses transactional data to set “Trade Rates,” reflecting data from actual transactions entered into on an arm’s length basis between buyers and sellers in that market, where that data is available and reflects sufficient liquidity. The Thomson Reuters Market Data System is the primary infrastructure used to source spot foreign exchange rates used in the calculation of the rates. Other systems may be used where the appropriate rates are not available on the Thomson Reuters architecture. Over a five-minute fix period, actual trades executed and bid and offer order rates from the order matching systems are captured every second from 2 minutes 30 seconds before to 2

the FX Basket can be exchanged for U.S. dollars on an immediate basis, subject to the applicable settlement cycle. Thus, if an investor wanted to convert U.S. dollars into euros, the investor could enter into a spot transaction at the Spot Rate (subject to the bid/ask) and would receive euros in a number of days, depending on the settlement cycle of that currency. Generally, the settlement of a “spot” transaction is two currency business days (except in the case of Canadian dollars, which settle on the next business day). The following table sets forth the Reference Currencies comprising the FX Basket (each of which is measured against U.S. dollars), the applicable “Reuters Page” for each Spot Rate referenced by the Index and the market convention for quoting such currency.<sup>34</sup>

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minutes 30 seconds after the time of the fix. From each data source, a single traded rate will be captured – this will be identified as a bid or offer depending on whether the trade is a buy or sell. A pre-defined spread set for each currency at each fix will be applied to the Trade Rate to calculate the opposite bid or offer. All captured trades will be subjected to validation checks. This may result in some captured data being excluded from the fix calculation. The WMR methodology guide is available at:  
<http://www.wmcompany.com/pdfs/WMReutersMethodology.pdf>.

<sup>34</sup> The Commission has previously approved for Exchange trading issues of Currency Trust Shares based on the WM/Reuters closing rate. See, e.g., Securities Exchange Act Release No. 58365 (August 14, 2008), 73 FR 49522 (August 21, 2008) (SR-NYSEArca-2008-81) (notice of filing and order granting accelerated approval of proposed rule change relating to listing and trading of four CurrencyShares Trusts). The Sponsor represents that WM/Reuters utilizes the same methodology in calculating the Closing Spot Rate and the “Spot Rate” as defined herein. In addition, the Commission has approved for Exchange listing and trading exchange-traded products based on indexes that use the WM/Reuters Closing Spot Rate to calculate the applicable foreign currency exchange rate. See, e.g., Securities Exchange Act Release Nos. 56592 (October 1, 2007), 72 FR 57364 (October 9, 2007) (SR-Amex-2007-60) (order approving proposed rule change relating to the listing and trading on the American Stock Exchange of shares of eight funds of the ProShares Trust based on MSCI international equity indexes); 55985 (June 29, 2007), 72 FR 37291 (July 9, 2007) (SR-NYSEArca-2007-47) (notice of filing and order granting accelerated approval of proposed rule change to list and trade shares of the iShares FTSE EPRA/NAREIT Asia Index Funds). See also, Securities Exchange Act Release No. 58458 (September 3, 2008), 73 FR 52717 (September 10, 2008) (SR-NYSEArca-2008-95) (notice of filing and immediate effectiveness of proposed rule change relating to a change in net asset value calculations for CurrencyShares Trusts to use the WM/Reuters Closing Spot Rate).

Reference Currency	Reuters Page	Market Convention for Quotation
EUR/USD	USDEURFIX=WM	Number of USD per one EUR
USD/JPY	USDJPYFIX=WM	Number of JPY per one USD
GBP/USD	USDGBPFIX=WM	Number of USD per one GBP
USD/CAD	USDCADFIX=WM	Number of CAD per one USD
USD/SEK	USDSEKFIX=WM	Number of SEK per one USD
USD/CHF	USDCHFFIX=WM	Number of CHF per one USD

Settlement in most spot currency transactions is two currency business days after the trade date. A “spot-next trade” effectively extends the spot settlement cycle by one Business Day (i.e., the “next” day) and a “spot-next forward point” represents the difference in price between a spot transaction and a spot-next trade. Combining a spot-next trade with a spot transaction allows for exposure to the currency without taking delivery. By entering on each Index Business Day (as defined below) into notional spot-next trades that are closed the next Index Business Day against spot transactions, the Index is exposed to the Reference Currencies comprising the FX Basket without having to take delivery of these currencies. The Index approximates the cost of entering into a spot-next trade by linearly interpolating the cost of that trade based on the WM/Reuters “SW – Spot Week (One Week)” forward rates and a spot transaction.

In general, the Index is calculated and published by the Index Provider each Index Business Day, unless there is a “Market Disruption Event” or “Extraordinary Event” as described below. The Index value is disseminated each Index Business Day at approximately 6:00 am ET.

The Index methodology is transparent. Market makers will recalculate an approximate Index value using reliable intraday prices of gold and the relevant Index currencies to identify arbitrage opportunities that present themselves during the Exchange’s Core Trading Session (ordinarily 9:30 a.m. to 4:00 p.m., ET).

#### The Gold Delivery Agreement

The Fund has entered into a written contract with the Gold Delivery Provider. Subject to the terms of the Gold Delivery Agreement, on a daily basis, the Gold Delivery Provider will (i) calculate the Gold Delivery Amount and (ii) deliver Gold ounces equal to the U.S. dollar value of the Gold Delivery Amount into or out of the Fund. The Gold Delivery Amount is the amount of Gold ounces to be delivered into or out of the Fund on a daily basis to reflect price movements in the Reference Currencies comprising the FX Basket against the U.S. dollar from the prior Index Business Day (assuming no Market Disruption Event or Extraordinary Event has occurred or is continuing, as described in more detail below).

On each Index Business Day, the Gold Delivery Provider determines the notional exposure for each Reference Currency comprising the FX Basket based upon their respective Index weights. The total notional exposure for each Reference Currency on an Index Business Day takes into account the NAV of the Fund (which takes into account creation and redemption orders received on that day).

The Gold Delivery Provider then determines the “FX PnL” which captures the effect of changes in the daily value of the Reference Currencies comprising the FX Basket in their

respective weights by calculating the change in the Spot Rate from the prior Index Business Day to the current Index Business Day and adjusting that change to reflect a notional spot-next trade because delivery of currencies is not being taken. The Gold Delivery Provider may use another rate if any Spot Rate is delayed or unavailable as set forth in the Gold Delivery Agreement. The Gold Delivery Provider generally will make this calculation outside of U.S. market hours (at approximately 4:00 a.m. ET) based on the prices of the Reference Currencies comprising the FX Basket published at the “WMR FX Fixing Time,” which is generally at 9:00 a.m., London Time.

The FX PnL is divided by the Gold Price (i.e., the LBMA Gold Price AM) to determine the Gold Delivery Amount. The fee that the Fund pays the Gold Delivery Provider for its services under the Gold Delivery Agreement is accrued daily and reflected in the calculation of the Gold Delivery Amount.

If the Gold Delivery Amount is a positive number (meaning that the Fund has experienced a currency gain on the notional short position in the FX Basket comprised of Reference Currencies), the Gold Delivery Provider will transfer to the Fund’s custody account an amount of Gold (in ounces) equal to the Gold Delivery Amount. If the Gold Delivery Amount is a negative number (meaning that the Fund has experienced a currency loss on the notional short position in the FX Basket comprised of Reference Currencies), the Fund will transfer to the Gold Delivery Provider’s custody account an amount of Gold (in ounces) equal to the Gold Delivery Amount.

#### Market Disruption and Extraordinary Events

From time to time, unexpected events may cause the calculation of the Index and/or the operation of the Fund to be disrupted. These events are expected to be relatively rare, but there can be no guarantee that these events will not occur. These events are referred to as either

“Market Disruption Events” or “Extraordinary Events” depending largely on their significance and potential impact to the Index and Fund. Market Disruption Events generally include disruptions in the trading of Gold or the Reference Currencies comprising the FX Basket, delays or disruptions in the publication of the LBMA Gold Price or the Reference Currency prices, and unusual market or other events that are tied to either the trading of gold or the Reference Currencies comprising the FX Basket or otherwise have a significant impact on the trading of gold or the Reference Currencies comprising the FX Basket. For example, market conditions or other events which result in a material limitation in, or a suspension of, the trading of physical Gold generally would be considered Market Disruption Events, as would material disruptions or delays in the determination or publication of the LBMA Gold Price AM. Similarly, market conditions which prevent, restrict or delay the Gold Delivery Provider’s ability to convert a Reference Currency to U.S. dollars or deliver a Reference Currency through customary channels generally would be considered a Market Disruption Event, as would material disruptions or delays in the determination or publication of WMR spot prices for any Reference Currency comprising the FX Basket. The complete definition of a Market Disruption Event is set forth below.

A “Market Disruption Event” occurs if either an “FX Basket Disruption Event” or a “Gold Disruption Event” occurs.

An “FX Basket Disruption Event” occurs if any of the following exist on any “Index Business Day”<sup>35</sup> with respect to the Reference Currencies comprising the FX Basket:

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<sup>35</sup> An “Index Business Day” is (i) any day that is a business day in New York and London, (ii) any day (other than a Saturday or Sunday) on which the LBMA is scheduled to publish the LBMA Gold Price AM, and (iii) any day (other than a Saturday or Sunday) on which WM Company is scheduled to publish prices for each of the Reference Currency pairs comprising the FX Basket.



- (i) an event, circumstance or cause (including, without limitation, the adoption of or any change in any applicable law or regulation) that has had or would reasonably be expected to have a materially adverse effect on the availability of a market for converting such Reference Currency to US Dollars (or vice versa), whether due to market illiquidity, illegality, the adoption of or change in any law or other regulatory instrument, inconvertibility, establishment of dual exchange rates or foreign exchange controls or the occurrence or existence of any other circumstance or event, as determined by the Index Sponsor; or
- (ii) the failure of Reuters to announce or publish the relevant spot exchange rates for any Reference Currency in the FX Basket; or
- (iii) any event or any condition that (I) results in a lack of liquidity in the market for trading any Reference Currency that makes it impossible or illegal for market participants (a) to convert from one currency to another through customary commercial channels, (b) to effect currency transactions in, or to obtain market values of, such, currency, (c) to obtain a firm quote for the related exchange rate, or (d) to obtain the relevant exchange rate by reference to the applicable price source; or (II) leads to any governmental entity imposing rules that effectively set the prices of any of the currencies; or
- (iv) the declaration of (a) a banking moratorium or the suspension of payments by banks, in either case, in the country of any currency used to determine any Reference Currency exchange rate, or (b) capital and/or currency controls (including, without limitation, any restriction placed on assets in or transactions through any account through which a non-resident of the country of any currency used to determine the currency exchange rate may hold assets or transfer monies outside the country of that currency,

and any restriction on the transfer of funds, securities or other assets of market participants from, within or outside of the country of any currency used to determine the applicable exchange rate.

A “Gold Disruption Event” occurs if any of the following exist on any Index Business Day with respect to gold:

- (i) (a) the failure of the LBMA to announce or publish the LBMA Gold Price (or the information necessary for determining the price of gold) on that Index Business Day, (b) the temporary or permanent discontinuance or unavailability of the LBMA or the LBMA Gold Price; or
- (ii) the material suspension of, or material limitation imposed on, trading in Gold by the LBMA; or
- (iii) an event that causes market participants to be unable to deliver gold bullion loco London under rules of the LBMA by credit to an unallocated account at a member of the LBMA; or
- (iv) the permanent discontinuation of trading of gold on the LBMA or any successor body thereto, the disappearance of, or of trading in, gold; or
- (v) a material change in the formula for or the method of calculating the price of gold, or a material change in the content, composition or constitution of gold.

The occurrence of a Market Disruption Event for five Index Business Days generally would be considered an Extraordinary Event for the Index and Fund.

Consequences of a Market Disruption or Extraordinary Event

On any Index Business Day in which a Market Disruption Event or Extraordinary Event has occurred or is continuing, the Index Provider generally will calculate the Index based on the

following fallback procedures: (i) where the Market Disruption Event is based on the Gold Price, the Index will be kept at the same level as the previous Index Business Day and updated when the Gold Price is no longer disrupted; (ii) where the Gold Price is not disrupted but one of the Reference Currency prices is disrupted, the Index will be calculated in the ordinary course except that the disrupted Reference Currency will be kept at its value from the previous Index Business Day and updated when it is no longer disrupted; and (iii) if both the Gold Price and a Reference Currency price are disrupted, the Index will be kept at the same level as the previous Index Business Day and updated when such prices are no longer disrupted. If a Market Disruption Event has occurred and is continuing for five (5) or more consecutive Index Business Days, the Index Provider will calculate a substitute price for each index component that is disrupted. If an Extraordinary Event has occurred and is continuing, the Index Provider shall be responsible for making any decisions regarding the future composition of the Index and implement any necessary adjustments that might be required. If necessary, the Fund may use alternate pricing sources to calculate NAV during the occurrence of any Market Disruption or Extraordinary event.<sup>36</sup> If the LBMA Gold Price AM is unavailable during the occurrence of a Market Disruption Event or Extraordinary Event, the Fund will calculate NAV using the last published LBMA Gold Price AM.

#### The London Gold Bullion Market

Although the market for physical gold is global, most over-the-counter, or “OTC,” trades are cleared through London. In addition to coordinating market activities, the LBMA acts as the principal point of contact between the market and its regulators. A primary function of the LBMA is its involvement in the promotion of refining standards by maintenance of the “London

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<sup>36</sup> The Exchange may suspend trading in the Shares in the event the Sponsor suspends the right of redemptions.

Good Delivery Lists,” which are the lists of LBMA accredited melters and assayers of gold. The LBMA also coordinates market clearing and vaulting, promotes good trading practices and develops standard documentation.

The term “loco London” refers to gold bars physically held in London that meet the specifications for weight, dimensions, fineness (or purity), identifying marks (including the assay stamp of a LBMA acceptable refiner) and appearance set forth in “The Good Delivery Rules for Gold and Silver Bars” published by the LBMA. Gold bars meeting these requirements are known as “London Good Delivery Bars.” All of the gold held by the Fund will be London Good Delivery Bars meeting the specifications for weight, dimensions, fineness (or purity), identifying marks and appearance of gold bars as set forth in “The Good Delivery Rules for Gold and Silver Bars” published by the LBMA.

The unit of trade in London is the troy ounce, whose conversion between grams is: 1,000 grams = 32.1507465 troy ounces and 1 troy ounce = 31.1034768 grams. A London Good Delivery Bar is acceptable for delivery in settlement of a transaction on the OTC market. Typically referred to as 400-ounce bars, a London Good Delivery Bar must contain between 350 and 430 fine troy ounces of gold, with a minimum fineness (or purity) of 995 parts per 1,000 (99.5%), be of good appearance and be easy to handle and stack. The fine gold content of a gold bar is calculated by multiplying the gross weight of the bar (expressed in units of 0.025 troy ounces) by the fineness of the bar.

#### The LBMA Gold Price

IBA hosts a physically settled, electronic and tradeable auction process that provides a market-based platform for buyers and sellers to trade physical spot Gold. The final auction price is used and published to the market as the “LBMA Gold Price benchmark.” The LBMA Gold

Price is set twice daily at 10:30 a.m., London time and 3:00 p.m., London time in three currencies: U.S. dollars, euro and British pounds sterling. The LBMA Gold Price is a widely used benchmark for the physical spot price of Gold and is quoted by various financial information sources.

Participants in the IBA auction process submit anonymous bids and offers which are published on screen and in real-time. Throughout the auction process, aggregated Gold bids and offers are updated in real-time with the imbalance calculated and the price updated every 45 seconds until the buy and sell orders are matched. When the net volume of all participants falls within a pre-determined tolerance, the auction is deemed complete and the applicable LBMA Gold Price is published. Information about the auction process (such as aggregated bid and offer volumes) will be immediately available after the auction on the IBA's website.

The LBMA Gold Price replaced the widely used "London Gold Fix" as of March 20, 2015.

#### The Gold Futures Markets

Although the Fund will not invest in gold futures, information about the gold futures market is relevant as such markets contribute to, and provide evidence of, the liquidity of the overall market for Gold.

The most significant gold futures exchange is COMEX, part of the CME Group, Inc., which began to offer trading in gold futures contracts in 1974. TOCOM (Tokyo Commodity Exchange) is another significant futures exchange and has been trading gold since 1982. Trading on these exchanges is based on fixed delivery dates and transaction sizes for the futures and options contracts traded. Trading costs are negotiable. As a matter of practice, only a small percentage of the futures market turnover ever comes to physical delivery of the gold represented

by the contracts traded. Both exchanges permit trading on margin. Both COMEX and TOCOM operate through a central clearance system and in each case, the clearing organization acts as a counterparty for each member for clearing purposes. Gold futures contracts also are traded on the Shanghai Gold Exchange and the Shanghai Futures Exchange.

The global gold markets are overseen and regulated by both governmental and self-regulatory organizations. In addition, certain trade associations have established rules and protocols for market practices and participants.

#### Net Asset Value

The Administrator will determine the NAV of Shares each Business Day. The NAV of Shares will be the aggregate value of the Fund's assets (which include gold payable, but not yet delivered, to the Fund) less its liabilities (which include accrued but unpaid fees and expenses). The NAV of the Fund will be calculated based on the price of Gold per ounce applied against the number of ounces of Gold owned by the Fund. For purposes of calculating NAV, the number of ounces of Gold owned by the Fund is adjusted up or down on a daily basis to reflect the Gold Delivery Amount. The number of ounces of Gold held by the Fund also reflects the amount of Gold delivered into (or out of) the Fund on a daily basis by Authorized Participants (as described below) creating and redeeming Shares. The number of ounces of Gold held by the Fund is adjusted downward by the Sponsor's fee and the expenses of the Gold Delivery Agreement.

In determining the Fund's NAV, the Administrator generally will value the Gold held by the Fund based on the LBMA Gold Price AM for an ounce of Gold. If no LBMA Gold Price AM is made on a particular Business Day (including a Business Day that is not an Index Business Day), the next most recent LBMA Gold Price AM determined prior to that Business Day generally will be used in the determination of the NAV of the Fund, unless the Sponsor

determines that such price is inappropriate to use as the basis for such determination.<sup>37</sup> If the Sponsor determines that such price is inappropriate to use, it shall identify an alternate basis for evaluation of the Gold held by the Fund. In such case, the Sponsor would, for example, look to the current trading price of gold from other reported sources, such as dealer quotes, broker quotes or electronic trading data, to value the Fund's Shares. Although the Fund will not hold the Reference Currencies, the Gold Delivery Provider generally will value the Reference Currencies based on the rates in effect as of the WMR FX Fixing Time, which is generally at 9:00 a.m., London Time (though other prices may be used if the 9:00 AM rate is delayed or unavailable). The Administrator will also determine the NAV per Share, which equals the NAV of the Fund, divided by the number of outstanding Shares. Unless there is a Market Disruption Event or Extraordinary Event with respect to the price of gold, NAV generally will be calculated and disseminated by 12:00 p.m. ET.

#### Creation and Redemption of Shares

The Fund expects to create and redeem Shares but only in Creation Units (a Creation Unit equals a block of 10,000 Shares or more). The creation and redemption of Creation Units requires the delivery to the Fund (or the distribution by the Fund in the case of redemptions) of the amount of Gold and any cash, if any, represented by the Creation Units being created or redeemed. The total amount of Gold and cash, if any, required for the creation of Creation Units

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<sup>37</sup> The Exchange notes that such valuation procedure is substantially similar to that utilized by other issues of commodity-based exchange-traded products approved by the Commission for exchange listing. See, e.g., Securities Exchange Act Release No. 59895 at p.17 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40) (approving listing on NYSE Arca of the ETFS Gold Trust); Securities Exchange Act Release No. 53521 at n.32 (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); and Securities Exchange Act Release No. 51058 at p.13 (January 19, 2005), 70 FR 3749 (January 26, 2005) (SR-Amex-2004-38) (order approving listing of iShares COMEX Gold Trust on the American Stock Exchange LLC).

will be based on the combined NAV of the number of Creation Units being created or redeemed. The initial amount of Gold required for deposit with the Fund to create Shares is 1,000 ounces per Creation Unit. The number of ounces of Gold required to create a Creation Unit or to be delivered upon redemption of a Creation Unit will change over time depending on Index performance net of the fees charged by the Fund and the Gold Delivery Provider. Creation Units may be created or redeemed only by “Authorized Participants” (as described below), who may be required to pay a transaction fee for each order to create or redeem Creation Units as will be set forth in the Registration Statement. Authorized Participants may sell to other investors all or part of the Shares included in the Creation Units they purchase from the Fund.

#### Creation Procedures – Authorized Participants

Authorized Participants are the only persons that may place orders to create and redeem Creation Units. To become an Authorized Participant, a person must enter into a Participant Agreement. All Gold bullion must be delivered to the Fund and distributed by the Fund in unallocated form through credits and debits between an Authorized Participant’s unallocated account (“Authorized Participant Unallocated Account”) and the Fund’s unallocated account (“Fund Unallocated Account”) (except for Gold delivered to or from the Gold Delivery Provider pursuant to the Gold Delivery Agreement). All Gold bullion must be of at least a minimum fineness (or purity) of 995 parts per 1,000 (99.5%) and otherwise conform to the rules, regulations practices and customs of the LBMA, including the specifications for a London Good Delivery Bar.

On any Business Day, an Authorized Participant may place an order with the Fund to create one or more Creation Units. Purchase orders must be placed by 5:30 p.m., ET. The day on which the Fund receives a valid purchase order is the purchase order date. By placing a purchase



order, an Authorized Participant agrees to deposit Gold with the Fund, or a combination of Gold and cash, if any, as described below.<sup>38</sup> Prior to the delivery of Creation Units for a purchase order, the Authorized Participant must also have wired to the Fund the non-refundable transaction fee due for the purchase order.

The total deposit of Gold (and cash, if any) required to create each Creation Unit is referred to as the “Creation Unit Gold Delivery Amount.” The Creation Unit Gold Delivery Amount is the number of ounces of Gold required to be delivered to the Fund by an Authorized Participant in connection with a creation order for a single Creation Unit.<sup>39</sup> The Creation Unit Gold Delivery Amount will be determined on the Business Day following the date such creation order is accepted. It is calculated by multiplying the number of Shares in a Creation Unit by the number of ounces of Gold associated with Shares on the Business Day after the day the creation order is accepted. In addition, because the Gold Delivery Amount for the Fund does not reflect creation order transactions (see the section herein entitled “The Gold Delivery Agreement”), the Creation Unit Gold Delivery Amount is required to reflect the Gold Delivery Amount associated with such creation order. This amount is determined on the Business Day following the date such creation order is accepted.

An Authorized Participant who places a purchase order is responsible for crediting its Authorized Participant Unallocated Account with the required Gold deposit amount by the end of the third Business Day in London following the purchase order date. Upon receipt of the Gold deposit amount, the Custodian, after receiving appropriate instructions from the Authorized

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<sup>38</sup> The Sponsor anticipates that in the ordinary course of the Fund’s operations cash generally will not be part of any Creation Unit.

<sup>39</sup> The “Creation Unit Gold Delivery Amount” is also used to refer to the number of ounces of Gold to be paid by the Fund to an Authorized Participant in connection with the redemption of a Creation Unit. See “Redemption Procedures – Authorized Participants” herein.

Participant and the Fund, will transfer on the third Business Day following the purchase order date the Gold deposit amount from the Authorized Participant Unallocated Account to the Fund Unallocated Account and the Administrator will direct the Depository Trust Company (“DTC”) to credit the number of Creation Units ordered to the Authorized Participant’s DTC account. The expense and risk of delivery, ownership and safekeeping of Gold until such Gold has been received by the Fund will be borne solely by the Authorized Participant. If Gold is to be delivered other than as described above, the Sponsor is authorized to establish such procedures and to appoint such custodians and establish such custody accounts as the Sponsor determines to be desirable.

Acting on standing instructions given by the Fund, the Custodian will transfer the Gold deposit amount from the Fund Unallocated Account to the Fund’s allocated account by allocating to the allocated account specific bars of Gold which the Custodian holds or instructing a sub-custodian to allocate specific bars of Gold held by or for the sub-custodian. The Gold bars in an allocated Gold account are specific to that account and are identified by a list which shows, for each Gold bar, the refiner, assay or fineness, serial number and gross and fine weight. Gold held in the Fund’s allocated account is the property of the Fund and is not traded, leased or loaned under any circumstances.

The Custodian will use commercially reasonable efforts to complete the transfer of Gold to the Fund’s allocated account prior to the time by which the Administrator is to credit the Creation Unit to the Authorized Participant’s DTC account; if, however, such transfers have not been completed by such time, the number of Creation Units ordered will be delivered against receipt of the Gold deposit amount in the Fund’s unallocated account, and all Shareholders will

be exposed to the risks of unallocated Gold to the extent of that Gold deposit amount until the Custodian completes the allocation process.

The Fund has the right, but not the obligation, to reject a purchase order if (i) the order is not in proper form as described in the Participant Agreement, (ii) the fulfillment of the order, in the opinion of its counsel, might be unlawful, (iii) if the Fund determines that acceptance of the order from an Authorized Participant would expose the Fund to credit risk; or (iv) circumstances outside the control of the Administrator, the Sponsor or the Custodian make the purchase, for all practical purposes, not feasible to process.

#### Redemption Procedures – Authorized Participants

The procedures by which an Authorized Participant can redeem one or more Creation Units mirror the procedures for the creation of Creation Units. On any Business Day, an Authorized Participant may place an order with the Fund to redeem one or more Creation Units. Redemption orders must be placed by 5:30 p.m. ET. A redemption order so received is effective on the date it is received in satisfactory form by the Fund. An Authorized Participant may be required to pay a transaction fee per order to create or redeem Creation Units as will be set forth in the Registration Statement.

The redemption distribution from the Fund consists of a credit in the amount of the Creation Unit Gold Delivery Amount to the Authorized Participant Unallocated Account of the redeeming Authorized Participant. The Creation Unit Delivery Amount for redemptions is the number of ounces of Gold held by the Fund associated with the Shares being redeemed plus, or minus, the cash redemption amount (if any). The Sponsor anticipates that in the ordinary course of the Fund's operations there will be no cash distributions made to Authorized Participants upon redemptions. In addition, because the Gold to be paid out in connection with the redemption

order will decrease the amount of Gold subject to the Gold Delivery Agreement, the Creation Unit Gold Delivery Amount reflects the cost to the Gold Delivery Provider of resizing (i.e., decreasing) its positions so that it can fulfill its obligations under the Gold Delivery Agreement.

The redemption distribution due from the Fund is delivered to the Authorized Participant on the third Business Day following the redemption order date if, by 10:00 a.m. ET on such third Business Day, the Fund's DTC account has been credited with the Creation Units to be redeemed. If the Administrator's DTC account has not been credited with all of the Creation Units to be redeemed by such time, the redemption distribution is delivered to the extent of whole Creation Units received. Any remainder of the redemption distribution is delivered on the next Business Day to the extent of remaining whole Creation Units received if the Administrator receives the fee applicable to the extension of the redemption distribution date which the Administrator may, from time to time, determine and the remaining Creation Units to be redeemed are credited to the Administrator's DTC account by 10:00 a.m. ET on such next Business Day. Any further outstanding amount of the redemption order will be cancelled. The Administrator is also authorized to deliver the redemption distribution notwithstanding that the Creation Units to be redeemed are not credited to the Administrator's DTC account by 10:00 a.m. ET on the third Business Day following the redemption order date if the Authorized Participant has collateralized its obligation to deliver the Creation Units through DTC's book entry system on such terms as the Sponsor and the Administrator may from time to time agree upon.

The Custodian transfers the redemption Gold amount from the Fund's allocated account to the Fund's unallocated account and, thereafter, to the redeeming Authorized Participant's Authorized Participant Unallocated Account.

The Fund may, in its discretion, suspend the right of redemption, or postpone the redemption settlement date: (1) for any period during which NYSE Arca is closed other than customary weekend or holiday closings, or trading on NYSE Arca is suspended or restricted, (2) for any period during which an emergency exists as a result of which delivery, disposal or evaluation of Gold is not reasonably practicable, or (3) such other period as the Sponsor determines to be necessary for the protection of the Shareholders, such as during the occurrence of a Market Disruption Event or Extraordinary Event based on the Gold Price.

The Fund has the right, but not the obligation, to reject a redemption order if (i) the order is not in proper form as described in the Participant Agreement, (ii) the fulfillment of the order, in the opinion of its counsel, might be unlawful, (iii) if the Fund determines that acceptance of the order from an Authorized Participant would expose the Fund to credit risk; or (iv) circumstances outside the control of the Administrator, the Sponsor or the Custodian make the redemption, for all practical purposes, not feasible to process.

#### Secondary Market Trading

While the Fund's investment objective is for the Shares to reflect the performance of Gold bullion in terms of the Reference Currencies reflected in the Index, less the expenses of the Fund, the Shares may trade in the secondary market at prices that are lower or higher relative to their NAV per Share. The amount of the discount or premium in the trading price relative to the NAV per Share may be influenced by non-concurrent trading hours between the NYSE Arca and the COMEX, London, Zurich and Singapore. While the Shares will trade on NYSE Arca until 8:00 p.m. ET, liquidity in the global gold market will be reduced after the close of the COMEX at 1:30 p.m. ET. As a result, during this time, trading spreads, and the resulting premium or discount, on the Shares may widen.

The Adviser represents that market makers in the Shares will be able to efficiently hedge their positions through use of spot gold transactions and spot currency transactions in Reference Currencies comprising the FX Basket. Transactions in spot gold and spot currencies during the Exchange's Core Trading Session (9:30 a.m. to 4:00 p.m. ET) take place in a highly liquid market; such transactions that hedge the market makers' positions in Shares are expected to facilitate the market maker's ability to trade Shares at a price that is not at a material discount or premium to NAV.

#### Fund Expenses

The Sponsor will receive an annual fee equal to 0.33% of the daily NAV of the Fund. In return the Sponsor will be responsible for the payment of the ordinary fees and expenses of the Fund, including the Administrator's fee, the Custodian's fee, and the Index Provider's fee. This will be the case regardless of whether the ordinary expenses of the Fund exceed 0.33% of the daily NAV of the Fund. In addition, the Fund will pay the Gold Delivery Provider an annual fee of 0.17% of the daily NAV, so that the Fund's total annual expense ratio will be equal to 0.50%. The Sponsor's fee and payment to the Gold Delivery Provider are expected to be the only ordinary recurring expenses of the Fund.

#### Availability of Information Regarding Gold and Reference Currency Prices

Currently, the Consolidated Tape Plan does not provide for dissemination of the spot price of a commodity, such as gold, or the spot price of the Reference Currencies, 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 information about gold

and currency prices and gold and currency markets available on public websites and through professional and subscription services.

Investors may obtain on a 24-hour basis gold pricing information based on the spot price for an ounce of Gold and pricing information for the Reference Currencies from various financial information service providers, such as Reuters and Bloomberg.

Reuters and Bloomberg, for example, provide at no charge on their websites delayed information regarding the spot price of Gold and last sale prices of Gold futures, as well as information about news and developments in the gold market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on Gold prices directly from market participants. Complete real-time data for Gold futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. There are a variety of other public websites providing information on gold, ranging from those specializing in precious metals to sites maintained by major newspapers. In addition, the LBMA Gold Price is publicly available at no charge at [www.lbma.org.uk](http://www.lbma.org.uk).

In addition, Reuters and Bloomberg, for example, provide at no charge on their websites delayed information regarding the spot price of each Reference Currency, as well as information about news and developments in the currency markets. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on currency transactions directly from market participants. Complete real-time data for currency transactions are available by subscription from Reuters and Bloomberg. There are a variety of other public websites providing information about the Reference Currencies and currency transactions, ranging from those specializing in currency trading to sites maintained by major newspapers.

### Availability of Information

The Fund's website ([www.spdrgoldshares.com](http://www.spdrgoldshares.com)) will provide an intraday indicative value ("IIV") per Share for the Shares updated every 15 seconds, as calculated by the Exchange or a third party financial data provider during the Exchange's Core Trading Session (9:30 a.m. to 4:00 p.m. ET). The IIV will be calculated based on the amount of Gold held by the Fund and (i) a price of Gold derived from updated bids and offers indicative of the spot price of Gold, and (ii) intra-day exchange rates for each Reference Currency against the U.S. dollar.<sup>40</sup> The Fund's website will also provide the Creation Basket Deposit and the NAV of the Fund as calculated each Business Day by the Administrator.

In addition, the website for the Fund will contain the following information, on a per Share basis, for the Fund: (a) the mid-point of the bid-ask price<sup>41</sup> at the close of trading ("Bid/Ask Price"), and a calculation of the premium or discount of such price against such NAV; and (b) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. The website for the Fund will also provide the Fund's prospectus, as well as the two most recent reports to stockholders. Finally, the Fund website will provide the last sale price of the Shares as traded in the U.S. market. 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 Index value will be calculated daily using the daily LBMA Gold Price AM and the Spot Rate as of 9:00 a.m., London time. The Index value will be available from one or more major market data vendors and will be available during the

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<sup>40</sup> The IIV on a per Share basis disseminated during the Core Trading Session should not be viewed as a real-time update of the NAV, which is calculated once a day.

<sup>41</sup> The bid-ask price of the Shares will be determined using the highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day NAV.



Exchange's Core Trading Session.

#### Criteria for Initial and Continued Listing

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

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 Sprott Physical Gold Trust, ETFs Trusts, streetTRACKS Gold Trust, the iShares COMEX Gold Trust, and the iShares Silver Trust. 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. Rule 8.201(g) requires that a market maker in Commodity-Based Trust Shares must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in an

underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the market maker may have or over which it may exercise investment discretion. Such rule provides further that no market maker shall trade in an underlying commodity, or options on commodity futures, or any other related commodity derivatives, in an account in which a market maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by such rule. The Exchange proposes to amend Rule 8.201(g) to state that an ETP Holder acting as a registered market maker in Commodity-Based Trust Shares with no exposure to a non-U.S. currency or currencies must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the market maker may have or over which it may exercise investment discretion. An ETP Holder acting as a registered market maker in Commodity-Based Trust Shares with exposure to one or more non-U.S. currencies (“Underlying FX”) also must file with the Exchange, in a manner prescribed by the Exchange, and keep current a list identifying all accounts for trading in Underlying FX and derivatives overlying Underlying FX which the market maker may have or over which it may exercise investment discretion, as well as a list of all commodity and commodity-related accounts referenced above. In addition, the proposed amended rule would state that no market maker in Commodity-Based Trust Shares shall trade in a commodity, Underlying FX or any related derivative in an account that the market maker (1) directly or indirectly controls trading activities or has a direct interest in the profits or losses thereof, (2) is required by this rule to disclose to the Exchange, and (3) has not reported to the Exchange. The last sentence of the first paragraph of Rule 8.201(g) is proposed to be deleted as

unnecessary in view of the proposed amendment to such rule. The Exchange further proposes to amend the second paragraph of Rule 8.201(g), which relates to books, records or other information required to be made available to the Exchange, to add applicable Underlying FX and Underlying FX derivatives to the financial instruments that are subject to requirements of such rule.

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, upon request, with information relating to its trading in the underlying commodity (e.g., gold), related futures or options on futures, or any other related commodity derivatives. The Exchange proposes to amend Rule 8.201(g) to add non-U.S. currency futures, options on non-U.S. currency futures and other related currency derivatives to the information that may be requested by the Exchange.

With respect to issues of Commodity-Based Trust Shares for which non-U.S. currency price changes may impact the NAV of the applicable shares, such as the Shares, the Exchange believes the proposed amendments to Rule 8.600(g) are appropriate in that a market maker may find it necessary to use non-U.S. currencies or currency derivatives to hedge positions in the underlying commodity. Therefore, to facilitate Exchange surveillance, any such non-U.S. currency-related trading activity should be in accounts reported to the Exchange, and books, records or other information related to such activity should be made available to the Exchange.

The Exchange notes that, under NYSE Arca Equities Rule 10.2, in the course of an investigation by the Exchange, the Exchange may request from ETP Holders documentary materials and other information, including trading records, regarding trading in currencies and currency derivatives. In addition, 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. 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 gold 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.<sup>42</sup> The Exchange will halt trading in the Shares if the NAV of the Trust is not calculated or disseminated daily. The Exchange may halt trading during the day in which an interruption occurs to the dissemination of the IIV, as described above, or the Index value. If the interruption to the dissemination of the IIV

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<sup>42</sup> See NYSE Arca Equities Rule 7.12.

or the Index value persists past the trading day in which it occurs, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

### Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.<sup>43</sup> The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. 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.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance

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<sup>43</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

sharing agreement.<sup>44</sup>

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 gold, gold futures contracts, options on gold futures, or any other gold 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 also has a general policy prohibiting the distribution of material, non-public information by its employees.

All statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange.

The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will monitor for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Equities Rule 5.5(m).

#### 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

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<sup>44</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org).

and redemptions of Shares in Baskets (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) 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 gold trading during the Core and Late Trading Sessions after the close of the major world gold 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 Fund. The Exchange notes that investors purchasing Shares directly from the Fund (by delivery of the Creation Basket Deposit) will receive a prospectus. ETP Holders purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors.

In addition, the Information Bulletin will reference that the Fund is subject to various fees and expenses as will be 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 gold, that the Commission has no jurisdiction over the trading of gold as a physical commodity, and that the CFTC has regulatory jurisdiction over the trading of gold futures contracts and options on gold futures contracts.

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

## 2. Statutory Basis

The basis under the Exchange Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>45</sup> 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, 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 or with which the Exchange has entered into a comprehensive surveillance sharing agreement. Under NYSE Arca Equities Rule 10.2, in the course of an investigation by the Exchange, the Exchange may request from ETP Holders documentary materials and other information, including trading records, regarding trading in currencies and currency derivatives. With respect to issues of Commodity-Based Trust Shares for which non-U.S. currency price changes may impact the NAV of the applicable shares, such as the Shares, the Exchange believes the proposed amendments to Rule 8.600(g), as described above, are appropriate and in the public interest in that such amendments will facilitate Exchange surveillance of market makers' non-U.S. currency-related trading activity. The last sentence of the first paragraph of Rule 8.201(g) is proposed to be deleted as unnecessary in view of the

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<sup>45</sup> 15 U.S.C. 78f(b)(5).



proposed amendment to such rule. The Exchange further proposes to amend the second paragraph of Rule 8.201(g), which relates to books, records or other information required to be made available to the Exchange, to add applicable Underlying FX and Underlying FX derivatives to the financial instruments that are subject to requirements of such rule. In addition, 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).

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that there is a considerable amount of gold price and gold market information available on public websites and through professional and subscription services. Investors may obtain on a 24-hour basis gold pricing information based on the spot price for an ounce of gold from various financial information service providers. Investors may obtain gold pricing information based on the spot price for an ounce of gold from various financial information service providers. Current spot prices also are generally available with bid/ask spreads from gold bullion dealers. In addition, the Fund's website will provide pricing information for gold 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 NAV of the Fund will be published by the Sponsor on each day that the NYSE Arca is open for regular trading and will be posted on the Fund's website. The IIV relating to the Shares will be widely disseminated by one or more major market data

vendors at least every 15 seconds during the Core Trading Session. In addition, the LBMA Gold Price is publicly available at no charge at [www.lbma.org.uk](http://www.lbma.org.uk). The Fund's website will also provide the Fund's prospectus, as well as the two most recent reports to stockholders. 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 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 exchange-traded product 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. In addition, as noted above, investors will have ready access to information regarding gold pricing.

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 Exchange Act. The Exchange believes the proposed rule change will enhance competition by accommodating Exchange trading of an additional exchange-traded product relating to physical gold.

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. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange's proposed rule change to list and trade the Shares is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>46</sup> In particular, the Commission finds that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Exchange Act,<sup>47</sup> which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotation, last-sale, trading volume, and closing price information for the Shares will be available over the Consolidated Tape.

Additionally, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,<sup>48</sup> which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission believes that the proposed rule change is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately.

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<sup>46</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>47</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

<sup>48</sup> 15 U.S.C. 78f(b)(5).

The Fund's website ([www.spdrgoldshares.com](http://www.spdrgoldshares.com)) will provide an IIV per Share, updated every 15 seconds, during the Exchange's Core Trading Session. The Exchange states that the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session. Additionally, the Fund will publish on its website the Creation Basket Deposit and the NAV.<sup>49</sup> The Index value generally will be calculated daily, using the daily LBMA Gold Price AM and the Spot Rate as of 9:00 a.m., London time, and it will be available from one or more major market data vendors and will be available during the Exchange's Core Trading Session. The Exchange represents that the Index methodology is transparent, and that market makers will recalculate an approximate Index value using reliable intraday prices of gold and the relevant Index currencies to identify arbitrage opportunities that present themselves during the Exchange's Core Trading Session.<sup>50</sup> The Reference Currency Index values, which impact the NAV of the Fund, generally would be calculated using the Spot Rate for each Reference Currency. According to the Exchange, each Spot Rate would be calculated using observable data from arms-length transactions "where that data is available and reflects sufficient liquidity."<sup>51</sup> The Exchange represents that WMR utilizes the same

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<sup>49</sup> The Fund also will publish the following information on its website: (1) the mid-point of the Bid/Ask Price, and a calculation of the premium or discount of such price against such NAV; (2) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters; (3) the Fund's prospectus, as well as the two most recent reports to stockholders; and (4) the last-sale price of the Shares as traded in the U.S. market.

<sup>50</sup> See Amendment No. 3, *supra* note 9, at 13. The Exchange states that there is a considerable amount of information about gold and currency prices available on public websites and through professional and subscription services. For example, according to the Exchange, investors may obtain on a 24-hour basis gold pricing information, as well as pricing information for the Reference Currencies from various financial information service providers, such as Reuters and Bloomberg. See *id.* at 24.

<sup>51</sup> See *id.* at 44.

methodology to calculate the Spot Rate as it does to calculate the NAV for certain issues of Currency Trust Shares, the listing and trading of which the Commission approved.<sup>52</sup> The Commission believes that the markets for the Reference Currencies (i.e., the euro, Japanese yen, British pound sterling, Canadian dollar, Swedish krona and Swiss franc) and gold are deep and liquid. For these reasons, and in light of the Exchange's representations that the Index methodology is transparent,<sup>53</sup> the Commission presently has no reason to believe that the Index is susceptible to manipulation.

The Commission also believes that the proposal is reasonably designed to prevent trading when a reasonable degree of transparency cannot be assured. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. The Exchange may halt trading in the Shares because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable including: (1) the extent to which conditions in the underlying gold 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. The Exchange will halt trading in the Shares if the NAV is not calculated or disseminated daily.<sup>54</sup> The Exchange may halt trading during the day in which an interruption occurs to the dissemination of the IIV or the Index value; if the interruption to the dissemination of the IIV or the Index value persists past the trading day in which it occurs, the Exchange will halt trading no later than the beginning of the trading day following the interruption.<sup>55</sup>

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<sup>52</sup> See note 34, supra.

<sup>53</sup> See note 50, supra, and accompanying text.

<sup>54</sup> See Amendment No. 3, supra note 9, at 28.

<sup>55</sup> See id.

Further, the Commission believes that the Exchange's proposal to expand the scope of NYSE Arca Equities Rule 8.201(g) is designed to prevent manipulative acts and practices. As amended, the rule would allow the Exchange to better monitor the Reference Currency positions of market makers in the Shares to ensure that such market participants do not use their positions as market makers to violate the requirements of Exchange rules or applicable federal securities laws.<sup>56</sup>

In support of this proposal, the Exchange has made the following additional representations:

- (1) 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.<sup>57</sup>
- (2) The Exchange deems the Shares to be equity securities, and therefore the Shares will be subject to the Exchange's existing rules governing the trading of equity securities.
- (3) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.<sup>58</sup>
- (4) The Exchange has a general policy prohibiting the distribution of material, non-public information by its employees.<sup>59</sup>

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<sup>56</sup> The Commission notes that Commentary .04 of NYSE Arca Equities Rule 6.3 requires that an ETP Holder acting as a registered market maker in the Shares, and its affiliates, 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.

<sup>57</sup> See Amendment No. 3, *supra* note 9, at 75.

<sup>58</sup> See *id.* at 68.

<sup>59</sup> See *id.* at 29.

- (5) The Index Provider, which is not affiliated with a broker-dealer, has adopted policies and procedures designed to prevent the spread of material non-public information about the Index.<sup>60</sup>
- (6) Trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws, and that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.<sup>61</sup>
- (7) The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>62</sup>

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<sup>60</sup> See id. at 9.

<sup>61</sup> See id. at 72. FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

<sup>62</sup> See id. at 72-73.

- (8) Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin – the contents of which are discussed above – of the special characteristics and risks associated with trading the Shares.
- (9) All statements and representations made in the proposed rule change regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures constitute continued listing requirements for listing the Shares on the Exchange.<sup>63</sup>
- (10) The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will monitor for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under the NYSE Arca Equities Rule 5.5(m).<sup>64</sup>

This approval order is based on all of the Exchange’s representations, including those set forth above and in Amendment No. 3, and the Exchange’s description of the Fund.

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<sup>63</sup> See id. at 29.

<sup>64</sup> See id. The Commission notes that certain other proposals for the listing and trading of exchange-traded products include a representation that the exchange will “surveil” for compliance with the continued listing requirements. See, e.g., Securities Exchange Act Release No. 77499 (Apr. 1, 2016), 81 FR 20428 (April 7, 2016) (SR-BATS-2016-04). In the context of this representation, it is the Commission’s view that “monitor” and “surveil” both mean ongoing oversight of the Fund’s compliance with the continued listing requirements. Therefore, the Commission does not view “monitor” as a more or less stringent obligation than “surveil” with respect to the continued listing requirements.



For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act<sup>65</sup> and the rules and regulations thereunder applicable to a national securities exchange.

#### IV. Solicitation of Comments on Amendment No. 3

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 3 is consistent with the Exchange 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](mailto:rule-comments@sec.gov). Please include File Number SR- NYSEArca-2016-84 on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR- NYSEArca-2016-84. 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

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<sup>65</sup> 15 U.S.C. 78f(b)(5).

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 the 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-2016-84 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

V. Accelerated Approval of Proposed Rule Change as Modified by Amendment No. 3

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 3, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 3 in the Federal Register. In Amendment No. 3, the Exchange (among other things): (1) provided additional information, which helped the Commission conclude that the Index is not susceptible to manipulation; and (2) expanded the scope of NYSE Arca Equities Rule 8.201(g) which, as discussed above, appropriately tailors the rule to accommodate the listing and trading of an issue of Commodity-Based Trust Shares that overlies both a commodity and currencies. Accordingly, Amendment No. 3 helped the Commission find that the proposed listing and trading of the Shares is consistent with the portion of Section 6(b)(5) of the Exchange Act,<sup>66</sup> which requires that the rules of a national securities exchange must be designed to, among other things, prevent fraudulent and manipulative acts and practices and, in general, to protect investors and the public interest. Accordingly, the Commission finds good cause, pursuant to

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<sup>66</sup> 15 U.S.C. 78f(b)(5).

Section 19(b)(2) of the Exchange Act,<sup>67</sup> to approve the proposed rule change, as modified by Amendment No. 3, on an accelerated basis.

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,<sup>68</sup> that the proposed rule change (SR- NYSEArca-2016-84), as modified by Amendment No. 3 be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>69</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>67</sup> 15 U.S.C. 78s(b)(2).

<sup>68</sup> Id.

<sup>69</sup> 17 CFR 200.30-3(a)(12).