



REGULATORY CIRCULAR (05-05)

To: All Members

From: John Boese

Date: March 29, 2005

Re: streetTRACKS® Gold Shares (GLD)

The Securities and Exchange Commission has granted approval to BSE Rule Proposal 2004-54, which permits BSE specialists to trade the streetTRACKS® Gold Shares (symbol: GLD) (the “Shares”). If you wish to become the primary specialist in this security, please submit an application by the close of business on Thursday, March 31, 2005.

The purpose of this memorandum is to outline various rules and policies that will be applicable to trading in this new product, including certain exemptive, interpretive and no-action positions taken by the Securities and Exchange Commission (“SEC”), as well as to highlight the characteristics and risk of the Shares. For a more complete description of the streetTRACKS® Gold Trust (the “Trust”), the Shares and the gold market, visit www.streetTRACKS.com or consult the Trust’s prospectus.

Background Information on streetTRACKS® Gold Shares

World Gold Trust Services, LLC, a Delaware limited liability company (the “Sponsor”), is the sponsor of the Trust. The Sponsor is wholly owned by the World Gold Council, a not-for-profit association registered under Swiss law. The Bank of New York, a New York banking corporation with trust powers, is the trustee of the Trust (the “Trustee”). HSBC Bank USA, a New York banking corporation, is the custodian of the Trust (the “Custodian”). State Street Global Markets LLC, a wholly owned subsidiary of State Street Corporation, will act as marketing agent of the Trust (the “Marketing Agent”). The Marketing Agent is a registered broker-dealer with the SEC. UBS Securities LLC is to be the purchaser of the underwritten Shares (the “Purchaser”). The Sponsor, Trustee, Custodian, Purchaser and Marketing Agent are not affiliated with the NYSE.

According to the Trust’s prospectus, the investment objective of the Trust is for the Shares to reflect the performance of the price of gold bullion, less the Trust’s expenses.

Description of the Trust and the Shares

The Trust is not a registered investment company under the Investment Company Act of 1940 but, as more specifically explained below, will be subject generally to the Exchange rules and policies applicable to Investment Company Units (also known as exchange-traded funds or ETFs). As a passive business organization, the Trust is not subject to the BSE's corporate governance requirements, including the audit committee requirements.

According to the Trust's prospectus, the Trust's assets will consist primarily of gold bullion which will be used to pay the Trust's expenses. Because the Trust will use the gold bullion it holds to pay its expenses, the Shares comprising a Basket (as defined below) will represent a decreasing amount of gold over time, and the number of troy ounces of gold required to create a Basket or to be delivered upon a redemption of a Basket will also decrease over time. A description of the Trust's fees and expenses may be found in the Trust's prospectus.

According to the Trust's prospectus, the Shares represent units of fractional undivided beneficial interest in and ownership of the Trust. The Shares will be issued from time to time only in groups of 100,000 Shares or more, principally in exchange for gold bullion (and if applicable, a specified cash payment). These groups of Shares are referred to as "Baskets" in the Trust's prospectus. Similarly, the Trust will redeem Shares only in Baskets, principally in exchange for gold bullion (and if applicable, a specified cash payment). According to the prospectus, the Sponsor anticipates that a cash payment ordinarily will not be required for the creation or redemption of Baskets. The Trust will issue and redeem Shares only in Baskets or multiples thereof. Shares will be issued at the net asset value ("NAV") per share determined after an order is properly received.

Creation and Redemption Process

According to the Trust's prospectus, creations and redemptions must be made through "Authorized Participants." Authorized Participants are DTC participants who are registered broker-dealers or other securities market participants, such as a bank or other financial institution not required to register as a broker-dealer to engage in securities transactions. In each case, the Authorized Participant must have executed an agreement with the Trustee with respect to creations and redemptions of Baskets and an agreement with the Custodian establishing an account to be used for gold bullion transactions with the Trust. Settlement and redemption of the Shares ordinarily will occur on T+3. Additional information about the procedures regarding creation, redemption and settlement of Baskets is included in the Trust's prospectus.

Availability of Information Regarding Gold Prices

Currently, the Consolidated Tape Plan does not provide for the dissemination of the spot price of a commodity, such as gold, but the last sale price for the Shares will be carried over the Tape. Gold pricing information based on the spot price for a troy ounce of gold is also available on a 24-hour basis from various financial information service providers. In addition, the Trust's website (www.streetTRACKS.com) will provide at no charge, on

a virtual real-time basis, continuously updated bids and offers indicative of the spot price of gold, as well as the intraday indicative value per Share and NAV of the Trust.

The global OTC market has no formal structure or centralized exchange, although segments of the market are overseen and regulated by both governmental and self-regulatory organizations. In addition, certain trade associations have established rules and protocols for market practices and participants. In the U.S., no government body or independent agency, including the BSE, has formal responsibility for the regulation of trading in the U.S. OTC gold market. Thus, there is no regulated source of “last sale” information regarding physical gold, and in particular, the SEC and the BSE have no jurisdiction over the trading of gold as a physical commodity. However, participants in the OTC gold market (such as banks and other financial institutions) are generally regulated by the regulators (such as the Office of the Comptroller of the Currency) which regulate their activities in the other markets in which they operate.

Risk Factors to Investing in the Shares

An investment in the Shares carries certain risks. The following specific risks are taken from and discussed in more detail in the Trust’s prospectus. The BSE advises members to read the risk factors set forth in the Trust’s prospectus carefully.

- The value of the Shares relates directly to the value of the gold held by the Trust and fluctuations in the price of gold could materially adversely affect an investment in the Shares.
- The Shares may trade at a price which is at, above or below the NAV per Share and any discount or premium in the trading price relative to the NAV per Share may widen as a result of non-concurrent trading hours between the COMEX and the BSE.
- The sale of gold by the Trust to pay expenses will reduce the amount of gold represented by each Share on an ongoing basis irrespective of whether the trading price of the Shares rises or falls in response to changes in the price of gold.
- When the fee reduction terminates or expires, the estimated ordinary expenses payable by the Trust may increase, thus reducing the NAV of the Trust more rapidly and adversely affecting an investment in the Shares.
- The sale of the Trust’s gold to pay expenses at a time of low gold prices could adversely affect the value of the Shares.
- Purchasing activity in the gold market associated with the purchase of Baskets from the Trust may cause a temporary increase in the price of gold. This increase may adversely affect an investment in the Shares.
- As the Sponsor and its management have no history of operating an investment vehicle like the Trust, their experience may be inadequate or unsuitable to manage the Trust.
- The Shares are a new securities product and their value could decrease if unanticipated operational or trading problems arise.
- Shareholders will not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act of 1940 or the protections afforded by the Commodity Exchange Act of 1936.
- The Trust may be required to terminate and liquidate at a time that is disadvantageous

to Shareholders.

- The lack of a market for the Shares may limit the ability of Shareholders to sell the Shares.
- The operations of the Trust and the Sponsor depend on support from the World Gold Council. This support may not be available in the future and, if such support is not available, the operations of the Trust may be adversely affected.
- Shareholders will not have the rights enjoyed by investors in certain other vehicles.
- An investment in the Shares may be adversely affected by competition from other methods of investing in gold.
- Crises may motivate large-scale sales of gold which could decrease the price of gold and adversely affect an investment in the Shares.
- Substantial sales of gold by the official sector could adversely affect an investment in the Shares.
- A widening of interest rate differentials between the cost of money and the cost of gold could negatively affect the price of gold which, in turn, could negatively affect the price of the Shares.
- The Trust's gold may be subject to loss, damage, theft or restriction on access.
- The Trust may not have adequate sources of recovery if its gold is lost, damaged, stolen or destroyed and recovery may be limited, even in the event of fraud, to the market value of the gold at the time the fraud is discovered.
- Gold bullion allocated to the Trust in connection with the creation of a Basket may not meet the London Good Delivery Standards and, if a Basket is issued against such gold, the Trust may suffer a loss.
- Because neither the Trustee nor the Custodian oversees or monitors the activities of subcustodians who may hold the Trust's gold, failure by the subcustodians to exercise due care in the safekeeping of the Trust's gold could result in a loss to the Trust.
- The ability of the Trustee and the Custodian to take legal action against subcustodians may be limited, which increases the possibility that the Trust may suffer a loss if a subcustodian does not use due care in the safekeeping of the Trust's gold.
- Gold held in the Trust unallocated account and any Authorized Participant's unallocated gold account will not be segregated from the Custodian's assets. If the Custodian becomes insolvent, its assets may not be adequate to satisfy a claim by the Trust or any Authorized Participant. In addition, in the event of the Custodian's insolvency, there may be a delay and costs incurred in identifying the bullion held in the Trust's allocated gold account.
- In issuing Baskets, the Trustee will rely on certain information received from the Custodian which is subject to confirmation after the Trustee has relied on the information. If such information turns out to be incorrect, Baskets may be issued in exchange for an amount of gold which is more or less than the amount of gold which is required to be deposited with the Trust.
- The Trust's obligation to reimburse the Purchaser, the Marketing Agent and the Authorized Participants for certain liabilities in the event the Sponsor fails to indemnify the Purchaser, the Marketing Agent or the Authorized Participants could adversely affect an investment in the Shares.
- Competing claims over ownership of intellectual property rights related to the Trust could adversely affect the Trust and an investment in the shares.

- If the Marketing Agent and the World Gold Council do not conclude an international marketing agent agreement within 60 days of the effectiveness of the registration statement of which the prospectus forms a part, the Sponsor may terminate the Marketing Agent Agreement and the services of the Marketing Agent. This could affect the performance of the services provided by the Marketing Agent and would terminate the obligation of the Sponsor to reduce its fees under certain circumstances.

Exchange Rules Applicable to the Trading of the Shares

The Shares are considered “securities” under Exchange Rule 3 and are subject to all applicable trading rules.

The Exchange has adopted new Chapter XXIV-C (“streetTRACKS® Gold Shares”) to deal with issues related to the trading of the Shares. All provisions of the Constitution and Rules of the Exchange are applicable to the trading of the Shares on the Exchange, including, but not limited to:

- Chapter I, Section 3 (definitions of “Orders”),
- Chapter II, Section 36 (“Specialist Member Organization Affiliated with an Approved Person”),
- Chapter XV (“Specialists”),
- Chapter II, Section 24 (“Report of Options Relating to Listed Securities”),
- Chapter II, Section 15 (“Record of Orders from Offices to Floor”),
- Chapter XXXIII, Section 2 (“Order Entry”).

As part of new Chapter XXXIV-C, the Exchange has adopted new Section 2 (“Equity Gold Shares: Securities Accounts and Orders of Specialists”) to ensure that specialists handling the Shares provide the Exchange with all necessary information relating to their trading in physical gold and in gold futures contracts and options thereon or any other gold derivative. The Exchange has also entered into a Memorandum of Understanding with the NYMEX.

Hours of Trading

Trading in the Shares will be until 4:15 p.m.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations and NYSE Rules

The SEC has issued exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934, as amended (the “Exchange

Act”), regarding trading in the Shares, which is summarized below. As this is only a summary of the relief granted by the SEC, the Exchange also advises interested members to consult the Letter from James A. Brigagliano, Esq., Assistant Director, Division of Market Regulation, to Kathleen H. Moriarty, Esq., Carter, Ledyard & Milburn, dated November 17, 2004 (File No. TP 04-21) (regarding the trading of streetTRACKS® Gold Trust) for more complete information regarding the trading practices relief granted by the SEC. In addition, the Exchange has taken an interpretive position with respect to its short sale rule.

- Short Sale Rules. Transactions in the Shares will not be subject to “tick” requirements of the short sale rule of the Commission (Rule 10a-1) or the Exchange. Short orders must be marked SHORT or SHORT EXEMPT.
- Regulation M Exemptions. Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits any “distribution participant” and its “affiliated purchasers” from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The SEC has granted an exemption from paragraph (d) of Rule 101 under Regulation M to permit persons who may be deemed to be participating in a distribution of Shares to bid for or purchase Shares during their participation in such distribution. The SEC also has granted an exemption from paragraph (d) of Rule 101 under Regulation M to permit the Marketing Agent to publish certain market-related information and research on the Trust’s website.

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder. Rule 100 of Regulation M defines “distribution” to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods. The SEC has granted an exemption from paragraph (e) of Rule 102 to permit the Trust and affiliated purchasers to redeem Shares during the continuous offering of the Shares.

- Section 11(d)(1) of the Exchange Act; Exchange Act Rule 11d1-2. Section 11(d)(1) of the Exchange Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he or she participated as a member of a selling syndicate or group within thirty days prior to such transaction.

The SEC has taken a no-action position under Section 11(d)(1) of the Exchange Act if broker-dealers (other than the Marketing Agent) that do not create or redeem Shares but engage in both proprietary and customer transactions in Shares exclusively in the secondary market extend or maintain or arrange for the extension or maintenance of credit on Shares in connection with such secondary market transactions. The SEC has also taken a no-action position under Section 11(d)(1) of the Exchange Act that broker-dealers (other than the Marketing Agent) may treat Shares of the Trust, for purposes of Rule 11d1-2, as “securities issued by a registered . . . open-end investment company as defined in the Investment Company Act” and thereby, extend credit or maintain or arrange for the extension or maintenance of credit on the Shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

Due Diligence

Before a member, member organization, allied member or employee thereof recommends a transaction in the Shares, such person must exercise due diligence to learn the essential facts relative to the customer pursuant to Chapter VII, Section 1, (“Improper Margin Transactions Prohibited – Investigations of Accounts”), and must determine that the recommendation complies with all other applicable Exchange and Federal rules and regulations. A person making such recommendation should have a reasonable basis for believing, at the time of making the recommendation, that the customer has sufficient knowledge and experience in financial matters that he or she may reasonably be expected to be capable of evaluating the risks and any special characteristics of the recommended transaction, and is financially able to bear the risks of the recommended transaction.

Trading Halts

In order to halt the trading of the Shares, the Exchange may consider, among other things, factors such as the extent to which trading is not occurring in gold or whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Shares is subject to trading halts caused by extraordinary market volatility pursuant to Chapter II, Section 34A (“Trading Halts Due to Extraordinary Market Volatility”).

Prospectus Delivery

Members are advised to consult the section entitled “Plan of Distribution” in the Trust’s prospectus with respect to the prospectus-delivery requirements relating to the Shares.

Surveillance

The Exchange’s surveillance procedures applicable to equity securities will be used for the Shares.

If there are any questions regarding the Shares, please contact me at extension 2096.