

Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an email to [rule-comment@sec.gov](mailto:rule-comment@sec.gov). Please include File No. SR-CME-2012-24 on the subject line.

- Paper comments should be sent in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC, 20549-1090.

All submissions should refer to File Number SR-CME-2012-24. This file number should be included on the subject line if email 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 Web site (<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 Web site 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of CME. 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-CME-2012-24 and should be submitted on or before July 18, 2012.

#### IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

Section 19(b) of the Act<sup>4</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. The Commission finds that the proposed rule change is consistent with the requirements of the Act, in particular the requirements of Section 17A of the Act, and the rules and regulations thereunder applicable to

CME.<sup>5</sup> Specifically, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F)<sup>6</sup> of the Act which requires, among other things, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible and to protect investors and the public interest because the proposed rule change should allow CME enhance the financial safeguards package that applies to CME's Base Guaranty Fund.

In its filing, CME requested that the Commission approve this proposed rule change prior to the thirtieth day after the date of publication of the notice of the filing. CME has articulated three reasons for so granting approval. First, CME cites as a reason for this request CME's operation as a DCO, which is subject to regulation by the CFTC under the CEA. Second, CME also cites that the proposed rule changes relate solely to FX swap products and therefore relate solely to its swaps clearing activities and do not significantly relate to the CME's functions as a clearing agency for security-based swaps. Third, CME states that not approving this request on an accelerated basis will have a significant impact on the futures and swaps clearing business of the CME as a designated clearing organization.

The Commission finds good cause for granting approval of the proposed rule change prior to the thirtieth day after publication of the notice of its filing because: (i) The proposed rule change does not significantly affect any securities clearing operations of the clearing agency (whether in existence or contemplated by its rules) or any related rights or obligations of the clearing agency or persons using such service; (ii) the clearing agency has indicated that not providing accelerated approval would have a significant impact on its business as a designated clearing organization; and (iii) the activity relating to the non-security clearing operations of the clearing agency for which the clearing agency is seeking approval is subject to regulation by another federal regulator.

#### V. Conclusion

*It is therefore ordered* pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-CME-2012-24) be, and hereby is, approved on an accelerated basis.

<sup>5</sup> 15 U.S.C. 78q-1. In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

Kevin M. O'Neill,  
Deputy Secretary.

[FR Doc. 2012-15635 Filed 6-26-12; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67237; File No. SR-NYSEArca-2012-66]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of iShares Copper Trust Pursuant to NYSE Arca Equities Rule 8.201

June 22, 2012.

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

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

The Exchange proposes to list and trade shares of iShares Copper Trust (the "Trust") pursuant to NYSE Arca Equities Rule 8.201. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

<sup>7</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78s(b).

of the most significant parts 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 shares ("Shares") of the Trust under NYSE Arca Equities Rule 8.201. Under NYSE Arca Equities Rule 8.201, the Exchange may propose to list and/or trade pursuant to unlisted trading privileges ("UTP") "Commodity-Based Trust Shares."<sup>4</sup> The Commission has previously approved listing on the Exchange under NYSE Arca Equities Rule 8.201 of other issues of Commodity-Based Trust Shares. The Commission has approved listing on the Exchange of the streetTRACKS Gold Trust and iShares COMEX Gold Trust.<sup>5</sup> Prior to their listing on the Exchange, the Commission approved listing of the streetTRACKS Gold Trust on the New York Stock Exchange ("NYSE") and listing of iShares COMEX Gold Trust on the American Stock Exchange LLC (now known as "NYSE MKT LLC").<sup>6</sup> In addition, the Commission has approved trading of the streetTRACKS Gold Trust and iShares Silver Trust on the Exchange pursuant to UTP.<sup>7</sup> The Commission also has approved listing of the iShares Silver Trust on the Exchange<sup>8</sup> and, previously, listing of the iShares Silver Trust on the

American Stock Exchange LLC.<sup>9</sup> In addition, the Commission has approved listing on the Exchange of the following issues of Commodity-Based Trust Shares: ETFS Silver Trust, the ETFS Gold Trust, the ETFS Platinum Trust, the ETFS Palladium Trust, the ETFS Precious Metals Basket Trust, and the ETFS White Metals Basket Trust.<sup>10</sup>

The Trust will issue Shares which represent units of fractional undivided beneficial interest in and ownership of the Trust. The investment objective of the Trust is for the Shares to reflect the value of the assets owned by the Trust at that time less the Trust's expenses and liabilities.

BlackRock Asset Management International Inc. is the sponsor of the Trust ("Sponsor"),<sup>11</sup> The Bank of New York Mellon is the trustee of the Trust ("Trustee"),<sup>12</sup> and Metro International Trade Services LLC is the custodian of the Trust ("Metro" or the "Custodian").<sup>13</sup>

The Exchange represents that the Shares satisfy the requirements of NYSE

Arca Equities Rule 8.201 and thereby qualify for listing on the Exchange.<sup>14</sup>

According to the Registration Statement, the objective of the Trust is for the value of the Shares to reflect, at any given time, the value of copper owned by the Trust at that time, less the Trust's expenses and liabilities. The Trust will not be actively managed. It will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the price of copper. The Trust will receive copper deposited with it in exchange for the creation of blocks of 2,500 Shares ("Baskets"), will sell copper as necessary to cover the Trust expenses and other liabilities and will transfer copper to Authorized Participants (as described below) in exchange for Baskets surrendered to it for redemption.

Although the return, if any, of an investment in the Shares will be subject to the additional expense of the Sponsor's fee and other costs and expenses (as described in the Registration Statement) not assumed by the Sponsor which would not be incurred in the case of a direct investment in copper, the Shares are intended to constitute a simple and cost-effective means of making an investment similar to an investment in copper. While the Shares will not be the exact equivalent of an investment in copper, they will provide investors with an alternative that allows a level of participation in the copper market through the securities market.

According to the Registration Statement, the Trust will not hold or trade in commodity interests regulated by the Commodity Exchange Act ("CEA"),<sup>15</sup> as administered by the Commodity Futures Trading Commission ("CFTC"). Furthermore, the Trust is not a commodity pool for purposes of the CEA, and neither the Sponsor nor the Trustee is subject to regulation by the CFTC as a commodity pool operator, or a commodity trading advisor.

Copper Market Overview<sup>16</sup>

Copper is a major base metal. The Registration Statement states that, according to the U.S. Geological Survey,

<sup>4</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.

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

<sup>6</sup> See Securities Exchange Act Release No. 50603 (October 28, 2004), 69 FR 64614 (November 5, 2004) (SR-NYSE-2004-22) (order approving listing and trading of streetTRACKS Gold Trust on NYSE); Securities Exchange Act Release No. 51058 (January 19, 2005), 70 FR 3749 (January 26, 2005) (SR-Amex-2004-38) (order approving listing and trading of iShares COMEX Gold Trust on the American Stock Exchange LLC).

<sup>7</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).

<sup>8</sup> See Securities Exchange Act Release Nos. 58956 (November 14, 2008), 73 FR 71074 (November 24, 2008) (SR-NYSEArca-2008-124) (approving listing and trading on the Exchange of the iShares Silver Trust).

<sup>9</sup> See Securities Exchange Act Release No. 53521 (March 20, 2006), 71 FR 14967 (March 24, 2006) (SR-Amex-2005-72) (approving listing and trading on the American Stock Exchange LLC of the iShares Silver Trust).

<sup>10</sup> See Securities Exchange Act Release Nos. 59781 (April 17, 2009), 74 FR 18771 (April 24, 2009) (SR-NYSEArca[sic]-2009-28) (order approving listing and trading on the Exchange of ETFS Silver Trust); 59895 (May 8, 2009), 74 FR 22993 (May 15, 2009) (SR-NYSEArca-2009-40) (order approving listing and trading on the Exchange of ETFS Gold Trust); 61219 (December 22, 2009), 74 FR 68886 (December 29, 2009) (SR-NYSEArca-2009-95) (order approving listing and trading on the Exchange of ETFS Platinum Trust); 61220 (December 22, 2009), 74 FR 68895 (December 29, 2009) (order approving listing and trading on the Exchange of ETFS Palladium Trust); 62692 (August 11, 2010), 75 FR 50789 (August 17, 2010) (order approving listing and trading on the Exchange of ETFS Precious Metals Basket Trust); 62875 (September 9, 2010), 75 FR 56156 (September 15, 2010) (order approving listing and trading on the Exchange of ETFS White Metals Basket Trust).

<sup>11</sup> The Sponsor has agreed to assume the following administrative and marketing expenses incurred by the Trust: The Trustee's fee, the Custodian's fee, NYSE's listing fees, Commission registration fees, printing and mailing costs, audit fees and expenses and up to \$100,000 per annum in legal fees and expenses. The Sponsor also has paid or will pay the costs of the Trust's organization and the initial sale of the Shares, including the applicable Commission registration fees.

<sup>12</sup> The Trustee is responsible for the day-to-day administration of the Trust. The responsibilities of the Trustee include (1) Processing orders for the creation and redemption of Baskets (as defined below); (2) coordinating with the Custodian the receipt or transfer of copper by the Trust in connection with each issuance and redemption of Baskets; (3) calculating the net asset value ("NAV") and the adjusted NAV of the Trust on each business day; and (4) selling the Trust's copper as needed to cover the Trust's expenses. In addition, the Trustee will prepare the financial statements of the Trust.

<sup>13</sup> The Custodian will be responsible for safekeeping the copper deposited into the Trust in connection with the creation of Baskets.

<sup>14</sup> With respect to application of Rule 10A-3 (17 CFR 240.10A-3) under the Securities Exchange of 1934 ("Act") (15 U.S.C. 78a), the Trust relies on the exemption contained in Rule 10A-3(c)(7).

<sup>15</sup> 7 U.S.C. 1 *et seq.*

<sup>16</sup> See Pre-Effective Amendment No. 4 to Form S-1 for iShares Copper Trust, filed with the Commission on September 2, 2011 (No. 333-170131) ("Registration Statement"). The descriptions of the Trust, the Shares and the copper market contained herein are based, in part, on the Registration Statement.

a scientific agency of the United States government, the copper market is the third largest metals market in terms of physical volume. Much of the copper traded in the world is traded across organized exchanges, with the major exchanges located in London, Shanghai, and New York. There also is an active dealer market that trades physical and forward copper off of the exchanges, as well as non-exchange traded options. The price of copper generally reflects copper supply and demand, underlying

production costs, cumulative levels of copper inventories, and investor sentiment toward copper market prospects and broader economic trends, as well as actual economic conditions such as industrial production, real manufacturing output, inflation, and exchange rates.

Copper mine supplies are concentrated on a regional basis, while demand is more geographically dispersed, as is typical in extractive industries. The copper supply chain—

from raw copper concentrated ore from mines to upgraded copper products—is highly dependent on global trade. According to CPM Group, a commodities market research firm, the majority of copper mine production is in the Americas, accounting for roughly 55% of global output in 2011, while roughly 46% production is performed in Asia.

**BILLING CODE 8011-01-P**

Total World Copper Supply and Demand<sup>17</sup>

|  | 2001            | 2002            | 2003            | 2004            | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            | 2011            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>Thousand Tonnes</i>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Mine Production</b>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Chile  | 4,697           | 4,585           | 4,942           | 5,380           | 5,240           | 5,293           | 5,534           | 5,271           | 5,400           | 5,370           | 5,176           |
| Peru   | 716             | 845             | 849             | 1,029           | 995             | 1,035           | 1,185           | 1,254           | 1,276           | 1,236           | 1,219           |
| China  | 582             | 569             | 609             | 738             | 750             | 862             | 924             | 1,065           | 1,045           | 1,145           | 1,251           |
| U.S.A.   | 1,328           | 1,141           | 1,124           | 1,153           | 1,123           | 1,182           | 1,163           | 1,296           | 1,182           | 1,099           | 1,113           |
| Indonesia  | 1,038           | 1,164           | 1,011           | 837             | 1,048           | 806             | 786             | 644             | 998             | 863             | 519             |
| Other  | 5,273           | 5,274           | 5,222           | 5,457           | 5,766           | 5,811           | 5,891           | 5,998           | 5,996           | 6,275           | 6,726           |
| <b>Total Mine Production</b>                       | <b>13,634</b>   | <b>13,577</b>   | <b>13,757</b>   | <b>14,594</b>   | <b>14,922</b>   | <b>14,990</b>   | <b>15,483</b>   | <b>15,527</b>   | <b>15,897</b>   | <b>15,989</b>   | <b>16,005</b>   |
| <i>Total percent change</i>                        | 3.2%            | -0.4%           | 1.3%            | 6.1%            | 2.2%            | 0.5%            | 3.3%            | 0.3%            | 2.4%            | 0.6%            | 0.1%            |
| <b>Refined Metal Production</b>                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Primary Refined Production                         | 13,746          | 13,436          | 13,487          | 13,848          | 14,411          | 14,678          | 15,1910         | 15,418          | 15,435          | 15,749          | 16,113          |
| Secondary Refined Production                       | 1,892           | 1,918           | 1,785           | 2,069           | 2,161           | 2,613           | 2,743           | 2,823           | 2,818           | 3,249           | 3,517           |
| <b>Total Refined Metal Production</b>              | <b>15,638</b>   | <b>15,354</b>   | <b>15,272</b>   | <b>15,917</b>   | <b>16,572</b>   | <b>17,291</b>   | <b>17,934</b>   | <b>18,241</b>   | <b>18,253</b>   | <b>18,998</b>   | <b>19,630</b>   |
| <i>Total percent change</i>                        | 6.0%            | -1.8%           | -0.5%           | 4.2%            | 4.1%            | 4.3%            | 3.7%            | 1.7%            | 0.1%            | 4.1%            | 3.3%            |
| <b>Consumption</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| China  | 2,348           | 2,772           | 3,123           | 3,263           | 3,755           | 3,920           | 4,678           | 5,454           | 6,695           | 7,522           | 7,712           |
| European Union                                     | 4,162           | 3,983           | 3,934           | 4,111           | 3,856           | 4,256           | 4,060           | 4,629           | 3,473           | 3,972           | 4,186           |
| U.S.A.   | 2,665           | 2,395           | 2,350           | 2,435           | 2,256           | 2,099           | 2,130           | 2,009           | 1,593           | 1,752           | 1,798           |
| Japan  | 1,165           | 1,179           | 1,234           | 1,292           | 1,228           | 1,284           | 1,256           | 1,185           | 852             | 1,061           | 1,032           |
| South Korea  | 864             | 948             | 924             | 949             | 868             | 829             | 858             | 816             | 908             | 857             | 766             |
| Other  | 3,742           | 3,954           | 4,109           | 4,659           | 4,906           | 4,969           | 5,058           | 4,062           | 4,168           | 4,211           | 4,495           |
| <b>Consumption of Refined Copper<sup>1,2</sup></b> | <b>14,946</b>   | <b>15,231</b>   | <b>15,674</b>   | <b>16,710</b>   | <b>16,870</b>   | <b>17,358</b>   | <b>18,040</b>   | <b>18,154</b>   | <b>17,688</b>   | <b>19,375</b>   | <b>19,988</b>   |
| <i>Total percent change</i>                        | -1.2%           | 1.9%            | 2.9%            | 6.6%            | 1.0%            | 2.9%            | 3.9%            | 0.6%            | -2.6%           | 9.5%            | 3.2%            |
| <b>Refined Copper Balance<sup>2</sup></b>          | <b>692</b>      | <b>123</b>      | <b>-402</b>     | <b>-793</b>     | <b>-298</b>     | <b>-67</b>      | <b>-106</b>     | <b>87</b>       | <b>565</b>      | <b>-377</b>     | <b>-358</b>     |
| <b>Exchange Metal Stocks<sup>3</sup></b>           | <b>1,138</b>    | <b>1,293</b>    | <b>806</b>      | <b>124</b>      | <b>156</b>      | <b>253</b>      | <b>238</b>      | <b>390</b>      | <b>688</b>      | <b>568</b>      | <b>544</b>      |
| <b>No. weeks of consumption</b>                    | <b>4.0</b>      | <b>4.4</b>      | <b>2.7</b>      | <b>0.4</b>      | <b>0.5</b>      | <b>0.8</b>      | <b>0.7</b>      | <b>1.1</b>      | <b>2.0</b>      | <b>1.5</b>      | <b>1.4</b>      |
| <b>Annual Average LME Cash Price (US\$/mt)</b>     | <b>\$ 1,578</b> | <b>\$ 1,557</b> | <b>\$ 1,777</b> | <b>\$ 2,876</b> | <b>\$ 3,715</b> | <b>\$ 6,730</b> | <b>\$ 7,126</b> | <b>\$ 5,164</b> | <b>\$ 6,952</b> | <b>\$ 7,539</b> | <b>\$ 8,811</b> |
| <i>% Change Year Ago</i>                           | -13.0%          | -1.3%           | 14.1%           | 61.8%           | 29.2%           | 81.2%           | -2.4%           | -25.7%          | -2.4%           | 46.07%          | 16.9%           |

## Copper Market Participants

The copper market includes a diversified group of market participants. Both the physical and financial copper markets consist of primary and secondary producers, fabricators, manufacturers and end-use consumers, physical traders and merchants, the banking sector, and the investment community.

Physical traders and merchants generally facilitate the domestic and international trade of copper supplies along the value chain and support the distribution of supplies to consumers. Banking institutions may provide market participants an assortment of services to assist copper market transactions. On the producer level, the

banking sector may facilitate project financing, off-take agreements (agreements to purchase/sell all or a portion of a producer's output), over-the-counter ("OTC") transactions, hedging services, and price risk management. In addition to these and other services, consumers may seek guidance from the banking sector on commodity supply management.

According to the Registration Statement, starting in the late 1970s, changes in bank regulation in many industrialized nations allowed banks to assume many of the functions traditionally fulfilled by traders and commodities merchants. Non-banking merchants continue to operate side by side with banks that have either acquired or developed internal copper trading capacity.

The investment community is composed of non-commercial market participants engaged in investment in copper or speculation about copper prices. This may range from large-scale

institutional investors to hedge funds to small-scale retail investors. In addition, the investment community includes sovereign wealth funds as well as other governmental bodies that stockpile metal for strategic purposes.

## Operation of the Copper Market

The copper market is comprised of sales directly by producers and refiners to users, and by physical sales transacted by merchants, dealers, and trading banks. There are spot sales in the physical market, as well as forward contracts, options contracts, and other derivative transactions. A major portion of annual copper production and use is covered through physical transactions, many times through renewable annual supply contracts. Additional metal trades through commodities exchanges, and there is an interaction between the OTC market and exchange operations.

<sup>17</sup> Table Notes (Source: CPM Group May 2011). See also Registration Statement.

1. Includes consumption of refined copper scrap, not the direct consumption of copper scrap.

2. Adjusted for estimated destocking and restocking in government strategic stockpiles. May not include all changes to government stockpiles.

## The Price of Copper

Copper prices have historically been viewed by some economists as a key indicator of global industrial activity, given copper's prominence in major economic sectors such as construction, transportation, and electrical and electronic products. While copper prices are expected to reflect the fundamentals directly related to its market, prices may also reflect current and expected economic conditions less closely related to the copper market such as exchange rates, inflation, and global economic cycles. The price of copper is volatile and fluctuations are expected to have an impact on the value of the Shares. Historical trends in copper prices are not reliable indicators of future movements.

Copper has been traded on the London Metal Exchange ("LME") since its inception in 1877. New contracts have been added over the last century as the LME has responded to changes in supply and demand. The current specifications for grade A copper were introduced in April 1986.

## Over-the-Counter Market

Physical traders, merchants, and banks participate in OTC spot, forward, option, and other derivative transactions for copper. OTC contracts are principal-to-principal agreements traded and negotiated privately between two principal parties, without going through an exchange or other intermediary. As such, both participants in OTC deals are subject to counter-party risk, including credit and contractual obligations to perform. The OTC derivative market remains largely unregulated with respect to public disclosure of information by the parties, thus providing confidentiality among principals.

The terms of OTC contracts are not standardized and market participants have the flexibility to negotiate all terms of the transaction, including delivery specifications and settlement terms. The OTC market facilitates long-term transactions, such as life-of-mine off-take agreements<sup>18</sup> which otherwise could be constrained by contract terms in a futures exchange.

## Futures Exchanges

According to the Registration Statement, the LME is the longest

standing exchange trading copper futures, and continues to be the platform with the greatest number of open copper futures and options contracts (open interest). The COMEX (a division of CME Group, Inc.), Shanghai Futures Exchange ("SHFE"), and the recently launched Multi Commodity Exchange of India ("MCX") also trade copper futures. At the end of March 2012, the LME held roughly 64% of copper open interest across the four futures exchanges with copper contracts (adjusted for lot size).<sup>19</sup>

## The London Metal Exchange

In accordance with LME Trading Regulations, the LME official cash seller price commonly serves as the settlement prices for delivery of warranted Grade A Copper (copper held in a lot at LME approved warehouses that meets contract conditions specified by the LME for the warehouse to issue a copper warrant). Warrants, which are documents representing possession, are used as the means of delivering metal or plastics under LME contracts. The ownership of copper represented by warrants is transferred through LMEsword, an electronic transfer

<sup>19</sup> As of March 29, 2012, LME open interest for copper was 6.9 million tonnes. Copper futures volume on the LME for 2011 was 862.6 million tonnes. As of March 29, 2012, COMEX open interest for copper was 1.7 million tonnes. Copper futures volume on the COMEX for 2011 was 141.7 million tonnes. As of March 29, 2012, SHFE open interest for copper was 2.2 million tonnes. Copper futures volume on the SHFE for 2011 was 483.4 million tonnes. As of March 29, 2012, MCX open interest for copper was 36,510 tonnes. Copper futures volume on MCX for 2011 was 33.0 million tonnes.

According to the Registration Statement, the LME, the SHFE and the COMEX release regular, daily or weekly, publicly available reports on the weight of copper held in the area of the warehouse registered with the respective exchange. Each exchange also provides data on the amount of metal with warrants in the area of the warehouse registered with the exchange. The COMEX reports the quantity of warranted and non-warranted metal (metal without a warrant held in the area of the warehouse approved by the COMEX). The LME reports the quantity of metal "on warrant" and "off warrant" (metal where the warrant has been surrendered and is waiting to be delivered from the area of the warehouse approved by the LME). The SHFE reports the quantity of "on warrant" metal and deliverable metal. Deliverable metal, which includes "on warrant" metal, is the total metal held in the area of the warehouse approved by the SHFE. The warehouses are not owned or operated by the exchanges, but are registered with the exchanges as being suitable to hold exchange-registered metal. Metal stored in the area of the warehouse approved by the exchange but that is not registered with an exchange is not reported in exchange inventory data. Industry groups and trade associations publish proprietary estimates of copper inventories held by producers, consumers, and merchants using data collected from their constituent members with a one or more month lag. Currently, there are no comprehensive statistics or data on physical copper stockpiles held by all commercial and non-commercial market participants.

system for the purchase and sale of exchange issued warrants. Each warrant is invoiced at the contract weight, which is permitted to vary +/− 2% from the specified 25 tonne lot of copper. Only registered LME copper brands are approved for delivery. Producers must follow exchange guidelines and meet specification requirements to maintain their brand registration. Currently, more than 75 brands of copper are listed with the LME. Failure to comply with LME requirements may result in the delisting of a brand. Purity levels specified for deliverable LME copper must be greater than 99.99% copper, which meets or exceeds purity levels specified by other copper futures exchanges. The brand is the main determinant for distinguishing whether or not copper deliverable on the LME is deliverable for other exchange contracts. Generally, the difference in minimum purities required by the LME, SHFE, COMEX, and MCX is minimal.

The LME falls under the jurisdiction of the United Kingdom Financial Services Authority ("FSA"). The FSA is responsible for ensuring the financial stability of the exchange members businesses, whereas the LME is largely responsible for the oversight of day-to-day exchange activity, including conducting arbitration proceedings under the LME arbitration regulations.

Through the establishment of the LMEsword system, the LME facilitates the orderly transfer of LME warrants and the reporting of inventories. In April 2010, the previous SWORD system operated for the LME by LCH Clearnet was replaced by the current LMEsword system in order to bring the management system under direct exchange control and regulation.

According to the Registration Statement, the LME is one of the world's most important non-ferrous metals markets; it combines around-the-clock inter-office telephone trading, electronic trading and open outcry trading that includes, for each metal traded on the exchange, four five-minute sessions taking place around the ring of the exchange (each such session, a "ring"). In the case of copper, the first ring takes place between 12:00 and 12:05 p.m. (London time), and the second one between 12:30 and 12:35 p.m. (London time). At the close of the second ring, the LME Quotations Committee<sup>20</sup>

<sup>18</sup> A life-of-mine off-take agreement is an agreement between a producer and a buyer to purchase/sell portions of the producer's future production over the life of the operation. Off-take agreements are commonly negotiated prior to the construction of a project as they can assist in obtaining financing by showing future revenue streams.

<sup>20</sup> The LME Quotations Committee is made up of five staff from the Executive's Market Operations department and is defined in the LME Rulebook as "a committee authorized by the Directors to be responsible for determining Closing Prices and Settlement Prices". Under rules currently in effect, the LME Quotations Committee determines the

determines the last bid and offered prices for contracts that trade on the LME. If there is consensus among the members of the LME Quotations Committee as to the last prices, the prices so determined are displayed as provisional prices within five minutes from the end of the ring. If no objections are made to the provisional prices during the next five minutes, such prices become "official" at 12:45 p.m. (London time). If no consensus as to prices is reached within the five-minute period following the end of the second ring, no provisional price is announced and the LME Quotations Committee convenes at 1:15 p.m. (London time) to determine the relevant prices, which are then announced at 1:20 p.m. (London time).

#### Shanghai Futures Exchange

The SHFE is a self-regulatory body under the supervision and governance of the China Securities Regulatory Commission ("CSRC"). The SHFE is the day-to-day overseer of exchange activity, and is expected to carry out regulation as per the laws established by the CSRC. The CSRC meanwhile serves as the final authority on exchange regulation and policy development and ultimately determines the effectiveness of the SHFE as a regulatory entity. It has the right to overturn or revoke the SHFE's regulatory privileges at any time.

#### COMEX

Commodity futures and options traded on the COMEX are subject to regulation by its parent, CME Group's Market Regulation Oversight Committee ("MROCC"), under CFTC rules.<sup>21</sup> The MROCC is a self-regulatory body created in 2004 to actively ensure competitive and financially sound trading activity on the CME and its subsidiary exchanges.

#### Multi Commodity Exchange of India

Regulation of the MCX falls under the responsibility of the Governing Board of the MCX and the Forward Markets Commission of India pursuant to the

official cash seller and settlement price to be the last offer in the second ring of the morning session on the LME, if such prices were available. Otherwise, the LME Quotations Committee has the discretion to decide these prices. The cash price references the warehouse business day, which reflects copper that will be available for delivery two business days forward from the trading day.

<sup>21</sup> Copper is traded over two CME platforms: CME Globex and Open Outcry. CME Globex, which offers electronic trading, operates Sunday through Friday, 6:00 p.m., Eastern Time ("E.T.") through 5:15 p.m. E.T. with a 45-minute break each day beginning at 5:15 p.m. E.T. The Open Outcry operates Monday through Friday 8:10 a.m. E.T. through 1:00 p.m. E.T.

Forward Contracts (Regulation) Act of 1952 and amendments made thereafter.

#### Trust Expenses

According to the Registration Statement, the Trust's main recurring expenses are expected to be the Sponsor's fee and the Custodian's fee. The Sponsor's fee will be accrued daily and paid monthly in arrears at an annualized rate equal to a specified percentage of the adjusted NAV of the Trust. The Trustee will, when directed by the Sponsor, and, in the absence of such direction, may, in its discretion, sell copper in such quantity and at such times, as may be necessary to permit payment of the Sponsor's fee, the Custodian's fee and of Trust expenses or liabilities not assumed by the Sponsor.

Cash held by the Trustee pending payment of the Trust's expenses will not bear any interest. Each sale of copper by the Trust will be a taxable event to Shareholders.

#### Deposit of Copper; Issuance of Baskets

According to the Registration Statement, at the time of creation of the Trust, the Trust will issue to Goldman, Sachs & Co., as the "Initial Purchaser", a specified number of Baskets of 2,500 Shares each (the "Initial Shares"), in exchange for an in-kind per-Basket deposit with the Custodian of 25 tonnes of copper (equivalent to a per-Share consideration of 10 kilograms of copper).<sup>22</sup> The Trust then expects to create and redeem Shares on a continuous basis but only in blocks of five or more Baskets of 2,500 Shares each. Upon the deposit of the corresponding amount of copper with the Custodian and the payment of the Trustee's applicable fee and of any expenses, taxes or charges (such as sales, stamp taxes or stock transfer taxes or fees) and subject to the payment of any applicable fees to the Custodian, the Trustee will deliver the appropriate number of Baskets to the Depository Trust Company ("DTC") account of the depositing Authorized Participant.<sup>23</sup>

<sup>22</sup> According to the Registration Statement, the Initial Purchaser will be an underwriter with respect to the Initial Shares. The Initial Purchaser intends to make a public offering of the Initial Shares at a price per Share that will vary depending, among other factors, on the NAV and the trading price of the Shares on NYSE Arca at the time of the offer. Shares offered by the Initial Purchaser at different times may have different offering prices. The Initial Purchaser will not receive from the Trust, the Sponsor or any of their affiliates any fee or other compensation in connection with their sale of the Initial Shares to the public; however, the Sponsor may reimburse to the Initial Purchaser certain fees and expenses incurred in connection with the offering of the Initial Shares.

<sup>23</sup> The Custodian may keep the Trust's copper at locations within or outside the United States that

Only Authorized Participants can deposit copper and receive Baskets in exchange. The Sponsor and the Trustee will maintain a current list of Authorized Participants.

Before making a deposit, the Authorized Participant must deliver to the Trustee a written purchase order indicating the number of Baskets it intends to acquire. In exchange for each Basket purchased, an Authorized Participant must deposit the Basket Copper Amount<sup>24</sup> announced by the Trustee on the first business day on which the LME Bid Price<sup>25</sup> is announced following the date of receipt of the purchase order. However, orders received by the Trustee after 3:59 p.m. E.T. on a business day will be treated as received on the next following business day.

In connection with the creation of Baskets, only copper that meets the requirements to be delivered in settlement of copper futures contracts traded on the LME and are eligible to be placed on Warrant at the time of delivery to the Trust, may be delivered to the Trust in exchange for Shares. The Authorized Participant must specify and choose where the Basket Copper Amount will be deposited and must deliver such Basket Copper Amount to any of the Trust's accounts at the Custodian.

Because copper usually trades in lots of 25 tonnes, with plus or minus 2% deviations being accepted in the industry, an Authorized Participant may not find readily available in the market the exact Basket Copper Amount needed in connection with the issuance of a new Basket. To facilitate the issuance of Baskets, the Sponsor has arranged for J. Aron & Company ("J. Aron"), an

are agreed from time to time by the Custodian and the Trustee. As of the date of the Registration Statement, the Custodian is authorized to hold copper owned by the Trust at warehouses located in East Chicago (Indiana), Hull and Liverpool (England), Mobile (Alabama), New Orleans (Louisiana), Saint Louis (Missouri), Rotterdam (the Netherlands), and Antwerp (Belgium). Unless otherwise instructed by the Trustee, no copper held by the Custodian on behalf of the Trust may be on Warrant. Unless otherwise agreed in writing by the Trustee, each of the warehouses where the Trust's copper will be stored must be LME-approved at the time copper is delivered to the Custodian for storage in such warehouse.

<sup>24</sup> The "Basket Copper Amount" is the amount of copper (measured in tonnes and fractions thereof), determined on each business day by the Trustee, which Authorized Participants must transfer to the Trust in exchange for a Basket, or are entitled to receive in exchange for each Basket surrendered for redemption.

<sup>25</sup> The "LME Bid Price" on any day, is the official price (cash, buyer) for copper announced by the LME on such day. Such price is disseminated at 1:20 p.m. London Time and represents the price that a buyer is willing to pay to receive a warrant in any warehouse within the LME system.

international commodities dealer and subsidiary of The Goldman Sachs Group, Inc. (which owns the Custodian), to stand ready to (i) make available for sale for cash to an eligible Authorized Participant any fractional amounts of copper needed to meet the obligation to transfer to the Trust the exact Basket Copper Amount in exchange for each Basket purchased from the Trust; and (ii) purchase from an eligible Authorized Participant for cash any amount by which the lots of copper such Authorized Participant intends to use in connection with an issuance of a Basket exceed the corresponding Basket Copper Amount.<sup>26</sup>

The Basket Copper Amount necessary for the creation of a Basket changes from day to day. The initial Basket Copper Amount, in effect on the day of creation of the Trust, will be 25 tonnes of copper. On each day that NYSE Arca is open for regular trading, the Trustee will adjust the quantity of copper constituting the Basket Copper Amount as appropriate to reflect sales of copper, any loss of copper that may occur, and accrued expenses. The computation will be made by the Trustee as promptly as practicable after 4:00 p.m. E.T. The Basket Copper Amount so determined will be communicated via facsimile or electronic mail message to all Authorized Participants and will be available on the Sponsor's Web site for the Shares.

No Shares will be issued unless and until the Custodian has informed the Trustee that it has received on behalf of the Trust the corresponding amount of copper. All taxes and fees incurred in connection with the delivery of copper to the Custodian in exchange for Baskets (including any applicable taxes and any fees incurred in connection with placing off Warrant)<sup>27</sup> will be the sole responsibility of the Authorized Participant making such delivery.

#### Redemption of Baskets; Withdrawal of Copper

Authorized Participants, acting on authority of a registered holder of Shares, may surrender five or more Baskets for redemption, each in exchange for the Basket Copper Amount announced by the Trustee on the first business day on which the LME Bid Price is announced following the date of receipt of the redemption order. However, orders received by the Trustee after 3:59 p.m. E.T. on a business day will be treated as received on the next following business day.

Upon the surrender of the Shares comprising the number of Baskets to be redeemed and the payment by the Authorized Participant of the Trustee's applicable fee and of any expenses, taxes, or charges (such as fees owed to the Custodian in connection with the issuance of Warrants to be delivered to the redeeming Authorized Participant, and any sales, stamp or stock transfer taxes, or fees), the Custodian will transfer from the Trust's account to such Authorized Participant's account the aggregate Basket Copper Amount corresponding to the Baskets surrendered for redemption and will send written confirmation thereof to the Trustee which will then cancel all Shares so redeemed. The specific copper to be transferred to the redeeming Authorized Participant's account will be selected by the Custodian pursuant to an algorithm that gives priority to the delivery of copper that no longer meets LME requirements (e.g., is of a brand, or held at a location, that is no longer LME approved) or is on Warrant (in the rare instances where some of the Trust's copper may be on Warrant). While the Trust generally will not hold Warrants, but rather warrantable metal that may be placed on Warrant ("off Warrant"), the Sponsor expects that creation and redemption transactions with the Trust will be facilitated via Warrants. Copper represented by Warrants that are delivered by an Authorized Participant upon creation will, through the Trust's settlement process, be taken off Warrant prior to settlement with the Trust. Similarly, the placement of the metal on Warrant is completed following the settlement of the redemption. The costs associated with taking warrantable metal off Warrant will be borne by the Authorized Participant.<sup>28</sup> Within each

category, copper is selected for transfer to redeeming Authorized Participants on a last-in-first-out basis.<sup>29</sup> The location of such transfer will be part of the Warrant details.

If the copper transferred to the redeeming Authorized Participant's account meets the requirements of the LME to be placed on Warrant and the Custodian is able to issue Warrants at such time, promptly after a redemption the Custodian will issue to the redeeming Authorized Participant one or more Warrants representing as much of the copper transferred to the Authorized Participant's account in connection with such redemption as may be placed on Warrant in compliance with the LME Rulebook, and without the Custodian having to break apart any specific parcel of copper so transferred pursuant to the algorithm referred to above. Because the LME Rulebook only allows Warrants for 25 tonnes (plus or minus 2% deviations), it is possible that the gross amount of copper transferred to an Authorized Participant's account in connection with a redemption may not be placed on Warrant in full. Any residual amount remaining in a redeeming eligible Authorized Participant's account after the Warrants have been issued, not in excess of 25.5 tonnes (or, together with all other purchases effected by J. Aron from eligible Authorized Participants during a specified period, as disclosed in the Registration Statement, preceding the redemption, a specified number of Baskets) will be purchased for cash from such eligible Authorized Participant by J. Aron, pursuant to procedures described in the Registration Statement at the LME Bid Price that would apply to an LME-traded cash futures contract settling on the same date (or, if there is no such LME-traded contract, at the price agreed to between the redeeming eligible Authorized Participant and J. Aron). All fees due to J. Aron as consideration for its agreement to provide this service will be paid by the Sponsor.

If it is not possible for the Custodian to issue Warrants in connection with a redemption of Shares as described

<sup>26</sup> The Goldman Sachs Group, Inc. and its affiliates ("GS Entities") have represented to the Sponsor that they maintain policies that are reasonably designed to prevent misuse or improper dissemination of nonpublic information, including a "need-to-know" standard that states that confidential information may be shared only with persons who have a need to know the information to perform their duties and to carry out the purpose(s) for which the information was provided. In addition, GS Entities have represented to the Sponsor that they maintain specific policies and procedures that are reasonably designed to protect confidential and commercially sensitive information associated with Metro's business from being shared with GS Entity individuals engaged in commodity sales and trading activities.

<sup>27</sup> Warrants that are registered with the LMEsword are surrendered to the warehouse holding the copper.

<sup>28</sup> The cost for placing warrantable metal on Warrant is nominal. The Authorized Participant is expected to pay \$10 per tonne to put the metal on Warrant. In addition, the LME Bid Price as of April 27th, 2012 published on the LME Web site is \$8443.00 per tonne (<http://www.lme.com/copper/asp>).

<sup>29</sup> The Sponsor represents that only copper that satisfies all of the requirements to be put on Warrant in compliance with the LME Rulebook, as in effect at the time such copper is delivered to Custodian, can be used to facilitate creations. Authorized Participants desiring to create with Warranted copper will be required to take such Warrants off Warrant prior to delivery to the Custodian. In connection with redemptions, if the copper transferred to the redeeming Authorized Participant's account meets the requirements of the LME to be placed on Warrant, the Custodian will facilitate the issuance of one more Warrants in compliance with the LME Rulebook, subject to the Trust's procedures.

above (for example, because the copper to be delivered does not meet the LME specifications to be placed on Warrant, or because there is a failure in the electronic system used by the LME to process the issuance and transfer of Warrants), the Custodian will deliver to the redeeming Authorized Participant one or more negotiable warehouse receipts representing the copper transferred to the Authorized Participant's account in connection with such redemption. In the normal course of the Trust's operations, it is anticipated that Authorized Participants will receive Warrants (not warehouse receipts) following a redemption transaction. In the event that metal is no longer considered warrantable because, for example, the LME announces that a specific brand is no longer approved to be placed on Warrant the Trust will have operational procedures in place to put such metal on Warrant prior to such an event when possible.<sup>30</sup> In the event that the metal is unable to be placed on Warrant, the Authorized Participant will receive a warehouse receipt instead of a Warrant following a redemption transaction.

Redemptions may be suspended only (i) during any period in which regular trading on NYSE Arca is suspended or restricted or the Exchange is closed (other than scheduled holiday or weekend closings), or (ii) if an emergency exists that makes it reasonably impracticable for the Custodian to deliver Warrants and warehouse receipts.

#### Termination Events

The Trustee will terminate the Trust Agreement if (1) the Trustee is notified that the Shares are delisted from NYSE Arca and are not approved for listing on another national securities exchange within five business days of their delisting; (2) holders of at least 75% of the outstanding Shares notify the Trustee that they elect to terminate the Trust; (3) 60 days have elapsed since the Trustee notified the Sponsor of the Trustee's election to resign and a successor Trustee has not been appointed and accepted its appointment; (4) the Commission determines that the Trust is an investment company under the Investment Company Act of 1940, as amended,<sup>31</sup> and the Trustee has actual knowledge of that determination; (5) the aggregate market capitalization of the Trust, based on the closing price for the

Shares, was less than a specified dollar amount on each of five consecutive trading days and the Trustee receives, within six months from the last of those trading days, notice that the Sponsor has decided to terminate the Trust; (6) the CFTC determines that the Trust is a commodity pool under the Commodity Exchange Act and the Trustee has actual knowledge of that determination; (7) the Trust fails to qualify for treatment, or ceases to be treated, as a grantor trust for United States federal income tax purposes and the Trustee receives notice that the Sponsor has determined that the termination of the Trust is advisable; or (8) if the law governing the Trust limits its maximum duration, upon the expiration of 21 years after the death of the last survivor of all the descendants of Elizabeth II, Queen of England, living on the date of the Trust Agreement.

Additional information regarding the Shares and the operation of the Trust, including termination events, risks, and creation and redemption procedures, are described in the Registration Statement.

#### Valuation of Copper; Computation of Net Asset Value

According to the Registration Statement, on each business day, as soon as practicable after 4:00 p.m. E.T., the Trustee will value the copper held by the Trust and determine the NAV of the Trust. For purposes of making these calculations, a business day means any day other than a day when NYSE Arca is closed for regular trading.

The Trustee will value the Trust's copper at that day's announced LME Bid Price. If there is no announced LME Bid Price on a business day, the Trustee will be authorized to use the most recently announced LME Bid Price unless the Sponsor determines that such price is inappropriate as a basis for valuation.<sup>32</sup> In addition, if at any time the Sponsor believes the value of the Trust's Copper is not accurately represented by the LME Bid Price of a Warrant, the Sponsor will consider an alternative basis for valuation of the Trust's Copper. In such cases, the Sponsor will select and disclose to the shareholders an alternative basis for evaluation which could be, for example, the price announced on that date by any other internationally recognized exchange where copper contracts are traded (such as the COMEX).<sup>33</sup>

<sup>32</sup> The Exchange, pursuant to NYSE Arca Equities Rule 8.201(e)(2)(iv), has discretion to halt trading in the Shares if the LME Bid Price is not determined or available for an extended time period based on extraordinary circumstances or market conditions.

<sup>33</sup> In the event the Sponsor uses an alternative basis for valuation on other than a temporary basis,

Alternatively, the Sponsor may arrange for the replacement of unwarrantable Copper for warrantable Copper at that time, but is under no obligation to do so.

Once the value of the copper has been determined, the Trustee will subtract all accrued fees (other than the fees to be computed by reference to the value of the Trust or its assets), expenses and other liabilities of the Trust from the total value of the copper and all other assets of the Trust. The resulting figure will be the adjusted NAV of the Trust, which will be used to compute all fees (including the Trustee's and the Sponsor's fees) which are calculated based on the value of the Trust's assets.

To determine the NAV of the Trust, the Trustee will subtract from the adjusted NAV of the Trust the amount of accrued fees which are computed based on the value of the Trust's assets. The Trustee also will determine the NAV by dividing the NAV of the Trust by the number of the Shares outstanding at the time the computation is made. Once determined, the NAV will be disseminated via the Sponsor's Web site for the Shares.

#### Liquidity

The Shares may trade at, above, or below their NAV. The NAV of Shares will fluctuate with changes in the market value of the Trust's assets. The trading prices of Shares will fluctuate in accordance with changes in their NAVs as well as market supply and demand. 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 major copper markets and the Exchange. While the Shares will trade on the Exchange until 8:00 p.m. E.T., liquidity in the market for copper may be reduced after the close of the major world copper markets, including the LME and the COMEX. As a result, during this time, trading spreads, and the resulting premium or discount, on Shares may widen.

#### Availability of Information Regarding Copper Prices

Currently, the Consolidated Tape Plan does not provide for dissemination of the spot price of a commodity, such as copper, over the Consolidated Tape. However, there will be disseminated over the Consolidated Tape the quotation and last sale price for the Shares, as is the case for all equity securities traded on the Exchange

the Exchange will file with the Commission a proposed rule change pursuant to Rule 19b-4 under the Exchange Act, and such alternative basis will not be implemented until such proposed rule change is approved or operative.

<sup>30</sup> In the example noted, the LME generally provides a grace period following an announcement that a brand is no longer eligible to be placed on Warrant.

<sup>31</sup> 15 U.S.C. 80a-1.



(including exchange-traded funds). In addition, there is a considerable amount of copper price and copper market information available on public Web sites and through professional and subscription services.

Investors may obtain almost on a 24-hour basis copper pricing information based on the spot price of copper from various financial information service providers, such as Reuters and Bloomberg, as well as other sources. Reuters and Bloomberg provide at no charge on their Web sites delayed information regarding the spot price of copper and last sale prices of copper futures, as well as information about news and developments in the copper market.<sup>34</sup> Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on copper prices directly from market participants. Complete real-time data for copper futures and options prices traded on the LME and COMEX are available by subscription from Reuters and Bloomberg. In addition, LME publishes LME official price information on its Web site with a one day delay. The current day's LME official prices (such as the LME Bid Price used to calculate NAV) are available from major market data vendors for a fee. The COMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its Web site. The LME official price information is also published on *Basemetals.com* and *Metal-Page.com* with a one day delay. There are a variety of other public Web sites providing information on copper, ranging from those specializing in precious metals to sites maintained by major newspapers, such as The Wall Street Journal.

Market prices for the Shares will be available from a variety of sources including brokerage firms, information Web sites and other information service providers. The NAV will be published by the Sponsor on each business day after 4:00 p.m. E.T. and will be posted on the Trust's Web site. The Exchange will provide on its Web site ([www.nyx.com](http://www.nyx.com)) a link to the Trust's Web site. 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.

Prior to commencement of trading in the Shares on the Exchange, the Exchange will obtain a representation from the issuer that the NAV per Share will be calculated daily and will be

made available to all market participants at the same time.

The intraday indicative value ("IIV") per Share for the Shares, updated at least every 15 seconds, as calculated by the Exchange or a third party financial data provider, will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session on the Exchange (9:30 a.m. to 4:00 p.m., E.T.).<sup>35</sup> The three-month LME copper contract, which has live ticking prices, will serve as the IIV price of copper. The IIV will be calculated by multiplying the indicative spot price of copper by the quantity of copper backing each Share as of the last calculation date.

In addition, the Web site for the Trust will contain the following information, on a per Share basis, for the Trust: (a) the NAV as of the close of the prior business day and the mid-point of the bid-ask price<sup>36</sup> at the close of trading in relation to such NAV ("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 Trust's Web site will disclose the list of copper lot holdings, updated on a daily basis. The Web site for the Trust will also provide the following information: the Basket Copper Amount, the Trust's prospectus, and the two most recent reports to stockholders. Finally, the Trust's Web site will also provide the last sale price of the Shares as traded in the U.S. market.

#### Criteria for Initial and Continued Listing

The Trust and the Shares, as applicable, will be subject to the criteria in 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 streetTRACKS Gold Trust, the iShares Gold Trust, the iShares Silver Trust and exchange-traded funds. The Exchange believes that the anticipated

minimum number of Shares outstanding at the start of trading is sufficient to provide adequate market liquidity.

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in Shares of the Trust 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 \$0.00001.

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which conditions in the underlying copper market have caused disruptions and/or lack of trading, (2) the extent to which the LME official price is no longer available or (3) 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>37</sup>

The Exchange represents that the Exchange may halt trading during the day in which an interruption to the dissemination of the IIV occurs. If the interruption to the dissemination of the IIV persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

#### Surveillance

The Exchange intends to utilize appropriate surveillance procedures applicable to derivative products

<sup>34</sup> Copper futures trading occurs 24 hours a day each business day in the OTC electronic market.

<sup>35</sup> Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IIVs published via the Consolidated Tape Association ("CTA") or other data feeds.

<sup>36</sup> The bid-ask price of the Trust is determined using the mid-point of highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day NAV.

<sup>37</sup> See NYSE Arca Equities Rule 7.12.

(including Commodity-Based Trust Shares) to monitor trading in the Shares. The Exchange represents that these procedures will be adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. All trading in the Shares will be subject to applicable surveillance procedures.

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

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons.<sup>38</sup> 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.

The Exchange's current trading surveillance focuses on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations. Also, pursuant to NYSE Arca Equities Rule 8.201(g), the Exchange is able to obtain information regarding trading in the Shares and the

underlying copper, copper futures contracts, options on copper futures, or any other copper derivative, through ETP Holders acting as registered Market Makers, in connection with such ETP Holders' proprietary or customer trades which they effect on any relevant market. In addition, the Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members of the ISG.<sup>39</sup> CME Group, Inc., which includes COMEX, is an ISG member. In addition, the Exchange has entered into a comprehensive surveillance sharing agreement with the LME that applies with respect to trading in copper and copper derivatives.

#### Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit ("ETP") Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) The procedures for purchases and redemptions of 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 physical copper trading during the Core and Late Trading Sessions after the close of the major world copper markets; and (6) trading information. For example, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Trust. The Exchange notes that investors purchasing Shares directly from the Trust (by delivery of the Creation Deposit) will receive a prospectus. ETP Holders purchasing Shares from the Trust for resale to investors will deliver a prospectus to such investors.

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

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

#### 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>40</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. Investors may obtain copper pricing information based on the spot price of copper from various financial information service providers. Complete real-time data for copper futures and options prices traded on the LME and COMEX are available by subscription from Reuters and Bloomberg, as well as other sources. In addition, LME publishes the LME official price information on its Web site with a one day delay. The COMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its Web site. The LME official prices are also published on Basemetals.com and Metal-Page.com with a one day

<sup>38</sup> See NYSE Arca Equities Rule 1.1(f) which defines associated person as a person who is a partner, officer, director, member of a limited liability company, trustee of a business trust, employee of an ETP Holder or any person directly or indirectly controlling, controlled by or under common control with an ETP Holder.

<sup>39</sup> A list of ISG members is available at [www.isgportal.org](http://www.isgportal.org). The Exchange does not have access to information regarding copper-related OTC transactions in spot, forwards, options or other derivatives. In addition, the Exchange does not have a comprehensive surveillance sharing agreement with SHFE and MCX.

<sup>40</sup> 15 U.S.C. 78f(b)(5).

delay. The Trust's Web site will provide ongoing pricing information for copper spot prices and the Shares. Market prices for the Shares will be available from a variety of sources including brokerage firms, information Web sites and other information service providers. The NAV will be published by the Sponsor on each business day after 4:00 p.m. E.T. and will be posted on the Trust's Web site. The IIV per Share for the Shares, updated at least every 15 seconds, as calculated by the Exchange or a third party financial data provider, will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session on the Exchange. In addition, the Exchange will make available over the Consolidated Tape last sale and quotation information, trading volume, closing prices and NAV for the Shares from the previous day.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information is publicly available regarding the Trust and the Shares, thereby promoting market transparency. Trading in Shares of the Trust will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares.

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

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

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

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

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

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

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

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

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

#### **IV. Solicitation of Comments**

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

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2012-66 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-NYSEArca-2012-66. This file number should be included on the subject line if email 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 Web site (<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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2012-66, and should be submitted on or before July 18, 2012.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-15730 Filed 6-26-12; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-67234; File No. SR-ISE-2012-26]**

### **Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Withdrawal of Proposed Rule Change To List and Trade Option Contracts Overlying 10 Shares of a Security**

June 21, 2012.

On April 9, 2012, the International Securities Exchange, LLC ("ISE") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade option contracts overlying 10 shares of a security. Notice of the proposed rule change was published in the **Federal Register** on April 24, 2012.<sup>3</sup> The Commission received five comment letters on the proposed rule change.<sup>4</sup> On

<sup>41</sup> 17 CFR 200.30-3(a)(12).

<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. 66827 (April 18, 2012), 77 FR 24547.

<sup>4</sup> See letters to Elizabeth M. Murphy, Secretary, Commission, from Christopher Nagy, Managing Director Order Routing & Market Data Strategy, TD Ameritrade, dated April 30, 2012; Manisha Kimmel, Executive Director, Financial Information Forum, dated April 30, 2012; Edward T. Tilly, President

Continued