

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68101; File No. SR-NYSEArca-2012-111]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto To List and Trade Units of the Sprott Physical Platinum and Palladium Trust Pursuant to NYSE Arca Equities Rule 8.201

October 24, 2012.

Pursuant to Section 19(b)(1) <sup>1</sup> of the Securities Exchange Act of 1934 (the “Exchange Act”) <sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on October 9, 2012, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. On October 24, 2012, the Exchange submitted Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

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

The Exchange proposes to list and trade units of Sprott Physical Platinum and Palladium Trust (the “Trust”) pursuant to NYSE Arca Equities Rule 8.201. The text of the proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at

the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

The Exchange proposes to list and trade units (“Units”) of the Trust under NYSE Arca Equities Rule 8.201.<sup>5</sup> Under NYSE Arca Equities Rule 8.201, the Exchange may propose to list and/or trade pursuant to unlisted trading privileges (“UTP”) “Commodity-Based Trust Shares.”<sup>6</sup> The Commission has previously approved listing on the Exchange of units of Sprott Physical Gold Trust<sup>7</sup> as well as Sprott Physical Silver Trust,<sup>8</sup> ETFS Platinum Trust,<sup>9</sup> and ETFS Palladium Trust.<sup>10</sup>

Sprott Asset Management LP is the sponsor and manager of the Trust (the “Manager”),<sup>11</sup> RBC Investor Services Trust (“RBC”) is the trustee and valuation agent of the Trust (the

“Trustee” or “Valuation Agent,” as the case may be)<sup>12</sup> and the custodian of the Trust’s assets other than physical platinum and palladium bullion (the “Non-Platinum and Palladium Custodian”).<sup>13</sup> The Royal Canadian Mint is the custodian for the physical platinum and palladium bullion owned by the Trust (the “Platinum and Palladium Custodian”).<sup>14</sup>

According to the Registration Statement, the investment objective of the Trust is to invest and hold substantially all of its assets in physical platinum and palladium bullion. The Trust seeks to provide a convenient and exchange-traded investment alternative for investors interested in holding physical platinum and palladium bullion without the inconvenience that is typical of a direct investment in physical platinum and palladium bullion. The Trust intends to achieve its objective by investing primarily in long-term holdings of unencumbered, fully allocated physical platinum and palladium bullion and will not

<sup>12</sup> RBC is a trust company existing under the federal laws of Canada, and is equally owned by the Royal Bank of Canada. RBC is affiliated with a broker-dealer. RBC has represented to the Exchange that it has put in place and will maintain the appropriate information barriers and controls between itself and the broker-dealer affiliate so that the broker-dealer affiliate will not have access to information concerning the composition and/or changes to the Trust’s holdings that are not available on the Trust’s Web site. The Trustee holds title to the Trust’s assets on behalf of the Unitholders of the Trust (the “Unitholders”) and has exclusive authority over the assets and affairs of the Trust. The Trustee has a fiduciary responsibility to act in the best interest of the Unitholders. Additional details regarding the Trustee are set forth in the Registration Statement.

<sup>13</sup> The Non-Platinum and Palladium Custodian will be responsible for and will bear all risk of the loss of, and damage to, the Trust’s assets (other than physical platinum and palladium bullion) that are in its custody, subject to certain limitations based on events beyond the Non-Platinum and Palladium Custodian’s control. The Manager, with the consent of the Trustee, may determine to change the custodial arrangements of the Trust. Additional details regarding the Non-Platinum and Palladium Custodian are set forth in the Registration Statement.

<sup>14</sup> The Trust’s physical platinum and palladium bullion will be fully allocated and stored with the Mint or a sub-custodian of the Mint. The current sub-custodian of the Mint is Via Mat International Ltd., through its subsidiary, Via Mat International (USA) Inc. (“Via Mat”). The Mint is a Canadian Crown corporation and its obligations generally constitute unconditional obligations of the Canadian Government. The Platinum and Palladium Custodian will be responsible for and will bear all risk of the loss of, and damage to, the Trusts’ physical platinum and palladium bullion that is in its or its sub-custodian’s custody, subject to certain limitations based on events beyond the Platinum and Palladium Custodian’s control. The Manager, with the consent of the Trustee, may determine to change the custodial arrangements of the Trust. Additional details regarding the Platinum and Palladium Custodian are set forth in the Registration Statement.

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

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

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

<sup>4</sup> In Amendment No. 1, the Exchange amended the filing to provide that the Exchange may consider a trading halt if trading is halted on the Toronto Stock Exchange (“TSX”) and to provide that the intraday indicative value (“IIV”) will be widely disseminated by one or more major market data vendors at least every 15 seconds during the NYSE Arca Core Trading Session.

<sup>5</sup> See Amendment No. 4 to the Registration Statement on Form F-1, filed with the Commission on September 4, 2012 (No. 333-179017) (“Registration Statement”). The descriptions of the Trust, the Units and the platinum and palladium markets contained herein are based, in part, on the Registration Statement.

<sup>6</sup> Commodity-Based Trust Shares are securities issued by a trust that represent investors’ discrete identifiable and undivided beneficial ownership interest in the commodities deposited into the Trust.

<sup>7</sup> See Securities Exchange Act Release No. 61496 (February 4, 2010), 75 FR 6758 (February 10, 2010) (SR-NYSEArca-2009-113) (approving listing on the Exchange of Sprott Physical Gold Trust).

<sup>8</sup> See Securities Exchange Act Release No. 63043 (October 5, 2010), 75 FR 62615 (October 12, 2010) (SR-NYSEArca-2010-84) (approving listing on the Exchange of the Sprott Physical Silver Trust).

<sup>9</sup> See Securities Exchange Act Release No. 61219 (December 22, 2009), 74 FR 68886 (December 29, 2009) (SR-NYSEArca-2009-95) (approving listing on the Exchange of the ETFS Platinum Trust).

<sup>10</sup> See Securities Exchange Act Release No. 61220 (December 22, 2009), 74 FR 68895 (December 29, 2009) (SR-NYSEArca-2009-94) (approving listing on the Exchange of the ETFS Palladium Trust).

<sup>11</sup> The Manager is a limited partnership existing under the laws of Ontario, Canada, and acts as manager of the Trust pursuant to the trust agreement and the management agreement. The Manager will be responsible for to the day-to-day activities and administration of the Trust. The Manager will manage and direct the business and affairs of the Trust. Additional details regarding the Manager are set forth in the Registration Statement. The Manager has adopted a policy pursuant to which no entity or account that is (a) managed or (b) for whom investment decisions are made, directly or indirectly, by a person that is involved in the decision-making process of, or has non-public information about, follow-on offerings of the Trust (a “Decision Maker”) is permitted to invest in the Trust, and no Decision Maker is permitted to invest in the Trust for the Decision Maker’s account or benefit, directly or indirectly.

speculate with regard to short-term changes in platinum or palladium prices. The Trust will not invest in platinum or palladium certificates, futures or other financial instruments that represent platinum or palladium or that may be exchanged for platinum or palladium. The Trust does not anticipate making regular cash distributions to unitholders. The Trust is neither an investment company registered under the Investment Company Act of 1940<sup>15</sup> nor a commodity pool for purposes of the Commodity Exchange Act.<sup>16</sup>

The Exchange represents that the Units satisfy the requirements of NYSE Arca Equities Rule 8.201 and thereby qualify for listing on the Exchange.<sup>17</sup>

#### Operation of the Platinum and Palladium Markets

According to the Registration Statement, platinum and palladium are two of six precious metals comprising the "Platinum Group Metals" ("PGM"). Platinum and palladium are the PGMs produced in the greatest quantities and are generally viewed as the most significant PGMs in the global marketplace. The other four PGMs (rhodium, ruthenium, iridium and osmium) are produced as co-products of platinum and palladium. PGMs have unique physical attributes, including powerful catalytic properties, strong conductivity and ductility, high levels of resistance to corrosion, strength, durability and high melting points.

PGMs are found primarily in South Africa and Russia. South Africa is the world's leading platinum producer and the second largest palladium producer.<sup>18</sup> Together, South Africa and Russia accounted for 88% of global platinum mine production and 80% of global palladium mine production in 2012.

Due to their rarity and relative inertness, platinum and palladium are considered precious metals. Total 2011 mine production of platinum and palladium was approximately 6.5 and 6.6 million ounces, respectively.

Physical platinum and palladium can be bought and sold through various

intermediaries such as precious metal traders and various precious metal exchanges. Additionally, physical platinum and palladium coins and bars can also be purchased through government mints.

Futures on platinum and palladium are traded on two major exchanges: The New York Mercantile Exchange ("NYMEX"), and Tokyo Commodities Exchange ("TOCOM"). The NYMEX accounts for the majority of palladium futures trading volume and has seen increased levels of activity over the past five years. Smaller markets include Shanghai, Mumbai and Johannesburg. The platinum market traded 155 million ounces and the palladium market traded 105.5 million ounces in 2010.

The London Platinum and Palladium Market ("LPPM") is a London-based trade association that acts as the coordinator for activities conducted on behalf of its members and other participants in the London platinum and palladium markets. The LPPM acts primarily in the function of establishing the Good Delivery Standards ("Good Delivery Standards") for platinum and palladium in plate or ingot form and maintenance of the "London/Zurich Good Delivery Lists", as described below; acts as coordinator for activities conducted on behalf of its members and other participants in the London platinum and palladium markets; and acts as the principal point of contact between the market and its regulators. Members of the LPPM act as the over-the-counter ("OTC") market-makers for platinum and palladium.<sup>19</sup> Most OTC market trades are cleared through London. The LPPM plays an important role in setting OTC precious metals trading industry standards.

In the OTC market, platinum and palladium that meet the specifications for weight, dimensions, fineness (or purity), identifying marks (including the assay stamp of an LPPM-acceptable refiner) and appearance set forth in the LPPM "London/Zurich Good Delivery List" are a standard "Good Delivery plate or ingot." A Good Delivery plate or ingot must contain between 32.151 troy ounces and 192.904 troy ounces of platinum or palladium with a minimum fineness (or purity) of 999.5 parts per 1,000. A Good Delivery plate or ingot must also bear the stamp of one of the

refiners listed on the LPPM-approved list.

#### Platinum Supply and Demand

According to the Registration Statement, gross platinum demand rose by 2% in 2011 to 8.1 million ounces largely as a result of heavy purchasing by the glass industry. The price of platinum fell to a two-year low of \$1,364 by the end of 2011 but traded on average at \$1,721 for the year as a whole, 7% higher than in 2010. The price of platinum has risen by 3% in 2012 and was \$1,445 as at June 3, 2012.

Global mine production of platinum increased by 7% to 6.5 million ounces in 2011. From 2001 to 2011, the level of recycled platinum has increased by 1.5 million ounces, which equates to a compound annual growth rate of 14%. In 2011, 75% of global platinum mine production was from South Africa. The second largest producer in 2011 was Russia, at 13%.

The growth in platinum supply over the last four years has largely been due to a steady increase in the levels of recycled platinum and scrap platinum. In 2011, recycling of platinum rose by 12% to reach 2 million ounces, with 60% of recycled platinum derived from automobile catalytic converters ("Autocatalysts") and 40% from jewellery. The growth in platinum recycling was driven primarily by higher returns of end-of-life vehicle catalysts. Scrap and recycled platinum constituted 24% of overall 2011 platinum supply.

According to the Registration Statement, demand for platinum is driven primarily by several industries and activities, which may be categorized as (in order of relative importance) the automotive sector; jewellery; other (non-automotive) industrial manufacturing; and investment. For example:

- Platinum is a required component in the manufacturing of Autocatalysts. Platinum is used to form the surface catalyst upon which critical chemical reactions occur, converting exhaust emissions into neutral compounds. Diesel-powered vehicles require platinum-based Autocatalysts, whereas gasoline vehicle manufacturers have the option of using palladium-based Autocatalysts. At present, there are no widely used substitutes for platinum or palladium used in Autocatalysts. Platinum demand for use in Autocatalysts was 3.1 million ounces in 2011, or 38% of global demand. The growth in global vehicle output in 2010 moderated in 2011. Estimated total vehicle production worldwide rose by around 2 million units to approximately 80 million units in 2011. This led to a

<sup>15</sup> 15 U.S.C. 80a.

<sup>16</sup> 17 U.S.C. 1.

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

<sup>18</sup> In South Africa, PGMs occur chiefly in the Bushveld Igneous Complex, an irregular oval area approximately 15,000 square miles in size and centrally located in the Transvaal Basin. This complex hosts the world's largest reserve of platinum metals. Russia is the largest producer of palladium, with production concentrated in the Norilsk region.

<sup>19</sup> Members of the LPPM typically trade with each other and with their clients on a principal-to-principal basis. All risks, including those of credit, are between the two parties to a transaction. The OTC market allows flexibility unlike a futures exchange, where trading is based around standard contract units, settlement dates and delivery specifications. It also provides confidentiality, as transactions are conducted solely between the two principals involved.

1% increase in platinum demand for the auto industry from 2010 to 2011.

- The second largest source of demand for platinum in 2011 was jewellery manufacturing, which represented 31% of the global demand for platinum. Platinum is sought-after for its rarity, silvery-white lustre and resistance to wear and tarnish.

- Industrial manufacturing includes the chemical sector, the petroleum refining sector, the electrical sector, the glass manufacturing sector, the medical, biomedical and dental sectors, and other manufacturing sectors, such as turbines. Total non-automotive industrial demand for platinum jumped by 17% to 2.1 million ounces in 2011. Demand for platinum in industrial applications reached 2.1 million ounces. New capacity installations, together with pre-buying in anticipation of future growth, increased platinum demand in the glass sector by 44% to 555,000 ounces. Expansions in the petrochemical industry in developing markets and construction of new refining capacity in Europe and North America also drove up demand.

- The investment sector includes the investment and trading activities of both professional and private investors and speculators. These participants range from large hedge funds and mutual funds to day-traders on futures exchanges and retail-level coin collectors. Physically-backed investment demand, comprising coins, bars, investments held in allocated accounts, and exchange traded products, fell 30% to 460,000 ounces, representing approximately 6% of total reported demand in 2011. Inflows tended to coincide with periods of rising prices.

#### Palladium Supply and Demand

According to the Registration Statement, the palladium market was in a 1.3 million ounce surplus in 2011. Gross demand fell 13% to 8.5 million ounces due to sharply negative investment demand.

During 2011, 775,000 ounces of palladium were sold from Russian state inventories, although shipments from this source were the lowest in five years. The fall in Russian state stock shipments largely offset growth in output from North America and Zimbabwe as operations ramped up to full production. In aggregate, 2011 mine production and stock sales of palladium were flat at 7.4 million ounces compared to 2010.

During 2011, mine production of palladium was dominated by Russia and South Africa, which represented 41% and 39% of global production

(excluding supply from Russia stock sales and recycled palladium), respectively. Mine production in 2011 was 6.6 million ounces, which compares to a 10-year average mine production of 6.8 million ounces.

The supply of scrap and recycled palladium has grown at a compound annual growth rate of 24% since 2001 and represented 24% of overall palladium supply in 2011. Seventy-one percent of recycled palladium came from Autocatalysts in 2011 and 20% came from waste electrical equipment.

According to the Registration Statement, demand for palladium is driven primarily by several industries and activities, which may be categorized as (in order of relative importance) the automotive sector; other (non-automotive) industrial manufacturing; and jewellery. For example:

- Palladium, like platinum, is a key component in the manufacturing of automobiles, primarily through its use in gasoline Autocatalysts. Like platinum, palladium can be used to form the surface catalyst upon which critical chemical reactions occur converting exhaust emissions into neutral compounds. In this regard, palladium is the only known substitute for platinum. For the past decade, the largest source of demand for palladium has consistently come from the auto industry (71% of 2011 demand). Given palladium's historically lower price compared to platinum, auto industry manufacturers have shifted from platinum to palladium where practical in Autocatalyst manufacturing. Demand for palladium in the automotive sector increased in 2011 by 8% over 2010 and, with the exception of the recession years of 2008 and 2009, has increased globally over the past nine years. Palladium demand in 2011 was driven by growth in vehicle output in all regions apart from Japan, and greater use of palladium in light duty diesel after-treatment systems.

- Industrial manufacturing includes demand primarily from the electronics, dental, and chemical industries. Electronics manufacturing includes palladium resistors and capacitors which are used in the manufacturing of circuit boards. Industrial demand for palladium strengthened overall in 2011, increasing by 15,000 ounces to 2.5 million ounces. Rising levels of personal wealth in China and other emerging markets increased the demand for synthetic fibres and plastics, leading in turn to the expansion of bulk chemical production in 2011, which require palladium-containing catalysts in the manufacturing process and plastics. Recovering demand in export markets as

well as government strategy in China to increase domestic consumption led to increased demand for process catalyst charges.

- In 2011, jewellery comprised 6.0% of the total demand for palladium. Purchasing of palladium by the jewellery industry globally declined by 90,000 ounces in 2011 to 505,000 ounces, as the metal suffered from a lack of positioning and effective marketing in China. Palladium is sought-after for use in jewellery since it does not tarnish or wear out.

Elevated palladium prices for much of 2011 put many investors in exchange-traded funds in a position to sell at a profit, resulting in total disinvestment of 565,000 ounces in 2011.

#### Operation of the Trust

According to the Registration Statement, the Trust will not hold or trade in commodity futures contracts regulated by the Commodity Exchange Act, as administered by the U.S. Commodity Futures Trading Commission ("CFTC"). According to the Registration Statement, the Trust is not a commodity pool for purposes of the Commodity Exchange Act,<sup>20</sup> and none of the Manager, the Trustee or the underwriters is subject to regulation by the CFTC as a commodity pool operator or a commodity trading adviser in connection with the Units.

According to the Registration Statement, the Trust was created to invest and hold substantially all of its assets in physical platinum and palladium bullion. The Trust intends to invest primarily in long-term holdings of unencumbered, fully allocated, physical platinum and palladium bullion and will not speculate with regard to short-term changes in platinum and palladium prices.

The Trust is authorized to issue an unlimited number of Units in one or more classes and series of Units.

Except with respect to cash held by the Trust to pay expenses and anticipated cash redemptions, the Trust expects to own only physical platinum and palladium bullion that is certified as conforming to the Good Delivery Standard of the LPPM ("Good Delivery"). The Manager intends to invest and hold approximately 97% of the total net assets of the Trust in physical platinum and palladium bullion, which will be stored in Good Delivery plate and/or ingot form.<sup>21</sup> The

<sup>20</sup> 7 U.S.C. 1 *et seq.*

<sup>21</sup> The Trust's Investment and Operating Restrictions provide that the Trust will invest in and hold a minimum of 90% of the total net assets of the Trust in physical platinum and palladium bullion in Good Delivery plate or ingot form and

Trust will purchase approximately equal dollar amounts of each of physical platinum and palladium bullion.

The Trust will not invest in platinum or palladium certificates, futures or other financial instruments that represent platinum or palladium or that may be exchanged for platinum or palladium and will not purchase, sell or hold derivatives.

According to the Registration Statement, to purchase physical platinum and palladium bullion, the Manager will create an order internally and send it for pre-trade compliance review. Once the order has been approved, the order will be placed by one of the Manager's traders. Orders generally will be placed by phone and through electronic dealing systems. Lists of the plates and ingots available to fill the buy order will be sent to the Manager by a bullion broker with whom the Manager has an established relationship. The trade will be required to be effected for Good Delivery plates or ingots, as the case may be, and executed in accordance with the LPPM compliance standards. Once executed, the order will be allocated and sent for post-trade compliance monitoring and approval. Upon approval, the Mint or its sub-custodian, or both, will be notified and the trade will be settled between the Mint and the bullion broker. The bullion broker will arrange for the delivery of the Good Delivery plate or ingot, as the case may be, to the destination specified by the purchaser, which will be the Mint or its sub-custodian with respect to physical platinum and palladium bullion purchased by the Trust. Once the Mint takes delivery of physical platinum and

palladium bullion (at the Mint or at the Mint's sub-custodian), it will be immediately fully allocated to the Trust's account and segregated from non-Trust assets held by the Mint or such sub-custodian of the Mint. The Manager expects to complete the purchase of physical platinum and palladium bullion within 20 days on which the Exchange or the TSX is open for trading ("Business Days") after the completion of the offering. While the Manager will work with a bullion broker with whom the Manager has an established relationship, the Manager has represented that it will make all purchases of physical platinum and palladium bullion on an arms-length basis and will not make purchases from affiliated entities.

The Manager intends to store physical platinum bullion acquired by the Trust at the Mint. The Manager intends to purchase with proceeds of the offering as much platinum bullion as is practicable in Canada or the United States. However, given the amount of physical platinum bullion generally available for purchase in Canada and the United States, the Manager expects that a significant portion of such physical platinum bullion will be purchased in the London markets. The Manager intends to store physical palladium bullion acquired by the Trust at Via Mat in London or Zurich, as certain taxes are payable in respect of palladium bullion delivered in Canada (other than for immediate export). The Manager intends to purchase with proceeds of the offering palladium bullion in the London and North American markets. While there is generally no difference between the purchase prices of platinum and palladium in the North American and London markets (platinum and palladium trade in both the North American and London markets in US dollars), transportation costs payable by the Trust may be substantially higher for platinum bullion purchased in the London market and stored in Canada and for palladium bullion purchased in North America and stored in London or Zurich. Based on current rates, the Manager expects that transportation costs from London to the Mint would be approximately \$0.20 to \$0.30 per ounce for platinum bullion (for air transportation), and transportation costs from North America to Via Mat in London or Zurich would be no more than \$0.10 per ounce for palladium bullion, assuming current market prices.

The physical platinum and palladium bullion will be subject to a physical count by a representative of the Manager periodically on a spot inspection basis

and subject to audit procedures by the Trust's external auditors on at least an annual basis.

#### Secondary Market Trading

According to the Registration Statement, the Units will generally trade at a premium or discount to the net asset value ("NAV") per Unit, depending on relative supply and demand for the Units in the secondary market. The amount of the discount or premium in the trading price relative to the NAV per Unit may be influenced by non-concurrent trading hours between the LPPM, which is the main global exchange on which platinum and palladium for physical delivery is traded, and the Exchange and the TSX. Liquidity in the global platinum and palladium markets will be reduced after the close of regular trading hours on the LPPM at 4:00 p.m. Western European time (11:00 a.m. Eastern time ("E.T.")). The Units will trade on the Exchange and the TSX until 4:00 p.m. E.T. As a result of the reduced liquidity in the global platinum and palladium markets after the close of regular trading hours on the LPPM, trading spreads, and the resulting premium or discount to the NAV per Unit, may widen between the close of regular trading hours for the bullion on LPPM and 4:00 p.m. E.T.

#### Initial Public Offering and Redemption of Units

The Trust will offer at a minimum 1,000,000 Units in its initial public offering to a minimum of 400 Unitholders. Each Unit will represent an equal, fractional, undivided ownership interest in the net assets of the Trust attributable to the particular class of Units. The Trust may not issue additional units of the class offered in the offering following the completion of the offering except (i) if the net proceeds per unit to be received by the Trust are not less than 100% of the most recently calculated NAV per Unit immediately prior to, or upon, the determination of the pricing of such issuance or (ii) by way of unit distribution in connection with an income distribution. According to the Registration Statement, the Trust does not intend to issue new Units, or redeem existing Units, on a day-to-day basis.

Unitholders may redeem their Units on a monthly basis, as described below.

#### Redemption for Physical Platinum and Palladium

According to the Registration Statement, subject to the terms of the Trust Agreement, a Unitholder may redeem Units for physical platinum and palladium bullion, provided the

hold no more than 10% of the total net assets of the Trust, at the discretion of the Manager, in physical platinum and palladium bullion (in Good Delivery plate or ingot form or otherwise), debt obligations of or guaranteed by the Government of Canada or a province of Canada or by the Government of the United States of America or a state thereof, short-term commercial paper obligations of a corporation or other person whose short-term commercial paper is rated R-1 (or its equivalent, or higher) by DBRS Limited or its successors or assigns or F-1 (or its equivalent, or higher) by Fitch Ratings or its successors or assigns or A-1 (or its equivalent, or higher) by Standard & Poor's or its successors or assigns or P-1 (or its equivalent, or higher) by Moody's Investor Service or its successors or assigns, interest-bearing accounts and short-term certificates of deposit issued or guaranteed by a Canadian chartered bank or trust company, money market mutual funds, short-term government debt or short-term investment grade corporate debt, or other short-term debt obligations approved by the Manager from time to time (for the purpose of this paragraph, the term "short-term" means having a date of maturity or call for payment not more than 182 days from the date on which the investment is made), except during the 60-day period following the closing of the offering or additional offerings or prior to the distribution of the assets of the Trust.

redemption request is for a minimum of 25,000 Units. Units redeemed for physical platinum and palladium bullion will have a redemption value equal to the aggregate value of the NAV per Unit of the redeemed Units on the last day of the month on which the Exchange is open for trading in the month during which the redemption request is processed (less applicable expenses described below) (the "Redemption Amount").

The amount of physical platinum and palladium bullion a redeeming Unitholder is entitled to receive will be determined by the Manager, who will allocate the Redemption Amount to physical platinum and palladium bullion in direct proportion to the value of physical platinum and palladium bullion held by the Trust at the time of redemption (the "Bullion Redemption Amount"). The Manager will determine the quantity of each particular metal to be delivered to a redeeming Unitholder based on the applicable Bullion Redemption Amount and the sizes of plates and ingots of that metal that are held by the Trust on the redemption date. A redeeming Unitholder may not receive physical platinum and palladium bullion in the proportions then held by the Trust and, if the Trust does not have a Good Delivery plate or ingot, as the case may be, of a particular metal in inventory of a value equal to or less than the applicable Bullion Redemption Amount, the redeeming Unitholder will not receive any of that metal.<sup>22</sup> Any Bullion Redemption Amount in excess of the value of the Good Delivery plates or ingots, as the case may be, of the particular metal to be delivered to the redeeming Unitholder will be paid in cash, as such excess amount will not be combined with any excess amounts in respect of the other metal for the purpose of delivering additional physical platinum and palladium bullion.

A Unitholder redeeming Units for physical platinum and palladium bullion will be responsible for expenses incurred by the Trust in connection with such redemption. Unitholders will be informed of the exact amount of expenses to be incurred in connection with the redemption on the notice from the Trust's registrar and transfer agent to

the redeeming Unitholder that informs the Unitholder that the redemption notice was received and determined to be complete.<sup>23</sup> A Unitholder that owns a sufficient number of Units who desires to exercise redemption privileges for physical platinum and palladium bullion must do so by instructing his, her or its broker, who must be a direct or indirect participant of Clearing and Depository Services, Inc. ("CDS") or The Depository Trust Company ("DTC"), to withdraw such position with CDS or DTC, as applicable, and to deliver to the Trust's transfer agent on behalf of the Unitholder a written notice of the Unitholder's intention to redeem Units for physical platinum and palladium bullion. A bullion redemption notice must be received by the Trust's transfer agent no later than 4:00 p.m., E.T., on the 15th day of the month in which such redemption notice will be processed or, if such day is not a Business Day, then on the immediately following day that is a Business Day. Any bullion redemption notice received after such time will be processed in the next month.

Physical platinum and palladium bullion received by a Unitholder as a result of a redemption of Units will be transported by armored transportation service carrier pursuant to instructions provided by the Unitholder to the Manager, provided that those instructions are acceptable to the armored transportation service carrier. The release of the physical platinum and palladium bullion by the Mint and/or its sub-custodian to the armored transportation service carrier will constitute delivery of such physical platinum and palladium bullion by the Trust to the Unitholder and the payment of the portion of the applicable Bullion Redemption Amount that is to be paid in physical platinum and palladium bullion.<sup>24</sup> The armored transportation

service carrier will receive physical platinum and palladium bullion in connection with a redemption of Units approximately 21 Business Days after the end of the month in which the redemption notice is processed. As directed by the Manager, any cash to be received by a redeeming Unitholder in connection with a redemption of Units for physical platinum and palladium bullion will be delivered or caused to be delivered by the Manager to the Unitholder's account within 21 Business Days after the month in which the redemption is processed.

#### Redemption of Units for Cash

According to the Registration Statement, Unitholders whose Units are redeemed for cash will be entitled to receive a redemption price per Unit equal to 95% of the lesser of (i) the volume-weighted average trading price of the Units traded on the Exchange or, if trading has been suspended on the Exchange, the volume-weighted average trading price of the Units traded on the TSX, for the last five days on which the respective stock exchange is open for trading for the month in which the redemption request is processed and (ii) the NAV per Unit of the redeemed Units, on the last day of such month on which the Exchange is open for trading. Cash redemption proceeds will be transferred to a redeeming Unitholder approximately three Business Days after the end of the month in which such redemption request is processed by the Trust.

A cash redemption notice must be received by the Trust's transfer agent no later than 4:00 p.m., E.T., on the 15th day of the month in which the cash redemption notice will be processed or, if such day is not a Business Day, then on the immediately following day that is a Business Day. Any cash redemption notice received after such time will be processed in the next month.

#### Suspension of Redemptions

According to the Registration Statement, the Manager, on behalf of the Trust, may suspend the right of Unitholders to request a redemption of their Units or postpone the date of delivery or payment of the redemption proceeds (whether in physical platinum and palladium bullion or cash, or both, as the case may be) with the prior approval of Canadian securities regulatory authorities having jurisdiction, where required, for any period during which the Manager

accept and hold Good Delivery plates and ingots will no longer be deemed Good Delivery once received by the Unitholder.

<sup>22</sup> According to the Manager, it views this language as a binding commitment to deliver, in the event a Unitholder is redeeming units for bullion, to such Unitholder an amount of platinum and palladium in accordance with the size of plates and ingots held by the Trust; in no event would the Manager determine to not deliver to such Unitholder bullion if there are plates and ingots available in a size that permits such redemption to be satisfied in bullion, subject to the applicable bullion redemption requirements.

<sup>23</sup> Because the exact amount of expenses associated with a redemption cannot be determined until certain facts are known, e.g., the amount of bullion to be delivered and the delivery destination, it is not possible to provide the exact amount of redemption expenses to a redeeming Unitholder until the bullion redemption notice has been received and processed by the Trust's registrar and transfer agent. However, barring unforeseen circumstances, a redeeming Unitholder will receive the notice confirming the bullion redemption request, which will contain the approximate amount of bullion to be received, before the bullion is sent.

<sup>24</sup> Physical platinum and palladium bullion transported to an institution located in North America authorized to accept and hold Good Delivery plates and ingots will likely retain its Good Delivery status while in the custody of such institution. Physical platinum and palladium bullion transported pursuant to a Unitholder's delivery instruction to a destination other than an institution located in North America authorized to

determines that conditions exist which render impractical the sale of assets of the Trust or which impair the ability of the Manager to determine the value of the assets of the Trust or the redemption amount for the Units.

Pursuant to Sections 5.7(2) and 5.7(3) of National Instrument 81-102,—*Mutual Funds*, the Trust must apply to the Ontario Securities Commission, the securities regulatory authority for the jurisdiction in which the head office of the Trust is located, for approval to suspend redemptions and must concurrently file a copy of the application with the securities regulatory authority in each of the other Canadian jurisdictions in which the Units will be offered. The Trust may suspend redemptions only after the application is approved by the Ontario Securities Commission and has not been disallowed by any of the other relevant Canadian jurisdictions.<sup>25</sup>

In the event of any such suspension, the Manager will issue a press release announcing the suspension and will advise the Trustee, the Trust's Valuation Agent and any other agents appointed by the Manager, as applicable. The suspension may apply to all requests for redemption received prior to the suspension, but as for which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests will be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first valuation date that the NAV per Unit is calculated following the termination of the suspension. All such Unitholders will have, and will be advised that during such suspension of redemptions they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist or when the Manager has determined that such condition no longer exists, provided that no other condition under which a suspension is authorized then exists, at which time the Manager will issue a press release announcing the termination of the

suspension and will advise the Trustee, the Trust's Valuation Agent and any other agents appointed by the Manager, as applicable. Subject to applicable Canadian and U.S. securities laws, any declaration of suspension made by the Manager, on behalf of the Trust, will be conclusive.

#### Termination Events

The Trust does not have a fixed termination date but will be terminated and dissolved in the event any of the following occurs:

1. There are no outstanding Units;
2. The Trustee resigns or is removed and no successor trustee is appointed by the Manager by the time the resignation or removal becomes effective;
3. The Manager resigns and no successor manager is appointed by the Manager and approved by Unitholders by the time the resignation becomes effective;
4. The Manager is, in the opinion of the Trustee, in material default of its obligations under the trust agreement and such default continues for 120 days from the date the Manager receives notice of such default from the Trustee and no successor manager has been appointed by the Unitholders;
5. The Manager has been declared bankrupt or insolvent or has entered into a liquidation or winding-up, whether compulsory or voluntary (and not merely voluntary liquidation for the purposes of amalgamation or reconstruction);
6. The Manager makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency; or
7. The assets of the Manager have become subject to seizure or confiscation by any public or governmental authority.

In addition, the Manager may, in its discretion, at any time terminate and dissolve the Trust, without Unitholder approval, if, in the opinion of the Manager, after consulting with the independent review committee, the NAV has been reduced such that it is no longer economically feasible to continue the Trust and it would be in the best interests of the Unitholders to terminate the Trust, by giving the Trustee and each holder of Units at the time not less than 60 days and not more than 90 days written notice prior to the effective date of the termination of the Trust. To the extent such termination of the Trust in the discretion of the Manager may involve a matter that would be a "conflict of interest matter" as set forth under applicable Canadian securities legislation, the matter will be referred by the Manager to the Trust's

independent review committee for its recommendation. In connection with the termination of the Trust, the Trust will, to the extent possible, convert its assets to cash and, after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust to Unitholders, on a pro rata basis, as soon as practicable after the termination date.

#### Valuation of Platinum and Palladium and Definition of NAV

The Valuation Agent will calculate the NAV for each class of Units as of 4:00 p.m., E.T., on each Business Day. The NAV as of the valuation time on each Business Day will be the amount obtained by deducting from the aggregate fair market value of the assets of the Trust as of such date an amount equal to the fair value of the liabilities of the Trust (excluding all liabilities represented by outstanding Units, if any) as of such date.<sup>26</sup> Registration or transfers of the Units may be made through CDS and/or DTC, each of which hold the Units on behalf of its participants (*i.e.*, brokers), which in turn may hold the Units on behalf of their customers.

Prior to commencement of trading in the Units, the Exchange will obtain a representation from the Trust that the NAV per Unit will be calculated daily and will be made available to all market participants at the same time.

#### Intraday Indicative Value

The Trust Web site will provide an IIV per unit for the Units, as calculated by a third party financial data provider during the Exchange's Core Trading Session (9:30 a.m. to 4:00 p.m., E.T.).<sup>27</sup> The IIV will be calculated by:

1. Multiplying the total number of ounces of physical platinum bullion held by the Trust as of the close of

<sup>26</sup> According to the Trust, the Trust is a mutual fund under applicable Canadian securities legislation and must calculate its NAV pursuant to Part 14 of National Instrument 81-106—*Investment Fund Continuous Disclosure* ("NI 81-106"), a rule applicable to Canadian mutual funds and administered by Canadian securities regulatory authorities. Pursuant to Subsection 14.2(1) of NI 81-106, the Trust must subtract the "fair value" of its liabilities from the fair value of its assets when calculating its NAV. Subsection 14.2(1.2) of NI 81-106 defines fair value as (a) the market value based on reported prices and quotations in an active market; or (b) if the market value is not available, or the Manager believes that it is unreliable, a value that is fair and reasonable in all the relevant circumstances, and requires the Manager to establish and maintain appropriate written policies and procedures for determining fair value of the Trust's assets and liabilities and to consistently follow those policies and procedures.

<sup>27</sup> The IIV on a per Unit basis disseminated during the Core Trading Session should not be viewed as a real-time update of the NAV, which is calculated once a day.

<sup>25</sup> Other Canadian securities regulatory authorities which must be notified are as follows: British Columbia Securities Commission, Alberta Securities Commission, Saskatchewan Securities Commission, The Manitoba Securities Commission, Autorité des marchés financiers, New Brunswick Securities Commission, Nova Scotia Securities Commission, Service Newfoundland and Labrador, Prince Edward Island Securities Office, Office of the Attorney General, Superintendent of Securities, Northwest Territories, Superintendent of Securities, Yukon Territory, and Superintendent of Securities, Nunavut.

business on the previous day with the mid-price of spot platinum per ounce (the "Platinum IIV");

2. Multiplying the total number of ounces of physical palladium bullion held by the Trust as of the close of business on the previous day with the mid-price of spot palladium per ounce (the "Palladium IIV");

3. Adding the Platinum IIV to the Palladium IIV and the fair market value of the assets of the Trust that are not physical platinum or palladium bullion as of the close of business on the previous day<sup>28</sup> (such sum, the "IIV Assets");

4. Subtracting the fair market value of the Trust's total liabilities (excluding all liabilities represented by outstanding Units, if any) as of the close of business on the previous day<sup>29</sup> from the IIV Assets; and

5. Dividing the result by the number of Units of the Trust outstanding as of the close of business on the previous day.

#### Availability of Information

The Web site for the Trust will contain the following information, on a per Unit basis, for the Trust: (a) The mid-point of the bid-ask price<sup>30</sup> at the close of trading in relation to the NAV as of the time the NAV is calculated ("Bid/Ask Price"), and a calculation of the premium or discount of such price against such NAV; and (b) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. The Web site for the Trust will also provide the Trust's prospectus, as well as the two most recent reports to Unitholders. The Trust Web site will provide the last sale price of the Units as traded in the U.S. market, as well as a breakdown, provided on a daily basis, of the holdings of the Trust by metal type. The IIV will be widely disseminated by one or more major market data vendors at

least every 15 seconds during the NYSE Arca Core Trading Session.

Currently, the Consolidated Tape Plan does not provide for dissemination of the spot price of a commodity, such as platinum or palladium, over the Consolidated Tape. However, there will be disseminated over the Consolidated Tape the quotation and last sale price for the Units, as is the case for all equity securities traded on the Exchange. In addition, there is a considerable amount of platinum and palladium price and platinum and palladium market information available on public Web sites and through professional and subscription services.

Investors may obtain on a 24-hour basis platinum or palladium pricing information based on the spot price for an ounce of platinum or palladium from various financial information service providers, such as Reuters and Bloomberg. Reuters and Bloomberg provide at no charge on their Web sites delayed information regarding the spot price of platinum and palladium and last sale prices of platinum and palladium futures, as well as information about news and developments in the platinum and palladium market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on platinum and palladium prices directly from market participants. ICAP plc provides an electronic trading platform called EBS for the trading of spot platinum and palladium, as well as a feed of real-time streaming prices, delivered as record-based digital data from the EBS platform to its customer's market data platform via Bloomberg or Reuters.

Complete real-time data for platinum and palladium futures and options prices traded on the COMEX 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 Web site. There are a variety of other public Web sites providing information on platinum and palladium, ranging from those specializing in precious metals to sites maintained by major newspapers, such as The Wall Street Journal. In addition, the daily London noon Fix is publicly available at no charge at [www.thebulliondesk.com](http://www.thebulliondesk.com).

The Trust's daily (or as determined by the Manager in accordance with the trust agreement) NAV will be posted on the Trust's Web site as soon as practicable. In addition, the Exchange will make available over the Consolidated Tape quotation information, trading volume, closing

prices and NAV per Unit from the previous day.

#### Criteria for Initial and Continued Listing

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

A minimum of 1,000,000 Units will be required to be outstanding at the start of trading. The minimum number of Units required to be outstanding is comparable to requirements that have been applied to previously-listed units of Sprott Physical Gold Trust.<sup>31</sup> The Exchange believes that the anticipated minimum number of Units outstanding at the start of trading is sufficient to provide adequate market liquidity.<sup>32</sup>

#### Trading Rules

The Exchange deems the Units to be equity securities, thus rendering trading in the Trust subject to the Exchange's existing rules governing the trading of equity securities. Trading in the Units on the Exchange will occur in accordance with NYSE Arca Equities Rule 7.34(a). The Exchange has appropriate rules to facilitate transactions in the Units during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.00001.

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Units. Trading on the Exchange in the Units may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Units inadvisable. These may include: (1) The extent to which conditions in the underlying platinum or palladium market have caused disruptions and/or lack of trading, (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present, or (3) if trading in the Units is halted on TSX. In addition, trading in Units will be subject to trading halts caused by extraordinary

<sup>28</sup> The fair market value of the non-bullion assets of the Trust will not change significantly day over day and should be relatively small in relation to the value of the Trust's bullion assets. Therefore the previous day closing value of the Trust's non-bullion assets will be used as approximation of the current day's value.

<sup>29</sup> The value of the total liabilities of the Trust will not change significantly day over day and should be relatively small in relation to the value of the Trust's bullion assets. Therefore the previous day closing value of the Trust's total liabilities will be used as an approximation of the current day's value.

<sup>30</sup> The bid-ask price of the Trust is determined using the midpoint of the highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day NAV.

<sup>31</sup> See *supra* note 6.

<sup>32</sup> The Exchange notes that a minimum of 1,000,000 Units will be outstanding at the start of trading, while under NYSE Arca Equities Rule 8.201(e)(2)(ii) the Exchange will consider the suspension of trading in, or removal from listing of, units if, following the initial 12 month period following commencement of trading on the Exchange, a trust has fewer than 50,000 receipts issued and outstanding.

market volatility pursuant to the Exchange's "circuit breaker" rule.<sup>33</sup> The Exchange will halt trading of the Units on the Exchange in the event the Trust directs the Trust's Valuation Agent to suspend the calculation of the value of the net assets of the Trust and the NAV. The Exchange may halt trading during the day in which an interruption occurs to the dissemination of the IIV, as described above. If the interruption to the dissemination of the IIV persists past the trading day in which it occurs, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Units is not disseminated to all market participants at the same time, it will halt trading in the Units until such time as the NAV is available to all market participants.

#### Surveillance

The Exchange intends to utilize its existing surveillance procedures applicable to derivative products (including Commodity-Based Trust Shares) to monitor trading in the Units. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Units in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

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

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons,

which include any person or entity controlling an ETP Holder. A subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts would not be subject to Exchange jurisdiction, but the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

The Exchange's current trading surveillance focuses on detecting securities trading outside their normal patterns. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations. Also, pursuant to NYSE Arca Equities Rule 8.201(g), the Exchange is able to obtain information regarding trading in the Units and the underlying platinum and palladium, platinum or palladium futures contracts, options on platinum or palladium futures, or any other platinum or palladium derivative, through ETP Holders acting as registered Market Makers, in connection with such ETP Holders' proprietary or customer trades through ETP Holders which they effect on any relevant market. In addition, the Exchange may obtain trading information via the Intermarket Surveillance Group ("ISG") from other exchanges who are members of the ISG, including the COMEX.<sup>34</sup>

#### Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Units. Specifically, the Information Bulletin will discuss the following: (1) The procedures for redemptions of Units; (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Units; (3) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Units prior to or concurrently with the confirmation of a transaction; (4) the possibility that trading spreads and the resulting premium or discount on the Units may widen as a result of reduced liquidity of platinum and palladium

trading during the Core and Late Trading Sessions after the close of the major world platinum and palladium markets; and (5) trading information.

For example, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Trust. The Exchange notes that investors purchasing Units directly from the Trust will receive a prospectus. ETP Holders purchasing Units from the Trust for resale to investors will deliver a prospectus to such investors.

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

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

#### 2. Statutory Basis

The basis under the Exchange Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>35</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Units will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.201. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Units in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement, including COMEX.

<sup>34</sup> A list of ISG members is available at <http://www.isgportal.org>. The Investment Industry Regulatory Organization of Canada and the New York Mercantile Exchange, of which the COMEX is a division, are ISG members. However, TOCOM is not an ISG member and the Exchange does not have in place a comprehensive surveillance sharing agreement with such market.

<sup>33</sup> See NYSE Arca Equities Rule 7.12.

<sup>35</sup> 15 U.S.C. 78f(b)(5).

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest. There is a considerable amount of platinum and palladium price and platinum and palladium market information available on public Web sites and through professional and subscription services. Investors may obtain on a 24-hour basis platinum or palladium pricing information based on the spot price for an ounce of platinum or palladium from various financial information service providers. Complete real-time data for platinum and palladium futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. In addition, the London AM Fix and London PM Fix are publicly available at no charge at [www.thebulliondesk.com](http://www.thebulliondesk.com). The Trust's daily (or as determined by the Manager in accordance with the trust agreement) NAV will be posted on the Trust's Web site as soon as practicable. The Trust's Web site will provide an IIV per Unit, as calculated by a third party financial data provider during the Exchange's Core Trading Session. The IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the NYSE Arca Core Trading Session. The Trust's Web site will also provide the Trust's prospectus, as well as the two most recent reports to Unitholders. In addition, the Exchange will make available over the Consolidated Tape quotation information, trading volume, closing prices and NAV per Unit from the previous day.

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

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

The Exchange does not believe that the proposed rule change will impose

any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.

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

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

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

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

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

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

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

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, is consistent with the Exchange Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2012-111 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-NYSEArca-2012-111. This file number should be included on the subject line if email is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule

change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2012-111, and should be submitted on or before November 20, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>36</sup>

**Elizabeth M. Murphy,**

*Secretary.*

[FR Doc. 2012-26589 Filed 10-29-12; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-68094; File No. SR-BATS-2012-042]

### **Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the iShares Sovereign Screened Global Bond Fund**

October 24, 2012.

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 October 12, 2012, BATS Exchange, Inc. ("Exchange" or "BATS") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared substantially by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>36</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.