

## Final Terms dated 15 January 2025

### KraneShares ETC plc

#### Issue of KraneShares Global Carbon Strategy ETC Securities

#### under its KraneShares ETC Securities Programme (the “ETC Securities”)

### Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 20 December 2024 which constitutes a base prospectus (the “**Base Prospectus**”) for the purposes of the UK version of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”).

These Final Terms (the “**Final Terms**”) constitute the final terms of the ETC Securities described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the ETC Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus, any Supplements to the Base Prospectus and any translations of the Summary are available for viewing on the website maintained on behalf of the Issuer at <https://kraneshares.eu/>, at the registered office of the Issuer and at the Specified Office of the Principal Paying Agent. A summary of the individual issue is annexed to these Final Terms.

#### **UK MiFIR product governance / Retail investors, professional investors and ECPs target market:**

Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the ETC Securities has led to the conclusion that: (i) the target market for the ETC Securities is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”) and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the ETC Securities are appropriate. Any person subsequently offering, selling or recommending the ETC Securities (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the ETC Securities (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

### GENERAL TERMS

1.	Issuer:	KraneShares ETC plc
2.	Series:	KraneShares Global Carbon Strategy ETC Securities

3.	Aggregate Number of ETC Securities to which these Final Terms apply:	465,000			
4.	Maximum Issue Size:	10,000,000,000			
5.	Issue Price per ETC Security as at Series Issue Date:	USD 25.00			
6.	Issue Price per ETC Security as at Subscription Trade Date:	USD 25.00			
7.	Estimate of total net proceeds of the issue:	USD 11,625,000.00			
8.	Reference Index	S&P Global Carbon Credit Index			
9.	Reference Index Source	<a href="https://www.spglobal.com/spdji/en/indices/commodities/sp-global-carbon-credit-index/#overview">https://www.spglobal.com/spdji/en/indices/commodities/sp-global-carbon-credit-index/#overview</a> and displayed on or Bloomberg ticker GLCARB			
10.	Administrator of Reference Index	S&P Dow Jones Indices Limited			
11.	Initial Carbon Entitlement per ETC Security as at Series Issue Date:		<b>Position (Number of Futures Contracts Held per ETC Security as at Series Issue Date)</b>	<b>Exposure as at Series Issue Date (USD)</b>	<b>% of Basket as at Series Issue Date</b>
		European Union Allowance (EUA) 2025 Future (MOZ25 Comdty)	0.0000171	1.287619	5.28%
		California Carbon Allowance (CCA) Vintage 2025 Future (CDBZ25 Comdty)	0.0000321	1.2189176	5.00%
		Regional Greenhouse Gas Initiative (RGGI) Vintage 2026 Future (RJOZ25 Comdty)	Nil	Nil	Nil

		California Carbon Allowance (CCA) Vintage 2026 Future (BCYZ26 Comdty)	Nil	Nil	Nil													
		UK Allowance (UKA) 2025 Future (UKEZ5 Comdty)	Nil	Nil	Nil													
		European Union Allowance (EUA) 2026 Future (MOZ26 Comdty)	Nil	Nil	Nil													
		Washington Credit Allowance (WCA) 2025 Future (WCAV25 Comdty)	Nil	Nil	Nil													
		<p>As the Futures Contracts are traded on margin the Issuer would not be required to use the full proceeds of the issuance of the ETC Securities to acquire the Futures Contracts positions. The balance of the proceeds would be retained by the Issuer and invested in the following additional underlying assets:</p> <table border="1"> <thead> <tr> <th>Underlying Assets as at the Series Issue Date</th> <th>USD</th> </tr> </thead> <tbody> <tr> <td>Future Contracts margin requirements as at Series Issue Date</td> <td>4.793301</td> </tr> <tr> <td>Euro FX Futures</td> <td>Nil</td> </tr> <tr> <td>British Sterling Pound</td> <td>1.047312</td> </tr> <tr> <td>Euro</td> <td>2.784946</td> </tr> <tr> <td>USD Cash on deposit</td> <td>16.51444</td> </tr> </tbody> </table>					Underlying Assets as at the Series Issue Date	USD	Future Contracts margin requirements as at Series Issue Date	4.793301	Euro FX Futures	Nil	British Sterling Pound	1.047312	Euro	2.784946	USD Cash on deposit	16.51444
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USD Cash on deposit	16.51444																	
12.	Issue Date:																	
	(i) Series Issue Date:	2 October 2024																
	(ii) Tranche Issue Date (if not the first Tranche of ETC Securities of the Series):	2 October 2024																

	(iii) Date on which Board approval for issuance of ETC Securities obtained <sup>1</sup> :	20 August 2024
13.	Scheduled Maturity Date:	2 October 2084
14.	Relevant Regulatory Law Reference Date:	2 October 2024
15.	Name and address of Relevant Clearing System(s):	Euroclear/Clearstream, Luxembourg
<b>TRANSACTION PARTIES AS AT TRANCHE ISSUE DATE</b>		
16.	Additional Paying Agent(s):	N/A
17.	Principal Paying Agent and Account Bank:	Citibank N.A., London Branch
18.	Registrar:	Citibank Europe plc
19.	Custodian:	Brown Brothers Harriman & Co.
20.	Transfer Agent:	Brown Brothers Harriman Fund Administration Services (Ireland) Limited
21.	Authorised Participant(s) for the relevant Series:	As at the Series Issue Date: Jane Street and Flow Traders List available on Issuer's website at: <a href="https://kraneshares.eu/">https://kraneshares.eu/</a>
<b>PROVISIONS RELATING TO FEES</b>		
22.	Total Expense Ratio (as at the Series Issue Date):	0.78% per annum
<b>PROVISIONS RELATING TO REDEMPTION</b>		
23.	Nominal Amount:	USD 25.00
24.	Minimum Redemption Amount at Scheduled Maturity Date:	USD 2.50, being an amount equal to 10 per cent. of the Issue Price per ETC Security as at the Series Issue Date
25.	Specified Interest Amount payable at Scheduled Maturity Date:	USD 0.25, being an amount equal to 1 per cent. of the Nominal Amount
26.	Final Redemption Valuation Date <sup>2</sup> :	40 Business Days prior to Scheduled Maturity Date
<b>GENERAL PROVISIONS APPLICABLE TO THE ETC SECURITIES</b>		
26.	Offer:	See below Part B, Section 6

<sup>1</sup> If this is not the first Tranche of a Series, include the board approval date for the first Tranche of such Series.

<sup>2</sup> The date falling 40 Business Days prior to the Scheduled Maturity Date.

**DETAILS OF THE UNDERLYING**

	Past Performance:	Information on the past performance of the Reference Index and the ETC Securities can be electronically found at the following websites: <a href="https://www.spglobal.com/spdji/en/indices/commodities/sp-global-carbon-credit-index/#overview">https://www.spglobal.com/spdji/en/indices/commodities/sp-global-carbon-credit-index/#overview</a> <a href="https://kraneshares.eu/">https://kraneshares.eu/</a>
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**LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the ETC Securities described herein pursuant to KraneShares ETC plc's KraneShares ETC Securities Programme.

Signed on behalf of the Issuer:

By:



Duly authorised

## Part B – Other Information

### 1 LISTING

- (i) Listing and admission to trading: Application has been made for the ETC Securities to be admitted to the official list of the London Stock Exchange and for the ETC Securities to be admitted to trading on the regulated market thereof. Please note that admission to the UK Official List and to trading on the London Stock Exchange is not admission to trading under the Prospectus Regulation, but is admission to trading for the purposes of the UK Prospectus Regulation.

Application may be made for the ETC Securities to be listed on additional stock exchanges and admitted to trading on additional markets from time to time.

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- (ii) Estimate of total expenses of the issue: USD 5,000.00
- (iii) Estimate of total expenses related to admission to trading for the relevant Tranche: USD 5,000.00

### 2 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “*Subscription and Sale*”, so far as the Issuer is aware, no person involved in the offer of the ETC Securities has an interest material to the offer.

### 3 REASONS FOR THE OFFER

Reasons for the offer: See section headed “*Reasons for the offer and use of proceeds*” in the Base Prospectus

### 4 OPERATIONAL INFORMATION

ISIN:	XS2879867773
Common Code:	287986777
CFI:	DAZNFR
FISN:	KRANESHARES ETC/ZERO CPNASST BKD 20
SEDOL:	BSRH0B0 BR4Y040
WKN (if applicable):	A4A5Z2
Trading Method:	Unit
Delivery:	Delivery against payment
Settlement Date:	Same as Tranche Issue Date
Form:	Registered Notes: The Global Notes will be registered in the name of a depositary for Euroclear and Clearstream, Luxembourg
Intended to be held in a manner which	No. Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the securities are capable of meeting them the securities may then be deposited with one of the ICSDs as common safekeeper (and registered in the

would allow Eurosystem eligibility:	name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the securities will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.
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## 5 TERMS OF ANY OFFER

Offer Price:	Such price as is individually agreed between an Authorised Offeror or Authorised Participant and the relevant purchaser.
Conditions to which the offer is subject:	In the event of an offer being made by an Authorised Offeror or Authorised Participant, the Authorised Offeror or Authorised Participant will provide information to investors on the terms and conditions of the offer at the time the offer is made.
Description of the time period, including any possible amendments during which the offer will be open and a description of the application process:	In respect of any ETC Securities, offers may be made at any time during the period from and including the date of the Base Prospectus to (but excluding) the date falling 12 months after the date of the Base Prospectus. There is no application process for potential purchasers. Instead, each Authorised Offeror or Authorised Participant may offer to investors in agreed transactions.
Subscription Order Cut-Off Time:	3.00 p.m. London.
Buy-Back Order Cut-Off Time:	3.00 p.m. London.
Description of possibility to reduce Subscriptions and manner for refunding excess amount paid by applicants:	Not applicable given the manner in which ETC Securities will be offered. The ETC Securities will not be the subject of an offer that asks for applications from potential purchasers and then reduces subscriptions and refunds any excess amount should those potential purchasers not be allocated ETC Securities.
Details of the minimum and/or maximum amount of application:	
(i) Minimum Subscription Amount:	50,000 ETC Securities.
(ii) Minimum Buy-Back Amount:	50,000 ETC Securities.
(iii) Minimum Trading Amount:	The minimum number of ETC Securities that may be traded is 10,000 ETC Securities.
Details of the method and time limits for paying up and delivering the ETC Securities:	As individually agreed between a purchaser and the relevant Authorised Offeror or Authorised Participant.
Manner in and date on which results of the offer are to be made public:	The Issuer will sell all ETC Securities of a Series to one or more Authorised Participants on their issue. The Authorised Participants may act as market makers on stock exchanges and may also offer to eligible professional investors in the EU in over-the-counter transactions during the offer period. The Authorised Participants are likely to hold ETC Securities in inventory. The number of ETC Securities issued will not vary based on the

	results of any offer (with any offer being agreed on an individual basis) and, as a result, there is no necessity to notify the public of the results of any offer.
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not applicable given the manner in which ETC Securities will be offered.
Tranche(s) which has/have been reserved for certain countries:	Not applicable given the manner in which ETC Securities will be offered.
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	As described above, there will be no formal offer period prior to issue and there will be no applications process whereby allotments are required to be made. As a result, no notification of allotments is required. No dealing by an investor may take place until such investor has been delivered the relevant ETC Securities.
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	The Issuer charges a Buy-Back Fee in connection with each Buy-Back carried out by an Authorised Participant. The applicable Buy-Back Fee will be no greater than USD 1,000.
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	Any Authorised Offeror or Authorised Participant is entitled to make an offer in the United Kingdom subject to the conditions set out in the Base Prospectus.



**ANNEX**  
**SUMMARY OF THE INDIVIDUAL ISSUE**

<b>Summary</b>	
<b>A</b>	<b>Introduction and Warnings</b>
<b>A.1.1</b>	<i>Name and international securities identifier number (ISIN) of the Securities</i>
KraneShares Global Carbon Strategy ETC Securities due 2084 (the “ <b>ETC Securities</b> ”).	
ISIN Code: XS2879867773	
<b>A.1.2</b>	<i>Identity and contact details of the issuer, including its legal entity identifier (LEI)</i>
KraneShares ETC plc (the “ <b>Issuer</b> ”) is a public limited company incorporated in Ireland. Its registered address is 4th Floor, 35 Shelbourne Road, Ballsbridge, Dublin 4, Ireland. The Issuer’s telephone number is +353 1 619 2300 and its legal entity identifier is 635400CDVNC4T5TAEM15.	
<b>A.1.3</b>	<i>Identity and contact details of the competent authority approving the Base Prospectus</i>
The Base Prospectus has been approved by the Financial Conduct Authority (the “ <b>FCA</b> ”) as competent authority, with its head office at 12 Endeavour Square, London E20 1JN and telephone number: +44 20 7066 1000, in accordance with the UK version of Regulation (EU) No 2017/1129 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “ <b>UK Prospectus Regulation</b> ”).	
<b>A.1.4</b>	<i>Date of approval of the Base Prospectus</i>
The Base Prospectus was approved on 20 December 2024 and may be amended and/or supplemented from time to time.	
<b>A.1.5</b>	<i>Warning</i>
<p>This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to the Base Prospectus (“<b>Base Prospectus</b>”). Any decision to invest in the ETC Securities should be based on consideration of the Base Prospectus as a whole by the investor. An investment in ETC Securities involves a significant degree of risk and any investor could lose all or part of their invested capital. This document does not constitute an offer or invitation to any person to subscribe for or purchase any ETC Securities. It has been prepared in connection with the related final terms for this tranche (the “<b>Final Terms</b>”).</p> <p>You are about to purchase a product that is not simple and may be difficult to understand.</p>	
<b>B</b>	<b>Key Information on the Issuer</b>
<b>B.1</b>	<b><i>Who is the issuer of the securities?</i></b>
<b>B.1.1</b>	<i>Domicile, legal form, LEI, jurisdiction of incorporation and country of operation</i>
The Issuer is incorporated and has its registered address in Ireland. Its legal entity identifier is 635400CDVNC4T5TAEM15. The Issuer was registered and incorporated in Ireland as a public limited company on 25 March 2024 under the Irish Companies Act 2014, registration number 760531.	
<b>B.1.2</b>	<i>Principal activities</i>
The Issuer has established a programme (the “ <b>Programme</b> ”) under which it can, from time to time, issue series (each, a “ <b>Series</b> ”) of secured exchange traded ETC Securities (the “ <b>ETC Securities</b> ”). The ETC Securities provide exposure to futures contracts relating to major carbon allowances (the “ <b>Futures Contracts</b> ”), together with cash held to fulfil margin obligations in respect of the Futures Contracts (together with the Futures Contracts, the “ <b>Exposures</b> ”). Each Series being offered may be issued in tranches (each a “ <b>Tranche</b> ”) and/or admitted on the same or different issue dates to trading.	
<b>B.1.3</b>	<i>Major Shareholders</i>
The Issuer has an authorised share capital of €25,000. The Issuer has issued 25,000 ordinary shares, all of which are fully paid. All such issued ordinary shares are held by Waystone Corporate Services (IE) Limited (the “ <b>Share Trustee</b> ”) under the terms of a declaration of trust dated 14 May 2024, under which the Share Trustee holds them on trust for	

charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the shares in the Issuer.	
<b>B.1.4</b>	<i>Key managing directors</i>
Matthew Tracey, Benjamin Murahwi, Jonathan Krane	
<b>B.1.5</b>	<i>Identity of the statutory auditors</i>
Grant Thornton Ireland, 13-18 City Quay, Dublin 2, D02 ED70, Ireland	
<b>B.2</b>	<b><i>What is the key financial information regarding the Issuer?</i></b>
Financial statements are not yet available. As at the date of this summary, the Issuer has not published audited financial statements.	
<b>B.3</b>	<b><i>What are the key risks that are specific to the Issuer?</i></b>
<p>1. <b>Special Purpose Vehicle.</b> The Issuer is a special purpose vehicle with the sole business of establishing the Programme, issuing the ETC Securities, holding the Exposures for each Series and entering into and performing its obligations under the Transaction Documents. As such, the Issuer has, and will have, no assets other than (i) the small sums of money raised by issuing shares, (ii) such fees (if any) as are payable to it in connection with the issue of any Series of ETC Securities from time to time and (iii) any rights, property or other assets on which Series of ETC Securities issued under the Programme are secured. If the assets on which a Series of ETC Securities are secured are not sufficient to meet sums payable by the Issuer in respect of that Series, there are no other assets that are available to the Issuer to make those payments. In such circumstances, the ETC Holders would not receive the full amounts owing to them under the ETC Securities, which may result in ETC Holders receiving less, or substantially less, than their initial investment.</p> <p>2. <b>No regulation of the Issuer by any regulatory authority.</b> The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws of its jurisdiction of incorporation and will operate without supervision by any regulatory authority in any jurisdiction. In particular, the Issuer is not and will not be regulated by the Central Bank as a result of issuing the ETC Securities. Therefore, many of the requirements attendant to such licensing, registration or authorisation (which may be viewed as providing additional investor protection) will not apply to the Issuer or the ETC Securities.</p> <p>3. <b>Insolvency.</b> Notwithstanding the restrictions described in Condition 6 (<i>Restrictions</i>) of the ETC Securities and the limited recourse and non-petition provisions, should the Issuer have outstanding liabilities to third parties which it is unable to discharge or should the limited recourse or non-petition provisions be found to be unenforceable in a particular jurisdiction and as a result the Issuer becomes or is declared insolvent according to the law of any country having jurisdiction over it or any of its assets, the insolvency laws of that country may determine the validity of the claims of ETC Holders and may prevent ETC Holders from enforcing their rights or delay such enforcement. In particular, depending on the jurisdiction concerned and the nature of the assets and security, the security created in favour of the Security Trustee may be set aside or ranked behind certain other creditors and the assets subject to such security may be transferred to another person free of such security, with the result that the Issuer has insufficient assets remaining to fully satisfy its obligations under the ETC Securities.</p> <p>4. <b>Not a bank deposit.</b> The Issuer is not regulated by the Central Bank by virtue of the issue of the ETC Securities. Any investment in the ETC Securities does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank.</p>	
<b>C</b>	<b>Key Information on the Securities</b>
<b>C.1</b>	<b><i>What are the main features of the Securities?</i></b>
<b>C.1.1</b>	<i>Type, class and ISIN</i>
The ETC Securities are secured, limited recourse obligations backed by cash held in connection with the Exposures. Each Series will initially be represented by a global registered security which will be registered in the name of a nominee for the common depository as nominee for, and deposited with, the common depository for Euroclear and Clearstream, Luxembourg. Individual securities will only be available in limited circumstances. The ISIN Code of the ETC Securities is XS2879867773.	
<b>C.1.2</b>	<i>Currency, denomination, par value, number of securities issued and duration</i>
The ETC Securities are denominated in U.S. dollars. The scheduled maturity date of the ETC Securities (the " <b>Scheduled Maturity Date</b> ") is September 2084. The aggregate number of ETC Securities issued under the Programme will not at	

any time exceed 50,000,000,000. The ETC Securities are being treated by the Issuer as having a minimum denomination of less than EUR 100,000.

**C.1.3**

*Rights attached to the Securities*

*Overview*

ETC Securities provide exposure to the performance of a specified basket comprising one or more carbon allowances comprised in a reference index (the "**Carbon Allowances**"). The ETC Securities provide exposure to the Futures Contracts in relation to the particular type of Carbon Allowances comprised in such basket, in quantities proportionate to the weightings of such Carbon Allowances in a reference index. On any date, the relevant pool of Futures Contracts held by the Issuer in respect of each Series of ETC Securities is expected to comprise an exposure to the Carbon Allowances no less than the aggregate of the Carbon Entitlement for all outstanding ETC Securities of such Series. The Carbon Entitlement specified in the Final Terms for the first Tranche of the Series (the "**Initial Carbon Entitlement**") is reduced on a daily basis by a ratio (the "**Total Expenses Ratio**"), being the percentage rate determined by the Administrator required to fund payment by the Issuer of the operational fee to the Arranger in respect of the fees and expenses payable by the Issuer to its service providers in respect of the Series (the "**Operational Fee**"), on the assumption that the daily rate will be the per annum rate specified in the Final Terms divided by 365 (or 366 in a leap year) and applied accordingly.

*Interest*

The ETC Securities will not pay periodic interest. The Early Redemption Amount or Final Redemption Amount, as applicable (each as defined below), may incorporate an interest redemption premium to the extent such Early Redemption Amount or Final Redemption Amount, as applicable, exceeds the price per ETC Security specified in the Final Terms (the "**Issue Price**") for the first Tranche of the relevant Series on the date of issue of such Tranche (the "**Series Issue Date**").

*Redemption*

Each ETC Security gives the holder (each, an "**ETC Holder**") the right to receive the applicable payment on its redemption. The Issuer funds payments under the ETC Securities on any redemption from the proceeds of the liquidation of the Exposures held on behalf of the Issuer in respect of the relevant Series. The Issuer, or its designated representative, will liquidate the Exposures during a specified disposal period.

*Final Redemption*

All ETC Securities that have not been previously redeemed or purchased or cancelled will be redeemed on the Scheduled Maturity Date by payment of the "**Final Redemption Amount**" in respect of such ETC Securities (being an amount in US dollars per ETC Security as determined by the Administrator, equal to the product of (a) the aggregate Cash Value per ETC Security as at the date falling 40 business days prior to the Scheduled Maturity Date (the "**Final Redemption Valuation Date**") and (b) the Average Futures Contracts Sale Price in respect of the Redemption Disposal Period and subject to a minimum amount of 10 per cent. of the Issue Price per ETC Security on the Series Issue Date (the "**Minimum Redemption Amount**"), plus an amount equal to 1 per cent. of the nominal amount (the "**Specified Interest Amount**").

*Optional Redemption in Whole*

The ETC Securities of any Series may also be redeemed at the option of the Issuer at any time and for any reason, in whole but not in part on giving not less than 30 calendar days' notice to the ETC Holders (an "**Issuer Call Redemption Event**").

*Early Redemption*

Events which may give rise to an early redemption of the ETC Securities (each, and including an Issuer Call Redemption Event, an "**Early Redemption Event**") are:

- (1) a Service Provider Non-Replacement Event (where any of the Transfer Agent, the Custodian, the Principal Paying Agent or all of the Authorised Participants resigns or their appointment in relation to the ETC Securities is terminated for any reason and no successor or replacement has been appointed within a specified period);
- (2) a Market Value Redemption Event (where the prevailing cash value per ETC Security is less than or equal to 20 per cent. of the Issue Price per ETC Security as at the Series Issue Date during a specified period); or
- (3) an Intra-day Price Event (where the Administrator notifies the Issuer that the intra-day price of the reference index has fallen to or below zero at any time during any trading day and the Administrator notifies the Issuer that the Futures Contracts of that class have been terminated).

If an Early Redemption Event occurs (including an Issuer Call Redemption Event), all ETC Securities that have not been previously redeemed or purchased or cancelled will be redeemed on the Early Redemption Settlement Date by payment of the relevant "**Early Redemption Amount**" in respect of such ETC Securities, being an amount denominated in USD per ETC Security as determined by the Administrator equal to the product of (a) the Cash Value per ETC Security as at the

**"Early Redemption Trade Date"** (being, subject to any applicable postponement, the earlier of (i) the date of occurrence of an Early Redemption Event and (ii) the date of an Event of Default Redemption Notice (as defined below)), and (b) the Average Futures Contracts Sale Price in respect of the Redemption Disposal Period, subject to the Minimum Redemption Amount plus the Specified Interest Amount.

#### *Authorised Participant Buy-Back option*

Where an Authorised Participant exercises its option to require the Issuer to repurchase ETC Securities by submitting a Buy-Back Order in accordance with the applicable procedures, the Issuer shall repurchase those ETC Securities from such Authorised Participant by procuring the delivery of an amount in USD equal to the product of (1) the Cash Value per ETC Security of the ETC Securities being repurchased as of the relevant Buy-Back Trade Date and (2) the total number of ETC Securities being bought back (the **"Buy-Back Settlement Amount"**) to the specified account of the Authorised Participant on the relevant buy-back settlement date.

#### *Events of Default*

If any of the following events ("**Events of Default**") occurs, the trustee shall, if so directed and may, at its discretion, give notice to the Issuer (an "**Event of Default Redemption Notice**") that the ETC Securities are, and they shall immediately become, due and payable:

- i. the Issuer does not perform or comply with any one or more of its material obligations (other than a payment obligation) under the ETC Securities, the Security Documents or the Trust Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 calendar days;
- ii. any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- iii. an examiner is appointed in respect of the Issuer.

#### *Withholding Tax*

All payments in respect of the ETC Securities shall be made net of and after allowance for any withholding or deduction for, or on account of, any Taxes. In the event that any withholding, reduction or deduction for, or on account of, any Tax applies to payments in respect of the ETC Securities, the ETC Holders will be subject to such Tax or reduction or deduction and shall not be entitled to receive amounts to compensate for any such Tax or reduction or deduction. No Event of Default shall occur as a result of any such withholding or reduction or deduction.

#### *Governing law*

The ETC Securities will be governed by the laws of Ireland. The Account Bank Agreement will be governed by English law. The Custody Agreement and the Transfer Agency Agreement will be governed by New York law. All other transaction documents relating to the Programme will be governed by Irish law.

### **C.1.4**

#### *Rank of the Securities in the Issuer's capital structure upon insolvency*

The ETC Securities are secured, limited recourse obligations of the Issuer and the ETC Securities of a Series rank at all times *pari passu* and without any preference amongst themselves. The Issuer's obligations thereunder are secured by the Security.

#### *Security*

The ETC Securities of each Series will be secured by security interests granted pursuant to an Irish law security trust deed (the "**Irish Law Security Trust Deed**"), each in favor of Waystone Corporate Services (IE) Limited (the "**Security Trustee**") for itself and for the other parties listed and entitled to payment in the Payment Priorities (defined below) (the "**Secured Creditors**"), as set out in the Conditions of the ETC Securities (the "**Conditions**").

Under the Irish Law Security Trust Deed, such security interest includes:

- i. an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit present and future against the Custodian;
- ii. a first fixed charge over and to the extent of the Issuer's title in each of its accounts;
- iii. an assignment by way of security of all of the Issuer's rights (but not obligations), title, interest and benefit, present and future, in, to and under the Administration Agreement, the Authorised Participant Agreements, the Agency Agreement and the Custody Agreement; and
- iv. a first fixed charge over and to the extent of the Issuer's title in all sums, Futures Contracts and/or any other property held now or in the future by the Principal Paying Agent and/or the Custodian to meet payments and/or

deliveries due in respect of any Secured Issuer Obligation or Other Issuer Obligation relating to the ETC Securities,

(such security interests collectively, the "**Security**").

ETC Holders will not, by reason of holding ETC Securities, have any claim against the Secured Property with respect to any other Series of ETC Securities. The Security will become enforceable only if payment of the redemption amount in respect of such ETC Securities is not made when due on any Early Redemption Settlement Date or the Scheduled Maturity Date.

#### *Limited Recourse*

In respect of any Series of ETC Securities, the Transaction Parties and the ETC Holders shall have recourse only to the property of the Issuer which is subject to the Security (the "**Secured Property**") in respect of that Series, subject always to the Security and not to any other assets of the Issuer. If, following realisation in full of the Secured Property of such Series and application of available assets, any outstanding claim against, or debt, liability or obligation of, the Issuer relating to such Series remains unpaid, then such outstanding claim, debt, liability or obligation shall be extinguished and no debt shall be owed by the Issuer in respect thereof. Once the Secured Property has been realised and the net proceeds distributed, none of the parties or anyone acting on their behalfs may take further steps against the Issuer to recover any further sum and no debt will be owed by the Issuer in respect of such sum.

#### *Payment Priorities*

Upon any enforcement of the Security, the claims of the holders of ETC Securities and the other Secured Creditors in respect of the ETC Securities of a Series will rank in accordance with the payment priorities set out in the Conditions of the ETC Securities (the "**Payment Priorities**"), therefore, the rights of the ETC Holders will rank in accordance therewith. As a result of such provisions, the ETC Holders may not receive in full the Final Redemption Amount or Early Redemption Amount payable in respect of an ETC Security.

#### **C.1.5**      *Restrictions on free transferability of the securities*

The distribution of the Base Prospectus and the offering or sale of the ETC Securities in certain jurisdictions may be restricted by law. Persons into whose possession the Base Prospectus or any Final Terms comes are required to inform themselves about and to observe any such restrictions. Interests in ETC Securities traded in any clearing system will be transferred in accordance with the procedures and regulations of that clearing system. The ETC Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, ETC Securities may not be offered, sold or delivered within the United States or to U.S. persons.

#### **C.2**      *Where will the Securities be traded?*

Application has been made for the ETC Securities to be admitted to The London Stock Exchange and for the ETC Securities to be admitted to trading on the regulated markets thereof. Application may be made for the ETC Securities to be listed on additional stock exchanges and admitted to trading on additional markets from time to time.

#### **C.3**      *What are the key risks that are specific to the Securities?*

- i. The ETC Securities are not principal protected and are a high-risk investment. ETC Holders are neither assured of repayment of the capital invested, nor are they assured of payment of any interest.
- ii. The Final Redemption Amount and Early Redemption Amount payable on the ETC Securities will depend upon (a) the prices at which the relevant broker, on behalf of the Issuer, is able to sell the Futures Contract following the Final Redemption Valuation Date or an Early Redemption Trade Date, as applicable and (b) in respect of any Futures Contract that could not be sold during the relevant Redemption Disposal Period, the relevant Reference Price(s) for such Futures Contract at such time.
- iii. The Carbon Entitlement per ETC Security is subject to the deduction of the Total Expenses Ratio. There can be no assurance that increases in the market price of the Secured Assets for a Series will exceed the Total Expenses Ratio by which the Carbon Entitlement is reduced, meaning that the value of an ETC Holder's investment could decrease over time.
- iv. The ETC Securities of each Series are secured, limited recourse obligations of the Issuer. The ETC Holders and other transaction parties will have recourse only to the Secured Property in respect of the ETC Securities and not to any other assets of the Issuer. If, following realisation in full of the Secured Property relating to the ETC Securities and application of the available proceeds in accordance with the Priorities of Payment any outstanding claim remains unpaid, then such claim will be extinguished and no debt will be owed by the Issuer in respect thereof.
- v. The ability of the Issuer to meet its obligations under the ETC Securities will be dependent on the payment of all sums due to the Issuer in respect of the Exposures. The Issuer and the ETC Holders are exposed to the credit risk of the Custodian, the Principal Paying Agent and the Account Bank.

vi. The value of the ETC Securities and the amount payable in respect of the ETC Securities are linked to the performance of the Exposures. The price of the Exposures may fall as rapidly as it may rise and investors may not get back the amount invested and risk losing all of their investment. The past performance of the relevant Exposure should not be taken as an indication of the future performance of that Exposure during the term of any Series of ETC Securities linked to such Exposure. If the value of such underlying Exposure falls, that will reduce amounts payable in respect of the ETC Securities. In the event that the Exposures prices fall to zero or close to zero, ETC Holders may lose some or all of their investment.

vii. The ETC Securities issued under the Programme will not be guaranteed by any entity and no person other than the Issuer will be obliged to make payments on the ETC Securities of any Series. The ETC Securities will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme or any client money protection scheme and are not insured or guaranteed by any government, government agency or other body.

viii. In certain circumstances, an early redemption of the ETC Securities may be imposed on investors which may result in the ETC Securities being redeemed earlier than desired. Redemption due to an Event of Default or Early Redemption Event would occur irrespective of the then current price of the Futures Contracts. There can be no assurance that the Early Redemption Amount will be greater than or equal to the amount invested by any ETC Holder.

ix. ETC Securities may have a long term and the only means through which an investor can realise value from an ETC Security prior to its Scheduled Maturity Date may be to sell it at its then market price in a secondary market transaction or (in the case of Authorised Participants and subject to satisfaction of certain conditions, including payment of applicable fees) to submit a Buy-Back Order to the Issuer.

<b>D</b>	<b>Key Information on the Offer of Securities to the Public and the Admission to Trading on a Regulated Market</b>
<b>D.1</b>	<b><i>Under which conditions and timetable can I invest in this security?</i></b>
<p>Any offer or sale of ETC Securities to an investor by an Authorised Participant or other distributor or broker authorised to use the Base Prospectus (each, an "<b>Authorised Offeror</b>") will be made in accordance with any terms and other arrangements in place between such Authorised Participant or Authorised Offeror and such investor including as to price, allocations and settlement arrangements. It will be the responsibility of the applicable financial intermediary at the time of such offer to provide the investor with that information and neither the Issuer nor any other person has any responsibility or liability for such information.</p> <p>Investors should however note the following:</p> <p><b>Amount of the Offer:</b> The number of ETC Securities subject to the offer is specified in the Final Terms.</p> <p><b>Offer Price:</b> Upon initial issue, the offer price per ETC Security will be equal to the Issue Price specified in the Final Terms.</p> <p><b>Offer Period:</b> ETC Securities may be offered to an investor at any time between the Issue Date of the first Tranche of a Series of ETC Securities and the Scheduled Maturity Date of such Series.</p> <p><b>Conflicts of interest:</b> The arranger, trustee, security trustee, paying agent, authorised participants and/or their affiliates may actively trade or hold positions in the relevant Futures Contracts and may issue or enter into other financial instruments based on or related to the Secured Assets. Such activities present conflicts of interest and could adversely affect the price and liquidity of ETC Securities and/or the value of the underlying Secured Assets relating to the ETC Securities.</p>	
<b>D.2</b>	<b><i>Why has the prospectus been produced?</i></b>
<p>The ETC securities are designed to provide investors with exposure to the underlying Futures Contracts and to enable investors to buy and sell that interest through trading of a security on a stock exchange. The Base Prospectus gives information on the Issuer and its Programme for the issue of ETC Securities. The Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer and the ETC Securities which, according to the particular nature of the Issuer and the ETC Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the ETC Securities.</p> <p><b><i>Use and estimated net amount of proceeds</i></b></p> <p>The net proceeds from the issue of the ETC Securities will be used to purchase the Exposures. Such Secured Assets shall be used to meet the Issuer's obligations under the ETC Securities.</p> <p><b><i>Material conflicts of interest pertaining to the offer or admission to trading</i></b></p> <p>So far as the Issuer is aware, no person involved in the offer of the ETC Securities has an interest material to the offer.</p>	