

public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. 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-NASD-2004-021 and should be submitted on or before July 8, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49849; File No. SR-NYSE-2004-22]

### Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change by the New York Stock Exchange, Inc. Regarding Listing and Trading of Equity Gold Shares

June 10, 2004.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 7, 2004, the New York Stock Exchange, Inc. ("Exchange" or "NYSE") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in items I, II, and III below, which items have been prepared by the NYSE.

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 NYSE proposes to list and trade Equity Gold Shares ("Shares"), which represent units of fractional undivided beneficial interest in and ownership of the Equity Gold Trust<sup>SM</sup> ("Trust").

#### 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 NYSE 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 these statements may be examined at the places specified in Item IV below, and the Exchange has prepared summaries set forth in Sections A, B, and C below, of the most significant aspects of such statements. The text of the proposed rule change is set forth below. Proposed new language is in *italics*.

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NYSE Constitution and Rules

#### Rule 1300

##### Equity Gold Shares

(a) *The provisions of this Rule 1300 series apply only to Equity Gold Shares, which represent units of fractional undivided beneficial interest in and ownership of the Equity Gold Trust.<sup>SM</sup> While Equity Gold Shares are not technically Investment Company Units and thus are not covered by Rule 1100, all other rules that reference "Investment Company Units," as defined and used in Para. 703.16 of the Listed Company Manual, including, but not limited to Rules 13, 36.30, 98, 104, 460.10, 1002, and 1005 shall also apply to Equity Gold Shares.*

(b) *As is the case with Investment Company Units, paragraph (m) of the Guidelines to Rule 105 shall also apply to Equity Gold Shares. Specifically, Rule 105(m) shall be deemed to prohibit an equity specialist, his member organization, other member, allied member or approved person in such member organization or officer or employee thereof from acting as a market maker or functioning in any capacity involving market-making responsibilities in physical gold, gold futures or options on gold futures, or any other gold derivatives. However, an approved person of an equity specialist entitled to an exemption from Rule 105(m) under Rule 98 may act in a market making capacity, other than as a specialist in the Equity Gold Shares on another market center, in physical gold, gold futures or options on gold futures, or any other gold derivatives.*

(c) *Except to the extent that specific provisions in this Rule govern, or unless the context otherwise requires, the provisions of the Constitution, all other Exchange Rules and policies shall be applicable to the trading of Equity Gold*

*Shares on the Exchange. Pursuant to Exchange Rule 3 ("Security"), Equity Gold Shares are included within the definition of "security" or "securities" as those terms are used in the Constitution and Rules of the Exchange.*

#### Rule 1301

##### Equity Gold Shares: Securities Accounts and Orders of Specialists

(a) *The member organization acting as specialist in Equity Gold Shares is obligated to conduct all trading in the Shares in its specialist account, subject only to the ability to have one or more investment accounts, all of which must be reported to the Exchange. (See Rules 104.12 and 104.13.) In addition, the member organization acting as specialist in Equity Gold Shares must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading physical gold, gold futures or options on gold futures, or any other gold derivatives, which the member organization acting as specialist may have or over which it may exercise investment discretion. No member organization acting as specialist in Equity Gold Shares shall trade in physical gold, gold futures or options on gold futures, or any other gold derivatives, in an account in which a member organization acting as specialist, 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 hereby.*

(b) *In addition to the existing obligations under Exchange rules regarding the production of books and records (see, e.g., Rule 476(a)(11)), the member organization acting as specialist in Equity Gold Shares shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or any member, allied member, approved person, registered or non-registered employee affiliated with such entity for its or their own accounts in physical gold, gold futures or options on gold futures, or any other gold derivatives, as may be requested by the Exchange.*

(c) *In connection with trading physical gold, gold futures or options on gold futures or any other gold derivative (including Equity Gold Shares), the specialist registered as such in Equity Gold Shares shall not use any material nonpublic information received from any person associated with a member or employee of such person regarding trading by such person or employee in physical gold, gold futures or options on*

<sup>10</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.

gold futures, or any other gold derivatives.

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#### 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 which represent units of fractional undivided beneficial interest in and ownership of the Trust.<sup>3</sup> World Gold Trust Services, LLC, a wholly owned limited liability company of the World Gold Council,<sup>4</sup> is the sponsor of the Trust ("Sponsor"). The Bank of New York is the trustee of the Trust ("Trustee"), and HSBC Bank USA, an indirect wholly owned subsidiary of HSBC Holdings plc, is the custodian of the Trust ("Custodian"). UBS Securities LLC is to be the initial purchaser of the Shares ("Initial Purchaser"), as described below. The Sponsor, Trustee, Custodian and Initial Purchaser are not affiliated with one another or with the Exchange.

##### Gold Supply and Demand<sup>5</sup>

The Exchange has provided the following description of the commodity underlying the Equity Gold Shares. According to the Registration Statement, gold is a physical asset that is accumulated, rather than consumed. As a result, virtually all of the gold that has ever been mined still exists today in one form or another. The Registration Statement notes that, at the end of 2002, there was an estimated 147,800 metric tonnes (approximately 4.8 billion ounces) of above-ground stocks of gold. Of this amount, approximately 47% is held as a store of value or monetary assets; much of the gold in this category exists in bullion form and in theory could be mobilized and made available to the market. Approximately 51% is held as a raw material or commodity and would need to be remelted and transformed into bullion bars before being mobilized into the market in an acceptable form. The remaining 2% is unaccounted.

<sup>3</sup> Equity Gold Trust is a service mark of World Gold Trust Services, LLC.

<sup>4</sup> The World Gold Council is a not-for-profit association registered under Swiss law.

<sup>5</sup> The Sponsor, on behalf of the Trust, filed Amendment No. 2 to Form S-1 (the "Registration Statement") on November 24, 2003. See Registration No. 333-105202. Except as otherwise specifically noted, the Exchange states that the information provided in this Rule 19b-4 filing relating to the Shares, gold, the gold market, movements in the price of gold and the like is based entirely on information included in the Registration Statement and the Trading Practices Letter (defined below).

Sources of gold supply include both mine production and the recycling or mobilizing of existing above-ground stocks. The largest portion of gold supplied into the market annually is from gold mine production.<sup>6</sup> The second largest source of annual gold supply is from old scrap, which is gold that has been recovered from jewelry and other fabricated products and converted back into marketable gold. Additionally, since 1989, official sector sales have outstripped purchases, creating an additional net supply of gold into the marketplace. Net producer hedging, which accelerates the timing of the sale of physical gold, can also impact (positively or negatively) supply in a given year, though such hedging transactions do not involve a net increase in the supply of gold to the market.

According to the Registration Statement, published statistics indicate that the demand for gold amounted to less than 3.0% of total above ground stocks in 2002. Demand for gold is driven primarily by demand for jewelry and, in much of the developing world, also as an investment. Gold demand is widely dispersed throughout virtually all countries in the world. While there are seasonal fluctuations in the levels of demand for gold (especially jewelry) in many countries, the Exchange notes that, according to the Registration Statement, variations in the timing of such fluctuations in different countries mean that seasonal changes in demand do not have a significant impact on the global gold price.

##### Description of the Gold Market

The Exchange has provided the following description of the gold market. The global trade in gold consists of over-the-counter ("OTC") transactions in spot, forwards, and options and other derivatives, together with exchange-traded futures and options.

##### The OTC Market

The OTC market trades on a 24-hour per day continuous basis and accounts

for most global gold trading. Liquidity in the OTC market can vary from time to time during the course of the 24-hour trading day. Fluctuations in liquidity are reflected in adjustments to dealing spreads—the differential between a dealer's "buy" and "sell" prices. According to the Registration Statement, the period of greatest liquidity in the gold market is typically that time of the day when trading in the European time zones overlaps with trading in the United States, which is when OTC market trading in London, New York and other centers coincides with futures and options trading on the COMEX division of the New York Mercantile Exchange ("NYMEX"). This period lasts for approximately four hours each New York business day morning.

Market makers, as well as others in the OTC market, trade with each other and with their clients on a principal-to-principal basis. All risks and issues of credit are between the parties directly involved in the transaction. Market makers include the market-making members of the London Bullion Market Association ("LBMA"), the trade association that acts as the coordinator for activities conducted on behalf of its members and other participants in the London bullion market.<sup>7</sup> The current market-making members of the LBMA are: Barclays Bank Plc, Deutsche Bank AG, HSBC Bank USA (London branch), J. Aron and Company (UK) (a division of Goldman Sachs), JPMorgan Chase Bank, ScotiaMocatta, Société Générale, and UBS AG. HSBC Bank USA (London branch) is an affiliate of the Custodian. UBS AG is an affiliate of the Initial Purchaser. The OTC market provides a relatively flexible market in terms of quotes, price, size, destinations for delivery, and other factors. Bullion dealers customize transactions to meet clients' requirements. The OTC market has no formal structure and no open-outcry meeting place.

The main centers of the OTC market are London, New York, and Zurich. Bullion dealers have offices around the world, and most of the world's major bullion dealers are either members or associate members of the LBMA. Of the eight market-making members of the LBMA, five offer clearing services. There are currently a further 52 full

<sup>6</sup> Mine production is derived from more than 900 separate operations on all continents of the world, except Antarctica. According to the Registration Statement, any disruption to production in one locality is unlikely to affect a significant number of these operations simultaneously. The Registration Statement asserts that such potential disruption is unlikely to have a material impact on the overall level of global mine production, and therefore equally unlikely to have a noticeable impact on the gold price. In the unlikely event of significant disruptions to production occurring simultaneously at a large number of individual mines, the Exchange notes that, according to the Registration Statement, any impact on the price of gold would likely be short-lived.

<sup>7</sup> Further information about the LBMA may be found at <http://www.lbma.org.uk>. The Exchange updated this information on June 9, 2004. Telephone conference between James F. Duffy, Senior Vice President, Associate General Counsel, NYSE, and Florence Harmon, Senior Special Counsel, Division, Commission, on June 9, 2004 (confirming to Commission staff that there are currently eight market-making members of the LBMA, five of which offer clearing services, and a further 52 full members).

members, plus a number of associate members around the world.

According to the Registration Statement, in the OTC market, the standard size of gold trades between market makers ranges between 5,000 and 10,000 troy<sup>8</sup> ounces. Bid-offer spreads are typically U.S. \$0.50 per ounce. Dealers are willing to offer clients competitive prices for much larger volumes, potentially up to 100,000 troy ounces, although this will vary according to the dealer, the client and market conditions, as transaction costs in the OTC market are negotiable between the parties and therefore vary widely. Cost indicators can be obtained from various information service providers as well as dealers.

The Exchange states that there are no authoritative published figures for overall world-wide volume in gold trading. There are certain published sources that do suggest the significant size of the overall market. The LBMA publishes statistics compiled from the five members offering clearing services.<sup>9</sup> The Exchange notes that the monthly average daily volume figures published by the LBMA for 2003 range from a high of 19 million to a low of 13.6 million troy ounces per day. The Exchange also notes that the COMEX publishes price and volume statistics for transactions in contracts for the future delivery of gold. COMEX figures for 2003 indicate that the average daily volume for gold futures contracts was 4.9 million troy ounces per day.<sup>10</sup>

#### *The London Bullion Market and the London "Fix" Process*

Although the market for physical gold is distributed globally, the Exchange states that most OTC market trades are cleared through London. In addition to

<sup>8</sup> Telephone conference between James F. Duffy, Senior Vice President, Associate General Counsel, NYSE, and Florence Harmon, Senior Special Counsel, Division, Commission, on June 9, 2004 (confirming to Commission staff that the standardized measurement used by markets around the world is troy ounces).

<sup>9</sup> Information regarding clearing volume estimates by the LBMA can be found at [http://www.lbma.org.uk/clearing\\_table.htm](http://www.lbma.org.uk/clearing_table.htm). The three measures published by LBMA are: Volume, the amount of metal transferred on average each day measured in million of troy ounces; value, measured in U.S. dollars, using the monthly average London PM fixing price; and the number of transfers, which is the average number recorded each day. The statistics exclude allocated and unallocated balance transfers where the sole purpose is for overnight credit and physical movements arranged by clearing members in locations other than London.

<sup>10</sup> Information regarding average daily volume estimates by the COMEX (a division of NYMEX) can be found at [http://www.nymex.com/jsp/markets/md\\_annual\\_volume6.jsp#2](http://www.nymex.com/jsp/markets/md_annual_volume6.jsp#2). The statistics are based on gold futures contracts, each of which relates to 100 troy ounces of gold.

coordinating market activities, the Exchange notes that 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 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 LBMA also publishes "The Good Delivery Rules for Gold and Silver Bars," the specifications for gold and silver bars acceptable for delivery in settlement of a transaction on the London market. Gold bars meeting these requirements are referred to herein as "London Good Delivery Bars." The gold spot price always refers to that of a London Good Delivery Bar, unless otherwise specified. The Exchange states that business is generally conducted over the phone and through a widely used electronic dealing system.

Twice daily during London trading hours, there is a "fix" which provides reference gold prices for that day's trading.<sup>11</sup> The Exchange notes that

<sup>11</sup> The Exchange states that formal participation in the London fix is traditionally limited to five LBMA members, each of which is a bullion dealer. N M Rothschild & Sons Limited withdrew in April 2004 after acting as chairman since the inception of the fix more than 80 years ago. This prompted some changes in the process with effect from May 2004. The chairmanship will rotate annually among the five members. Under this new arrangement, Scotiabank, through its precious metals division ScotiaMocatta, assumed the chairmanship on May 5, 2004, for a period of 12 months. With effect from the same date, the fix has taken place by telephone, and the five members no longer meet face-to-face as was previously the case. As part of this change, it is intended that a web-based commentary of the fix will be introduced later this year. The morning session of the fix starts at 10:30 AM London time, and the afternoon session starts at 3 PM London time. The other members of the gold fixing are currently Deutsche Bank AG, HSBC Bank USA, Société Générale, Barclays Capital. The last-named bought the Rothschild seat for an undisclosed sum. HSBC Bank USA acts as Custodian for the Trust. Any other market participant wishing to participate in trading on the fix is required to do so through one of these five dealers. Clients place orders either with one of the five fixing members or with another bullion dealer who will then be in contact with a fixing member during the fixing. The fixing members net-off all orders when communicating their net interest at the fixing. The fix begins with the fixing chairman suggesting a "trying price," reflecting the market price prevailing at the opening of the fix. This is relayed by the fixing members to their dealing rooms that have direct communication with all interested parties. Any market participant may enter the fixing process at any time, or adjust or withdraw his order. The gold price is adjusted up or down until all the buy and sell orders are matched, at which time the price is declared fixed. All fixing orders are transacted on the basis of this fixed price, which is instantly relayed to the market through various media. According to the Registration Statement, the London fix is widely

many long-term contracts will be priced on the basis of either the morning (AM) or afternoon (PM) London fix, and market participants will usually refer to one or the other of these prices when looking for a basis for valuations. According to the Registration Statement, the London fix is the most widely used benchmark for daily gold prices and is quoted by various financial information sources.

#### *Futures Exchanges*

The Exchange states that the most significant gold futures exchanges are the COMEX division of the NYMEX and the Tokyo Commodity Exchange ("TOCOM").<sup>12</sup> Trading on these exchanges is based on fixed delivery dates and transaction sizes for the futures and options contracts traded. Trading costs are negotiable. According to the Registration Statement, 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. COMEX operates through a central clearance system. TOCOM has a similar clearance system. In each case, the exchange acts as a counterparty for each member for clearing purposes.

#### *Gold Market Regulation*

The Exchange states that global gold market participants are overseen and regulated by both governmental and self-regulatory organizations. In addition, the Exchange states that certain trade associations have established rules and protocols for market practices and participants. In the United Kingdom, responsibility for the regulation of the financial market participants, including the major participating members of the LBMA, falls under the authority of the Financial Services Authority ("FSA") as provided by the Financial Services and Markets Act 2000 ("FSM Act"). Under the FSM Act, all UK-based banks, together with other investment firms, are subject to a range of requirements, including fitness and properness, capital adequacy, liquidity, and systems and controls. The Exchange states that the FSA is responsible for regulating investment products, including derivatives, and those who deal in investment products. Regulation of spot, commercial

viewed as a full and fair representation of all market interest at the time of the fix.

<sup>12</sup> The Exchange notes that there are other gold exchange markets, such as the Istanbul Gold Exchange, the Shanghai Gold Exchange, and the Hong Kong Chinese Gold & Silver Exchange Society.

forwards, and deposits of gold and silver not covered by the FSM Act is provided for by The London Code of Conduct for Non-Investment Products, which was established by market participants in conjunction with the Bank of England, and is a voluntary code of conduct among market participants.<sup>13</sup>

The Exchange states that participants in the United States OTC market for gold are generally regulated by the market regulators, which regulate their activities in the other markets in which they operate. For example, participating banks are regulated by the banking authorities. In the United States, the Commodity Futures Trading Commission, an independent government agency with the mandate to regulate commodity futures and option markets in the United States, regulates market participants and has established rules designed to prevent market manipulation, abusive trade practices, and fraud.

The Exchange states that TOCOM has authority to perform financial and operational surveillance on its members' trading activities, scrutinize positions held by members and large-scale customers, and monitor the price movements of futures markets by comparing them with cash and other derivative markets' prices.

### Investing in Gold

Below, the Exchange discusses the reasons it believes investors would be attracted to investing in gold. According to the Registration Statement, gold's ability to serve as a portfolio diversifier is due to its historically low-to-negative correlation with stocks and bonds. The economic forces that determine the price of gold are different from the forces that determine the prices of most financial assets. For example, the price of a stock often depends on the earnings or growth potential of the issuing company or the confidence investors have in its management. The price of a bond depends primarily on its credit rating, its yield, and the yields of competing fixed income investments. The Exchange states that the price of gold, however, depends on different factors, including the supply and demand for gold, the strength or weakness of the United States dollar, the rate of inflation and interest rates,

and the current political environment. The Exchange also notes that gold does not depend on a promise to pay on the part of any government or corporation, as is the case with investments in money market instruments as well as the corporate and government bond markets. Gold is not directly affected by the economic policies of any individual country and cannot be repudiated, as is the case with paper assets. Gold is not subject to the risk of default or bankruptcy. Gold cannot be created at will as can paper-backed assets. Some of gold's investment attributes are shared with traditional portfolio diversifiers, which include non-United States equities, emerging markets securities, real estate investment trusts, and domestic and foreign bonds. However, the Exchange notes that according to the Registration Statement, over the last ten years, gold is the only one of these diversifiers that has been negatively correlated with the Standard & Poor's 500 Index ("S&P"), which is widely regarded as the standard for measuring the stock market performance of large capitalized United States companies. In the search for effective diversification, investors have begun to turn to a variety of non-traditional diversifiers, such as hedge and private equity funds, commodities, timber and forestry, fine art and collectibles. The Exchange notes, however, that according to the Registration Statement, gold has one or more of the following advantages over each of these non-traditional diversifiers: Greater liquidity, lower risk, and lower management and holding costs. According to the Registration Statement, gold is also often purchased as a hedge against inflation and currency fluctuations because, historically, it has tended to maintain its long-term value in terms of purchasing power.

As stated in the Registration Statement, the Exchange further notes that the Shares are intended to offer investors a new and different opportunity to participate in the gold market through the securities market. Most pension funds, mutual funds, and other investment vehicles do not or cannot hold physical commodities or their derivatives. In addition, the Exchange also contends that the logistics of buying, storing, and insuring gold have constituted a barrier to entry for institutional and retail investors alike. The logistics of storing and insuring gold are dealt with by the Custodian, and the related expenses are built into the price of the Shares. Therefore, the investor does not have any additional tasks or costs over and

above those associated with dealing in any other publicly traded security.

### Movements in the Price of Gold

As noted in the Registration Statement, the value of the Shares relates directly to the value of the gold held by the Trust, and fluctuations in the price of gold are expected to directly affect the price of the Shares. Consequently, the Exchange discusses below recent movements in the price of gold.

After reaching a 20-year low in July 1999 of approximately \$250 per troy ounce, the gold price has staged a gradual increase, and currently trades in the \$350–400 per troy ounce range. According to the Registration Statement, the initial reason for the market's turnaround during 1999 was the strong rise in physical demand, notably in price sensitive markets such as China, Egypt, India, and Japan. The price of gold rose sharply in September 1999, largely as a reflection of the institution of the Central Bank Gold Agreement,<sup>14</sup> which removed an important element of uncertainty from the market and led not just to renewed professional interest in the market but also to short-covering purchases. According to the Registration Statement, the Central Bank Gold Agreement underpinned improved sentiment in the longer term (fears over official sector sales had been a key element to negative sentiment across the market in the latter part of the 1990s).

Despite the Central Bank Gold Agreement, the Exchange notes that the price of gold experienced a downward trend in 2000 for a number of reasons, including renewed strength in the dollar (gold is often perceived as a dollar hedge), strong global economic growth, low inflation and, for much of the year, buoyant stock markets in the United States and other key countries. This

<sup>14</sup> Over the past 10 years, the Exchange states that a number of central banks have sold portions of their gold, most of which is simply held in vaults and not bought, sold, leased or swapped or otherwise mobilized in the open market, creating an element of instability in the price of gold. Since 1999, such sales have been made in a coordinated manner under the terms of the Central Bank Gold Agreement, under which 15 of the world's major central banks (including the European Central Bank) agreed to limit the level of their gold sales and lending to the market for five years. The Registration Statement notes that although the Central Bank Gold Agreement is widely expected to be renewed, probably for a further five years, when it expires in September 2004, it is possible that this agreement will not be renewed. In the event that future economic, political or social conditions or pressures results in the liquidation of gold assets by central banks all at once or in an uncoordinated manner, the demand for gold might not be sufficient to accommodate the sudden increase in the supply of gold to the market. Consequently, the price of gold could decline significantly, which would adversely affect an investment in the Shares.

<sup>13</sup> Telephone conference between James F. Duffy, Senior Vice President, Associate General Counsel, NYSE, and Florence Harmon, Senior Special Counsel, Division, Commission, on June 9, 2004 (confirming to Commission staff that The London Code of Conduct for Non-Investment Products is a voluntary code of conduct among market participants.).

downward price trend persisted into the early part of 2001. At this time the gold price once again appeared to be approaching \$250 per troy ounce but, as before, strong physical demand from price sensitive markets such as India again countered the downward trend.

The Exchange further notes that, according to the Registration Statement, the sentiment in the gold market started to change in early 2001, and the gold price has shown an upward trend since March of that year. A rapid economic slowdown occurred in the world economy, while stock markets in the United States and other key countries were falling. There was an end to the significant disinvestment in gold in Europe and North America that had affected gold prices during 2000. In addition, the rapid sequence of interest rate cuts in the United States reduced the risk/reward ratio that had previously been enjoyed by speculators who had been trading in the gold market from the short side (*i.e.*, selling forward or futures with a view to buying back at a lower price). Lower interest rates reduced the contango<sup>15</sup> available and this, combined with steady prices, meant that such trades became increasingly unattractive. After the first quarter of 2001, some mining companies started to reduce their hedge books, reducing the amount of gold coming onto the market. Political uncertainties and the continuing economic downturn after the attacks of September 11, 2001 added to demand for gold investments.

According to the Registration Statement, the Exchange notes the continuation of the upward price trend during 2002 reflected concerns over the global economy, equity markets and whether stock prices were discounting over-optimistic earnings streams, along with concerns over banking crises (Argentina, Japan), currency volatility (notably affecting the United States dollar), corporate governance issues, and growing political tension. Political issues remained influential during the Fall of 2003. The markets have been attuned to the changing nuances in the political arena, notably with respect to the Middle East. North Korea's recent moves to reactivate its nuclear program have also been a topic of considerable concern, and tensions between Pakistan and India also fueled purchases. Buying activity in the gold market as a result of political tensions has come from a full range of market participants. These participants have ranged from the "man in the street," particularly in Asia, through money managers looking to

diversify risk, to speculators looking to trade trends. The Registration Statement states that speculative activity also contributed to the increases in the gold price over the period and to the retracement of such increases under bouts of profit taking when tensions appeared to be easing. According to the Registration Statement, however, the risk-averse investors have generally not left the market. Volatility in the price also deterred potential jewelry purchasers in price sensitive markets from entering the market, as many of these buyers prefer to wait for stable times. These purchasers have, however, returned to the market each time the price has stabilized and have, as they have in the past, been prepared to adapt to new price ranges as and when necessary.

As explained in the Registration Statement, and noted by the Exchange, historically, any sudden and significant rise in the price of gold has been followed by a reduction in physical demand which lasts until the period of unusual volatility is past. Gold price increases also tend to lead to an increase in the levels of recycled scrap used for gold supply. Both of these factors have tended to limit the extent and duration of upward movements in the price of gold.

#### **The Sponsor**

The Sponsor, World Gold Trust Services LLC, a wholly owned limited liability company of the World Gold Council, is responsible for the registration of the Shares. The Sponsor will oversee the Trust's administration but will not exercise day-to-day oversight over the Trustee or the Custodian. The Sponsor will regularly communicate with the Trustee to monitor the overall performance of the Trust. The Sponsor will exercise oversight over the Trust's legal, accounting and other professional service providers and, along with the Trustee, will liaise with these service providers as needed. The Sponsor, with assistance and support from the Trustee, will be responsible for preparing and filing certain periodic reports on behalf of the Trust with the Commission. The Sponsor will be responsible for and will oversee any marketing of the Shares. The Sponsor will maintain a public website (<http://www.equitygoldshares.com>) on behalf of the Trust, which will contain information about the Trust and the Shares, and will oversee certain Shareholder services, such as a call center and prospectus fulfillment. The Sponsor may direct the Trustee to sell the Trust's gold to pay expenses, to

suspend a redemption order or postpone a redemption settlement date or, under certain circumstances, to terminate the Trust. The Sponsor may also remove the Trustee and appoint a successor Trustee in specific circumstances and may remove the Custodian and appoint a successor, as long as the appointment does not have a material adverse effect on the Trustee's ability to perform its duties.

#### **The Trustee**

The Trustee, Bank of New York, is generally responsible for the day-to-day administration of the Trust, including keeping the Trust's operational records. The Trustee's principal responsibilities include (1) monitoring the Trust's ongoing expenses and selling the Trust's gold as needed to pay the Trust's expenses (gold sales are expected to occur approximately monthly in the ordinary course), (2) calculating the net asset value ("NAV") of the Trust and the NAV per Share, (3) receiving and processing orders from Authorized Participants to create and redeem Baskets (defined below) and coordinating the processing of such orders with the Custodian and Depository Trust Company ("DTC"), and (4) monitoring the Custodian. The Trustee will regularly communicate with the Sponsor to monitor the overall performance of the Trust. The Trustee, along with the Sponsor, will liaise with the Trust's legal, accounting, and other professional service providers as needed. The Trustee will prepare and file reports on Form 8-K identifying gold sales by the Trust and will assist and support the Sponsor with the preparation of all other periodic reports required to be filed with the SEC on behalf of the Trust. The Trustee and any of its affiliates may from time to time purchase or sell Shares for their own accounts, as agent for their customers, and for accounts over which they exercise investment discretion.

#### **The Custodian**

The Custodian, an indirect wholly owned subsidiary of HSBC Holdings plc, is responsible for the safekeeping of the Trust's gold deposited with it by Authorized Participants in connection with the creation of Baskets. The Custodian is also responsible for selecting its direct subcustodians, if any. The Custodian facilitates the transfer of gold in and out of the Trust through the unallocated gold accounts it will maintain for each Authorized Participant and the unallocated and allocated gold accounts it will maintain for the Trust. The Custodian is responsible for allocating specific bars

<sup>15</sup> The contango is the premium available on gold for future delivery.

of gold bullion to the Trust's allocated gold account. The Custodian will provide the Trustee with regular reports detailing the gold transfers in and out of the Trust's unallocated and allocated gold accounts and identifying the gold bars held in the Trust's allocated gold account. The Custodian is an authorized depository under the rules of the LBMA. The Custodian and any of its affiliates may from time to time purchase or sell Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

## The Trust

### General Description

The purpose of the Trust is to hold gold bullion.<sup>16</sup> The investment objective of the Trust is for the Shares to reflect the performance of the price of gold, less the Trust's expenses.

The Trust is an investment trust and is not managed like a corporation or an active investment vehicle. The Trust has no board of directors or officers or persons acting in a similar capacity. The Trust is not a registered investment company under the Investment Company Act of 1940 ("1940 Act") and is not required to register under such Act. The Sponsor, on behalf of the Trust, has requested relief from certain periodic reporting and information requirements of the Act, application of the certification rules under Section 302 of the Sarbanes-Oxley Act of 2002, and relief from Rules 13a-15 and 15d-15 under the Act. In addition, the Trust will not be subject to the Exchange's corporate governance requirements, including the Exchange's audit committee requirements.<sup>17</sup>

<sup>16</sup> 16 The Exchange states that the Commission has permitted the listing of prior products for which the underlying was a commodity or otherwise was not a security trading on a regulated market. *See, e.g.,* Securities Exchange Act Release Nos. 19133 (October 14, 1982) (approving the listing of standardized options on foreign currencies); 36505 (November 22, 1995) (approving the listing of dollar-denominated delivery foreign currency options on the Japanese Yen); 36165 (August 29, 1995) (approving listing standards for, among other things, currency and currency index warrants). The Exchange also states that there are other securities trading on regulated markets that invest in commodities. *See, e.g.,* Central Fund of Canada (Registration No. 033-15180) (symbol CEF), or in royalty interests based on commodities); Hugoton Royalty Trust (Registration No. 333-68441) (symbol HGT).

<sup>17</sup> *See* Securities Exchange Act Release Nos. 48745 (November 4, 2003) (specifically noting that the corporate governance standards will not apply to, among others, passive business organizations in the form of trusts); and 47654 (April 25, 2003) (noting in Section II(F)(3)(c) that "SROs may exclude from Exchange Act Rule 10A-3's requirements issuers that are organized as trusts or other unincorporated associations that do not have a board of directors or persons acting in a similar

### Trust's Expenses

Operating expenses of the Trust include (1) fees paid to the Sponsor, (2) fees paid to the Trustee, (3) fees paid to the Custodian, and (4) various Trust administration fees, including printing and mailing costs, call center costs, legal and audit fees, registration fees, and NYSE listing fees. The Trust's ordinary operating expenses are accrued daily and reflected in the NAV of the Trust. The Sponsor will pay the costs of the Trust's organization and the initial sale of the Shares, including the applicable SEC registration fees.

Fees are paid to the Sponsor as compensation for services performed under the Trust Indenture and for services performed in connection with maintaining the Trust's website and marketing the Shares. The Sponsor's fee is payable monthly in arrears and is based on an annual amount equal to 0.05% of the daily adjusted NAV (ANAV) of the Trust. The Sponsor's fee, which may not exceed the actual costs to the Sponsor of providing its services to the Trust, does not commence until the Trust's ANAV first reaches \$1 billion and only after the 30th day following the commencement of the trading of the Shares on the NYSE. The Sponsor will receive reimbursement from the Trust for all of its disbursements and expenses incurred in connection with the Trust exclusive of its ordinary disbursements and expenses incurred through the 30th day following the commencement of the trading of the Shares on the NYSE.

Fees are paid to the Trustee as compensation for services performed under the Trust Indenture. The Trustee's fee is payable monthly in arrears and is based on an annual amount equal to 0.02% of the first \$10 billion of the daily ANAV of the Trust, subject to a minimum fee of \$500,000 per year and a maximum fee of \$2 million per year.

The Trustee will charge no fee and will pay the ordinary expenses of the Trust's operation for the 30-day period following the day the Shares commence trading on the NYSE. Starting the 31st day after the commencement of the trading of the Shares on the NYSE through the first anniversary of such commencement, the Trustee will reduce its fee and will assume the ordinary expenses of the Trust to the extent that the aggregate annual expenses of the

capacity and whose activities are limited to passively owning or holding (as well as administering and distributing amounts in respect of) securities, rights, collateral or other assets on behalf of or for the benefit of the holders of the listed securities."

Trust exceed 0.30% of the average daily value of the Trust's assets (determined without deduction of any Trust expenses). The Trustee and the Sponsor have a separate agreement concerning payment by the Sponsor of compensation to the Trustee for this period.

Subject to the periods described above when the Trustee will bear all or part of the Trust's expenses, the Trustee will charge the Trust for its expenses and disbursements incurred in connection with the Trust (including the expenses of the Custodian paid by the Trustee), exclusive of fees of agents for services to be performed by the Trustee, and for any extraordinary services performed by the Trustee for the Trust.

Fees are paid to the Custodian under the Allocated Bullion Account Agreement as compensation for its custody services. Under the Allocated Bullion Account Agreement, the Custodian is entitled to an annual fee equal to 0.10% of the average daily aggregate value of the gold held in the Trust's allocated gold account ("Trust Allocated Account")<sup>18</sup> and the Trust's unallocated gold account ("Trust Unallocated Account"),<sup>19</sup> payable in quarterly installments in arrears. The Custodian does not receive a fee under the Unallocated Bullion Account Agreement.

The Trustee will sell gold held by the Trustee on an as-needed basis to pay the Trust's expenses. As a result, the amount of the gold to be sold will vary from time to time depending on the level of the Trust's expenses and the market price of gold. Cash held by the Trustee pending payment of the Trust's expenses will not bear any interest.

<sup>18</sup> The Registration Statement defines an allocated account as an account with a bullion dealer, which may also be a bank, to which individually identified gold bars owned by the account holder are credited. 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, serial number and gross and fine weight. The account holder has full ownership of the gold bars and the bullion dealer may not trade, lease, or lend the bars.

<sup>19</sup> The Registration Statement defines an unallocated account as an account with a bullion dealer, which may also be a bank, to which a fine weight amount of gold is credited. The account holder is entitled to direct the bullion dealer to deliver an amount of physical gold equal to the amount of gold standing to the credit of the account holder. The account holder has no ownership interest in any specific bars of gold that the bullion dealer holds or owns. When delivering gold, the bullion dealer will allocate physical gold from its general stock to the account holder with a corresponding debit being made to the amount of gold credited to the unallocated account. The account holder is an unsecured creditor of the bullion dealer and credits to an unallocated account are at risk of the bullion dealer's insolvency.

## Description of the Shares

### General

The Exchange states that the Shares do not represent a traditional investment in shares of a corporation operating a business enterprise with management and a board of directors and do not carry with them the statutory rights normally associated with the ownership of shares of a corporation. For example, the Exchange concludes that the Shareholders would not have the right to bring "oppression" or "derivative" actions." All Shares are of the same class with equal rights and privileges. Each Share is transferable and is fully paid and non-assessable. Holders of Shares have no voting rights, except in certain limited instances.

### Distributions and Share Splits

The Exchange states that shareholders may receive distributions in only two circumstances. First, if the Trustee and the Sponsor determine that the Trust's cash account balance exceeds the anticipated expenses of the Trust for the next 12 months and the excess amount is more than \$0.01 per Share outstanding, they shall direct the excess amount to be distributed to the Shareholders. Second, if the Trust is terminated and liquidated, the Trustee will distribute to the Shareholders any amounts remaining after the satisfaction of all outstanding liabilities of the Trust and the establishment of such reserves for applicable taxes, other governmental charges, and contingent or future liabilities as the Trustee shall determine.

If the Sponsor believes that the per Share price in the secondary market for Shares has fallen outside a desirable trading price range, the Sponsor may direct the Trustee to declare a split or reverse split in the number of Shares outstanding and to make a corresponding change in the number of Shares constituting a Basket.

### Liquidity

The Exchange states that 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 gold markets and the NYSE. While the Shares will trade on the NYSE until 4 PM New York time, liquidity in the OTC market for gold will be reduced after the close of the COMEX at 1:30 PM New York time. During this time, trading spreads and the resulting premium or discount on the Shares may widen as a result of

reduced liquidity in the OTC gold market.<sup>20</sup>

Because of the potential for arbitrage inherent in the structure of the Trust, the Sponsor believes that the Shares will not trade at a material discount or premium to the underlying gold held by the Trust. The arbitrage process, which in general provides investors the opportunity to profit from differences in prices of assets, increases the efficiency of the markets, serves to prevent potentially manipulative efforts, and can be expected to operate efficiently in the case of the Shares and gold. If the price of the Shares deviates enough from the price of gold to create a material discount or premium, an arbitrage opportunity is created. If the Shares are expensive compared to the gold that underlies them, an arbitrageur may buy the Shares at a discount, immediately redeem them in exchange for gold, and sell the gold in the cash market at a profit. If the Shares are expensive compared to the gold that underlies them, an arbitrageur may sell the Shares short, buy enough gold to acquire the number of Shares sold short, acquire the Shares through the creation process, and deliver the Shares to close out the short position.<sup>21</sup> In both instances, the arbitrageur serves efficiently to correct price discrepancies between the Shares and the underlying gold.<sup>22</sup>

### Book Entry Form

DTC will act as securities depository for the Shares.<sup>23</sup> Individual certificates

<sup>20</sup> As noted above in the section titled "Description of the Gold Market," the period of greatest liquidity in the gold market is typically that time of the day when trading in the European time zones overlaps with trading in the United States, which is when OTC market trading in London, New York, and other centers coincides with futures and options trading on the COMEX division of the NYMEX. This period lasts for approximately four hours each New York business day morning.

<sup>21</sup> The Exchange states that the Trust, which will only hold gold, differs from index-based exchange-traded funds, which may involve a trust holding hundreds or even thousands of underlying component securities, necessarily involving in the arbitrage process movements in a large number of security positions. See, e.g., Securities Exchange Act Release No. 46306 (August 2, 2002) (approving the UTP trading of Vanguard Total Market VIPERs based on the Wilshire 5000 Total Market Index).

<sup>22</sup> See draft Letter from Mary Joan Hoene, Carter Ledyard & Milburn LLP, to Paula Dubberly, Chief Counsel, Division of Corporation Finance ("Corporation Finance"), and James Brigagliano, Assistant Director, Trading Practices, Division of Market Regulation ("Division"), Commission, (discussing the arbitrage potential of the Shares) (the "Trading Practices Letter").

<sup>23</sup> DTC may decide to discontinue providing its service with respect to Baskets and/or the Shares by giving notice to the Trustee and the Sponsor. Under such circumstances, the Trustee and the Sponsor will either find a replacement for DTC to perform its functions at a comparable cost or, if a replacement is unavailable, terminate the Trust.

will not be issued for the Shares. Instead, a global certificate will be deposited by the Trustee with DTC and registered in the name of Cede & Co., as nominee for DTC. The global certificate will evidence all of the Shares outstanding at any time. Shareholders are limited to (1) participants in DTC such as banks, brokers, dealers, and trust companies ("DTC Participants"), (2) those who maintain, either directly or indirectly, a custodial relationship with a DTC Participant ("Indirect Participants"), and (3) those banks, brokers, dealers, trust companies, and others who hold interests in the Shares through DTC Participants or Indirect Participants. Shares are only transferable through the book-entry system of DTC. Shareholders who are not DTC Participants may transfer their Shares through DTC by instructing the DTC Participant holding their Shares (or by instructing the Indirect Participant or other entity through which their Shares are held) to transfer the Shares. Transfers will be made in accordance with standard securities industry practice.

Upon the settlement date of any creation, transfer, or redemption of Shares, DTC will credit or debit on its book-entry registration and transfer system, the amount of the Shares so created, transferred, or redeemed to the accounts of the appropriate DTC Participants. The Trustee and the DTC Participants will designate the accounts to be credited and charged in the case of creation or redemption of Shares. Beneficial ownership of the Shares will be limited to DTC Participants, Indirect Participants, and persons holding interests through DTC Participants and Indirect Participants. Owners of beneficial interests in the Shares will be shown on, and the transfer of ownership will be effected only through, records maintained by DTC (with respect to DTC Participants), the records of DTC Participants (with respect to Indirect Participants), and the records of Indirect Participants (with respect to beneficial owners that are not DTC Participants or Indirect Participants). Beneficial owners are expected to receive from or through the DTC Participant a written confirmation relating to their purchase of the Shares. Shareholders may transfer the Shares through DTC by instructing the DTC Participant or Indirect Participant through which the Shareholders hold their Shares to transfer the Shares.

### Issuance of the Shares

The Trust will create Shares on a continuous basis only in aggregations of 100,000 Shares (such aggregation

referred to as a "Basket"), principally in exchange for gold ("Gold Deposit"), together with, if applicable, a specified cash payment ("Cash Deposit",<sup>24</sup> and together with the Gold Deposit, the "Creation Basket Deposit"). The Sponsor anticipates that in the ordinary course of the Trust's operations a cash deposit will not be required for the creation of Baskets. Similarly, the Trust will redeem Shares only in Baskets, principally in exchange for gold and, if applicable, a cash payment ("Cash Redemption Amount")<sup>25</sup> and together with the gold, the "Redemption Distribution"). Authorized Participants<sup>26</sup> are the only persons that

<sup>24</sup> The amount of any required Cash Deposit will be determined as follows: (1) the fees, expenses and liabilities of the Trust will be subtracted from any cash held or receivable by the Trust as of the date an Authorized Participant (defined herein) places an order to purchase one or more Baskets ("Purchase Order"); (2) the remaining amount will be divided by the number of Baskets outstanding and then multiplied by the number of Baskets being created pursuant to the Purchase Order. If the resulting amount is positive, that amount will be the required Cash Deposit. If the resulting amount is negative, the amount of the required Gold Deposit will be reduced by a number of fine ounces of gold equal in value to that resulting amount, determined by reference to the price of gold used in calculating the NAV of the Trust on the Purchase Order date. Fractions of an ounce of gold of less than 0.001 of an ounce included in the Gold Deposit amount will be disregarded. All questions as to the amount and composition of a Creation Basket Deposit will be finally determined by the Trustee in consultation with the Custodian.

<sup>25</sup> The Cash Redemption Amount is equal to the excess (if any) of all assets of the Trust other than gold over all accrued fees, expenses, and other liabilities, divided by the number of Baskets outstanding and multiplied by the number of Baskets included in the Authorized Participant's order to redeem one or more Baskets ("Redemption Order"). The Trustee will distribute any positive Cash Redemption Amount through DTC to the account of the Authorized Participant at DTC. If the Cash Redemption Amount is negative, the credit to the Authorized Participant's unallocated account ("Authorized Participant Unallocated Account") will be reduced by the number of fine ounces of gold equal in value to that resulting amount, determined by reference to the price of gold used in calculating the NAV of the Trust on the Redemption Order date. Fractions of a fine ounce of gold included in the Redemption Distribution of less than 0.001 of an ounce will be disregarded. Redemption Distributions will be subject to the deduction of any applicable tax or other governmental charges due. All questions regarding the amount and composition of a Redemption Distribution will be finally determined by the Trustee in consultation with the Custodian.

<sup>26</sup> Authorized Participants must be registered broker-dealers or other securities market participants, such as banks and other financial institutions that are not required to register as broker-dealers to engage in securities transactions, who are participants in DTC. To become an Authorized Participant, a person must enter into a Participant Agreement with the Sponsor and the Trustee. The Participant Agreement provides the procedures for the creation and redemption of Baskets and for the delivery of the gold and any cash required for such creations and redemptions. Prior to initiating any creation or redemption order, an Authorized Participant must have entered into

may place orders to create and redeem Baskets. The Exchange states that certain Authorized Participants are expected to have the facility to participate directly in the gold bullion market and the gold futures market. The Sponsor believes that the size and operation of the gold bullion market make it unlikely that an Authorized Participant's direct activities in the gold or securities markets will impact the price of gold or the price of the Shares. The Exchange states that each Authorized Participant is (i) regulated as a broker-dealer regulated under the Act and registered with the National Association of Securities Dealers, Inc. ("NASD"), or (ii) is exempt from being, or otherwise is not required to be, regulated as a broker-dealer under the Act or registered with the NASD, and in either case is qualified to act as a broker or dealer in the states or other jurisdictions where the nature of its business so requires. Certain Authorized Participants will be regulated under federal and state banking laws and regulations. Each Authorized Participant will have its own set of rules and procedures, internal controls, and information barriers as it determines is appropriate in light of its own regulatory regime. Authorized Participants may act for their own accounts or as agents for broker-dealers, custodians, and other securities market participants that wish to create or redeem Baskets. An order for one or more Baskets may be placed by an Authorized Participant on behalf of multiple clients.

### Creation and Redemption

Authorized Participants may sell to other investors all or part of the Shares included in the Baskets they purchase from the Trust. The creation and redemption of Baskets require the delivery to or by the Trust of the amount of gold and any cash represented by the Baskets being created or redeemed. The total amount of gold and any cash required for the creation or redemption of each Basket will be in the same proportion to the total assets of the Trust (net of accrued and unpaid fees, expenses and other liabilities) on the date the Purchase Order is properly received as the number of Shares to be created in respect of the Creation Basket Deposit bears to the total number of Shares outstanding on the date the

a Participant Unallocated Bullion Account Agreement with the Custodian to establish an Authorized Participant Unallocated Account in London. Authorized Participant Unallocated Accounts may only be used for transactions with the Trust. An Authorized Participant will bear all credit risk associated with its unallocated account.

Purchase Order is received.<sup>27</sup> Except when aggregated in Baskets, the Shares are not redeemable. The Trust will impose transaction fees in connection with creation and redemption transactions.

The Trustee will determine the NAV<sup>28</sup> and ANAV of the Trust on each business day at the earlier of the London PM Fix for such day or 12 PM New York time.<sup>29</sup> In determining the Trust's NAV, the Trustee will value the gold held by the Trust based on the London PM Fix price for a troy ounce of gold. The Trustee will also determine the NAV per Share by dividing the NAV of the Trust by the number of the Shares outstanding as of the close of trading on the NYSE.

Once the value of the gold has been determined, the Trustee will determine the ANAV of the Trust by subtracting all accrued fees (other than the fees to be computed by reference to the value of the Trust's assets), expenses, and other liabilities of the Trust from the total value of the gold and all other assets of the Trust (other than any amounts credited to the Trust's reserve account, if established). The ANAV of the Trust is used to compute all fees (including the Trustee's and the Sponsor's fees), which are calculated from the value of the Trust's assets. To determine the Trust's NAV, the Trustee will subtract the amount of accrued fees, computed from the value of the Trust's assets using ANAV, from the ANAV amount.

UBS Securities LLC, the Initial Purchaser, is expected to purchase 100,000 Shares, which will comprise the seed Basket. The Initial Purchaser has, subject to conditions, also agreed to purchase 900,000 Shares, which comprise the initial Baskets. The Trust

<sup>27</sup> The initial amount of gold required for deposit to create Shares is 10,000 troy ounces per Basket. The number of ounces of gold required to create a Basket or to be delivered upon a redemption of a Basket will gradually decrease over time because the Shares comprising a Basket will represent a decreasing amount of gold due to the sale of the Trust's gold to pay the Trust's expenses.

<sup>28</sup> The NAV of the Trust is the aggregate value of the Trust's assets less its liabilities (which include accrued expenses).

<sup>29</sup> For purposes of calculating the Trust's ANAV and NAV, a business day means any day when the NYSE is open for regular trading. If on a day when the Trust's NAV is being calculated the London PM Fix gold price is not available, the gold price from the next most recent London Fix (AM or PM) will be used, unless the Trustee determines that such price is inappropriate to use. The Trust's assets will consist of allocated gold bullion, gold credited to an unallocated gold account, and, from time to time, cash, which will be used to pay expenses. Except for the transfer of gold in or out of the Trust's unallocated account connected with the creation or redemption of a Basket or upon a sale of gold, it is anticipated that only a small amount of gold will be held in unallocated form by the Trust. Cash held by the Trust will not generate any income.

will receive all proceeds from the offering of the seed Basket and the initial Baskets in gold bullion. In connection with the offering and sale of the initial Baskets, the Initial Purchaser will be paid a fee by the Sponsor at the time of its purchase of the initial Baskets. In addition, the Initial Purchaser may receive commissions/fees from investors who purchase Shares from the initial Baskets through their commission/fee-based brokerage accounts.

#### Clearance and Settlement

Set forth below is a description of the mechanisms for the settlement and redemption of the Shares.

#### Creation Orders

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 second business day in London following the Purchase Order date. Upon receipt of the Gold Deposit, the Custodian, after receiving appropriate instructions from the Authorized Participant and the Trustee, will transfer on the third business day following the Purchase Order date the Gold Deposit amount from the Authorized Participant Unallocated Account to the Trust Unallocated Account, and the Trustee will direct DTC to credit the Basket to the Authorized Participant's book-entry DTC account. The Trust will furnish a prospectus and a confirmation to those Authorized Participants placing Purchase Orders.

Acting on standing instructions given by the Trustee, the Custodian will transfer the Gold Deposit amount from the Trust Unallocated Account to the Trust Allocated Account by transferring gold bars from its inventory to the Trust Allocated Account.

Because gold is allocated only in multiples of whole bars, the amount of gold allocated from the Trust Unallocated Account to the Trust Allocated Account may be less than the total fine ounces of gold credited to the Trust Unallocated Account. Any balance will be held in the Trust Unallocated Account. The Custodian will follow practices designed to minimize the amount of gold held in the Trust Unallocated Account so that generally no more than 430 troy ounces of gold will be held in the Trust Unallocated Account at the close of any business day.

#### Redemption Orders

The Redemption Distribution due from the Trust will be delivered to the

Authorized Participant on the third business day following the date on which an Authorized Participant places a Redemption Order if, by 9 a.m. New York time on such third business day, the Trustee's DTC account has been credited with the Baskets to be redeemed and, if the Trustee's DTC account has not been so credited by such time, the Redemption Distribution will be delivered to the extent of whole Baskets received. Any remainder of the Redemption Distribution will be delivered on the next business day to the extent of the remaining whole Baskets received if the Trustee receives the fee applicable to the extension of the Redemption Distribution date as the Trustee may, from time to time, determine and the remaining Baskets to be redeemed are credited to the Trustee's DTC account by 9 a.m. New York time on such next business day. Any further outstanding amount of the Redemption Order shall be cancelled. The Trustee is also authorized to deliver the Redemption Distribution notwithstanding that the Baskets to be redeemed are not credited to the Trustee's DTC account by 9 a.m. New York time on the third business day following the redemption order date if the Authorized Participant has collateralized its obligation to deliver the Baskets on such terms as the Sponsor and the Trustee may from time to time agree upon.

The Custodian will transfer the gold Redemption Amount from the Trust Allocated Account to the Trust Unallocated Account and, thereafter, to the redeeming Authorized Participant Unallocated Account. Similar to the allocation of gold to the Trust Allocated Account which occurs upon a Purchase Order, if in transferring gold from the Trust Allocated Account to the Trust Unallocated Account in connection with a Redemption Order there is an excess amount of gold transferred to the Trust Unallocated Account, the excess over the gold Redemption Amount will be held in the Trust Unallocated Account.

#### Risk Factors to Investing in the Shares

As set forth in the Registration Statement, an investment in the Shares carries certain risks. The Exchanges restates the following risk factors are taken from and discussed in more detail in the Registration Statement.

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

- The sale of gold by the Trust to pay expenses will reduce the amount of gold

represented by each Share on an ongoing basis irrespective of whether the trading price of the Shares rises or falls in response to changes in the price of gold.

- Expenses of the Trust may be higher than anticipated, thus reducing the NAV of the Trust more rapidly than anticipated and adversely affecting the value of the Shares.

- The sale of the Trust's gold to pay expenses at a time of low gold prices could adversely affect the value of the Shares.

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

- As the Sponsor and its management have no history of operating an investment vehicle like the Trust, their experience may be inadequate or unsuitable to manage the Trust.

- The Shares are a new securities product, and their value could decrease if unanticipated operational or trading problems arise.

- The Trust may be required to terminate and liquidate at a time that is disadvantageous to Shareholders.

- The lack of a market for the Shares may limit the ability of Shareholders to sell the Shares.

- The operations of the Trust and the Sponsor depend on support from the World Gold Council. This support may not be available in the future and, if such support is not available, the operations of the Trust may be adversely affected.

- Shareholders will not have the rights enjoyed by investors in certain other vehicles.

- An investment in the Shares may be adversely affected by competition from other methods of investing in gold.

- Crises may motivate large-scale sales of gold that could decrease the price of gold and adversely affect an investment in the Shares.

- Substantial sales of gold by the official sector could adversely affect an investment in the Shares.

- Widening of interest rate differentials could negatively affect the price of gold that, in turn, could negatively affect the price of the Shares.

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

- The Trust may not have adequate sources of recovery if its gold is lost, damaged, stolen, or destroyed.

- Gold bullion allocated to the Trust in connection with the creation of a Basket may not meet the London Good Delivery Standards and, if a Basket is

issued against such gold, the Trust may suffer a loss.

- Because the Trustee and the Custodian do not oversee or monitor the activities of subcustodians who may hold the Trust's gold, and there can be no assurance that subcustodians will exercise due care in the safekeeping of the Trust's gold.

- The ability of the Trustee and the Custodian to take legal action against subcustodians may be limited which increases the possibility that the Trust may suffer a loss if a subcustodian does not use due care in the safekeeping of the Trust's gold.

- If the Custodian becomes insolvent, gold held in the Trust Unallocated Account or any Authorized Participant's unallocated gold account would represent an unsecured claim against the Custodian, and the Custodian's assets may not be adequate to satisfy a claim by the Trust or any Authorized Participant.

- In issuing Baskets, the Trustee will rely on certain information received from the Custodian that is subject to confirmation after the Trustee has relied on the information. If such information turns out to be incorrect, Baskets may be issued in exchange for an amount of gold that is more or less than the amount of gold that is required to be deposited with the Trust.

- The Trust's obligation to reimburse the Initial Purchaser for certain liabilities in the event the Sponsor fails to indemnify the Initial Purchaser could adversely affect an investment in the Shares.

#### Availability of Information Regarding Gold Prices

Currently, the Consolidated Tape Plan does not provide for dissemination of the spot price of a commodity, such as gold, 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 gold price and gold market information available on public websites and through professional and subscription services. As is the case with equity securities generally and exchange-traded funds specifically, in most instances, real-time information is only available for a fee, and information available free of charge is subject to delay (typically, 20 minutes).

The Exchange states that investors may obtain on a 24-hour basis gold pricing information based on the spot price for a troy ounce of gold from

various financial information service providers, such as Reuters and Bloomberg.<sup>30</sup> Reuters and Bloomberg 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. An organization named EBS provides an electronic trading platform to institutions such as bullion banks and dealers for the trading of spot gold, as well as a feed of live streaming prices to Reuters and Moneyline Telerate subscribers. The Exchange states that complete real-time data for gold futures and options prices traded on the COMEX (a division of the NYMEX) are available by subscription from Reuters and Bloomberg. The NYMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its website. The Exchange also notes that 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, such as *The Washington Post*. Many of these sites offer price quotations drawn from other published sources, and as the information is supplied free of charge, it generally is subject to time delays.<sup>31</sup> Like bond securities traded in the OTC market with respect to which pricing information is available directly from bond dealers, current gold spot prices are also generally available with bid/ask spreads from gold bullion dealers.<sup>32</sup>

<sup>30</sup> Information about the pricing data provided by Reuters and Bloomberg has been provided to the Exchange by the Sponsor. Because the financial information service providers described are not affiliated with, or regulated by, the Exchange, and operate independently from the Exchange, the Exchange cannot ensure that the pricing information described above will remain available or be available in the same form or manner as described herein. These financial service providers are also not affiliated with the Trust, the Sponsor, or the Custodian.

<sup>31</sup> There may be incremental differences in the gold spot price among the various information service sources. While the Exchange believes the differences in the gold spot price may be relevant to those entities engaging in arbitrage or in the active daily trading of gold or gold-based products, the Exchange believes such differences are likely of less concern to individual investors intending to hold the Shares as part of a long-term investment strategy.

<sup>32</sup> See, e.g., Securities Exchange Act Release No. 46252 (July 24, 2002) (noting that quote and trade information regarding debt securities is widely available to market participants from a variety of sources, including broker-dealers, information service providers, newspapers, and websites).

In addition, the NYSE, via a link to the Trust's website, will provide at no charge continuously updated bids and offers indicative of the spot price of gold on its own public website, <http://www.nyse.com>.<sup>33</sup> The Trust website will also provide an intraday indicative value per share for the Shares calculated by multiplying the indicative spot price of gold by the quantity of gold backing each Share.<sup>34</sup> Notwithstanding that they will be provided free of charge, the indicative spot price and intraday indicative value per Share will be provided on an essentially real-time basis.<sup>35</sup> The Trust website will also provide the NAV of the Trust as calculated each business day by the Sponsor. Finally, the Trust website will also provide the last sale price of the Shares as traded in the United States market, subject to a 20-minute delay, as it is provided free of charge.<sup>36</sup>

#### Other Characteristics of the Shares

##### General Information

It is anticipated that a minimum of three Baskets will be outstanding at the commencement of trading on the Exchange. The number of Shares per Basket is 100,000.

Trading in Shares on the Exchange will be effected normally until 4:15 p.m. each business day. The minimum trading increment for Shares on the Exchange will be \$0.01.

##### Fees

The Exchange original listing fee applicable to the listing of the Trust will

<sup>33</sup> The Trust website's gold spot price will be provided by The Bullion Desk (<http://www.thebulliondesk.com>). The NYSE will provide a link to the Trust website. The Bullion Desk is not affiliated with the Trust, Sponsor, Custodian, or the Exchange. The Exchange has been informed that the gold spot price is indicative only, constructed using a variety of sources to compile a spot price that is intended to represent a theoretical quote that might be obtained from a market maker from time to time. The Trust website will indicate, as noted above in the discussion titled "Availability of Information Regarding Gold Prices," that there are other sources for obtaining the gold spot price. In the event that the Trust website should cease to provide this indicative spot price from an unaffiliated source and the intraday indicative value of the Shares, the NYSE will delist the shares. See discussion of continued listing standards, below.

<sup>34</sup> The intraday indicative value of the Shares is analogous to the intraday optimized portfolio value (sometimes referred to as the IOPV), indicative portfolio value and the intraday indicative value (sometimes referred to as the IIV) associated with the trading of exchange-traded funds. See, e.g., Securities Exchange Act Release No. 46686 (October 18, 2002) for a discussion of indicative portfolio value in the context of an exchange-traded fund.

<sup>35</sup> The Trust's website is expected to indicate that these values are subject to an average delay of 5 to 10 seconds.

<sup>36</sup> The last sale price of the Shares in the secondary market is available on a real-time basis for a fee from regular data vendors.

be \$5,000. The annual continued listing fee for the Trust would be \$2,000.

#### *Continued Listing Criteria*

The Exchange applicable continued listing criteria are as follows: (1) Following the initial twelve-month period beginning upon the commencement of trading of the Shares, there are fewer than 50 record and/or beneficial holders of the Shares for 30 or more consecutive trading days; (2) the value of gold is no longer calculated or available from a source unaffiliated with the Sponsor, the Trust, the Custodian or the Exchange, or the Exchange stops providing the hyperlink on the Exchange's website to any such unaffiliated gold value; or (3) such other event shall occur or condition exist that, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable. In addition, the Exchange will remove Shares from listing and trading upon termination of the Trust.

#### *Exchange Trading Rules and Policies*

The Shares are considered "securities" pursuant to NYSE Rule 3 and are subject to all applicable trading rules.

The Exchange's surveillance procedures will be comparable to those used for investment company units currently trading on the Exchange and will incorporate and rely upon existing NYSE surveillance procedures governing equities.

The Exchange will adopt new NYSE Rule 1300 ("Equity Gold Shares") to deal with issues related to the trading of the Shares. Specifically, for purposes of NYSE Rule 13 ("Definitions of Orders"), NYSE Rule 36.30 ("Communications Between Exchange and Members' Offices"), NYSE Rule 98 ("Restrictions on Approved Person Associated with a Specialist's Member Organization"), NYSE Rule 104 ("Dealings by Specialists"), NYSE Rule 105(m) ("Guidelines for Specialists" Specialty Stock Option Transactions Pursuant to Rule 105"), and NYSE Rule 460.10 ("Specialists Participating in Contests"), 1002 (Availability of Automatic Feature), and 1005 (Orders May Not Be Broken Into Smaller Accounts),<sup>37</sup> the Shares will be treated the same as investment company units.<sup>38</sup> The

<sup>37</sup> Telephone conference between James F. Duffy, Senior Vice President, Associate General Counsel, NYSE, and Florence Harmon, Senior Special Counsel, Division, Commission, on June 9, 2004 (correcting typographical error to NYSE Rule 104 and inadvertent omission of NYSE Rules 1002 and 1005).

<sup>38</sup> In particular, Rule 1300 provides that Rule 105(m) is deemed to prohibit an equity specialist, his member organization, other member, allied member or approved person in such member

Exchange does not currently intend to exempt Equity Gold Shares from the Exchange's "Market-on-Close/Limit-on-Close/Pre-Opening Price Indications" Policy, although the Exchange may do so in the future if, after having experience with the trading of the Shares, the Exchange believes such an exemption is appropriate.

For intermarket surveillance purposes, the Exchange will enter into a Memorandum of Understanding with the NYMEX prior to the commencement of trading in the Shares. The Exchange will also adopt new NYSE Rule 1301 ("Equity Gold Shares: Securities Accounts and Orders of Specialists") to ensure that specialists handling Equity Gold Shares provide the Exchange with all necessary information relating to their trading in physical gold and in gold futures contracts and options thereon or any other gold derivative.<sup>39</sup> As a general matter, the Exchange has regulatory jurisdiction over its member organizations and any person or entity controlling a member organization. The Exchange also has regulatory jurisdiction over a subsidiary or affiliate of a member organization that is in the securities business. A member organization subsidiary or affiliate that does business only in commodities would not be subject to NYSE jurisdiction, but the Exchange could obtain certain information regarding the activities of such subsidiary or affiliate through reciprocal 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 trading is not occurring in gold or (2) whether other unusual conditions or circumstances detrimental to the

organization or officer or employee thereof from acting as a market maker or functioning in any capacity involving market-making responsibilities in physical gold, gold futures or options on gold futures, or any other gold derivatives, except as otherwise provided therein.

<sup>39</sup> Rule 1301 also states that, in connection with trading physical gold, gold futures or options on gold futures or any other gold derivatives (including Equity Gold Shares), the specialist shall not use any material nonpublic information received from any person associated with a member or employee of such person regarding trading by such person or employee in physical gold, gold futures or options on gold futures, or any other gold derivatives. For the purpose of Rule 1301, "person associated with a member" shall have the same meaning ascribed to it in Section 3(a)(21) of the Exchange Act.

maintenance of a fair and orderly market are present. In addition, trading in Shares is subject to trading halts caused by extraordinary market volatility pursuant to Exchange's "circuit breaker" rule.<sup>40</sup>

Pursuant to NYSE Rule 405, before a member, member organization, allied member or employee of such member organization undertakes to recommend a transaction in Shares, such member or member organization should make a determination that such Shares are suitable for such customer. If any recommendation is made with respect to such Shares, the person making the recommendation should have a reasonable basis for believing at the time of making the recommendation, that the customer has such knowledge and experience in financial matters that he or she may reasonably be expected to be capable of evaluating the risks and any special characteristics of the recommended transaction, and is financially able to bear the risks of the recommended transaction.

The Exchange will distribute an information circular to its members in connection with the trading in the Shares. The circular will discuss the special characteristics and risks of trading this type of security. Specifically, the circular, among other things, will discuss what the Shares are, how a Basket is created and redeemed, applicable Exchange rules, dissemination information, trading information, and the applicability of suitability rules.<sup>41</sup> The information circular will also reference that the Trust is subject to various fees and expenses described in the Registration Statement, and that the number of ounces of gold required to create a Basket or to be delivered upon a redemption of a Basket will gradually decrease over time because the Shares comprising a Basket will represent a decreasing amount of gold due to the sale of the Trust's gold to pay the Trust's expenses. The information circular will also reference the fact that there is no regulated source of last sale information regarding physical gold, and that the Commission has no jurisdiction over the trading of gold as a physical commodity. Finally, the information circular will

<sup>40</sup> NYSE Rule 80B.

<sup>41</sup> The information circular will also discuss exemptive relief, if granted, by the Commission from certain rules under the Act. The applicable rules are: Rule 10a-1; Section 11(d) and Rules 11d1-1 and 11d1-2; and Rules 101 and 102 of Regulation M under the Act. Telephone conference between James F. Duffy, Senior Vice President, Associate General Counsel, NYSE, and Florence Harmon, Senior Special Counsel, Division, Commission, on June 9, 2004 (clarifying status of exemptive relief sought).

also note to members language in the Registration Statement regarding prospectus delivery requirements for the Shares.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>42</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>43</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transaction in securities, and, in general to protect investors and the public interest.

### 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.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Within 35 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 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2004-22 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609.

All submissions should refer to File Number SR-NYSE-2004-22. 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 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 inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Amex. 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-NYSE-2004-22 and should be submitted on or before July 8, 2004.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>44</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 04-13694 Filed 6-16-04; 8:45 am]

**BILLING CODE 8010-01-P**

## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

#### Aviation Proceedings, Agreements Filed the Week Ending June 4, 2004

The following Agreements were filed with the Department of Transportation under the provisions of 49 U.S.C. 412 and 414. Answers may be filed within 21 days after the filing of the application.

*Docket Number:* OST-2004-17998.

*Date Filed:* June 1, 2004.

*Parties:* Members of the International Air Transport Association.

*Subject:* Mail Vote 375 Resolution 010w, TC3 Africa TC3 Special Amending Resolution, from Phillippines to Africa r1-r3. Intended effective date: 10 June 2004.

*Docket Number:* OST-2004-18006.

*Date Filed:* June 3, 2004.

*Parties:* Members of the International Air Transport Association.

*Subject:* PTC3 0756 dated 4 June 2004. Mail Vote 381 Resolution 010c Special Passenger, Amending Resolution between Japan and China, (excluding Hong Kong SAR and Macao SAR) r1-r10. Intended effective date 15 July 2004.

*Docket Number:* OST-2004-18007.

*Date Filed:* June 3, 2004.

*Parties:* Members of the International Air Transport Association.

*Subject:* Mail Vote 378, PTC3 0749 dated 4 June 2004. Resolution 010z Special Passenger Amending Resolution between Chinese Taipei and Japan. Intended effective date 21 June 2004.

*Docket Number:* OST-2004-18008.

*Date Filed:* June 3, 2004.

*Parties:* Members of the International Air Transport Association.

*Subject:* Mail Vote 380, PTC 0750 dated 4 June 2004. Resolution 010b Special Passenger Amending Resolution between China (excluding Hong Kong SAR and Macao SAR) and Russia (in Asia) r1-r5. Intended effective date 22 June 2004.

*Docket Number:* OST-2004-18009.

*Date Filed:* June 3, 2004.

*Parties:* Members of the International Air Transport Association.

*Subject:* PTC3 0755 dated 4 June 2004, Mail Vote 377 Resolution 010y Special Passenger Amending Resolution between Japan and China, (excluding Hong Kong SAR and Macao SAR) r1-r10. Intended effective date 15 June 2004.

**Andrea Jenkins,**

*Program Manager, Docket Operations, Federal Register Liaison.*

[FR Doc. 04-13715 Filed 6-16-04; 8:45 am]

**BILLING CODE 4910-62-P**

<sup>42</sup> 15 U.S.C. 78f(b).

<sup>43</sup> 15 U.S.C. 78f(b)(5).

<sup>44</sup> 17 CFR.200.30-3(a)(12).