

ETFS Foreign Exchange Limited
6 February 2017

Announcement

ETFS FOREIGN EXCHANGE LIMITED

Change in Calculation of Currency Indices

Capitalised terms not otherwise defined in this notice have the meanings given to them in the Base Prospectus for the issue of Collateralised Currency Securities dated 5 April 2016 (the “Base Prospectus”).

Collateralised Currency Securities are priced by reference to certain Currency Indices calculated and published by MS&CO. The Currency Indices are total return indices. The total return of a Currency Index is made up of: (1) the Daily Currency Exposure and (2) the Daily Collateral Yield. The Daily Collateral Yield is calculated by reference to: (i) the One-month T-Bill Rate (“T-Bill”), in the case of currencies valued relative to the US Dollar, (ii) Euro Overnight Index Average rate (“EONIA”), in the case of the currencies valued relative to the Euro, and (iii) the Sterling Overnight Interbank Average Rate (“SONIA”), in the case of the currencies valued relative to GBP.

At present, the Daily Collateral Yield is calculated by reference to T-Bill, EONIA or SONIA subject to a zero percent floor being applied to these interest rates, so that the Daily Collateral Yield cannot be negative. With effect on and from 10 April 2017 the “Effective Date”), MS&CO is removing this zero percent floor from the index calculation methodology for each of the Currency Indices.

As a result on and from the Effective Date, the Daily Currency Yield with respect to a Currency Index could be negative and the level of a Currency Index could fall, or could rise by less than it otherwise would have risen if the zero percent floor had remained. This risk arises with respect to Short Currency Indices as well as Long Currency Indices. It arises even for a Short Currency Index reflecting a short position on USD, Euros or GBP because, if T-Bill, EONIA or SONIA (respectively) is less than zero, this will reduce the Daily Collateral Yield and would make it negative.

Further, if T-Bill, EONIA or SONIA is negative immediately before and on the Effective Date, the removal of the zero percent floor could result, on the Effective Date, in an immediate reduction in the level of those Currency Indices which use that rate in calculating the Daily Collateral Yield.

Please note that the examples and descriptions given in the Prospectus (including in the Risk Factors, Frequently Asked Questions and in Part 3 “Description of Currency Indices”) assume that each of T-Bill, EONIA and SONIA are at all times zero or above.

The revised index calculation methodology is available on the MSFX Website. Any historical index values or simulated historical index values on the MSFX Website, on the Issuer’s website, in the Prospectus or otherwise available from other sources, reflect the index calculation methodology in place at the time of the relevant calculation and have not been changed retrospectively.

For further information, please contact

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