

Glenbrook paid expenses of \$1,500 incurred in connection with the merger.

Filing Date: The application was filed on October 11, 2006.

Applicant's Address: 3100 Sanders Road, Northbrook, Illinois 60062.

Glenbrook Life Multi-Manager Variable Account [File No. 811-7541]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On July 28, 2004, and August 4, 2004, the boards of directors of Allstate Life Insurance Company ("Allstate") and Glenbrook Life and Annuity Company ("Glenbrook"), respectively, in connection with the merger of Glenbrook into Allstate, determined that efficiency could be improved if the applicant was merged into the Allstate Financial Advisors Separate Account I. Glenbrook paid expenses of \$1,500 incurred in connection with the merger.

Filing Date: The application was filed on October 11, 2006.

Applicant's Address: 3100 Sanders Road, Northbrook, Illinois 60062.

Glenbrook Life and Annuity Company Separate Account A [File No. 811-7351]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On July 28, 2004, and August 4, 2004, the boards of directors of Allstate Life Insurance Company ("Allstate") and Glenbrook Life and Annuity Company ("Glenbrook"), respectively, in connection with the merger of Glenbrook into Allstate, determined that efficiency could be improved if the applicant was merged into the Allstate Financial Advisors Separate Account I. Glenbrook paid expenses of \$1,500 incurred in connection with the merger.

Filing Date: The application was filed on October 11, 2006.

Applicant's Address: 3100 Sanders Road, Northbrook, Illinois 60062.

Northbrook Variable Annuity Account [File No. 811-3688]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On July 30, 2002, the board of directors approved applicant's merger with another fund. The fund surviving the merger is the Allstate Financial Advisors Separate Account I. Northbrook Life Insurance Company, the depositor, paid expenses of \$1,500 incurred in connection with the merger.

Filing Date: The application was filed on October 11, 2006.

Applicant's Address: 3100 Sanders Road, Northbrook, Illinois 60062.

Northbrook Variable Annuity Account II [File No. 811-6116]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On July 30, 2002, the board of directors approved applicant's merger with another fund. The fund surviving the merger is the Allstate Financial Advisors Separate Account I. Northbrook Life Insurance Company, the depositor, paid expenses of \$1,500 incurred in connection with the merger.

Filing Date: The application was filed on October 11, 2006.

Applicant's Address: 3100 Sander Road, Northbrook, Illinois 60062.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Nancy M. Morris,
Secretary.

[FR Doc. E6-18474 Filed 11-1-06; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54658; File No. SR-Amex-2006-82]

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to MACRO Tradeable Shares

October 26, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4² thereunder, notice is hereby given that on August 23, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. On October 20, 2006, Amex filed Amendment No. 1 to the proposed rule change.³ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Amex proposes to list and trade under new Amex Rules 1400 *et seq.* (1) Claymore MACROshares Oil Up

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 supersedes and replaces the original filing in its entirety.

Tradeable Shares (the "Up-MACRO⁴ Tradeable Shares") and (2) Claymore MACROshares Oil Down Tradeable Shares (the "Down-MACRO Tradeable Shares" and together with the Up-MACRO Tradeable Shares, the "MACRO Tradeable Shares").

The text of the proposed rule change, as amended, is available on the Amex's Web site (<http://www.Amex.com>), at the Amex's Office of the Secretary, and at the Commission's public reference room. The text of Exhibit 5 to the proposed rule change, as amended, is also available on the Commission's Web site (<http://www.sec.gov/rules/sro/shtml>).

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 Amex included statements concerning the purpose of and basis for the proposed rule change, as amended. The text of these statements may be examined at the places specified in Item IV below. The Amex has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to add new section 1400 *et seq.* for the purpose of permitting the listing and trading of securities issued by a pair of related trusts and based on an index or other numerical variable ("Reference Price") whose value reflects the value of assets, prices, or other economic interests. In particular, the Amex initially proposes to list securities issued by (1) the Claymore MACROshares Oil Up Tradeable Trust (the "Up-MACRO Tradeable Trust") and (2) the Claymore MACROshares Oil Down Tradeable Trust (the "Down-MACRO Tradeable Trust" and together with the Up-MACRO Tradeable Trust, the "MACRO Tradeable Trusts"). Each of these securities represents an undivided beneficial interest in the respective MACRO Tradeable Trust.

The assets of the Up-MACRO Tradeable Trust will consist exclusively of a majority of the Claymore MACROshares Oil Up Holding Shares ("Up-MACRO Holding Shares") issued by the Claymore MACROshares Oil Up Holding Trust ("Up-MACRO Holding

⁴ MACRO® is a federally-registered servicemark of MacroMarkets LLC ("MacroMarkets").

Trust"). "Quarterly Income Distributions," "Redemption Distributions," and "Final Distributions," as described below, on the Up-MACRO Holding Shares held by the Up-MACRO Tradeable Trust will be based on the "underlying value" of the Up-MACRO Holding Trust on specified dates (which underlying value will increase or decrease in proportion to fluctuations in the "Applicable Reference Price of Crude Oil," as defined herein, above or below its starting level) and will be passed through to the holders of the Up-MACRO Tradeable Shares. If the Applicable Reference Price of Crude Oil rises above its starting level, the Up-MACRO Holding Trust's underlying value will increase proportionately to include all of its assets plus an obligation of the Down-MACRO Holding Trust (as defined below) to transfer a portion of its assets. Conversely, if the level of the Applicable Reference Price of Crude Oil falls below its starting level, the Up-MACRO Holding Trust's underlying value will decrease proportionately because an obligation to transfer a portion of the Up-MACRO Holding Trust's assets will be included in the calculation of the underlying value of the Down-MACRO Holding Trust. The Applicable Reference Price of Crude Oil is the settlement price of the NYMEX Division of the New York Mercantile Exchange, Inc. ("NYMEX") light sweet crude oil futures contract of the "designated maturity" (as defined below), as established and reported by NYMEX on a per barrel basis in U.S. dollars at the end of each "Price Determination Day" (as defined below).

Similarly, the assets of the Down-MACRO Tradeable Trust will consist exclusively of a majority of the Claymore MACROshares Oil Down Holding Shares ("Down-MACRO Holding Shares" and together with the Up-MACRO Holding Shares, the "MACRO Holding Shares") issued by the Claymore MACROshares Oil Down Holding Trust ("Down-MACRO Holding Trust" and together with the Up-MACRO Holding Trust, the "MACRO Holding Trusts"). Quarterly Income Distributions, Redemption Distributions and Final Distributions, as described below, on the Down-MACRO Holding Shares held by the Down-MACRO Tradeable Trust will be based on the "underlying value" of the Down-MACRO Holding Trust on specified dates (which underlying value will increase or decrease in proportion to fluctuations in the Applicable Reference Price of Crude Oil above or below its starting level) and will be passed

through to the holders of the Down-MACRO Tradeable Shares. If the Applicable Reference Price of Crude Oil rises above its starting level, the Down-MACRO Holding Trust's underlying value will decrease proportionately because an obligation to transfer a portion of the Down-MACRO Holding Trust's assets will be included in the calculation of the underlying value of the Up-MACRO Holding Trust. Conversely, if the level of the Applicable Reference Price of Crude Oil falls below its starting level, the Down-MACRO Holding Trust's underlying value will increase to include all of its assets plus an obligation of the Up-MACRO Holding Trust to transfer a portion of its assets. The underlying value of either MACRO Holding Trust on each Price Determination Day (as defined below) represents the aggregate amount of the assets in both of the MACRO Holding Trusts to which that trust would be entitled if the settlement contracts and the income distribution agreement between the paired MACRO Holding Trusts described below were settled on that day.

Under proposed Amex Rule 1401, the Exchange may approve for listing and trading "Paired Trust Shares" based on the value of a Reference Price, which may measure assets, prices, or other economic interests. Consistent with this proposed rule, the Amex proposes to list for trading Up-MACRO and Down-MACRO Tradeable Shares based on the Applicable Reference Price of Crude Oil as the Reference Price under proposed Amex Rule 1400 *et seq.* The MACRO Tradeable Shares will be the first Paired Trust Shares to be listed and traded on the Amex. The MACRO Holding Shares will not be listed or traded on the Amex.

Introduction

The Exchange is proposing to adopt rules for the listing and trading of Paired Trust Shares. Paired Trust Shares are comprised of two distinct types of securities—"Holding Shares" and "Tradeable Shares"—that are related through a two-tiered structure. The purpose of the following paragraphs in this "Introduction" is to describe Paired Trust Shares generically, not to describe a specific product.⁵ The Exchange also proposes to amend its original listing and annual listing fees in Sections 140 and 141 of the Amex Company Guide to include the Paired Trust Shares.

⁵ See, *infra* "Description of the Reference Price—the Applicable Reference Price of Crude Oil" for the beginning of the detailed description of the specific product that is being proposed for approval in this filing under the proposed rules for Paired Trust Shares.

The top tier of Paired Trust Shares consists of Holding Shares, which are securities: (a) That are issued by a trust ("Holding Trust") that is paired with another Holding Trust and whose respective "underlying values" move in opposite directions as the value of the specified Reference Price varies from its starting level; (b) That are issued in exchange for cash; (c) a majority (but not necessarily all) of which will be acquired and deposited in a related Tradeable Trust (as defined herein); (d) the issuance proceeds of which are invested and reinvested in highly rated short-term financial instruments that mature prior to the next scheduled income distribution date and that serve the functions of (i) securing the contractual obligations between the two paired Holding Trusts, (ii) covering the trust's expenses, and (iii) if any amount remains, providing periodic Income Distributions to investors;⁶ (e) which represent a beneficial interest in the Holding Trust that issued them; (f) the value of which is determined by the underlying value of the related Holding Trust, which underlying value will either (i) increase as a result of an increase in the Reference Price and decrease as a result of a decrease in the Reference Price (in the case of "Up Holding Shares" issued by an "Up Holding Trust") or (ii) increase as a result of a decrease in the Reference Price and decrease as a result of an increase in the Reference Price (in the case of "Down Holding Shares" issued by the paired "Down Holding Trust"); (g) whose issuing Holding Trust enters into one or more settlement contracts⁷ and an income distribution agreement⁸

⁶ Such periodic distributions to investors ("Income Distributions") are based on the income (after expenses) received from the financial instruments held by each Holding Trust (*e.g.*, interest income from maturing U.S. Treasury securities and repurchase agreements fully collateralized by U.S. Treasury securities), and are made immediately following the periodic transfer of such income between the paired Holding Trusts under the terms of the income distribution agreement as described in clause (g) of this paragraph.

⁷ As described below, when Holding Shares are redeemed in a paired optional redemption ("Redemption Distribution") or upon early or final termination ("Final Distribution"), the settlement contracts between the two Holding Trusts provide for the appropriate transfer of assets between the paired Holding Trusts so that the Holding Shares of each Holding Trust may be redeemed in proportion to the per share underlying value of that Holding Trust.

⁸ As described below, the income distribution agreement between the two Holding Trusts provides for the periodic transfer between the paired Holding Trusts of income (after payment of expenses) received by each Holding Trust from the financial instruments (as described above) held by that Holding Trust, with the amount of each periodic transfer based on the proportionate change in the

with the other paired Holding Trust; (h) that, when timely aggregated in a specified minimum number or amount of securities, along with a specified multiple of that number or amount of securities issued by the other paired Holding Trust (together, a "Creation Unit") may be redeemed in a Redemption Distribution of cash and/or securities on specified dates by authorized parties; and (i) that may be subject to early mandatory redemption of all Holding Shares in connection with a Final Distribution prior to the final scheduled termination date under specified circumstances.

The second tier of Paired Trust Shares consists of Tradeable Shares, which are securities: (a) That are issued by a trust ("Tradeable Trust") in exchange for the deposit of Holding Shares (or cash, which cash is then used to purchase Holding Shares) into the Tradeable Trust, with the Holding Shares that are held by the Tradeable Trust being either Up Holding Shares (in the case of "Up Tradeable Shares" issued by an "Up Tradeable Trust") or Down Holding Shares (in the case of "Down Tradeable Shares" issued by a "Down Tradeable Trust"); (b) which represent an undivided beneficial interest in the Tradeable Trust that issued them; (c) the Quarterly Income Distributions, Redemption Distributions, and Final Distributions on which (which are solely pass-through distributions received on the Holding Shares that are held by the issuing Tradeable Trust) will thereby either (i) in the case of the Up Tradeable Shares, increase as a result of an increase in the Reference Price and decrease as a result of a decrease in the Reference Price or (ii) in the case of the Down Tradeable Shares, increase as a result of a decrease in the Reference Price and decrease as a result of an increase in the Reference Price, in each case as a result of the corresponding change in the underlying value of the Holding Trust (as discussed in the prior paragraph); (d) that may have an exchange feature that will allow authorized parties to exchange such Tradeable Shares for the underlying Holding Shares that can be redeemed for cash and/or securities (any such redemption to be done in specified aggregations called Creation Units); and (e) that may be subject to early mandatory redemption of all Tradeable Shares in connection with a Final Distribution prior to the final scheduled

Reference Price from its starting level at one or more points during the period following the previous periodic transfer of such income between the paired Holding Trusts.

termination date under specified circumstances.

For each separate and discrete Reference Price that may underlie Paired Trust Shares, the Exchange will submit a filing pursuant to Section 19(b) of the Act⁹ subject to Commission review and approval. The Exchange may eventually seek to revise the proposed listing criteria and trading rules to permit the listing and trading of Paired Trust Shares pursuant to Rule 19b-4(e) under the Act.

Pursuant to proposed Amex Rule 1402, the Exchange seeks to list and trade the MACRO Tradeable Shares. The MACRO Tradeable Shares will conform to the initial and continued listing criteria under proposed Amex Rule 1402. The MACRO Tradeable Trusts and the MACRO Holding Trusts will be formed under four trust agreements between Investors Bank & Trust Company, as trustee; Claymore Securities, Inc., as administrative agent and marketing agent; and MACRO Securities Depositor, LLC, as depositor.¹⁰ MacroMarkets LLC and Claymore Securities, Inc. are each the owner of 50% of the membership interests in MACRO Securities Depositor, LLC.

Description of the Reference Price—The Applicable Reference Price of Crude Oil

The economic variable whose value will serve as the Reference Price for the first Paired Trust Shares to be listed on the Exchange is the Applicable Reference Price of Crude Oil, which is the settlement price of the NYMEX Division light sweet crude oil futures contract of the "Designated Maturity" (as defined below), as established and reported by NYMEX on a per barrel basis in U.S. dollars at the end of each Price Determination Day. A "Price Determination Day" for this purpose is each day on which trading of the light sweet crude oil futures contract of the Designated Maturity occurs by open outcry on the trading floor of the NYMEX (located in New York City, New York) through the use of verbal or hand signals, rather than through electronic or other means. Price Determination Days are generally the same as business days—that is, any day other than a Saturday, a Sunday, or a day on which banking institutions and stock exchanges in New York, New York are authorized or required by law, regulation or executive order to close. If

⁹ 15 U.S.C. 78s(b).

¹⁰ The issuer states that neither the MACRO Tradeable Trusts nor the MACRO Holding Trusts will be investment companies as defined in Section 3(a) of the Investment Company Act of 1940, as amended (the "1940 Act").

a substitute reference oil price is being used, the "Price Determination Day" will be each day on which this price is determined by, or in accordance with the rules of, the substitute oil price provider.

A light sweet futures contract of the designated maturity ("Designated Maturity") means the contract that matures (i) during the next succeeding calendar month if the date of determination is the first day of the current calendar month through and including the tenth business day of the current calendar month, and (ii) during the second succeeding calendar month if the date of determination is the eleventh business day through the last day of the current calendar month. For example, from September 1 through the tenth business day in September, the Applicable Reference Price of Crude Oil will reflect the price of the NYMEX Division light sweet crude oil futures contract that is scheduled to settle in October. From the eleventh business day in September through and including September 30, the NYMEX contract of the designated maturity will be the contract that settles in November. From October 1 through and including the tenth business day in October, the NYMEX contract designated month will continue to be November. The reason for this is that around the middle of each calendar month, the highest volume of trading in NYMEX Division light sweet crude oil futures contracts generally moves from the contract that settles in the following month to the contract that settles in the second following month. Switching into the next month's contract around the eleventh business day of each month is intended to minimize the reflection in the Applicable Reference Price of Crude Oil of factors related to the physical delivery of crude oil, such as physical storage and delivery costs. If the eleventh business day of any month occurs later than the seventeenth calendar day of that month, then the switch to the second month's contract will be made on the preceding business day that occurs on or prior to the seventeenth day of that calendar month.

The underlying value of each MACRO Holding Trust on each Price Determination Day will be determined by reference to the settlement price on that day of the light sweet crude oil contract of the designated maturity.¹¹ At

¹¹ In the event that no settlement price is determined for the light sweet crude oil contract on the NYMEX on a given Price Determination Day and no substitute oil price provider can be utilized, then the settlement price on the prior Price Determination Day will be utilized as that day's

the close of each day's regular trading session ("Regular Trading Session"), the NYMEX "Settlement Price Committee" establishes the settlement price of the light sweet crude oil futures contract for each delivery month that trades on NYMEX. The NYMEX Settlement Price Committee was formed and operates under NYMEX's by-laws and its rules governing floor trading. It is generally composed of NYMEX members and representatives of such members. Under NYMEX rules, the Exchange states that members of the Settlement Price Committee are restricted from using or disclosing, for any purpose other than the performance of such member's official duties, any material non-public information obtained as a result of such member's participation on the Settlement Price Committee. Moreover, federal securities law prohibits the use of material non-public information in connection with the purchase and sale of any MACRO securities. However, the Exchange states that members of the Settlement Price Committee are not prohibited from purchasing or selling NYMEX light sweet crude oil futures contracts or MACRO Holding Shares or MACRO Tradeable Shares. The Exchange states that the settlement prices determined by the NYMEX Settlement Price Committee for each contract month are the official prices used by the NYMEX clearinghouse in determining net gains or losses and margin requirements on the light sweet oil futures contracts. The clearinghouse is a body associated with NYMEX that acts as the buyer to all sellers and the seller to all buyers.

If two specified criteria are satisfied with respect to a particular contract month for the light sweet crude oil futures contract, then the settlement price of that contract month will be equal to the weighted average price (rounded to the minimum price fluctuation of \$0.01) of all outright transactions that occurred in the closing range. The Exchange states that "outright transactions" means contracts in which one of the parties has taken a position which is not offset by the opposite position taken by that party under another contract, thereby exposing that party to actual risk with respect to the settlement price of the futures contract. The "closing range" is defined under NYMEX rules as the last two minutes of the Regular Trading Session or, for the final day of trading of the expiring light sweet crude oil futures contract, the last thirty (30) minutes of the Regular Trading Session.

settlement price on which to base the Applicable Reference Price of Crude Oil.

The Exchange states that the two specified criteria for each contract month and each Price Determination Day are (1) the contract month must have, as of the opening of business for that day, more than 10% of the total open interest for all contract months, and (2) the contract month must represent at least 10% of the closing range volume of all contract months traded on NYMEX on that day. For purposes of calculating total volume, volume from limit orders placed prior to the close in which a buyer indicates that he or she is willing to take the settlement price will be included, but trading volume done during the closing range on the last day of trading in an expiring contract will be excluded. "Open interest" means the number of open or outstanding contracts for which an individual or entity is obligated to NYMEX because that individual or entity has not yet made an offsetting sale or purchase or for which an actual contract delivery has not yet occurred. "Closing range volume" is the volume of executed trades in the light sweet crude oil futures contract for a particular contract month that occurred on any given day of trading during the last two minutes of the Regular Trading Session or, with respect to the last day of trading for that contract month, during the last thirty (30) minutes of the Regular Trading Session.

The Exchange states that NYMEX determines the settlement prices for delivery months of the light sweet crude oil futures contract that represented 10% or less of the total open interest or in which less than 10% of trading volume occurred during the closing range based upon spread relationships determined in the judgment of the Settlement Price Committee. "Spread relationship" refers to the simultaneous purchase and sale of futures contracts with different expirations. The Exchange states that the Settlement Price Committee determines spread relationships by giving the greatest weight to spreads executed late in the trading day in large volumes and lesser weight to spreads traded in smaller volumes executed earlier in the trading day. In any circumstance where the Settlement Price Committee is considering bids and offers for spreads, it must consider the mid-point of the best bid and best offer, not the actual best bid or best offer.

On occasion, a price spike may occur in the closing range. The Exchange states that a "price spike" in the closing range will be deemed to have occurred if, in the sole discretion of the Settlement Price Committee, a significant change in the spread

relationships between a given month, known as the "spiked month," and the contract months immediately preceding and following such month occurred during the closing range. If a price spike in the closing range occurs in a light sweet crude oil futures contract for a contract month with respect to which the open interest and volume criteria are met and the settlement price is therefore determined by weighted average price, the Settlement Price Committee may disregard the settlement price for the spiked month in considering spread relationships for the other months where the open interest and volume criteria were not met.

The Exchange states that the Settlement Price Committee may not establish a settlement price that would be lower than the best bid or higher than the best offer that had been posted with NYMEX and remained available for execution and unfilled for the final fifteen minutes of trading and was for at least 100 outright contracts in the relevant delivery month or at least 200 spread contracts involving that delivery month and a different delivery month.

Finally, if any settlement price determined with respect to the relevant delivery month, either by calculation of the weighted average price or by reference to spread relationships, is inconsistent with transactions that occurred during the closing range in other delivery months of the light sweet crude oil futures contract or with market information known to the Settlement Price Committee, the Settlement Price Committee may, in its discretion, set the settlement price at a level consistent with such other transactions or market information.

The Exchange states that crude oil prices are subject to temporary distortions due to various factors, including, but not limited to, lack of liquidity in the markets, the participation of speculators, war, geopolitical instability, supply decisions and policies instituted by OPEC and other non-OPEC oil-producing countries such as Russia, increased demand in developing countries, weather conditions, new environmental policies, government regulation, and government intervention. These factors may cause dramatic fluctuations, or volatility, in the Applicable Reference Price of Crude Oil. Other factors that impact the supply and demand for oil and, therefore, its price, may also add to volatility in the Applicable Reference Price of Crude Oil. The Exchange states that the demand for crude oil is driven by the consumption of energy for transportation, industrial consumption of power, and the demand for sources of energy to be used for

heating and cooling. Other factors that may impact demand include taxes, environmental laws, international trade agreements, changes in exchange rates associated with the U.S. dollar, interest rate changes (which affect exchange rates), and technology (e.g., by enabling the exploitation of alternative fuel sources and by providing methods to use oil more efficiently). The Exchange states that the supply of crude oil is driven by worldwide oil inventories, which are a function of successful exploration, feasibility of drilling, production levels, transportation costs, and the ability of producers to refine the crude oil into consumable products. Other factors that may impact supply include technological advances (e.g., by making exploration and drilling more economically feasible), production interruptions (e.g., due to political instability, natural disasters, acts of war or sabotage, labor problems, machinery failure, or human error), and production decisions by oil-producing countries or regions, and government programs and policies (e.g., permitting or restricting oil drilling in given areas). The Exchange states that all of these factors may adversely affect the Applicable Reference Price of Crude Oil and therefore adversely affect the distributions on the MACRO Holding Shares and the MACRO Tradeable Shares.

Trading in the light sweet crude oil futures contract occurs by open outcry on the trading floor at NYMEX from 10 a.m. until 2:30 p.m. (New York City time) on each business day (the "Regular Trading Session"). All prices are quoted in U.S. dollars. Trading also occurs after hours via an internet-based trading platform, but the daily settlement price established by NYMEX for each light sweet crude oil futures contract is based only on trading that occurs during the Regular Trading Session.

The Exchange states that MacroMarkets will enter into a licensing agreement with NYMEX for the use of the settlement prices for certain of the commodity-based futures contracts that trade on the facilities of NYMEX, including the light sweet crude oil futures contracts. The MACRO Holding Trusts and the MACRO Tradeable Trusts will collectively enter into a licensing agreement with MacroMarkets that grants a sublicense to each trust giving the trust certain rights to use NYMEX's proprietary settlement prices for the near months of the light sweet crude oil futures contracts. The Exchange states that the term of the license granted by NYMEX to MacroMarkets is five years, and upon

the termination of that license agreement the aforementioned sublicense will also expire. NYMEX has the right to terminate the license earlier if it believes that MacroMarkets or any of its sublicensees have misused the license. Upon termination of the NYMEX license, the Exchange states that MacroMarkets and the depositor¹² will seek to negotiate a renewal of the license on terms comparable to those of the existing license. The Exchange states that if NYMEX refuses to renew the license on acceptable terms, an effort will be made to negotiate a license with the Dow Jones Energy Service for use of its West Texas intermediate crude oil spot price on terms comparable to the NYMEX license. If such a license is obtained, this spot price will become the new Applicable Reference Price of Crude Oil. If no license is obtained from the Dow Jones Energy Service, the holders of the paired MACRO Holding Shares (including the holders of the MACRO Tradeable Shares who will be entitled to vote the underlying MACRO Holding Shares on deposit in the MACRO Tradeable Trusts for this purpose) may vote to select a different crude oil price provider.¹³ If the shareholders are not able to agree unanimously on a new price provider or a license cannot be negotiated with the provider selected by the shareholders, a termination trigger ("Termination Trigger") will occur, which will result in an early redemption of the MACRO Holding Shares and the MACRO Tradeable Shares (see Termination Triggers).

Light Sweet Crude Oil Futures Contracts

The NYMEX Division light sweet crude oil futures contract is traded on the physical facilities of NYMEX. It is quoted on a per barrel basis and traded in units of 1,000 barrels (42,000 gallons) under the trading symbol "CL" followed by a reference to the month and year in which such contract settles. Prices are

¹² In addition to participating in such negotiations, the depositor performs certain other tasks that are not performed by the trustee or the administrative agent, such as the preparation of filings under the Act.

¹³ If a benchmark other than the light sweet crude oil futures contract traded on NYMEX is selected for the determination of the Applicable Reference Price of Crude Oil, the Amex will file with the Commission a proposed rule change pursuant to Rule 19b-4 under the Act seeking approval to continue trading the MACRO Trading Shares and, unless approved, the Exchange will commence delisting the MACRO Tradeable Shares. In the event the Exchange believes that a change in the benchmark or pricing source for the Applicable Reference Price of Crude Oil is only temporary, the Exchange may contact the Commission staff to discuss the matter.

quoted for delivery at Cushing, Oklahoma, which is a major crude oil transshipment point with extensive pipeline connections to oil producing areas and refining centers in the southwestern United States and along the U.S. Gulf Coast. According to NYMEX, its light sweet crude oil futures contract is used as an international pricing benchmark for oil because of its excellent liquidity and price transparency.

Each light sweet crude oil futures contract traded on NYMEX has a specific delivery month and year in which such contract is scheduled to terminate. This month is referred to as that contract's "delivery month" or "contract month." For example, the Exchange states that if one purchases the September 2006 light sweet crude oil futures contract, the delivery month and year would be September 2006, and such contract would obligate the seller to deliver 1,000 barrels of light sweet crude oil to the buyer at Cushing, Oklahoma during September 2006. In order to determine the price that the buyer has to pay on delivery, the NYMEX terminates trading in a specific contract month for the light sweet crude oil futures contract on the third business day prior to the 25th day of the preceding month or, if the 25th day is not a business day, on the third business day prior to the business day that precedes the 25th day of the preceding month. For example, the September 2006 futures contract will stop trading on August 22, 2006, which is three business days prior to August 25, 2006.

Regardless of any prior action concerning price limits during the Regular Trading Session, commencing fifteen (15) minutes before the close of that session, the Exchange states that there will be no price fluctuation limits on any contract month in the light sweet crude oil futures contract and, accordingly, no further trading halts may occur for the remainder of the Regular Trading Session. In addition, the Exchange states that there will be no limitations on price fluctuations for any contract month of the light sweet crude oil futures contract during the final trading day for that contract. The NYMEX Board of Directors may provide at any time that there shall be no trading during any one business day or trading session day in any commodity for future delivery in any specified month or months at prices more than a fixed limit above or below the settlement price for the preceding business day. At the discretion of the Board, any limitation so imposed by it may be changed or suspended or temporarily modified

from time to time and without prior notice.

The Exchange states that light sweet crude oil futures contracts may be settled physically. Delivery must begin on or after the first calendar day of the delivery month and must be completed by the last calendar day of that month. All deliveries are made ratably over the course of the month. In practice, the light sweet crude oil futures contract is usually settled in cash by means of the futures and clearing procedures of the NYMEX.

Under the NYMEX's rules governing the light sweet crude oil futures contract, only certain types of oil meeting specific quality criteria may be delivered under the contract. The NYMEX's rules also specify the levels of sulfur, gravity, viscosity, vapor pressure, impurity levels, and pour points for different grades of oil that can be delivered under the light sweet crude oil futures contract. The Exchange states that this specificity serves as the definition of "light sweet crude oil" under the contract and ensures the quality of the oil to be delivered. The following domestic grades of oil may be delivered by the seller without any discount from the final futures price of the futures contract: West Texas Intermediate, Low Sweet Mix, New Mexican Sweet, North Texas Sweet, Oklahoma Sweet, and South Texas Sweet crude oil. Several foreign grades of oil may also be delivered by a seller with a specific discount or premium from the futures price. The Exchange states that the primary deliverable grade of oil under the contract is West Texas Intermediate crude oil, which is the U.S. benchmark grade of oil.

Product Description

On and after the closing date for the MACROs transaction, the Up-MACRO Holding Trust and the Up-MACRO Tradeable Trust will issue Up-MACRO Holding Shares and the Up-MACRO Tradeable Shares, respectively, on a continuous basis, upon the direction of any "Authorized Participant" (as defined herein) by delivery of an issuance order to the administrative agent for the paired MACRO Holding Trusts on any Price Determination Day. (See "Paired Issuances" below.) Up-MACRO Holding Shares will be issued at a per share price equal to the underlying value per share of the Up-MACRO Holding Trust on the Price Determination Day on which an issuance order for the creation of paired MACRO Holding Shares is received. The proceeds from each "Paired Issuance" (as defined below) of the Up-MACRO Holding Shares will be

delivered to the trustee for the Up-MACRO Holding Trust. These proceeds will be combined with the proceeds from the related Paired Issuance of Down-MACRO Holding Shares, and an equal amount of such proceeds will be deposited into the Up-MACRO Holding Trust and the Down-MACRO Holding Trust.¹⁴ Depending upon whether the Authorized Participants who replaced the issuance order requested holding shares and/or tradeable shares,¹⁵ the trustee for the Up-MACRO Holding Trust will then deliver all or a portion of the issued Up-MACRO Holding Shares to the Up-MACRO Tradeable Trust and the remainder of the Up-MACRO Holding Shares to the creating Authorized Participants, and the trustee for the Up-MACRO Tradeable Trust will cause such trust to issue additional Up-MACRO Tradeable Shares and deliver such shares to the creating Authorized Participants.

The trustee for the Up-MACRO Holding Trust will then apply the net proceeds received by the Up-MACRO Holding Trust to purchase bills, bonds and notes issued and guaranteed by the United States Treasury, and repurchase agreements fully collateralized by U.S. Treasury securities¹⁶ (collectively, "Treasuries") maturing prior to the first quarterly distribution date (e.g., three-month U.S. Treasury securities). The allocation of funds between U.S. Treasury securities and repurchase agreements will be based on the historical redemption experience of the MACRO Holding Trusts. Due to the continuous redemptions allowed by the MACRO Holding Trusts, it is desirable

¹⁴ While equal amounts from the proceeds of a Paired Issuance are deposited in the Up-MACRO Holding Trust and the Down-MACRO Holding Trust, the settlement contracts between the two MACRO Holding Trusts provide an obligation for the proportional transfer of those assets between the trusts when the contracts are settled.

¹⁵ A portion of the Up-MACRO Holding Shares as well as the Down-MACRO Holding Shares (representing less than 50% of each) issued on any Paired Issuance date may be acquired by other investors who are not affiliated with the MACRO Tradeable Trusts. Such other investors must either be Authorized Participants or "qualified institutional buyers" (as defined in Rule 144A of the Securities Act of 1933 ("Securities Act")).

¹⁶ The repurchase agreements will be entered into with counterparties that are (i) banks with at least one billion U.S. dollars in assets or (ii) registered securities dealers that are deemed creditworthy by the administrative agent. Such repurchase agreements must terminate overnight, and the obligation of a counterparty to repurchase U.S. Treasury securities from a MACRO Holding Trust will be fully collateralized, as defined in Rule 5b-3 under the 1940 Act. None of the counterparties may be "affiliated persons" (as defined in the 1940 Act) with respect to the trustee, the administrative agent, the depositor, any of the MACRO Holding Trusts or MACRO Tradeable Trusts, any of the Authorized Participants, or any affiliated persons with respect to any of the foregoing entities.

to allow some funds to be invested in such repurchase agreements that terminate overnight in order to avoid the transaction costs involved in allocating and delivering U.S. Treasury securities to one or more redeeming Authorized Participants. This also gives the MACRO Holding Trusts a measure of bargaining power with securities dealers and repo counterparties by allowing the administrative agent to choose among a number of different dealers and to select U.S. Treasury securities of varying maturities (although never greater than 90 days). In addition, since MACRO Holding Trusts will hold some cash to meet their future obligations to their shareholders as well as to each other, the MACRO Holding Trusts can make use of such cash by investing in such repurchase agreements to earn an additional return for their shareholders, pending the application of the cash to satisfy these obligations. Such returns may be used by the MACRO Holding Trusts to pay their trust expenses as well. On each quarterly distribution date, except for the final scheduled termination date or an early termination date, the trustee, at the direction of the administrative agent, will reinvest the proceeds from the maturing Treasuries that are not part of (i) a Quarterly Income Distribution or (ii) in the case of a quarterly distribution date that is a Redemption Date (as described below) for the MACRO Holding Shares, a Redemption Distribution directed on that date, in new Treasuries that will mature prior to the next distribution date.

The Authorized Participant will offer the Up-MACRO Holding Shares and the Up-MACRO Tradeable Shares at a per share offering price that will vary, depending, among other things, on the current level of the Applicable Reference Price of Crude Oil and the current market price of the Up-MACRO Tradeable Shares on the Amex at the time of the offer. The Authorized Participants who offer such shares, or their respective affiliates, may receive customary compensation and brokerage fees from investors to whom they sell Up-MACRO Holding Shares or Up-MACRO Tradeable Shares.

The process described in the immediately preceding paragraphs will also be followed in connection with the related Paired Issuance of the Down-MACRO Holding Shares and the Down-MACRO Tradeable Shares. The proceeds from the Paired Issuance of the Down-MACRO Holding Shares will be delivered to the trustee for the Down-MACRO Holding Trust. These proceeds will be combined with the proceeds from the related Paired Issuance of UP-

MACRO Holding Shares, with an equal amount¹⁷ of the proceeds deposited into the Up-MACRO Holding Trust and the Down-MACRO Holding Trust. Depending upon whether the Authorized Participants who placed the issuance order requested holding shares and/or tradeable shares, the trustee for the Down-MACRO Holding Trust will then deliver all or a portion of the issued Down-MACRO Holding Shares to the Down-MACRO Tradeable Trust and the remainder to the creating Authorized Participants, and the trustee for the Down-MACRO Tradeable Trust will cause such trust to issue additional Down-MACRO Tradeable Shares and deliver such shares to the creating Authorized Participants. The net proceeds received by the Down-MACRO Holding Trust will be applied by the trustee for the Down-MACRO Holding Trust to purchase Treasuries on behalf of the Down-MACRO Holding Trust.¹⁸

Under the trust agreements (which the administrative agent is a party to), the administrative agent will be required, among other things, to use its commercially reasonable efforts to identify and direct the trustee to purchase new Treasuries on each quarterly distribution date (except for the final scheduled termination date or an early termination date) and Paired Issuance date for each of the MACRO Holding Trusts with the same maturities or terms, stated interest rates (if any), and applicable discount rates in order for each trust to be able to realize comparable amounts of income during each quarter. Treasuries will be acquired and held in the minimum permissible denominations in order to facilitate the maintenance of parity in the assets held by each of the MACRO Holding Trusts. However, a portion of the assets of a MACRO Holding Trust may from time to time be held in the form of cash, due to mismatches between the maturity profiles of Treasuries available for purchase and the length of time between distribution dates. Any U.S. Treasury securities delivered in connection with a paired optional redemption (as described below) will be selected by the administrative agent on a "last in, first out" basis. The U. S. Treasury securities selected by the administrative agent to be delivered as the Redemption Distribution in a paired optional

redemption will be distributed ratably, by type, to each redeeming Authorized Participant.

As described in more detail below, the Up-MACRO Holding Trust will enter into an income distribution agreement and multiple settlement contracts¹⁹ with the Down-MACRO Holding Trust. The Down-MACRO Holding Trust will act as the counterparty to the Up-MACRO Holding Trust under the income distribution agreement and the settlement contracts between the two MACRO Holding Trusts, and vice-versa, and the Treasuries and cash on deposit in each of the MACRO Holding Trusts will serve the functions of securing the contractual obligations between the two trusts, generating income to cover the trust's expenses and, if any amount remains, providing Quarterly Income Distributions to investors. In accordance with the terms of the income distribution agreement between the paired MACRO Holding Trusts, the Up-MACRO Holding Trust will, on each Quarterly Income Distribution date, either (i) be entitled to receive from the Down-MACRO Holding Trust all or a portion of that trust's available income (as defined below), or (ii) be required to pay all or a portion of its own available income to the Down-MACRO Holding Trust, based, in each case, on the level of the Applicable Reference Price of Crude Oil on each day that has elapsed since the preceding Quarterly Income Distribution date. The Up-MACRO Holding Trust will then make a quarterly distribution of income to holders of the Up-MACRO Holding Shares (including the Up-MACRO Tradeable Trust) out of the available income that it holds on deposit, if any, on each Quarterly Income Distribution date after it has made or received a payment under the income distribution agreement between the paired MACRO Holding Trusts.

Similarly, the Final Distributions and Redemption Distributions on the Up-MACRO Holding Shares and the Down-MACRO Holding Shares will be determined by the payments that each MACRO Holding Trust will be required to make to, or be entitled to receive from, the other MACRO Holding Trust under the settlement contracts between them being settled on the final scheduled termination date, an early termination date, or any Redemption Date, as the case may be. These

settlement obligations between the MACRO Holding Trusts will be based on the underlying value of each MACRO Holding Trust on the appropriate date, determined by the change in the level of the Applicable Reference Price of Crude Oil from its starting level to its ending level on the Price Determination Day preceding the final scheduled termination date or early termination date or, in the case of a redemption, on the day ("Redemption Date") on which a redemption order is placed by an Authorized Participant. In the case of the final scheduled termination date or an early termination date, the applicable MACRO Holding Trust must make a final payment to the other MACRO Holding Trust out of the proceeds of the Treasuries that it holds on deposit on that date to settle all of the settlement contracts between them. In the case of a Redemption Date that occurs between Quarterly Income Distribution dates, the applicable MACRO Holding Trust must transfer all or a portion of its cash and/or Treasuries to the other MACRO Holding Trust in order to settle one or more of the settlement contracts between them based on the amount redeemed.

The Up-MACRO Tradeable Trust will pass through to the holders of its Up-MACRO Tradeable Shares all Quarterly Income Distributions, Redemption Distributions, and Final Distributions that it receives on the Up-MACRO Holding Shares that it holds, and the Down-MACRO Tradeable Trust will do likewise to holders of its Down-MACRO Tradeable Shares with respect to all distributions that it receives on the Down-MACRO Holding Shares that it holds.

Investors Bank & Trust Company, a Massachusetts trust company, will act as trustee for each of the MACRO Holding Trusts and MACRO Tradeable Trusts under four separate trust agreements. The trustee will be responsible for, among other things: (i) Administering redemptions and Paired Issuances of MACRO Holding Shares in MACRO Units or integral multiples thereof (with a "MACRO Unit" being a Creation Unit comprised of 50,000 Up-MACRO Holding Shares and 50,000 Down-MACRO Holding Shares in combination) and administering exchanges of MACRO Tradeable Shares; (ii) making Quarterly Income Distributions, Redemption Distributions and Final Distributions to the holders of the MACRO Holding Shares and passing through those distributions to the holders of the MACRO Tradeable Shares; (iii) investing cash on deposit in the paired MACRO Holding Trusts in Treasuries in accordance with the

¹⁷ See *supra*, note 14.

¹⁸ There is a similar process for paired optional redemptions of MACRO Holding Shares by Authorized Participants and the receipt of related Redemption Distributions consisting of cash and/or U.S. Treasury securities. See *infra*, discussion under "Redemption Distributions and Final Distributions."

¹⁹ The settlement contracts between the MACRO Holding Trusts are not futures contracts traded on any commodities or stock exchange. These contracts are individually negotiated and entered into by or on behalf of the Up-MACRO Holding Trust and the Down-MACRO Holding Trust.

directions of the administrative agent; (iv) on each Price Determination Day, calculating the Price Level Percentage Change (as defined below), the respective underlying values of the paired MACRO Holding Trusts and the per share underlying value of the related MACRO Holding Shares and MACRO Tradeable Shares, and posting these calculations on the publicly accessible Web site maintained by the administrative agent; (v) calculating the Price Level Percentage Change and the respective underlying values of the paired MACRO Holding Trusts prior to each Quarterly Income Distribution date, Redemption Date, early termination date and the final scheduled termination date; (vi) calculating, for each Quarterly Income Distribution date, the amount of available income on deposit in each of the paired MACRO Holding Trusts, the payment due under the income distribution agreement between the MACRO Holding Trusts, and the Quarterly Income Distributions to be made on the respective MACRO Holding Shares and passed through to the related MACRO Tradeable Shares; (vii) calculating, for the final scheduled termination date and each Redemption Date, the final payment due under the settlement contracts being settled between the MACRO Holding Trusts and the Final Distribution or Redemption Distribution, as the case may be, to be made on the respective MACRO Holding Shares and passed through to the related MACRO Tradeable Shares; (viii) delivering any notices required under any of the trust agreements; and (ix) notifying the depositor and the administrative agent of the occurrence of certain of the Termination Triggers.

Claymore Securities, Inc., a Kansas corporation that is a registered broker/dealer, will act as the administrative agent and a marketing agent²⁰ for each of the MACRO Holding Trusts and MACRO Tradeable Trusts and will be a party to the trust agreement for each of the trusts. The administrative agent will perform or oversee the performance of a number of duties on behalf of the four trusts, including: (i) Directing the trustee in the acquisition of new Treasuries, including placing the purchase orders for such Treasuries, for the paired MACRO Holding Trusts on each Quarterly Income Distribution date and each Paired Issuance date in accordance with the acquisition guidelines that are specified in the trust agreements for the paired MACRO

Holding Trusts;²¹ (ii) selecting U.S. Treasury securities to be delivered in connection with the settlement of the settlement contracts between the paired MACRO Holding Trusts and in connection with paired optional redemptions in accordance with the rules specified in the trust agreements; (iii) processing redemption and creation orders for MACRO Holding Shares and MACRO Tradeable Shares from Authorized Participants; (iv) directing the trustee in effecting redemptions and Paired Issuances; (v) maintaining the publicly accessible Web site that displays information regarding the MACRO Holding Shares and MACRO Tradeable Shares; and (vi) notifying the depositor and the trustee of the occurrence of certain Termination Triggers.

The underlying values of the MACRO Holding Trusts and, consequently, the prices of the MACRO Holding Shares and MACRO Tradeable Shares and the distributions on the MACRO Holding Shares and pass-through distributions to the holders of the MACRO Tradeable Shares track the Applicable Reference Price of Crude Oil, which is based on the futures contract that is an international pricing benchmark for oil. The Applicable Reference Price of Crude Oil is calculated on a per barrel basis and established by NYMEX on each Price Determination Day, which is each day on which trading of the light sweet crude oil futures contract of the designated maturity occurs by open outcry on the trading floor of NYMEX. See "Description of the Reference Price—The Applicable Reference Price of Crude Oil" for more information. If the level of the Applicable Reference Price of Crude Oil increases, the underlying value of the Up-MACRO Holding Trust will increase and that of the Down-MACRO Holding Trust will decrease, each by an amount proportionate to the increase in the price. Conversely, if the level of the Applicable Reference Price of Crude Oil decreases, the underlying value of the Up-MACRO Holding Trust will decrease and that of the Down-MACRO Holding Trust will increase, each by an amount proportionate to the decrease in the price.

Quarterly Income Distributions

Each MACRO Holding Trust will make Quarterly Income Distributions on its MACRO Holding Shares using the income realized on the Treasuries in the paired MACRO Holding Trusts that

remain available after: (i) Each MACRO Holding Trust has deposited a "fee deduction amount" (as defined below) into a fee payment account created under the trust agreement for that MACRO Holding Trust, which amount will be applied to pay the expenses and fees of that trust²² and the related MACRO Tradeable Trust and (ii) each MACRO Holding Trust has either made or received a payment under the income distribution agreement on that Quarterly Income Distribution date. With respect to the latter, on every day on which the ending level of the Applicable Reference Price of Crude Oil exceeds the starting level on the closing date, the Up-MACRO Holding Trust will become entitled to retain all of its "available income accrual" (as defined below) for that day and to receive all or a portion of the Down-MACRO Holding Trust's "available income accrual" for that day. On every day on which the ending level of the Applicable Reference Price of Crude Oil is below the starting level on the closing date, the Up-MACRO Holding Trust will be obligated to pay all or a portion of its "available income accrual" for that day to the Down-MACRO Holding Trust. On each day during the calculation period that precedes each Quarterly Income Distribution date, the result of any entitlement of the Up-MACRO Holding Trust under the income distribution agreement as described above to retain all or a portion of its available income accrual for that day, and to receive all or a portion of the Down-MACRO Holding Trust's available income accrual for that day is referred to as the Up-MACRO Holding Trust's "earned income accrual" for that day. On each Quarterly Income Distribution date,²³ the Up-MACRO Holding Trust will declare a Quarterly Income Distribution on each outstanding Up-MACRO Holding Share equal to the sum of all earned income accruals for that trust for each day of the preceding calculation period plus the interest component of the underlying value of each Up-MACRO Holding Share created during such calculation period *less* any portion of the foregoing sum already distributed in connection with paired optional redemptions that occurred during that calculation period, divided by the aggregate number of outstanding Up-

²² See "Fees and Expenses" for additional detail on the application of funds in the fee payment account.

²³ This statement is not applicable with respect to the final scheduled termination date or an early termination date or in connection with a Redemption Distribution for which a redemption order was placed on that Quarterly Income Distribution date.

²⁰ MACRO Financial, LLC will act as an additional marketing agent.

²¹ A registered broker/dealer will perform all securities transactions and provide all related advice with respect to buying or selling securities.

MACRO Holding Shares on that Quarterly Income Distribution date.²⁴ The Quarterly Income Distributions of the Down-MACRO Holding Trust will be calculated similarly, except that the Down-MACRO Holding Trust's entitlement to earned income accruals will be inversely correlated with the Up-MACRO Holding Trust's entitlements described above. In each case, each holder of a MACRO Tradeable Share will then receive, on a pass-through basis, its proportionate share of the Quarterly Income Distribution that is paid on the MACRO Holding Shares held by the respective MACRO Tradeable Trust. The Quarterly Income Distribution date, record date, and distribution payment date for each MACRO Tradeable Trust are the same dates as for the related MACRO Holding Trust.

The "available income accrual" for a MACRO Holding Trust for each day is (i) the sum of, for each Treasury on deposit in the applicable trust on that day, the product of the purchase price at which the trust acquired that Treasury and the daily yield rate applicable to that Treasury, minus (ii) the daily fee accrual. The "daily fee accrual" for that MACRO Holding Trust is the "asset amount"²⁵ for the trust on each day multiplied by the "daily fee accrual rate."²⁶ The sum of the daily fee accruals for each of the MACRO Holding Trusts for an entire calculation period²⁷ will be equal to the "fee

deduction amount" for that calculation period and that trust, which is paid quarterly as described in the prior paragraph.

If available, an amount equal to the Up-MACRO aggregate par amount²⁸ or Down-MACRO aggregate par amount must be reinvested by the trustee, at the direction of the administrative agent, in new Treasuries on each Quarterly Income Distribution date (unless that Quarterly Income Distribution date is the final scheduled termination date or an early termination date), after reducing that amount by the aggregate par amount of any Up-MACRO Holding Shares or Down-MACRO Holding Shares being redeemed if that Quarterly Income Distribution date is also a paired optional Redemption Date (*i.e.*, a date on which a redemption order has been submitted) for a portion of the MACRO Holding Shares. If, after depositing the fee deduction amount into the fee payment account, the funds remaining on deposit in the Up-MACRO Holding Trust or Down-MACRO Holding Trust on any Quarterly Income Distribution date are equal to or less than the Up-MACRO or Down-MACRO aggregate par amount, as the case may be, then all of these remaining funds must be reinvested in Treasuries and the trust will have no available income with which to make a payment under the income distribution agreement to the paired MACRO Holding Trust. If less than the Up-MACRO aggregate par amount or the Down-MACRO aggregate par amount, as the case may be, is invested in Treasuries on any Quarterly Income Distribution date because the fee deduction amount of that MACRO Holding Trust exceeded the income on its Treasuries, the deficiency in the amount that is invested must be made up out of income received on subsequent Quarterly Income Distribution dates until the amount invested does equal the Up-MACRO aggregate par amount or Down-MACRO aggregate par amount.

If a MACRO Holding Trust does not have any available income on a given Quarterly Income Distribution date and does not receive any available income under the income distribution agreement from the paired MACRO Holding Trust, it will not make any

beginning on the preceding Quarterly Income Distribution date and ending on the day prior to the current Quarterly Income Distribution date.

²⁸ The "aggregate par amount" is defined as the product of the aggregate number of outstanding shares issued by the Up-MACRO Holding Trust or the Down-MACRO Holding Trust, as the case may be, multiplied by the stated par amount per share. The stated par amount per share is equal to the starting level of the Applicable Reference Price of Crude Oil.

Quarterly Income Distribution to its shareholders on that Quarterly Income Distribution date. If a MACRO Holding Trust fails to make either (i) a payment under the income distribution agreement or (ii) a Quarterly Income Distribution to its shareholders on any Quarterly Income Distribution date because it does not have any funds available for distribution, it will not be required to make up that payment or Quarterly Income Distribution on subsequent Quarterly Income Distribution dates, even if it has funds available to do so.

Redemption Distributions and Final Distributions

An Authorized Participant initiates a Redemption Distribution by presenting paired MACRO Holding Shares in MACRO Unit multiples to the MACRO Holding Trusts for redemption in exchange for cash and/or U.S. Treasury securities. A Final Distribution involves the distribution of cash in connection with the termination of the MACRO Holding Trusts. A Redemption Distribution or Final Distribution from a MACRO Holding Trust occurs when the MACRO Holding Trust settles some or all of the settlement contracts entered into with its paired MACRO Holding Trust. Each settlement contract will have a notional amount equal to the aggregate par amount of one MACRO Unit.

On the final scheduled termination date or early termination date following the occurrence of a Termination Trigger, the trustee will cause the paired MACRO Holding Trusts to settle all of the settlement contracts between them using the funds they hold on deposit on those dates, which will consist of all interest, discount, principal, and any other amounts received by each trust upon the maturity of its Treasuries immediately prior to those dates. After the settlement contracts between the MACRO Holding Trusts have been settled, each MACRO Holding Trust will declare a Final Distribution in redemption of that trust's MACRO Holding Shares using all the funds it then holds on deposit, and the trustee will pay that Final Distribution, in cash, to shareholders on the distribution payment date that follows the final scheduled termination date or early termination date in redemption of those shares.

On a Redemption Date, which may be any business day prior to the final scheduled termination date or an early termination date, an Authorized Participant may direct a paired optional redemption by placing a redemption order with the trustee and the

²⁴ Each registered holder of Up-MACRO Holding Shares or Up-MACRO Tradeable Shares on the "record date," which is the last business day of the month in which the related Quarterly Income Distribution date occurred, will be entitled to receive the quarterly dividend on the "distribution payment date," which is the third business day of the month immediately following the month in which the related Quarterly Income Distribution date occurred. The quarterly "income distribution date" is the second business day prior to the record date (*i.e.*, two business days prior to the last business day of that month).

²⁵ The "asset amount" refers to the amount of assets on deposit in a MACRO Holding Trust, calculated as of any day of a calculation period from a formula based on the aggregate par amount of the MACRO Holding Shares issued by that MACRO Holding Trust plus the available income accrual for each elapsed day of that calculation period (not including the date of determination), with certain adjustments for any available income accruals in connection with paired optional redemptions and/or Paired Issuances of MACRO Holding Shares during such calculation period prior to the date of determination.

²⁶ The "daily fee accrual rate" will be equal to an annual rate of 1.60% until the second anniversary of the closing date and an annual rate of 1.50% for each succeeding year, divided by 365 or 366, depending on the actual number of days in the current year. These rates represent the annual rate at which the funds of each MACRO Holding Trust are allocated to be used for the payment of each trust's fees and expenses.

²⁷ A "calculation period" is defined as the period between Quarterly Income Distribution dates,

administrative agent at least 30 minutes prior to the end of trading of light sweet crude oil futures contracts by open outcry on the NYMEX at 2:30 p.m. (New York City time). If the Authorized Participant delivers, by 10 a.m. on the business day following the Redemption Date, or such other day and time as may be specified in the Participants Agreement, MACRO Holding Shares or MACRO Tradeable Shares that in the aggregate constitute the requisite number of MACRO Units being redeemed, plus the applicable "redemption cash component"²⁹ and applicable transaction fee (\$500 for each trust whose MACRO Holding Shares are being redeemed or whose MACRO Tradeable Shares are being exchanged), then the trustee will effect the redemption by delivering cash and/or U.S. Treasury securities in accordance with the instructions of the administrative agent to the redeeming Authorized Participant on the first business day following the Redemption Date if only MACRO Holding Shares were tendered for redemption or within such other time period as may be specified in the Participants Agreement. The administrative agent will select cash and/or U.S. Treasury securities for delivery in redemptions in accordance with the following rules: (1) First, all cash delivered in connection with Paired Issuances directed on the same day as the Redemption Date will be used; (2) second, all cash on deposit in the MACRO Holding Trusts from maturing repurchase agreements will be used; and (3) if insufficient cash is available from these two sources, the remainder of the Redemption Distribution will be delivered in the form of U.S. Treasury securities.

In the case of a partial paired optional redemption by Authorized Participants, the number of settlement contracts that will be settled between the paired MACRO Holding Trusts in that transaction will equal the number of MACRO Units of paired MACRO Holding Shares that are being redeemed. The holders of MACRO Holding Shares who are not participating in a paired optional redemption will not receive any Redemption Distribution on the relevant Redemption Date, unless that Redemption Date is also a Quarterly Income Distribution date, in which case they will receive only their Quarterly

²⁹The "redemption cash component" is the cash that must be delivered to a MACRO Holding Trust in connection with a paired optional redemption by the redeeming Authorized Participant to compensate the trust for the excess value that will be delivered to such redeeming Authorized Participant in the form of U.S. Treasury securities delivered to it as a Redemption Distribution.

Income Distribution, if any, that is payable to them on that date. Any Final Distribution or Redemption Distribution on MACRO Holding Shares that were held on deposit by the corresponding MACRO Tradeable Trust will be passed through to the holders of the corresponding MACRO Tradeable Shares on any final scheduled termination date, early termination date or Redemption Date, as the case may be.

Holders of MACRO Tradeable Shares may not participate in a paired optional redemption. Only Authorized Participants may place an order with the administrative agent to exchange their MACRO Tradeable Shares for the underlying MACRO Holding Shares on deposit in the related MACRO Tradeable Trust (even if they do not wish to then effect a paired optional redemption).³⁰ Therefore, holders of MACRO Tradeable Shares who are not Authorized Participants must sell them to Authorized Participants³¹ or other interested investors (e.g., on the Exchange) in order to liquidate their investment in those shares prior to the final scheduled termination date or any early termination date.

Alternatively, an Authorized Participant may direct a paired optional redemption of MACRO Holding Shares by presenting to the trustee for exchange into MACRO Holding Shares and then redemption a combination of MACRO Tradeable Shares that will constitute, following such exchange, one or more MACRO Units (each consisting of 50,000 Up-MACRO Holding Shares and 50,000 Down-MACRO Holding Shares) or a combination of MACRO Holding Shares and MACRO Tradeable Shares that will constitute, after the Tradeable Shares are exchanged, one or more MACRO Units. Consequently, the ability of an Authorized Participant to direct the redemption of any MACRO Holding Shares depends on that Authorized Participant being able to acquire and

³⁰ There is a related transaction fee of \$500 for each such exchange involving the MACRO Tradeable Shares of one of the MACRO Tradeable Trusts.

³¹ In order to be an Authorized Participant, an entity must (1) be a registered broker-dealer and a member in good standing with the National Association of Securities Dealers, Inc. ("NASD"), or a participant in the securities markets such as a bank or other financial institution that is not required to register as a broker-dealer or be a member of the NASD in order to engage in securities transactions; (2) be a participant in DTC or have indirect access to the clearing facilities of DTC by virtue of a custodial relationship with a DTC participant; (3) not be a benefit plan investor for purposes of the Employee Retirement Income Security Act of 1974; and (4) have entered into a "participation agreement" with the depositor, the administrative agent and the trustee which specifies procedures for the Paired Issuance and redemption of paired MACRO Holding Shares.

present for simultaneous redemption MACRO Holding Shares (or MACRO Tradeable Shares exchangeable for such MACRO Holding Shares) issued by both of the paired MACRO Holding Trusts in sufficient quantity to form one or more MACRO Units. The number of settlement contracts between the MACRO Holding Trusts that will be settled in connection with a paired optional redemption will be equal to the number of MACRO Units that are being redeemed on a net daily basis. Following a paired optional redemption, the trustee will record an appropriate reduction in the aggregate number of MACRO Holding Shares that are outstanding on a net daily basis.

The amount of any Final Distribution or Redemption Distribution from a MACRO Holding Trust will depend on the payments between the paired MACRO Holding Trusts under the settlement contracts being settled between them, which final payments will, in turn, be based on the underlying value (as defined below) of each MACRO Holding Trust on (i) the last Price Determination Day preceding the final scheduled termination date or early termination date, or (ii) in the case of a paired optional redemption, on the relevant Redemption Date. The underlying value on the relevant day will be calculated by reference to the ending level of the Applicable Reference Price of Crude Oil on that date. If the level of the Applicable Reference Price of Crude Oil on the relevant Price Determination Day is above its starting level, the Up-MACRO Holding Trust will be entitled to receive a final payment from the Down-MACRO Holding Trust in an amount proportional to the increase in the level of the Applicable Reference Price of Crude Oil. If the level of the Applicable Reference Price of Crude Oil on the relevant Price Determination Day is below its starting level, the Up-MACRO Holding Trust will be required to make a final payment to the Down-MACRO Holding Trust in an amount proportional to the decrease in the level of that price. The purpose of the final payments under the settlement contracts is to transfer assets between the paired MACRO Holding Trusts such that each trust has cash and Treasuries in an amount equal to its underlying value at the time of settlement.

The Final Distribution on each outstanding MACRO Holding Share on a final scheduled termination date or early termination date will equal its share of the "underlying value" (as defined below) of the corresponding MACRO Holding Trust on that date. For purposes of settling the settlement

contracts between the paired MACRO Holding Trusts and making a Final Distribution on the final scheduled termination date or an early termination date, underlying value will include the Up-MACRO earned income accrual and Down-MACRO earned income accrual for the final scheduled termination date or early termination date. Any such Final Distribution by a MACRO Holding Trust will include the cumulative earned income accruals that would have been distributed as a Quarterly Income Distribution if the final scheduled termination date or early termination date had been an ordinary Quarterly Income Distribution date. Each MACRO Tradeable Trust will receive the Final Distribution on each of the MACRO Holding Shares that it holds on deposit and will pass through that Final Distribution to holders of the corresponding MACRO Tradeable Shares, which will be considered to be redeemed.

The amount of cash and/or U.S. Treasury securities delivered in a paired optional redemption by Authorized Participants will always be equal to the combined underlying values of the paired MACRO Holding Trusts, which will consist of the sum of (i) the underlying value of the Up-MACRO Holding Trust on the relevant Redemption Date multiplied by the applicable "redemption percentage" for the Up-MACRO Holding Shares and (ii) the underlying value of the Down-MACRO Holding Trust on the relevant Redemption Date multiplied by the applicable "redemption percentage" for the Down-MACRO Holding Shares. The "redemption percentage" for these purposes is the aggregate number of MACRO Holding Shares of the relevant MACRO Holding Trust that are being redeemed, divided by the aggregate number of such MACRO Holding Shares that are outstanding prior to the redemption. If the redemption order was placed on a Quarterly Income Distribution date, the redeeming Authorized Participant will receive cash. If there was a net increase in the aggregate par amount of the paired MACRO Holding Trusts on any settlement date for a paired optional redemption, because more MACRO Units were created than redeemed, redeeming Authorized Participants will also receive their Redemption Distribution in cash out of the funds delivered to the trusts by the Authorized Participants who created shares on the same date. If any "Paired Issuances" (as described below) were effected on the settlement date for the redemption, even if there was a net decrease in the

aggregate par amount of the paired MACRO Holding Trusts, redeeming Authorized Participants will receive a portion of their Redemption Distribution in cash out of the funds delivered by the creating Authorized Participants, then from any cash on deposit in the MACRO Holding Trusts from maturing repurchase agreements, and the remaining portion of that Redemption Distribution in U.S. Treasury securities. In all other cases, redeeming Authorized Participants will receive their Redemption Distribution in connection with a paired optional redemption in U.S. Treasury securities.

Paired Issuances

At any time prior to the final scheduled termination date or an early termination date, on any day that is a Price Determination Day, an Authorized Participant may effect a Paired Issuance by directing the paired MACRO Holding Trusts to issue additional shares in a minimum number of Up-MACRO and Down-MACRO Holding Shares constituting one or more MACRO Units. If so directed, the MACRO Holding Trusts will issue on a net basis the additional paired MACRO Holding Shares to the Authorized Participant who may then sell those MACRO Holding Shares directly to qualified investors or deposit all or a portion of them into the Up-MACRO and Down-MACRO Tradeable Trusts and direct the MACRO Tradeable Trusts to issue the appropriate number of additional MACRO Tradeable Shares to it in exchange for the MACRO Holding Shares. For each additional MACRO Holding Share that is deposited into the corresponding MACRO Tradeable Trust, the MACRO Tradeable Trust will issue one additional MACRO Tradeable Share. To create one or more new MACRO Units, an Authorized Participant must place a creation order with the administrative agent at least 30 minutes before the end of trading of light sweet crude oil futures contracts by open outcry on NYMEX at 2:30 p.m. (New York City time) on any Price Determination Day ("Issuance Date"). Concurrently with any Paired Issuance, an Authorized Participant may also simultaneously create MACRO Tradeable Shares by directing the paired MACRO Holding Trusts to issue additional paired MACRO Holding Shares for deposit into the applicable MACRO Tradeable Trusts and directing one or both of the MACRO Tradeable Trusts to issue MACRO Tradeable Shares.

By 10 a.m. New York City time on the next business day after the Issuance Date, or by such other day and time as

may be specified in the Participants Agreement, the Authorized Participant must deposit into the paired MACRO Holding Trusts immediately available funds in an amount equal to the combined per share underlying value of the Up-MACRO Holding Shares and the Down-MACRO Holding Shares being created, as measured on the Issuance Date.³² The Authorized Participant must also deposit a transaction fee of \$500 for each of any: (i) Up-MACRO Holding Shares; (ii) Up-MACRO Tradeable Shares; (iii) Down-MACRO Holding Shares; and (iv) Down-MACRO Tradeable Shares being issued (for a maximum fee of \$2,000 for any Paired Issuance). By 3 p.m. New York City time on the next business day following the Issuance Date, or by such other day and time as may be specified in the Participants Agreement, the administrative agent will instruct the trustee to deliver the new shares. The trustee will also cause the paired MACRO Holding Trusts to enter into one new settlement contract between them for each new MACRO Unit that is being created. If MACRO Units are being both created and redeemed on the same day, new settlement contracts between the paired MACRO Holding Trusts will be entered into only if there is a net increase in the Up-MACRO and Down-MACRO aggregate par amounts, and existing settlement contracts between the MACRO Holding Trusts will be settled if there is a net decrease in these aggregate par amounts in order to satisfy the requirement that one settlement contract must always be outstanding for each outstanding MACRO Unit. Quarterly Income Distributions on the additional MACRO Holding Shares will be governed by the original income distribution agreement between the paired MACRO Holding Trusts.

The proportion of the funds in the Up-MACRO Holding Trust and the Down-MACRO Holding Trust will initially be 1:1 and this proportion will be maintained throughout the entire transaction by virtue of the requirement that redemptions and Paired Issuances must be done in MACRO Units composed of an equal number of Up-MACRO and Down-MACRO Holding Shares.

Underlying Value

The "underlying value" of a MACRO Holding Trust on each Price Determination Day represents the

³² The amount of funds deposited will reflect the income and the expenses of each of the MACRO Holding Trusts during the current calculation period because those amounts are included as part of the determination of the underlying value of each MACRO Holding Trust.

aggregate amount of the assets in the paired MACRO Holding Trusts to which that MACRO Holding Trust would be entitled if the settlement contracts between the MACRO Holding Trusts were settled on that day. The determination of the “underlying value” of a MACRO Holding Trust on a given Price Determination Day is calculated using the following formula, which is designed to ensure that a \$1 change in the settlement price of the Applicable Reference Price of Crude Oil will result in a \$1 change in the per share underlying value of each MACRO Holding Share:

If the “ending level” of the Applicable Reference Price of Crude Oil established and reported by NYMEX or the applicable substitute oil price provider on a Price Determination Day is above the starting level, the “underlying value” of the Up-MACRO Holding Trust will equal the sum of:

- The sum of the earned income accruals for that trust for each day that has elapsed during the current calculation period, up to and including the current Price Determination Day,
- The “investment amount” for that MACRO Holding Trust on that date, and
- The product of (i) the “investment amount” for the other paired MACRO Holding Trust on that date and (ii) the Price Level Percentage Change of the Applicable Reference Price of Crude Oil.

The same formula above will be used to calculate the “underlying value” of the Down-MACRO Holding Trust if the “ending level” of the Applicable Reference Price of Crude Oil on a Price Determination Day is below the starting level.

If the “ending level” of the Applicable Reference Price of Crude Oil on a Price Determination Day is below the starting level, the “underlying value” of the Up-MACRO Holding Trust will be calculated using the same formula, except that the third term in the above formula will be subtracted from the sum of the first two terms (instead of being added to them) and the “investment amount” used in that third term will be the value for that MACRO Holding Trust (instead of the value for the other paired MACRO Holding Trust on that date). This version of the formula in the previous statement is also applicable to the calculation of the “underlying value” of the Down-MACRO Holding Trust if the “ending level” of the Applicable Reference Price of Crude Oil on a Price Determination Day is above the starting level.

In connection with these calculations, the “investment amount” will equal, on any Quarterly Income Distribution date, the amount of cash that was actually

invested on behalf of a MACRO Holding Trust in Treasuries on that Quarterly Income Distribution date, which is required to equal the lesser of (x) the aggregate par amount of its outstanding shares and (y) all funds that the trust holds on deposit on that Quarterly Income Distribution date. The “investment amount” on any day during a calculation period (other than the Quarterly Income Distribution date) will equal the aggregate par amount of the MACRO Holding Shares of that MACRO Holding Trust that are outstanding on that day if the amount actually invested on the preceding Quarterly Income Distribution date was equal to the aggregate par amount on that date. If the amount actually invested on the last Quarterly Income Distribution date was less than the aggregate par amount, then the “investment amount” for that MACRO Holding Trust for each day of the ensuing calculation period will equal the amount that was actually invested divided by the number of MACRO Holding Shares outstanding on that Quarterly Income Distribution date, multiplied by the number of MACRO Holding Shares that are outstanding on the day on which the calculation is being made. Since the trustee, under the direction of the administrative agent, is required to invest an amount equal to the aggregate par amount in Treasuries on each Quarterly Income Distribution date in accordance with the directions of the administrative agent, the “investment amount” for that MACRO Holding Trust should be equal to the aggregate par amount, as increased and decreased by redemptions and Paired Issuances, throughout the ensuing calculation period.³³

The “Price Level Percentage Change” will equal, on any Price Determination Day, the absolute value of (i) the ending level of the Applicable Reference Price of Crude Oil on that Price Determination Day minus the starting level of the Applicable Reference Price of Crude Oil divided by (ii) the starting level. For example, if the Applicable Reference Price of Crude Oil should double from its starting level, the Price Level Percentage Change would be equal to 100% and the Up-MACRO Holding

³³ The only case in which this will not be true is if the MACRO Holding Trust’s daily fee accrual rate exceeded the daily yield rate on its Treasuries during one or more preceding calculation periods and the resulting deficiency was not made up with income realized by that MACRO Holding Trust during other preceding calculation periods following a general rise in interest rates. If a deficiency does exist during a calculation period, this deficiency will be reflected in the per share underlying value at which Authorized Participants may create and redeem the MACRO Holding Shares.

Trust would be entitled to the entire “investment amount” in the Down-MACRO Holding Trust if the settlement contracts between the paired MACRO Holding Trusts were to be settled on that day. Reaching this value (100%) would effectively “cap” any further upside gains for holders of the Up-MACRO Holding Shares and Up-MACRO Tradeable Shares based on additional increases in the Applicable Reference Price of Crude Oil.

Arbitrage

The Exchange states that market fluctuations in the price of a MACRO Tradeable Share are expected to mirror fluctuations in its per share underlying value (which will be determined by the value of the applicable futures price of light sweet crude oil), similar to the manner in which the price of an ETF share mirrors its net asset value. The Exchange states that this tracking should occur due to arbitrage opportunities that will be available to Authorized Participants if these values should move out of line, with the additional requirement that any arbitrage will require equal numbers of Up-MACRO Tradeable Shares and Down-MACRO Tradeable Shares. For example, if the market prices of the MACRO Tradeable Shares begin to trade downward away from their combined per share underlying values, Authorized Participants will take advantage of the resulting arbitrage opportunity by purchasing the undervalued MACRO Tradeable Shares, exchanging them for MACRO Holding Shares and directing a paired optional redemption at the combined per share underlying values. Conversely, if the market prices of the MACRO Tradeable Shares begin to trade upward away from their combined per share underlying values, Authorized Participants will take advantage of the resulting arbitrage opportunity by delivering cash to the trustee in the amount of the combined per share underlying values, receiving MACRO Holding Shares in a Paired Issuance, and depositing the latter into the respective MACRO Tradeable Trusts in exchange for an equal number of the overvalued MACRO Tradeable Shares, which can be sold in the market. To the extent that an Authorized Participant should choose to hold in inventory any MACRO Holding Shares or MACRO Tradeable Shares in connection with arbitrage opportunities, the Exchange states that such a position can be hedged by using the underlying light sweet crude oil futures.

In contrast to the procedures with respect to certain ETF products, the MACRO Holding Trusts will not

disseminate on a daily basis the specific holdings of each trust that correspond to the basic unit of creation—a MACRO Unit. This will not be necessary because the creation of new MACRO Holding Shares and MACRO Tradeable Shares by Authorized Participants is accomplished through the deposit of cash instead of securities. Further, the Exchange states that such disclosure is not necessary for price transparency and independent verification of the underlying value calculation because, unlike ETFs, the MACRO Shares are wholly synthetic in nature, and the financial assets whose values primarily determine the underlying value of each MACRO Holding Share and MACRO Tradeable Share (*i.e.*, light sweet crude oil futures contracts) are not actually acquired and held by the MACRO Holding Trusts. The daily fluctuations in market value of the Treasuries that are held by each MACRO Holding Trust are not part of the calculation of underlying value. The Exchange acknowledges that this value that is necessary for the end-of-day calculation of the underlying value of each MACRO Holding Trust (and the portion of that value associated with each MACRO Holding Share and MACRO Tradeable Share) is already fully transparent—the settlement price on NYMEX of the light sweet crude oil futures contract of the designated maturity.

Risk

An investment in the MACRO Holding Shares or the MACRO Tradeable Shares involves a number of risks. An investor could lose his or her entire investment in the MACRO Holding Shares or the MACRO Tradeable Shares, depending on the percentage movement up or down in the Applicable Reference Price of Crude Oil. Further, there is no guarantee as to the amount of any Quarterly Income Distribution, Redemption Distribution, or Final Distribution, and no obligation to make up Quarterly Income Distributions that are not paid due to lack of available funds. The MACRO Tradeable Shares cannot be redeemed, and the right to exchange MACRO Tradeable Shares for MACRO Holding Shares that can be redeemed is limited to Authorized Participants. Further, MACRO Holding Trusts may deliver U.S. Treasury securities instead of cash in a paired optional redemption, which could decrease the income of remaining holders of MACRO Tradeable Shares if the U.S. Treasury securities delivered have higher yields than those remaining in the trust. The return on the MACRO Tradeable Shares is also uncertain because the related trusts may terminate

early, and the return is capped due to the fact that neither MACRO Holding Trust is entitled to receive an amount greater than 100% of the assets in the other paired MACRO Holding Trust.

Prospectus Delivery

The Exchange states that each MACRO Tradeable Trust will be deemed to be a statutory underwriter of the related MACRO Holding Shares under the Securities Act and will be subject to the prospectus delivery requirements and liability provisions of the Securities Act in connection with its participation in a “distribution” of Up-MACRO Holding Shares. In connection with any Paired Issuance, the Exchange states that any Authorized Participant that creates a MACRO Unit will be deemed to be a statutory underwriter of the paired MACRO Holding Shares and the related MACRO Tradeable Shares and will be subject to the prospectus delivery requirements and liability provisions of the Securities Act. The Exchange states that dealers that are not “underwriters” but nonetheless are participating in a distribution, and thus are dealing with MACRO Holding Shares or MACRO Tradeable Shares that are part of an “unsold allotment” within the meaning of the Securities Act, would be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act. The Exchange states that Dealers unable to rely on the Section 4(3) prospectus delivery exemption will be subject to the prospectus delivery requirements of the Securities Act.

Fees and Expenses

As indicated in note 26 above, the sum of the daily fee accruals based on a rate of 1.50% (1.60% until the second anniversary of the closing date) per annum will cover the payment of all fees and expenses of each MACRO Holding Trust that will be applied against invested assets.³⁴ On each Quarterly Income Distribution date, each of the paired MACRO Holding Trusts is required to deposit the “fee deduction amount” (as defined above) into the fee payment account to be applied to the payment of the expenses and fees incurred by that MACRO Holding Trust and the related MACRO Tradeable Trust during the preceding calculation period. After first being used to pay the expenses of the trusts, which will include: (i) Registration fees; (ii) prospectus printing and delivery

expenses; (iii) trust administration expenses; and (iv) treasury settlement expenses, the remaining funds in the fee payment account will be applied to pay the fees charged by entities that provide services or license intellectual property to the trusts. These fees include: (i) The fee payable to the trustee for administering the MACRO Holding Trust and the related MACRO Tradeable Trust; (ii) the fee payable to the administrative agent for administering the Treasuries held by the MACRO Holding Trust and performing various calculations and other services on behalf of the trusts, and to the marketing agent for its marketing and distribution services; (iii) the fee payable to MacroMarkets for sublicensing to the trusts the right to reference the settlement price of the light sweet crude oil futures contract and the NYMEX name; (iv) the licensing fee payable to MacroMarkets for the use of its intellectual property related to the patented MACROs structure; (v) fees payable to the independent accountants; (vi) fees payable to the Amex for acting as listing exchange and calculation agent; and (vii) legal fees. These expenses and fees payable by each MACRO Holding Trust will accrue during each calculation period and will be payable in arrears on each Quarterly Income Distribution date out of the fee deduction amount.

To the extent that the remaining fee deduction amount after payment of expenses is insufficient to pay in full all of the fees, MacroMarkets and Claymore Securities, Inc. will reduce the fees payable to each of them by the MACRO Holding Trust. If any deficiencies in the payment of the fees and expenses of the trust continue to exist after the waiver of these fees, these deficiencies will be paid by MACRO Securities Depositor, LLC, the depositor for the trusts. If any funds remain on deposit in the fee payment account after the fees and expenses of the MACRO Holding Trust and related MACRO Tradeable Trust have been paid in full on a Quarterly Income Distribution date, the trustee will deliver these excess funds to the depositor as additional compensation.

Periodic Dissemination of Intraday Per Share Values for MACRO Tradeable Shares

During each trading day, the Amex, acting as the calculation agent, will publish to the Consolidated Tape System (“CTS”), at least every 15 seconds during the entire time that the MACRO Tradeable Shares trade on the Amex (normally 9:30 a.m. to 4:15 p.m. each Price Determination Day), an indicated value, referred to as an

³⁴ Such daily fee accruals, however, would not cover transactional costs associated with purchase, sale, redemption and creation of shares, and certain other potential liabilities such as, for example, indemnities.

Indicative Intraday Value (“IIV”), for the underlying value per share of both the Up-MACRO Tradeable Shares and the Down-MACRO Tradeable Shares. The Amex will also disseminate at least every 15 seconds the related percentage change in the Applicable Reference Price of Crude Oil. The Amex will also publish these values on its Web site. The purpose of this disclosure is to promote liquidity and intraday price transparency with respect to the underlying value per share of the MACRO Tradeable Shares. To enable this calculation, the Amex will receive real time price data from the NYMEX for the light sweet crude oil futures contract that trades on the NYMEX from two major market data vendors, from the opening of trading of the light sweet crude oil futures contract on NYMEX at 10 a.m. to the close of trading of the MACRO Tradeable Shares on the Amex at 4:15 p.m. (New York City time).

Because the NYMEX market for the light sweet crude oil futures contract will be closed for portions of the Amex trading day, the IIV calculated values will become fixed at such time as the NYMEX contract stops trading in the regular trading session.³⁵ During such time periods, however, if trading in the NYMEX light sweet crude oil futures contract is occurring on the NYMEX electronic aftermarket system, then those trades will be used to update IIV values.

The Amex will make available through its in-house systems, for use by the specialist and market makers, the IIV values distributed over the CTS. This data will also be available to Amex surveillance systems and personnel for their purposes.

Dissemination of Other Information on Price Determination Days

Pursuant to a separate calculation agency agreement with MACRO Securities Depositor, LLC, MacroMarkets and the trusts, the calculation agent will perform a number of duties for the Up-MACRO Tradeable Trust, the Up-MACRO Holding Trust, the Down-MACRO Tradeable Trust and the Down-MACRO Holding Trust. In addition to its periodic (at least every 15 seconds) calculation and dissemination of (1) the value of the percentage change in the light sweet oil futures contract of the designated maturity from the starting level of the Applicable Reference Price of Crude Oil and (2) IIVs

for the underlying value of each MACRO Holding Trust that is allocable to each Up-MACRO Tradeable Share and Down-MACRO Tradeable Share, the calculation agent will also post to its Web site by 7:15 p.m. New York City time on each Price Determination Day the following information:

- Any corrections made by NYMEX to the Applicable Reference Price of Crude Oil reported on previous Price Determination Days;³⁶ and
- The closing price of the Up-MACRO Tradeable Shares and the Down-MACRO Tradeable Shares on the Amex.

The administrative agent will maintain a Web site that is publicly accessible at no charge and will contain the following information posted by the trustee on each Price Determination Day:³⁷

- The Price Level Percentage Change of the Applicable Reference Price of Crude Oil;
- The underlying value³⁸ of the Up-MACRO Holding Trust and the per share underlying value of the Up-MACRO Holding Shares and the Up-MACRO Tradeable Shares; and
- The underlying value of the Down-MACRO Holding Trust and the per share underlying value of the Down-MACRO Holding Shares and the Down-MACRO Tradeable Shares.

Availability of Information Regarding MACRO Tradeable Shares

The depositor will prepare, in accordance with the requirements of the Act, quarterly reports on Form 10-Q, annual reports on Form 10-K, and

³⁶ As described above, a Price Determination Day is each day on which trading of the light sweet crude oil futures contract of the designated maturity occurs by open outcry on the trading floor of the NYMEX. See *supra*, discussion of Price Determination Days under “Description of the Reference Price—the Applicable Reference Price of Crude Oil.”

³⁷ The issuer has represented that all market participants will have access to this data at the same time and, therefore, no market participant will have a time advantage in using such data.

³⁸ Conceptually, the “underlying value” per share of MACRO Holding Shares and MACRO Tradeable Shares is similar to the “net asset value” that is calculated for many other securities. For MACRO securities, however, net asset value is not meaningful because the respective per share values are not determined by the total value of the assets held by each MACRO Holding Trust at any point in time. This is because assets are not transferred daily between the MACRO Holding Trusts to settle the contractual transfer obligations between them. For example, transfers of “principal” between the MACRO Holding Trusts only take place in connection with paired optional redemptions or upon termination of the trusts. The underlying value, however, takes into account the value of each MACRO Holding Trust as if the settlement contracts between the trusts were settled on that date by the transfer of assets, reflecting the obligations of the trusts to each other based on the Applicable Reference Price of Crude Oil on that date.

current reports on Form 8-K, containing information about the MACRO Holding Trusts and the MACRO Tradeable Trusts. The depositor will file such reports with the Commission and the trustee will send copies to Cede & Co., as nominee of the Depository Trust Company (“DTC”), any other registered holder of the MACRO Tradeable Shares or the MACRO Holding Shares, and such other parties as may be specified in the trust agreements. DTC forwards these reports to its participants, and shareholders may obtain copies by contacting their brokers. The annual reports will include financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

The Form 10-Q reports will include the following information as of each Quarterly Income Distribution date:

- The aggregate par amount of the outstanding MACRO Tradeable Shares of each of the MACRO Tradeable Trusts;
- The aggregate par amount of the outstanding MACRO Holding Shares of each of the MACRO Holding Trusts;
- The underlying value of each of the MACRO Holding Trusts and the portion of that underlying value that is allocable to each of the related MACRO Holding Shares, in each case, prior to any Quarterly Income Distributions being made on that Quarterly Income Distribution date;
- The amount of income realized on the Treasuries in each of the MACRO Holding Trusts and the amount of fees accrued for each trust;
- The amount, if any, by which the aggregate par amount exceeds the asset amount for either of the MACRO Holding Trusts;
- The available income, if any, in each of the MACRO Holding Trusts, and the available income allocable to each related MACRO Holding Share;
- The payments to be made by one of the MACRO Holding Trusts under the income distribution agreement between the MACRO Holding Trusts and the amount of cash and/or Treasuries delivered under any settlement contracts between the MACRO Holding Trusts that were settled since the preceding Quarterly Income Distribution date, in the aggregate and per share;
- The number of MACRO Holding Shares issued in Paired Issuances, and the number of MACRO Holding Shares redeemed in paired optional redemptions during the preceding calculation period, as well as the amount of cash and U.S. Treasury securities delivered in such paired optional redemptions, in the aggregate and per share;

³⁵ The IIV calculated value between the opening of trading of the MACRO Tradeable Shares on the Amex at 9:30 a.m. and the opening of trading of the light sweet crude oil futures contract on NYMEX at 10 a.m. (New York City time) will be based on the final price from the prior trading day.

- The Quarterly Income Distribution to be made by each MACRO Holding Trust on that Quarterly Income Distribution date, in the aggregate and per share, for both the related MACRO Holding Shares and the MACRO Tradeable Shares; and

- If the Quarterly Income Distribution date is the final scheduled termination date, an early termination date, or a Redemption Date, the Final Distribution or Redemption Distribution, as the case may be, to be made by each MACRO Holding Trust on that Quarterly Income Distribution date, in the aggregate and per share, for both the related MACRO Holding Shares and the MACRO Tradeable Shares.

Termination Triggers

On the Quarterly Income Distribution date following the occurrence of any of the following events ("Termination Triggers"), such date being an "early termination date," the trustee will cause the MACRO Holding Trusts to settle all of the settlement contracts between the paired MACRO Holding Trusts and then declare a Final Distribution in redemption of all of the outstanding MACRO Holding Shares, based on the underlying value of each MACRO Holding Trust on the Price Determination Day preceding the early termination date. This underlying value may be higher or lower than the underlying value at the time when the Termination Trigger occurred, which is one of the risks to investors of early termination. The portion of the Final Distribution received by each MACRO Tradeable Trust (based on the MACRO Holding Shares held by that trust) will be passed through to the holders of the corresponding MACRO Tradeable Shares. Following this Final Distribution, the MACRO Holding Shares and MACRO Tradeable Shares will be considered to be redeemed in full and will cease to be outstanding. The Termination Triggers are:

- Any of the following circumstances persisting for five (5) consecutive business days: (i) The Applicable Reference Price of Crude Oil is not established by NYMEX or the substitute oil price provider; (ii) NYMEX or such substitute oil price provider refuses to make that price available to the administrative agent for the purpose of calculating underlying value; or (iii) (a) NYMEX terminates the license it has granted to MacroMarkets to use and sublicense certain of its futures prices or does not agree to a renewal thereof after the expiration of its initial 5-year term, and the depositor and MacroMarkets are unable to enter into a substitute licensing agreement with the Dow Jones

Energy Service or (b) in the event that the depositor and MacroMarkets have already entered into a substitute licensing agreement with the Dow Jones Energy Service or another substitute oil price provider, such substitute oil price provider terminates that license and, in the case of either (a) or (b), the beneficial owners of the MACRO Holding Shares do not select a substitute oil price provider or the depositor and MacroMarkets are unable to enter into a substitute licensing agreement with the substitute oil price provider that was selected by these beneficial owners;

- The Applicable Reference Price of Crude Oil rises to or above 185% of the starting level or falls to or below 15% of the starting level and, in either case, remains at that level for three (3) consecutive Price Determination Days;

- A MACRO Tradeable Trust or a MACRO Holding Trust becomes required to register as an investment company under the 1940 Act;
- A MACRO Tradeable Trust or a MACRO Holding Trust is adjudged by a court having competent jurisdiction to be bankrupt or insolvent; or such court grants an order for relief or approves as properly filed a petition seeking reorganization, arrangement, adjustment or composition under the Bankruptcy Code or any other applicable law, or appointing a receiver, liquidator, assignee or sequestrator of any such trust or of any substantial part of its property, or ordering the winding up or liquidation of its affairs; or any such trust commences a voluntary case or proceeding under the Bankruptcy Code or any other applicable law, or an involuntary case or proceeding is commenced against any such trust, seeking any of the foregoing and such case or proceeding continues undismissed or unstayed and in effect for 90 consecutive days (in which case any payments under the income distribution agreement and the settlement contracts between the paired MACRO Holding Trusts and any Quarterly Income Distribution, Redemption Distribution or Final Distribution to be made by either of the MACRO Holding Trusts, or passed through on the MACRO Tradeable Shares by the related MACRO Tradeable Trust, may be subject to delays pending the resolution of bankruptcy proceedings);

- A MACRO Tradeable Trust or a MACRO Holding Trust becomes a commodities pool that is regulated under the Commodity Exchange Act;
- DTC becomes unwilling or unable to act as the depository under the trust agreements and no suitable replacement

is willing and able to assume those duties;

- The administrative agent resigns or is unable to perform its duties or becomes bankrupt or insolvent, and no suitable replacement is willing and able to assume those duties;

- The depositor elects to terminate a MACRO Holding Trust, and 66⅔% of the beneficial owners of both MACRO Holding Trusts, each voting as a separate class, consent to such termination; or

- The "investment amount" (as defined above) for either MACRO Holding Trust is reduced to fifty (50) million dollars or a lesser amount after previously reaching an amount equal to two hundred (200) million dollars or the failure to reach an amount equal to two hundred (200) million dollars within a period of six (6) months following the closing date and the depositor elects to terminate a MACRO Holding Trust.

The administrative agent will be responsible for monitoring the occurrence of Termination Triggers that are related to a specified increase or decrease in the Applicable Reference Price of Crude Oil and the failure by NYMEX or the applicable oil price provider to establish the Applicable Reference Price of Crude Oil or its refusal to make it available to the administrative agent. The administrative agent must notify the depositor and the trustee of any of these occurrences. The trustee will be responsible for notifying the depositor and the administrative agent of the occurrence of the Termination Triggers described in the third through fifth bullet points above.

Criteria for Initial and Continued Listing

The MACRO Tradeable Shares will be subject to the criteria in proposed Amex Rule 1402 for initial and continued listing of Paired Trust Shares. The proposed continued listing criteria provides for the delisting or removal from listing of the Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares, as the case may be, under any of the following circumstances:

- Following the initial twelve month period from the date of commencement of trading of the Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares: (i) If the corresponding MACRO Tradeable Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of the Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares for 30 or more consecutive trading days; (ii) if the corresponding MACRO Tradeable Trust

has fewer than 50,000 Up-MACRO Tradeable Shares or Down-MACRO Tradeable Shares issued and outstanding; or (iii) if the combined market value of all Up-MACRO Tradeable Shares and Down-MACRO Tradeable Shares together is less than \$1,000,000;

- If the intraday level of the Applicable Reference Price of Crude Oil is no longer calculated or available on at least a 15-second delayed basis on the Amex Web site during the time the MACRO Tradeable Shares trade on the Amex from a source unaffiliated with the depositor, the custodian, MacroMarkets, a MACRO Holding Trust, a MACRO Tradeable Trust or the Exchange;

- If the underlying value of the corresponding MACRO Holding Trust is not made available on the administrative agent's publicly accessible Web site on a daily basis to all market participants at the same time;

- If the intraday indicative value of the underlying value of each Up-MACRO Tradeable Share or Down-MACRO Tradeable Share, as the case may be, is no longer made available on at least a 15-second delayed basis through CTS during the time the Tradeable Shares trade on the Amex;

- If a benchmark other than the light sweet crude oil futures contract traded on the NYMEX is selected for the determination of the Applicable Reference Price of Crude Oil, unless the Exchange files with the Commission a related proposed rule change pursuant to Rule 19b-4 seeking approval to continue trading the MACRO Tradeable Shares and such rule change is approved by the Commission;³⁹ or

- If such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable.

It is anticipated that a minimum of 150,000 Up-MACRO Tradeable Shares and 150,000 Down-MACRO Tradeable Shares will be required to be outstanding at the start of trading. It is anticipated that the initial price of an Up-MACRO Tradeable Share and a Down-MACRO Tradeable Share will each be approximately \$60 per share, or the price of a barrel of light sweet crude oil on the last Price Determination Day prior to the closing date. The Exchange believes that the anticipated minimum number of MACRO Tradeable Shares outstanding at the start of trading is sufficient to provide adequate market

³⁹ In the event the Exchange believes that a change in the benchmark or pricing source for the Applicable Reference Price of Crude Oil is only temporary, the Exchange may contact the Commission staff to discuss the matter.

liquidity and to further the objective of providing a simple and cost effective means of making an investment that is similar to an investment in light sweet crude oil.

The Exchange represents that it prohibits the initial and/or continued listing of any security that is not in compliance with Rule 10A-3 under the Act.⁴⁰

Original and Annual Listing Fees

The Amex original listing fee applicable to the listing of the MACRO Tradeable Shares is \$5,000 for the Up-MACRO Tradeable Shares and \$5,000 for the Down-MACRO Tradeable Shares. In addition, the annual listing fee applicable under Section 141 of the Amex Company Guide will be based upon the year-end aggregate number of shares in all series of MACRO Tradeable Shares (including series based on other Reference Prices) outstanding at the end of each calendar year.

Disclosure

The Exchange, in an "Information Circular" (described below) to Exchange members and member organizations, will inform members and member organizations, prior to commencement of trading, of the prospectus delivery requirements applicable to the MACRO Tradeable Shares. The issuing MACRO Tradeable Trust will deliver a prospectus to investors who purchase such newly issued MACRO Tradeable Shares.

Exchanges of MACRO Tradeable Shares; Paired Issuances and Paired Optional Redemptions of MACRO Holding Shares in MACRO Unit Aggregations

In the Information Circular (described below), members and member organizations will be informed that procedures for exchanges of MACRO Tradeable Shares for the underlying MACRO Holding Shares and for Paired Issuances and paired optional redemptions of MACRO Holding Shares are described in the Prospectus and that MACRO Holding Shares are issuable and redeemable only in MACRO Units and only by Authorized Participants.

Trading Rules

MACRO Tradeable Shares are equity securities subject to Amex Rules governing the trading of equity securities, including, among others, rules governing priority, parity and precedence of orders, specialist responsibilities and account opening and customer suitability (Amex Rule

411). Initial equity margin requirements of 50% will apply to transactions in MACRO Tradeable Shares. MACRO Tradeable Shares will trade on the Amex from 9:30 a.m. until 4:15 p.m. New York time each business day and will trade in a minimum price variation of \$0.01 pursuant to Amex Rule 127. Trading rules pertaining to odd-lot trading in Amex equities (Amex Rule 205) will also apply.

Amex Rule 154, Commentary .04(c) provides that stop and stop limit orders to buy or sell a security (other than an option, which is covered by Amex Rule 950(f) and Commentary thereto) the price of which is derivatively priced based upon another security or index of securities, may with the prior approval of a Floor Official, be elected by a quotation, as set forth in Commentary .04(c) (i-v). The Exchange has designated MACRO Tradeable Shares as eligible for this treatment.⁴¹

MACRO Tradeable Shares will be deemed "Eligible Securities," as defined in Amex Rule 230, for purposes of the Intermarket Trading System Plan and therefore will be subject to the trade through provisions of Amex Rule 236 which require that Amex members avoid initiating trade-throughs for ITS securities. Specialist transactions in MACRO Tradeable Shares, as an Authorized Participant, made in connection with the creation of MACRO Tradeable Shares and the exchange of MACRO Tradeable Shares for MACRO Holding Shares will not be subject to the prohibitions of Amex Rule 190.⁴² Unless exemptive or no-action relief is available, MACRO Tradeable Shares will be subject to the short sale rules, and other rules, under the Act. If exemptive or no-action relief is provided, the Exchange will issue a notice detailing the terms of the exemption or relief. The MACRO Tradeable Shares will generally be subject to the Exchange's stabilization rule, Amex Rule 170.

The adoption of proposed Amex Rule 1403 relating to certain specialist prohibitions will address potential conflicts of interest in connection with acting as a specialist in Paired Trust Shares. Specifically, proposed Amex Rule 1403 provides that the prohibitions in Amex Rule 175(c) apply to a specialist in Paired Trust Shares so that the specialist or affiliated person may not act or function as a market maker in

⁴¹ See Securities Exchange Act Release No. 29063 (April 10, 1991), 56 FR 15652 (April 17, 1991) (SR-Amex-90-31) at note 9, regarding the Exchange's designation of equity derivative securities as eligible for such treatment under Amex Rule 154, Commentary .04(c).

⁴² See Commentary .05 to Amex Rule 190.

⁴⁰ See Rule 10A-3(c)(7).

an asset, commodity or other economic interest underlying the Reference Price, options, related futures or options on futures, or any other related derivatives. An affiliated person of the specialist consistent with Amex Rule 193 may be afforded an exemption to act in a market making capacity on another market center, other than as a specialist in the asset, commodity or other economic interest underlying the Reference Price, options, related futures or options on futures, or any other related derivatives. In particular, proposed Amex Rule 1403 provides that an approved person of an equity specialist that has established and obtained Exchange approval for procedures restricting the flow of material, non-public market information between itself and the specialist member organization, and any member, officer, or employee associated therewith, may act in a market making capacity, other than as a specialist in Paired Trust Shares on another market center, in the asset, commodity or other economic interest underlying the Reference Price, options, related futures or options on futures, or any other related derivatives.

Adoption of proposed Amex Rule 1404 will also ensure that specialists handling the Paired Trust Shares provide the Exchange with all the necessary information relating to their trading in the asset, commodity or other economic interest underlying the Reference Price, options, related futures or options on futures, or any other related derivatives. As a general matter, the Exchange has regulatory jurisdiction over its members, member organizations and approved persons of a member organization. The Exchange also has regulatory jurisdiction over any person or entity controlling a member organization as well as a subsidiary or affiliate of a member organization that is in the securities business.

The MACRO Tradeable Shares will be registered in book entry form through DTC in the United States or with Clearstream Banking, societe anonyme or Euroclear Bank S.A./NV in Europe. Trading in MACRO Tradeable Shares will be effected until 4:15 p.m. New York time each business day. The minimum trading increment for such shares will be \$.01

Trading Halts

Prior to the commencement of trading, the Exchange will issue an Information Circular (described below) to members informing them of, among other things, Exchange policies regarding trading halts in MACRO Tradeable Shares. First, the circular will advise that trading will be halted in the

event the market volatility trading halt parameters set forth in Amex Rule 117 have been reached. Second, with respect to a halt in trading that is not specified above, the Exchange may also consider other relevant factors and the existence of unusual conditions or circumstances that may be detrimental to the maintenance of a fair and orderly market. During any trading halt in MACRO Tradeable Shares, the underlying light sweet crude oil futures contracts are expected to continue to trade on the NYMEX because the NYMEX does not provide for trading halts in these contracts.

In the event that: (a) The underlying value of each MACRO Holding Trust or the per share underlying values of each of the Up-MACRO Holding Shares, the Up-MACRO Tradeable Shares, the Down-MACRO Holding Shares or the Down-MACRO Tradeable Shares are not disseminated daily to all market participants at the same time, (b) the IIV, updated at least every fifteen (15) seconds on the CTS, for the underlying value per share of both the Up-MACRO Tradeable Shares and the Down-MACRO Tradeable Shares is no longer calculated or available during the time the MACRO Tradeable Shares trade on the Amex, or (c) the price of the NYMEX light sweet crude oil futures contract is no longer available at least every fifteen (15) seconds on the Amex Web site during the time the MACRO Tradeable Shares trade on the Amex⁴³ (e.g., due to a temporary disruption in connection with either the pricing of the light sweet crude oil futures contract on the NYMEX or the transmission of real time price data from the NYMEX), then the Exchange will halt trading.⁴⁴ However, in the case of (b) or (c) involving interruption to the required dissemination of IIVs or futures contract prices, the Exchange may consider relevant factors and exercise its discretion regarding the halt or suspension of trading during the day in which the interruption to the dissemination of the IIVs or the futures contract prices occurs. If the interruption to the dissemination of the IIVs or the futures contract prices

⁴³ Trading in the MACRO Tradeable Shares will not be halted on the Amex, however, simply because price data from the NYMEX based on current trading is not available outside the normal open outcry trading hours of light sweet crude oil futures contracts on the NYMEX from 10 a.m. to 2:30 p.m., New York City time. During those daily periods, from 9:30 a.m. to 10 a.m. and from 2:30 p.m. to 4:15 p.m. (New York City time), the IIVs disseminated by the Amex will be based on "stale" data.

⁴⁴ In each of these circumstances, the Exchange may contact the Commission staff to discuss the matter.

persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

Suitability

The Information Circular (described below) will inform members and member organizations of the characteristics of the MACRO Tradeable Shares and of applicable Exchange rules, as well as of the requirements of Amex Rule 411 (Duty to Know and Approve Customers).

The Exchange notes that pursuant to Amex Rule 411, members and member organizations are required in connection with recommending transactions in the MACRO Tradeable Shares to have a reasonable basis to believe that a customer is suitable for the particular investment given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such member.

Information Circular

The Amex will distribute an Information Circular to its members in connection with the trading of MACRO Tradeable Shares. The Information Circular will discuss the special characteristics and risks of trading this type of security. Specifically, the Information Circular, among other things, will discuss what the MACRO Tradeable Shares are, how they are created and exchanged for MACRO Holding Shares by Authorized Participants, the requirement that members and member firms deliver a prospectus to investors purchasing the MACRO Tradeable Shares prior to or concurrently with the confirmation of a transaction, applicable Amex rules, dissemination of information regarding the "underlying value" of each paired MACRO Holding Trust and the share of that "underlying value" allocable to one Up-MACRO Holding Share, one Up-MACRO Tradeable Share, one Down-MACRO Holding Share and one Down-MACRO Tradeable Share, trading information and applicable suitability rules. The Information Circular will also explain that the MACRO Holding Trusts and the MACRO Tradeable Trusts are subject to various fees and expenses described in the Registration Statement. The Information Circular will also reference the fact that the Securities and Exchange Commission has no jurisdiction over the trading of the NYMEX light sweet crude oil futures contract.

The Information Circular will also notify members and member organizations about the procedures for

purchases and paired optional redemptions of the MACRO Holding Shares held in the MACRO Tradeable Trusts, which may only be effected in MACRO Units by Authorized Participants. The Information Circular will advise members of their suitability obligations with respect to recommended transactions to customers in the MACRO Tradeable Shares. The Information Circular will also discuss any relief, if granted, by the Commission or the staff from any rules under the Act.

Surveillance

Exchange surveillance procedures applicable to trading in the proposed MACRO Tradeable Shares will be similar to those applicable to trust issued receipts, Portfolio Depository Receipts and Index Fund Shares currently trading on the Exchange. The AMEX surveillance systems use data published over CTS (e.g., the IIVs) in its normal course of business. In the event this group needs additional information to audit transactions in MACRO Tradeable Shares, the NYMEX and Amex have executed an information sharing agreement to support the surveillance responsibilities of the two exchanges.

2. Statutory Basis

The Amex believes that the proposed rule change, as amended, is consistent with the requirements of Section 6(b) of the Act⁴⁵ in general, and furthers the objectives of Section 6(b)(5),⁴⁶ of the Act in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

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

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

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

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve such proposed rule change, as amended, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

The Commission is considering granting accelerated approval of the proposed rule change at the end of a 15-day comment period.⁴⁷

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 amended, 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 e-mail to rule-comments@sec.gov. Please include File Number SR-Amex-2006-82 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-Amex-2006-82. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements

⁴⁷ The Amex has requested accelerated approval of this proposed rule change prior to the 30th day after the date of publication of the notice of the filing thereof, following the conclusion of a 15-day comment period. Telephone conference among Brian Trackman and Michou H.M. Nguyen, Special Counsels, Division of Market Regulation, Commission, and William Love, Associate General Counsel, Exchange, on October 25, 2006.

with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing also will be available for inspection and copying at the principal office of the Amex. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Amex-2006-82 and should be submitted on or before November 17, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁴⁸

Jill M. Peterson,

Assistant Secretary.

[FR Doc. E6-18478 Filed 11-1-06; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54657; File No. SR-CHX-2006-29]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Participant Fees and Credits

October 26, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 29, 2006, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") 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 by the CHX. On October 20, 2006, the CHX filed Amendment No. 1 to the proposed rule change.³ The CHX has designated this

⁴⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 made technical changes to correct the marking of the proposed rule text and made clarifying changes to the discussion in the purpose section. Amendment No. 1 made no changes to the proposed fees as set forth in the original filing.

⁴⁵ 15 U.S.C. 78f(b).

⁴⁶ 15 U.S.C. 78f(b)(5).