

TEMPLETON EMERGING MARKETS FUND  
Form 40-17F2  
October 07, 2008

**U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM N-17F-2**

**CERTIFICATE OF ACCOUNTING OF SECURITIES AND SIMILAR INVESTMENTS IN THE  
CUSTODY OF MANAGEMENT INVESTMENT COMPANIES**

**PURSUANT TO RULE N-17F-2**

**1. Investment Company Act File Number: 811-04985**

**Date Examination completed: January 24, 2008**

**2. State Identification Number:**

**AL AK AZ AR CA CO  
CT DE DC FL GA HI  
ID IL IN IA KS KY  
LA ME MD MA MI MN  
MS MO MT NE NV NH  
NJ NM NY NC ND OH  
OK OR PA RI SC SD  
TN TX UT VT VA WA  
WV WI WY PUERTO RICO**

**3. Exact name of investment company as specified in registration statement:**

**TEMPLETON EMERGING MARKETS FUND**

**4. Address of principal executive office: (number, street, city, state, zip code)**

**One Franklin Parkway San Mateo, CA 94403**

**Report of Independent Registered Public Accounting Firm**

To the Board of Trustees of

Franklin Templeton Limited Duration Income Trust

Franklin Real Estate Securities Trust  
Franklin Strategic Series  
Franklin High Income Trust  
Franklin Capital Growth Fund  
Franklin Templeton Money Fund Trust  
Institutional Fiduciary Trust  
Franklin Universal Trust  
Templeton Emerging Markets Fund  
Templeton Emerging Markets Income Fund  
Templeton Global Income Fund  
Templeton Global Investment Trust  
Franklin Strategic Mortgage Portfolio  
Franklin Investors Securities Trust  
Franklin Value Investors Trust  
Franklin Templeton Fund Allocator Series  
Franklin Templeton Variable Insurance Products Trust  
Templeton Russia and East European Fund, Inc.  
Franklin Global Trust  
Franklin Gold and Precious Metals Fund

and the Board of Directors of

Franklin Custodian Funds, Inc.  
Franklin Money Fund  
Templeton Dragon Fund, Inc.  
Templeton Institutional Funds, Inc.

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance with Certain Provisions of the Investment Company Act of 1940, that the funds (see Attachment I) (hereafter referred to as the "Funds") complied with the requirements of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940 ("the Act") as of October 31, 2007. Management is responsible for the Funds' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Funds' compliance based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included examining, on a test basis, evidence about the Funds' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of October 31, 2007, and with respect to agreement of security purchases and sales, for the period indicated in Attachment I:

- Confirmation of all securities held by Franklin Templeton Investors Services, Inc. as they pertain to the security positions owned by the Funds and held in book entry form.
- Reconciliation of such security positions to the books and records of the Funds and Franklin Templeton Investor Services, Inc.
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Agreement of 123 security purchases and 123 security sales or maturities, since our last report, to the books and records of the Funds and Franklin Templeton Investor Services, Inc.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Funds' compliance with specified requirements.

In our opinion, management's assertion that the Funds were in compliance with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of October 31, 2007 with respect to securities reflected in the investment accounts of the Funds is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Trustees and Board of Directors, management, and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/PricewaterhouseCoopers, LLP

San Francisco, California

January 24, 2008



**Management Statement Regarding Compliance With Certain Provisions of the Investment Company Act of 1940**

We, as members of management of the Franklin Templeton Funds indicated in Attachment I (the "Funds"), are responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Funds' compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of October 31, 2007, and for the period indicated in Attachment I.

Based on this evaluation, we assert that the Funds were in compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of October 31, 2007, and for the period indicated in Attachment I, with respect to securities reflected in the investment accounts of the Funds.

By:

/s/ Galen G. Vetter

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**Galen G. Vetter**

*Chief Financial Officer*

1/23/2008

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Date

/s/ Jimmy D. Gambill

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**Jimmy D. Gambill**

*Senior Vice President and Chief Executive Officer-Finance and Administration*

1/23/2008

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Date

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<i>Fund</i>	<i>Period</i>
<i>Franklin Templeton Limited Duration Income Trust</i>	July 1, 2007 - October 31, 2007
<i>Templeton Russia and East European Fund, Inc.</i>	July 1, 2007 - October 31, 2007
<i>Franklin Real Estate Securities Trust:</i>	
Franklin Real Estate Securities Fund	July 1, 2007 - October 31, 2007
<i>Franklin Strategic Series:</i>	
Franklin Aggressive Growth Opportunities Fund*	July 1, 2007 - October 31, 2007
Franklin Biotechnology Discovery Fund	July 1, 2007 - October 31, 2007
Franklin Flex Cap Growth Fund	July 1, 2007 - October 31, 2007
Franklin Global Communications Fund	July 1, 2007 - October 31, 2007
Franklin Global Health Care Fund	July 1, 2007 - October 31, 2007
Franklin Natural Resources Fund	July 1, 2007 - October 31, 2007
Franklin Small Cap Growth Fund II	July 1, 2007 - October 31, 2007
Franklin Small-Mid Cap Growth Fund	July 1, 2007 - October 31, 2007
Franklin Strategic Income Fund	July 1, 2007 - October 31, 2007
Franklin Technology Fund	July 1, 2007 - October 31, 2007
<i>Franklin High Income Trust:</i>	
Franklin High Income Fund	July 1, 2007 - October 31, 2007
<i>Franklin Capital Growth Fund</i>	July 1, 2007 - October 31, 2007
<i>Franklin Money Fund</i>	July 1, 2007 - October 31, 2007
<i>Franklin Templeton Money Fund Trust:</i>	
Franklin Templeton Money Fund	July 1, 2007 - October 31, 2007
<i>Institutional Fiduciary Trust:</i>	
Franklin Cash Reserves Fund	July 1, 2007 - October 31, 2007
Money Market Portfolio	July 1, 2007 - October 31, 2007
<i>Franklin Global Trust:</i>	
Fiduciary Large Capitalization Growth and Income Fund	July 1, 2007 - October 31, 2007
Fiduciary Small Capitalization Equity fund	July 1, 2007 - October 31, 2007
Franklin Templeton Core Fixed Income Fund	July 1, 2007 - October 31, 2007
Franklin Templeton Core Plus Fixed Income Fund	July 1, 2007 - October 31, 2007

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Franklin Templeton Emerging Market Debt Opportunities Fund	July 1, 2007 - October 31, 2007
Franklin Templeton High Income Fund	July 1, 2007 - October 31, 2007
<b><i>Franklin Gold and Precious Metals Fund</i></b>	July 1, 2007 - October 31, 2007
<b><i>Franklin Universal Trust</i></b>	July 1, 2007 - October 31, 2007
<b><i>Templeton Emerging Markets Fund</i></b>	July 1, 2007 - October 31, 2007
<b><i>Templeton Emerging Markets Income Fund</i></b>	July 1, 2007 - October 31, 2007
<b><i>Templeton Global Investment Trust:</i></b>	
Templeton Income Fund	July 1, 2007 - October 31, 2007
<b><i>Templeton Global Income Fund</i></b>	July 1, 2007 - October 31, 2007
<b><i>Franklin Custodian Funds, Inc.:</i></b>	
Franklin DynaTech Fund	July 1, 2007 - October 31, 2007
Franklin Growth Fund	July 1, 2007 - October 31, 2007
Franklin Income Fund	July 1, 2007 - October 31, 2007
Franklin U.S. Government Securities Fund	July 1, 2007 - October 31, 2007
Franklin Utilities Fund	July 1, 2007 - October 31, 2007
<b><i>Franklin Strategic Mortgage Portfolio</i></b>	July 1, 2007 - October 31, 2007
<b><i>Franklin Investors Securities Trust:</i></b>	
Franklin Adjustable U.S. Government Securities Fund	July 1, 2007 - October 31, 2007
Franklin Balanced Fund	July 1, 2007 - October 31, 2007
Franklin Convertible Securities Fund	July 1, 2007 - October 31, 2007
Franklin Equity Income Fund	July 1, 2007 - October 31, 2007
Franklin Floating Rate Daily Access Fund	July 1, 2007 - October 31, 2007
Franklin Limited Maturity U.S. Government Securities Fund	July 1, 2007 - October 31, 2007
Franklin Low Duration Total Return Fund	July 1, 2007 - October 31, 2007
Franklin Total Return Fund	July 1, 2007 - October 31, 2007
<b><i>Franklin Value Investors Trust:</i></b>	
Franklin All Cap Value Fund	July 1, 2007 - October 31, 2007
Franklin Balance Sheet Investment Fund	July 1, 2007 - October 31, 2007
Franklin Large Cap Value Fund	July 1, 2007 - October 31, 2007
Franklin MicroCap Value Fund	The Trustee calculates, and the Sponsor publishes, the Trust's NAV each business day. To calculate the NAV, the Trustee adds to the amount of Swedish Kronor in the Trust at the end of the preceding day accrued but unpaid interest, if any, Swedish Kronor receivable under pending purchase orders and the value of other Trust assets, and

subtracts the accrued but unpaid Sponsor's fee, Swedish Kronor payable under pending redemption orders and other Trust expenses and liabilities, if any. The NAV is expressed in USD based on the Closing Spot Rate. The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. See Description of the Depositary Trust Agreement Valuation of Swedish Kronor; Definition of Net Asset Value for a more detailed description of how the NAV of the Trust and the NAV per Share are calculated.

The Trust's assets consist only of Swedish Kronor on demand deposit in two Swedish Krona-denominated accounts at JPMorgan Chase Bank, N.A., London Branch: a primary deposit account may earn interest and a non-interest bearing secondary account. The Trust does not hold any derivative products. Each Share represents a proportional interest, based on the total number of Shares outstanding, in the Swedish Kronor owned by the Trust, plus accrued and unpaid interest, if any, less accrued but unpaid expenses (both asset-based and non-asset based) of the Trust. The Sponsor expects that the price of a Share will fluctuate in response to fluctuations in the price of the Swedish Krona and that the price of a Share will reflect accumulated interest as well as the estimated accrued but unpaid expenses of the Trust.

Investors may obtain, 24 hours a day, foreign exchange pricing information based on the spot price of the Swedish Krona from various financial information service providers. Current spot prices are also generally available with bid/ask spreads from foreign exchange dealers. In addition, the Trust's website, [www.currencyshares.com](http://www.currencyshares.com), provides ongoing pricing information for Swedish Krona spot prices and the Shares. Market prices for the Shares are available from a variety of sources, including brokerage firms, information websites and other information service providers. One such website is hosted by Bloomberg, <http://www.bloomberg.com/markets/currencies/eurafrcurrencies.html>, and it regularly reports current foreign exchange pricing information. The NAV of the Trust is published by the Sponsor on each day that NYSE Arca is open for regular trading and is posted on the Trust's website.



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## **Table of Contents**

The Trust will terminate upon the occurrence of any of the termination events listed in the Depositary Trust Agreement and will otherwise terminate on June 8, 2046. See Description of the Depositary Trust Agreement Termination of the Trust.

## **The Sponsor**

The Sponsor of the Trust is Rydex Specialized Products LLC, a Delaware limited liability company. The Sponsor and its affiliates collectively do business as Rydex Investments. The principal offices of the Sponsor and the Trust are the offices of Rydex Investments at 805 King Farm Boulevard, Suite 600, Rockville, Maryland 20850, and the Sponsor does not own or lease any other property.

Rydex Specialized Products LLC sponsored the first exchange-traded product limited solely to particular foreign currency, the CurrencyShares® Euro Trust (NYSE Arca: FXE). In addition to the CurrencyShares® Euro Trust and the Trust, Rydex also sponsors eight other exchange-traded products limited solely to foreign currency, as follows: CurrencyShares® Australian Dollar Trust (NYSE Arca: FXA); CurrencyShares® British Pound Sterling Trust (NYSE Arca: FXB); CurrencyShares® Canadian Dollar Trust (NYSE Arca: FXC); CurrencyShares® Chinese Renminbi (NYSE Arca: FXCH); Currency Shares® Japanese Yen (NYSE Arca: FXY); CurrencyShares® Mexican Peso Trust (NYSE Arca: FXM); Currency Shares® Russian Ruble Trust (NYSE Arca: XRU); and CurrencyShares® Swiss Franc Trust (NYSE Arca: FXF).

Nikolaos Bonos and Joseph Arruda serve as the Chief Executive Officer and Chief Financial Officer of the Sponsor, respectively. The Sponsor's Board of Managers is composed of Mr. Arruda, Mr. Bonos and Michael Byrum.

Nikolaos Bonos, 47, has been the Chief Executive Officer of the Sponsor since May 2009. Mr. Bonos has been a Manager of the Sponsor since September 2005. Prior to his appointment as Chief Executive Officer, Mr. Bonos served as the Chief Financial Officer of the Sponsor beginning in September 2005. Mr. Bonos has served as Executive Officer of Rydex Fund Services LLC, an affiliate of the Sponsor, from January 2009 to the present and as Senior Vice President of Rydex Fund Services LLC, from December 2003 to August 2006 and Vice President of Accounting of Rydex Fund Services LLC, from 2001 to December 2003. Mr. Bonos holds a Bachelor of Science in Business Administration with a major in Finance from Suffolk University.

Joseph Arruda, 44, has been the Chief Financial Officer of the Sponsor since May 2009. Mr. Arruda has been a Manager of the Sponsor since July 2009. Prior to his appointment as Chief Financial Officer, Mr. Arruda served as Vice President, Fund Accounting and Administration of the Sponsor beginning in 2003. From 1997 to 2003, Mr. Arruda served as Vice President, Fund Accounting at State Street Corporation. He holds a Bachelor of Science with a Finance and Accounting concentration from Bridgewater State College.

Michael Byrum, 40, has served as a Manager of the Sponsor since September 2005. Since August 2006, he has served as the Chief

Investment Officer, of Rydex Advisors II, LLC (RAII), and Rydex Advisors, LLC (RA), affiliates of the Sponsor, and each of which were merged into Security Investors, LLC, also an affiliate of the Sponsor, as of January 3, 2011. Mr. Byrum served as the Executive Vice President of RAI from December 2002 to May 2004, and as President of RA from May 2004 until January 2011. He has served as Senior Vice President of Security Investors, LLC, since December 1, 2010. Mr. Byrum is a Chartered Financial Analyst and has a Bachelor of Science in Business Administration with a major in Finance from Miami University of Ohio.

The Sponsor established the Trust and is responsible for the registration of the Shares. The Sponsor generally oversees the performance of the Trustee and the Trust's principal service providers, but does not exercise day-to-day oversight over the Trustee or such service providers. The Sponsor regularly communicates with the Trustee to monitor the overall performance of the Trust. The Sponsor, with assistance and support from the Trustee, is responsible for preparing and filing periodic reports on behalf of the Trust with the SEC provides any required certification for such reports. The Sponsor designates the independent registered public accounting firm of the Trust and from time to time employs legal counsel for the Trust.

The Distributor assists the Sponsor in marketing the Shares. The Sponsor may determine to engage additional or successor distributors. See "The Distributor" for more information about the Distributor.

The Sponsor maintains a public website on behalf of the Trust, [www.currencyshares.com](http://www.currencyshares.com), which contains information about the Trust and the Shares, and oversees certain Shareholder services, such as a call center and prospectus delivery.

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## **Table of Contents**

The Sponsor may direct the Trustee in the conduct of its affairs, but only as provided in the Depositary Trust Agreement. For example, the Sponsor may direct the Trustee to terminate the Trust if certain criteria are met. If the market capitalization of the Trust is less than \$300 million at any time for five consecutive trading days, then the Sponsor may, in accordance with the Depositary Trust Agreement, direct the Trustee to terminate and liquidate the Trust. If the Trustee shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or a trustee or liquidator or any public officer shall take charge or control of such Trustee or of its property or affairs for the purposes of rehabilitation, conservation or liquidation, then, in any such case, the Sponsor shall remove the Trustee, and such removal shall take effect upon the appointment of a successor trustee and its acceptance of such appointment. If at any time the Trustee ceases to be a qualified bank (as defined in the Depositary Trust Agreement) or is in material breach of its obligations under the Depositary Trust Agreement and the Trustee fails to cure such breach within 30 days after receipt by the Trustee of written notice specifying such default from the Sponsor or Shareholders acting on behalf of at least 25% of the outstanding Shares, the Sponsor may remove the Trustee. See Description of the Depositary Trust Agreement The Trustee Resignation, discharge or removal of trustee; successor trustees for more information.

Fees are paid by the Trust to the Sponsor as compensation for services performed under the Depositary Trust Agreement. The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the Swedish Kronor in the Trust. Additionally, Authorized Participants will pay a variable fee to the Sponsor for creation orders and redemption orders of two or more Baskets to compensate the Sponsor for costs associated with the registration of Shares. The variable fee paid to the Sponsor by an Authorized Participant will not exceed \$2,000 for each creation or redemption order, as set forth in the Participant Agreement.

M7 Ventures, LLC, a Delaware limited liability company, provided product development support and consulting to the Sponsor in connection with the initial registration of the Shares and is expected to provide support and consulting services to the Sponsor for the duration of the Trust. M7 and the Sponsor have also agreed to collaborate with one another relative to the development and offering of other related currency products. M7 has invested significant resources in the development of the Shares. In consideration of M7's past and future efforts, the Sponsor has agreed to pay M7 a recurring fee for the duration of the Trust. M7 and the Sponsor have agreed to maintain the confidentiality of all confidential and proprietary information that they share with one another. M7 has agreed not to solicit, initiate or encourage any inquiries, proposals or offers from anyone other than the Sponsor regarding the development of the Trust or of any other related currency products.

## **The Trustee**

The Bank of New York Mellon, a banking corporation with trust powers organized under the laws of the State of New York, serves as the Trustee. The Bank of New York Mellon has a trust office at 2 Hanson Place, Brooklyn, New York 11217. The Bank of New York Mellon is subject to supervision by the New York State Banking

Department and the Board of Governors of the U.S. Federal Reserve System. Information regarding creation and redemption Basket composition, the NAV of the Trust, transaction fees and the names of the parties that have executed Participant Agreements may be obtained from The Bank of New York Mellon. A copy of the Depositary Trust Agreement is available for inspection at The Bank of New York Mellon's trust office identified above and on the SEC's website at [www.sec.gov](http://www.sec.gov). Under the Depositary Trust Agreement, the Trustee may be removed if it fails to maintain capital, surplus and undivided profits of \$500 million.

The Trustee earns a monthly fee that is paid by the Sponsor.

The Trustee is generally responsible for the day-to-day administration of the Trust, including keeping the Trust's operational records. The Trustee's principal responsibilities include withdrawing the Trust's Swedish Kronor as needed to pay the Trust's expenses, calculating the NAV of the Trust and the NAV per Share, receiving and processing orders from Authorized Participants to create and redeem Baskets and coordinating the processing of such orders with the Depositary and DTC. See The Depositary. The Trustee is not responsible for the overall performance of the Trust.

The Trustee did not select the Depositary and is not responsible for the terms, validity or enforceability of the Deposit Account Agreement. The Trustee reviews statements of the Depositary relating to the Trust's deposit accounts and arranges for inspections and audits of the Trust's deposit accounts and operations of the Depositary when instructed by the Sponsor. The Trustee does not otherwise monitor the Depositary and is not liable for any loss or damage resulting from any act, omission, insolvency or other failure of the Depositary.

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## **Table of Contents**

Following payment of the Sponsor's fee and other Trust expenses, if any, the Trustee will direct that any interest on the primary deposit account that exceeds the Trust's expenses be converted into USD and the Trustee will distribute the USD as promptly as practicable to Shareholders. See Investment Attributes of the Trust Interest on Deposited Swedish Kronor.

The Trustee communicates regularly with the Sponsor regarding administration of the Trust. The Trustee, along with the Sponsor, consults with the Trust's legal, accounting and other professional service providers as needed. The Trustee assists and supports the Sponsor with the preparation of all periodic reports required to be filed with the SEC on behalf of the Trust.

Affiliates of the Trustee may from time to time act as Authorized Participants or purchase or sell Swedish Kronor or Shares for their own account.

## **The Depository**

JPMorgan Chase Bank, N.A., London Branch, is the Depository. The Depository accepts Swedish Kronor deposited with it as a banker by Authorized Participants in connection with the creation of Baskets. The Depository facilitates the transfer of Swedish Kronor into and out of the Trust through the primary and secondary deposit accounts maintained with it as a banker by the Trust.

The Depository may pay interest on the primary deposit account. Interest on the primary deposit account, if any, accrues daily and is paid by the Depository monthly through a deposit into the secondary deposit account. If the Depository does not pay interest on the primary deposit account, the Trust may be required to utilize the principal in the account to cover its expenses, which would lead to dilution for the Shareholders. The Sponsor does not contemplate changing depositories in order to prevent Shareholders from experiencing dilution of the amount of Swedish Krona composing a Share, as the inconvenience to Authorized Participants that deliver currency to and receive currency from the present depository would be considerable and, in the experience of the Sponsor, other depositories are unlikely to be able to pay interest at an increased rate on a consistent basis so as to prevent such dilution.

The Depository is not paid a fee for its services to the Trust. The Depository earns a spread or margin over the rate of interest it pays to the Trust on the Swedish Krona deposit balances.

The Depository is not a trustee for the Trust or the Shareholders. For further information about the function of the Depository, see Description of the Deposit Account Agreement.

The Depository and its affiliates may from time to time act as Authorized Participants or purchase or sell Swedish Kronor or Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

## **The Distributor**

Rydex Distributors, LLC, a Kansas limited liability company, is the Distributor. The Distributor is a registered broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority, Inc.

The Distributor assists the Sponsor in developing an ongoing marketing plan for the Trust, preparing marketing materials regarding the Shares, including the content on the Trust's website, [www.currencyshares.com](http://www.currencyshares.com), executing the marketing plan for the Trust, and providing strategic and tactical research on the global foreign exchange market. The Distributor and the Sponsor are affiliates of one another. There is no written agreement between them, and no compensation is paid by the Sponsor to the Distributor in connection with services performed by the Distributor for the Trust. For more information about the distribution of the Shares, see Plan of Distribution.

### **Related Party Transaction**

The Sponsor and the Trust are both parties to the Depositary Trust Agreement. Under the Depositary Trust Agreement, the Trust is obligated to pay the Sponsor, monthly in arrears, a fee that accrues daily at an annual nominal rate of 0.40% of the Swedish Krona in the Trust. For further information about the Depositary Trust Agreement, see Description of the Depositary Trust Agreement.

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**Table of Contents**

**CurrencyShares Swedish Krona Trust<sup>®</sup> Organizational  
Chart**

The following chart illustrates the relationships between the Trust and various service providers to the Trust, as well as investors in the Shares issued by the Trust.

**Description of the Shares**

The Trustee is authorized under the Depositary Trust Agreement to create and issue an unlimited number of Shares. The Trustee creates Shares only in Baskets (a Basket being a block of 50,000 Shares) and only upon the order of an Authorized Participant. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Trust and have no par value. Any creation and issuance of Shares above the amount registered with the SEC on the registration statement of which this prospectus is a part will require registration with the SEC of the additional Shares.

**LIMITED RIGHTS**

The Shares are not a traditional investment. They are dissimilar from the shares of a corporation operating a business enterprise, with management and a board of directors. Trust Shareholders do not have rights normally associated with owning shares of a business corporation, including, for example, the right to bring oppression or

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## **Table of Contents**

derivative actions. Shareholders have only those rights explicitly set forth in the Depositary Trust Agreement. All Shares are of the same class with equal rights and privileges. Each Share is transferable, is fully paid and non-assessable and entitles the holder to vote on the limited matters upon which Shareholders may vote under the Depositary Trust Agreement. The Shares do not entitle their holders to any conversion or pre-emptive rights or, except as provided below, any redemption or distribution rights.

*Distributions.* Each month the Depositary deposits into the secondary deposit account accrued but unpaid interest, if any, and the Trustee withdraws Swedish Kronor from the secondary deposit account to pay the accrued Sponsor's fee for the previous month plus other Trust expenses, if any. In the event that the interest deposited exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, then the Trustee will direct that the excess be converted into USD at a prevailing market rate and the Trustee will distribute the USD as promptly as practicable to Shareholders on a pro-rata basis (in accordance with the number of Shares that they own). If the Trust incurs expenses in USD (which is not anticipated), Swedish Kronor will be converted to USD at a prevailing market rate at the time of conversion to pay these expenses. The payment of expenses in Swedish Kronor and the conversion of Swedish Kronor to USD, if required to pay expenses of the Trust, are taxable events to Shareholders. See *United States Federal Tax Consequences – Taxation of U.S. Shareholders.*

*Voting and Approvals.* Shareholders have no voting rights under the Depositary Trust Agreement, except in limited circumstances. If the holders of at least 25% of the Shares outstanding determine that the Trustee is in material breach of its obligations under the Depositary Trust Agreement, they may provide written notice to the Trustee (or require the Sponsor to do so) specifying the default and requiring the Trustee to cure such default. If the Trustee fails to cure such breach within 30 days after receipt of the notice, the Sponsor, acting on behalf of the Shareholders, may remove the Trustee. The holders of at least 66-2/3% of the Shares outstanding may vote to remove the Trustee. The Trustee must terminate the Trust at the request of the holders of at least 75% of the outstanding Shares.

*Redemption of Shares.* The Shares may be redeemed only by or through an Authorized Participant and only in Baskets. See *Creation and Redemption of Shares* for details on the redemption of Shares.

## **BOOK-ENTRY FORM**

All Shares are evidenced by global certificates issued by the Trustee to DTC and registered in the name of Cede & Co., as nominee for DTC. The global certificates evidence all of the Shares outstanding at any time. In order to transfer Shares through DTC, Shareholders must be DTC Participants. The Shares are transferable only through the book-entry system of DTC. A Shareholder that is not a DTC Participant is able to transfer its Shares through DTC by instructing the DTC Participant holding its Shares to transfer the Shares. Transfers are made in accordance with standard securities industry practice.

## **Description of the Deposit Account Agreement**



The Deposit Account Agreement between the Trust and the Depository, governed by the laws of England, establishes the Deposit Accounts. The Depository, as instructed by the Trustee, is authorized to accept Swedish Krona deposits for the account of the Trust. The Depository is not a trustee for the Trust or the Shareholders. The Depository, as a banker, is obligated to repay the balance of the Deposit Accounts to the Trust on demand and in accordance with the terms and conditions of the Deposit Account Agreement. The following is a description of other material terms of the Deposit Account Agreement.

#### **DUAL ACCOUNTS**

The Depository maintains two deposit accounts for the Trust, a primary deposit account which may earn interest and a secondary deposit account which does not earn interest. The secondary deposit account is used to account for any interest that may be received and paid on creations and redemptions of Baskets. The secondary deposit account is also used to account for interest earned, if any, on the primary deposit account, pay Trust expenses and distribute any excess interest to Shareholders on a monthly basis.

#### **REPORTS**

The Depository provides the Trustee with account reports identifying the credits and debits of Swedish Kronor to the Deposit Accounts, including the credit of interest in Swedish Kronor to the secondary deposit account. The Trustee is required to examine the reports and account statements it receives from the Depository within a reasonable time of receipt and promptly notify the Depository of any discrepancy of which it becomes aware.

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## **Table of Contents**

The Depository's records of all deposits and withdrawals of Swedish Kronor to the Deposit Accounts and all credits of interest in Swedish Kronor to the secondary deposit account that may occur on a business day, and the end-of-business-day account balances in the Deposit Accounts, are stated as of the close of the Depository's business (usually 4:00 PM, London fixing) on that business day.

### **FEES AND EXPENSES**

Under the Deposit Account Agreement, the Depository is entitled to invoice the Trustee or debit the secondary deposit account for out-of-pocket expenses. The Trust has also agreed to reimburse the Depository for any taxes, levies, imposts, deductions, charges, stamp, transaction and other duties and withholdings in connection with the Deposit Accounts, except for such items imposed on the overall net income of the Depository. Except for the reimbursable expenses just described, the Depository is not paid a fee for its services to the Trust. The Depository earns a spread or margin on the Swedish Krona deposit balances it holds.

### **DEPOSIT ACCOUNT BALANCES**

The Swedish Kronor received by the Trust upon the creation of Baskets are deposited, in each case, into the primary deposit account; a small portion of the Swedish Kronor may be deposited in the secondary deposit account to account for interest, if any, that has been earned on the primary deposit account during the month but not yet paid. If the Sponsor believes that the interest rate paid by the Depository is not adequate, the Sponsor's sole recourse will be to remove the Depository by terminating the Deposit Account Agreement and closing the accounts. Neither the Trustee nor the Sponsor has the power or authority to deposit the Trust's Swedish Kronor with any other person, entity or account. Resignation or removal of the Depository for any reason will cause termination of the Trust. See Description of the Depository Trust Agreement. Interest earned on the balance of the primary deposit account, if any, will be used primarily to pay the Trust's expenses.

### **INTEREST**

If a positive interest rate is being paid by the Depository, interest will begin to be earned on the day Baskets are created (i.e., the date the trade settles). Baskets are created three days after funds are transferred by an Authorized Participant to the primary deposit account held by the Depository. Interest on the primary deposit account, if any, accrues daily and is paid monthly. Interest does not compound, and therefore interest will not be earned on interest accrued but not yet paid by the Depository. Each month the Depository deposits into the secondary deposit account accrued but unpaid interest, if any. Interest earned on the balance of the primary deposit account, if any, is used primarily to pay the Trust's expenses; any interest remaining after payment of the Sponsor's fee and other expenses, if any, will be distributed to the Shareholders approximately ten days after the end of the month.

### **MAXIMUM BALANCE**

The Depository reserves the right not to accept, and to return without interest to the remitter of funds, the amounts received for deposit to the Deposit Accounts if the aggregate deposit liability of the Depository exceeds the Swedish Krona equivalent of 1.5 billion USD.

#### **EXCLUSION OF LIABILITY**

The Depository will be responsible only for direct loss or damage that the Trust suffers resulting from the Depository's gross negligence or willful misconduct. Unless such loss or damages are due to the Depository's fraud, the Depository will not be liable for loss of business, profits or goodwill or any indirect, consequential, punitive or special damages, whether or not reasonably foreseeable, even if the Depository has been advised of the likelihood of such loss and even if such loss is the result of negligence, breach of contract or otherwise.

#### **INDEMNITY**

The Trust will, solely out of the Trust's assets, indemnify the Depository and each of its officers, directors, employees, subsidiaries and affiliates on demand against all costs and expenses, damages, claims, liabilities and losses (including legal fees) which the Depository or any such officer, director, employee, subsidiary or affiliate may suffer or incur directly or indirectly because of the Trust's breach of the Deposit Account Agreement, because the Depository acted on what it believed (in good faith and without gross negligence) to be the Trustee's communication or because of anything done under or as contemplated by the Deposit Account Agreement.

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## **Table of Contents**

### **FORCE MAJEURE**

The Depository is not liable for any damage, loss, expense or liability caused by acts of God, fire, flood, civil or labor disturbance, war or terrorism, act of any governmental authority or other act or threat of any authority, legal constraint, fraud or forgery (other than on the part of the Depository or any of its directors, officers or employees), malfunction of equipment (including any computer or related software) except where such malfunction is primarily attributable to the Depository's gross negligence in maintaining the equipment or software, failure of or the effect of rules or operations of any funds transfer system, inability to obtain or interruption of communications facilities, or any cause beyond the reasonable control of the Depository.

### **TERMINATION**

The Depository may terminate the Deposit Account Agreement for any reason whatsoever upon 90 business days' prior notice. Before the expiration of such notice, the Depository will transfer any cleared balance in the Deposit Accounts in accordance with the Trustee's reasonable instructions. Any termination of the Deposit Account Agreement will cause the termination of the Trust.

### **GOVERNING LAW; JURISDICTION**

The Deposit Account Agreement is governed by the laws of England and the Depository is subject to the laws of England. The Trust and the Depository consent to the non-exclusive jurisdiction of the courts of England to settle any dispute relating to the Deposit Account Agreement.

## **Creation and Redemption of Shares**

The Trust creates and redeems Shares in Baskets on a continuous basis. A Basket is a block of 50,000 Shares. The creation and redemption of Baskets requires the delivery to the Trust or the distribution by the Trust of the amount of Swedish Kronor represented by the Baskets being created or redeemed. This amount is based on the combined NAV per Share of the number of Shares included in the Baskets being created or redeemed, determined on the day the order to create or redeem Baskets is accepted by the Trustee.

Authorized Participants are the only persons that may place orders to create and redeem Baskets. An Authorized Participant is a DTC Participant that is a registered broker-dealer or other securities market participant such as a bank or other financial institution that is not required to register as a broker-dealer to engage in securities transactions and has entered into a Participant Agreement with the Sponsor and the Trustee. Only Authorized Participants may place orders to create or redeem Baskets. Before initiating a creation or redemption order, an Authorized Participant must have entered into a Participant Agreement with the Sponsor and the Trustee. The Participant Agreement provides the procedures for the creation and redemption of Baskets and for the delivery of Swedish Kronor required for creations and redemptions. The Participant Agreements may be amended by the Trustee, the Sponsor and the relevant Authorized

Participant. Authorized Participants pay a transaction fee of \$500 to the Trustee for each order that they place to create or redeem one or more Baskets. In addition to the \$500 transaction fee paid to the Trustee, Authorized Participants will pay a variable fee to the Sponsor for creation orders and redemption orders of two or more Baskets to compensate the Sponsor for costs associated with the registration of Shares. The variable fee paid to the Sponsor by an Authorized Participant will not exceed \$2,000 for each creation or redemption order, as set forth in the Participant Agreement. Authorized Participants who make deposits with the Trust in exchange for Baskets receive no fees, commissions or other form of compensation or inducement of any kind from either the Sponsor or the Trust. No Authorized Participant has any obligation or responsibility to the Sponsor or the Trust to effect any sale or resale of Shares.

Authorized Participants are cautioned that some of their activities will result in their being deemed participants in a distribution in a manner which would render them statutory underwriters and will subject them to the prospectus-delivery and liability provisions of the Securities Act, as described in Plan of Distribution.

Certain Authorized Participants are expected to have the facility to participate directly in the global foreign exchange market. In some cases, an Authorized Participant may acquire Swedish Kronor from, or sell Swedish Kronor to, an affiliated foreign exchange trading desk, which may profit in these instances. The Sponsor believes that the size and operation of the foreign exchange market make it unlikely that an Authorized Participant's direct activities in the foreign exchange and securities markets will impact the price of the Swedish Krona or the price of Shares. Each Authorized Participant will be registered as a broker-dealer under the Securities Exchange Act of 1934, as amended, and will be regulated by the Financial Industry Regulatory Authority, Inc., or else will be exempt from

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## **Table of Contents**

being (or otherwise will not be required to be) so registered or regulated, and will be qualified to act as a broker or dealer in the states or other jurisdictions where the nature of its business so requires. Certain Authorized Participants may be regulated under federal and state banking laws and regulations. Each Authorized Participant will have its own set of rules and procedures, internal controls and information barriers as it determines to be appropriate in light of its own regulatory regime.

Authorized Participants may act for their own accounts or as agents for broker-dealers, depositaries and other securities or foreign currency market participants that wish to create or redeem Baskets. An order for one or more Baskets may be placed by an Authorized Participant on behalf of multiple clients. As of the date of this prospectus, Citadel Securities LLC, CitiGroup Global Markets, Inc., EWT LLC, Goldman Sachs & Co., Goldman Sachs Execution & Clearing, L.P., JPMorgan Securities, Inc., Knight Clearing Services, LLC, Merrill Lynch Professional Clearing Corp., Morgan Stanley & Co. Incorporated, Newedge USA, LLC, Nomura Securities International, Inc., RBC Capital Markets, LLC, Timber Hill LLC and Virtu Financial BD LLC have each signed a Participant Agreement with the Trustee and the Sponsor and may create and redeem Baskets. Persons interested in purchasing Baskets should contact the Sponsor or the Trustee to obtain the contact information for the Authorized Participants. A Shareholder that is not an Authorized Participant will be able to redeem Shares only through an Authorized Participant.

The following description of the procedures for the creation and redemption of Baskets is only a summary. For more detail, refer to the relevant provisions of the forms of the Depositary Trust Agreement and Participant Agreement, each of which is an exhibit to the registration statement of which this prospectus is a part. See [Where You Can Find More Information](#) for information about where you can obtain the registration statement.

## **CREATION PROCEDURES**

The following chart is intended to help you understand the creation process:

### **Creation Process**

*Summary:* In order to create a Basket, the Authorized Participant deposits the Basket Swedish Krona Amount with the Depositary and orders Shares from the Trustee. The Authorized Participant pays the Trustee a \$500 transaction fee, which will not be contributed to the Trust, for each purchase order. In addition to the \$500 transaction fee paid to the Trustee, Authorized Participants will pay a variable fee to the Sponsor for creation orders of two or more Baskets to compensate the Sponsor for costs associated with the registration of Shares. The variable fee paid to the Sponsor by an Authorized Participant will not exceed \$2,000 for each creation order, as set forth in the Participant Agreement. The Trustee directs DTC to credit Shares to the Authorized Participant. The Authorized Participant will then be able to sell Shares to Purchasers directly or on NYSE Arca or any other market in which the Shares may trade.



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## **Table of Contents**

On any business day, an Authorized Participant may place an order with the Trustee to create one or more Baskets. For purposes of processing both purchase and redemption orders, a business day means any day other than a day when NYSE Arca is closed for regular trading.

By placing a purchase order, an Authorized Participant agrees to deposit Swedish Kronor with the Trust, as described below. Before the delivery of Baskets for a purchase order, the Authorized Participant must also have paid the non-refundable transaction fees due for the purchase order.

### **Determination of required deposits**

The total deposit required to create each Basket, called the Basket Swedish Krona Amount, is an amount of Swedish Kronor bearing the same proportion to the number of Baskets to be created as the total assets of the Trust (net of estimated accrued but unpaid expenses) bears to the total number of Baskets outstanding on the date that the purchase order is accepted by the Trustee. The amount of the required deposit is determined by dividing the amount of Swedish Kronor held by the Trust (net of estimated accrued but unpaid expenses) by the number of Baskets outstanding. All questions as to the composition of a Basket Swedish Krona Amount are finally determined by the Trustee. The Trustee's determination of the Basket Swedish Krona Amount shall be final and binding on all persons interested in the Trust.

### **Delivery of required deposits**

An Authorized Participant who places a purchase order is responsible for delivering the Basket Swedish Krona Amount to the Trust's primary deposit account with the Depository as directed in the Authorized Participant's Participant Agreement. Authorized Participants will use the SWIFT system to make timely deposits through their bank correspondents in London. Upon receipt of the deposit of Swedish Kronor from an Authorized Participant, the Trustee directs DTC to credit the number of Baskets ordered to the Authorized Participant's DTC account on the third business day after the purchase order date. The expense and risk of delivery, ownership and safekeeping of Swedish Kronor until such Swedish Kronor have been received by the Depository shall be borne solely by the Authorized Participant.

### **Rejection of purchase orders**

The delivery of the Shares against deposits of Swedish Kronor may be suspended generally, or refused with respect to particular requested deliveries, during any period when the transfer books of the Trustee are closed or if any such action is deemed necessary or advisable by the Trustee or the Sponsor for any reason at any time or from time to time. None of the Trustee, the Sponsor or the Depository will be liable for the rejection or acceptance of any purchase order or Basket Swedish Krona Amount.

## **REDEMPTION PROCEDURES**

The following chart is intended to help you understand the redemption process:



**Redemption Process**

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## **Table of Contents**

*Summary:* In order to redeem Shares, an Authorized Participant must send the Trustee a redemption order specifying the number of Baskets that the Authorized Participant wishes to redeem. The Authorized Participant pays the Trustee a \$500 transaction fee, which will not be contributed to the Trust, for each redemption order. In addition to the \$500 transaction fee paid to the Trustee, Authorized Participants will pay a variable fee to the Sponsor for redemption orders of two or more Baskets to compensate the Sponsor for costs associated with the registration of Shares. The variable fee paid to the Sponsor by an Authorized Participant will not exceed \$2,000 for each redemption order, as set forth in the Participant Agreement. The Trustee then instructs the Depository to send the Authorized Participant Swedish Kronor and directs DTC to cancel the Authorized Participant's Shares that were redeemed.

The procedures by which an Authorized Participant can redeem one or more Baskets mirror the procedures for the creation of Baskets. On any business day, an Authorized Participant may place an order with the Trustee to redeem one or more Baskets. A redemption order so received is normally effective on the date it is received in satisfactory form by the Trustee. The redemption procedures allow Authorized Participants to redeem Baskets and do not entitle an individual Shareholder to redeem any Shares in an amount less than a Basket or to redeem Baskets other than through an Authorized Participant.

By placing a redemption order, an Authorized Participant agrees to deliver the Baskets to be redeemed through DTC's book-entry system to the Depository as directed in the Authorized Participant's Participant Agreement. Before the delivery of the redemption distribution for a redemption order, the Authorized Participant must also have paid the non-refundable transaction fees due for the redemption order.

### **Determination of redemption distribution**

The redemption distribution from the Trust is a wire transfer, to an account of the redeeming Authorized Participant identified by the Authorized Participant, in the amount of the Swedish Kronor held by the Trust evidenced by the Shares being redeemed, giving effect to all estimated accrued but unpaid interest and expenses. Redemption distributions are subject to the deduction of any applicable tax or other governmental charges that may be due. All questions as to the amount of a redemption distribution are finally determined by the Trustee. The Trustee's determination of the amount shall be final and binding on all persons interested in the Trust.

### **Delivery of redemption distribution**

The redemption distribution due from the Trust is delivered to the Authorized Participant as directed in the Authorized Participant's Participant Agreement.

The Depository wires the redemption amount from the Trust's primary deposit account with the Depository to an account of the redeeming Authorized Participant identified by the Authorized Participant. The Authorized Participant and the Trust are each at risk in respect of Swedish Kronor credited to their respective accounts in the event of the Depository's insolvency. See Risk Factors. If the Depository becomes

insolvent . . . . on page 9 of this prospectus.

**Suspension or rejection of redemption orders**

The Trustee will reject a redemption order if the order is not in proper form as described in the Participant Agreement or if the fulfillment of the order, in the opinion of its counsel, might be unlawful.

**CREATION AND REDEMPTION FEES**

To compensate the Trustee for services in processing the creation and redemption of Baskets, an Authorized Participant is required to pay a transaction fee to the Trustee of \$500 per order to create or redeem Baskets. An order may include multiple Baskets. The transaction fee may be reduced or, with the consent of the Sponsor, increased. The Trustee shall notify DTC of any agreement to change the transaction fee and will not implement any increase in the fee for the redemption of Baskets until 30 days after the date of the notice.

In addition to the \$500 transaction fee paid to the Trustee, Authorized Participants will pay a variable fee to the Sponsor for creation orders and redemption orders of two or more Baskets to compensate the Sponsor for costs associated with the registration of Shares. The variable fee paid to the Sponsor by an Authorized Participant will not exceed \$2,000 for each creation or redemption order, as set forth in the Participant Agreement.

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## **Table of Contents**

### **TAX RESPONSIBILITY**

Authorized Participants are responsible for any transfer tax, sales or use tax, recording tax, value added tax or similar tax or governmental charge applicable to the creation or redemption of Baskets, regardless of whether or not such tax or charge is imposed directly on the Authorized Participant, and agree to indemnify the Sponsor, the Trustee and the Trust if they are required by law to pay any such tax, together with any applicable penalties, additions to tax or interest thereon.

### **Description of the Depositary Trust Agreement**

The Trust operates in accordance with the terms of a Depositary Trust Agreement among the Sponsor, the Trustee, the registered holders and beneficial owners of Shares and all persons depositing Swedish Kronor for creation of Shares. The following is a description of the material terms of the Depositary Trust Agreement, which has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part.

### **THE SPONSOR**

This section summarizes some of the important provisions of the Depositary Trust Agreement that apply to the Sponsor. For a general description of the Sponsor's role concerning the Trust, see [The Sponsor](#).

#### **Limitation on Sponsor's liability**

The Sponsor is not subject to any liability under the Depositary Trust Agreement to any Shareholder or Authorized Participant, except that the Sponsor agrees to perform its duties specifically set forth in the Depositary Trust Agreement without negligence or bad faith. The Sponsor is not obligated to prosecute any action, suit or other proceeding with respect to the Trust property. The Sponsor is entitled to rely on advice received from legal counsel, accountants, any Authorized Participant, any Shareholder or any other person that the Sponsor in good faith believes is competent to give such advice. The Sponsor shall not be liable for any acts or omissions made by a successor sponsor. The Sponsor is not obligated to comply with any direction or instruction from any Shareholder or Authorized Participant regarding the Shares except to the extent specifically provided in the Depositary Trust Agreement.

#### **Indemnification of the Sponsor**

The Trustee indemnifies the Sponsor Indemnified Parties against, and holds each of them harmless from, any loss, liability, cost, expense or judgment caused by the negligence or bad faith of the Trustee or arising out of any information furnished in writing to the Sponsor by the Trustee expressly for use in this registration statement or any amendment hereto.

Each Sponsor Indemnified Party is indemnified by the Trust and held harmless against any loss, liability or expense incurred without (1) negligence, bad faith, willful misconduct or willful malfeasance on the part of the Sponsor Indemnified Party arising out of or in

connection with the performance of its obligations under the Depositary Trust Agreement or (2) reckless disregard on the part of the Sponsor Indemnified Party of its obligations and duties under the Depositary Trust Agreement. Such indemnity includes payment from the Trust of the costs and expenses of the Sponsor Indemnified Party in defending itself against any claim or liability in its capacity as a Sponsor Indemnified Party. Any amounts payable to the Sponsor Indemnified Party may be payable in advance or secured by a lien on the Trust. The Sponsor may, in its discretion, undertake any action that it may deem necessary or desirable in respect of the Shareholders and, in such event, the legal expenses and costs of such actions shall be expenses and costs of the Trust and the Sponsor shall be entitled to reimbursement by the Trust.

**Resignation of the Sponsor; successor sponsor**

The Sponsor may resign its position as sponsor at any time by delivering to the Trustee a written resignation. Upon receipt of the Sponsor's resignation, the Trustee may do any one or more of the following: (1) appoint a successor sponsor to assume, with such compensation from the Trust as the Trustee may deem reasonable under the circumstances, the duties and obligations of the Sponsor; (2) agree to act as sponsor without appointing a successor sponsor; or (3) terminate the Trust. The Trustee has no obligation to appoint a successor sponsor or to assume the duties of the Sponsor and will have no liability to any person because the Trust is terminated as described in the preceding sentence. The Sponsor's resignation is not effective until the Trustee appoints a successor sponsor and the successor sponsor accepts that appointment or the Trustee itself agrees to act as sponsor or the Trust is terminated.

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## **Table of Contents**

Upon effective resignation, the Sponsor will be discharged and will no longer be liable in any manner except as to acts or omissions occurring before its resignation, and the new sponsor will then undertake and perform all duties and be entitled to all rights and compensation as sponsor under the Depositary Trust Agreement.

If the Sponsor fails to undertake or perform or becomes incapable of undertaking or performing any of its duties under the Depositary Trust Agreement or becomes bankrupt or its affairs are taken over by public authorities, the effect of that event shall be the same as if the Sponsor had given a notice of resignation.

The Sponsor may transfer all or substantially all of its assets to an entity which carries on the business of the Sponsor if at the time of the transfer the successor assumes all of the obligations of the Sponsor under the Depositary Trust Agreement. In such an event, the Sponsor will then be relieved of all further liability under the Depositary Trust Agreement.

## **THE TRUSTEE**

This section summarizes some of the important provisions of the Depositary Trust Agreement that apply to the Trustee. For a general description of the Trustee's role concerning the Trust, see The Trustee.

### **Qualifications of the Trustee**

The Trustee and any successor trustee may be removed if it ceases to be a bank, trust company, corporation or national banking association organized and doing business under the laws of the United States or any of its states, and authorized under such laws to exercise corporate trust powers and be a DTC Participant or a participant in another securities depository then acting on behalf of the Trust. The Trustee and any successor trustee may be removed if it fails to maintain capital, surplus and undivided profits of not less than \$500 million.

### **Limitation on Trustee's liability**

The Trustee is not subject to any liability under the Depositary Trust Agreement to any Shareholder or Authorized Participant, except that the Trustee agrees to perform its duties specifically set forth in the Depositary Trust Agreement without negligence or bad faith. The Trustee is not obligated to prosecute any action, suit or other proceeding with respect to the Trust property. The Trustee is entitled to rely on advice received from legal counsel, accountants, any Authorized Participant, any Shareholder or any other person that the Trustee in good faith believes is competent to give such advice. The Trustee shall not be liable for any acts or omissions made by a successor trustee. The Trustee is not obligated to comply with any direction or instruction from any Shareholder or Authorized Participant regarding the Shares except to the extent specifically provided in the Depositary Trust Agreement.

### **Indemnification of the Trustee**

The Sponsor will indemnify the Trustee, its directors, employees and agents against, and hold each of them harmless from, any loss, liability, cost, expense or judgment (including, but not limited to, the reasonable fees and expenses of counsel) that is incurred by any of them and that arises out of or is related to (1) any offer or sale by the Trust of Baskets, (2) acts performed or omitted pursuant to the Depositary Trust Agreement, and (3) any filings with or submissions to the SEC in connection with or with respect to Shares. However, the Sponsor is not obligated to indemnify the Trustee for losses attributable to (1) the negligence or bad faith of, or material breach of the terms of the Depositary Trust Agreement by, the Trustee, (2) written information furnished in writing from the Trustee to the Sponsor expressly for use in this registration statement or any amendment hereto filed with the SEC, or (3) any misrepresentations or omissions made by an Authorized Participant (other than the Sponsor) in connection with the offer and sale of Shares.

#### **Taxes**

If any tax or other governmental charge becomes payable by the Trustee with respect to any transfer or redemption of Shares, such tax or other governmental charge will be payable by the Shareholders to the Trustee. The Trustee will refuse to effect any registration of transfer of such Shares or any withdrawal of Trust property represented by such Shares until such payment is made, and may withhold any distributions, or may sell for the account of the Shareholder thereof Trust property or Shares, and may apply such distributions or the proceeds of any such sale in payment of such tax or other governmental charge, and the Shareholder will remain liable for any deficiency. The Trustee shall distribute any net proceeds of a sale made under the preceding sentence that remain, after payment of the tax or other governmental charge, to the Shareholders entitled thereto as in the case of a distribution in cash.

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## **Table of Contents**

### **Protection for amounts due to Trustee**

The Trustee withdraws from the secondary deposit account amounts necessary to pay the Trust expenses provided for in the Depositary Trust Agreement and any otherwise unpaid expenses thereunder. In the event that the Sponsor's fee for the prior month plus other Trust expenses, if any, exceed the balance of the secondary deposit account, the Trustee will withdraw Swedish Kronor from the primary deposit account to pay the excess. If requested by the Sponsor and agreed to by the Trustee, the Trustee will advance amounts out of its own funds for the payment of Trust expenses, up to \$20,000. The Trustee will have a lien on the Deposit Accounts to the extent of all amounts advanced by it at the Sponsor's request. This lien will be superior to the interest of the beneficial owners of the Shares.

### **Resignation, discharge or removal of Trustee; successor trustees**

*Resignation.* The Trustee may resign at any time by delivering written notice to the Sponsor. The Trustee's resignation will take effect upon the appointment of a successor trustee and its acceptance of such appointment.

*Removal by the Sponsor.* If the Trustee is adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property is appointed, or a trustee or liquidator or any public officer takes charge or control of the Trustee or of its property or affairs for the purposes of rehabilitation, conservation or liquidation, then the Sponsor is required to remove the Trustee, and such removal will take effect upon the appointment of a successor trustee and its acceptance of such appointment.

*Removal by Shareholders.* The holders of at least two-thirds (66-2/3%) of the Shares then outstanding may at any time remove the Trustee by written instrument or instruments delivered to the Trustee and Sponsor.

*Removal for Material Breach.* If at any time the Trustee ceases to be a qualified bank under the Depositary Trust Agreement or is in material breach of its obligations under the Depositary Trust Agreement and the Trustee fails to cure such breach within 30 days after receipt by the Trustee of written notice specifying such default from the Sponsor or Shareholders acting on behalf of at least 25% of the outstanding Shares specifying, the Sponsor may remove the Trustee.

*Appointing Successor Trustees.* If the Trustee resigns or is removed, the Sponsor will use its reasonable efforts to appoint a successor trustee that meets the requirements set forth in the Depositary Trust Agreement. Every successor trustee is required to execute and deliver to its predecessor and to the Sponsor a written acceptance of its appointment. The successor trustee will then become fully vested with all the rights, powers, duties and obligations of the Trustee. Nevertheless, the predecessor trustee, upon payment of all sums due it and on the written request of the Sponsor is required to execute and deliver an instrument transferring to the successor trustee all rights and powers of such predecessor hereunder, is required to duly assign, transfer and deliver all right, title and interest in the Trust property to such successor, and is required to deliver to such successor a list of the



Shareholders of all outstanding Shares. The Sponsor or any such successor trustee is required to promptly mail notice of the appointment of such successor trustee to the Shareholders.

*Trustee's liability for successor trustee.* The Trustee will not be liable for any acts or omissions made by a successor trustee whether in connection with a previous act or omission of the Trustee or in connection with any matter arising wholly after the resignation of the Trustee, provided that in connection with the issue out of which such potential liability arises the Trustee performed its obligations without negligence or bad faith while it acted as Trustee.

#### **DISTRIBUTIONS**

Each month the Depository deposits into the secondary deposit account accrued but unpaid interest, if any, and the Trustee withdraws Swedish Kronor from the secondary deposit account to pay the accrued Sponsor's fee for the previous month plus other Trust expenses, if any. In the event that the Sponsor's fee and any other Trust expenses exceed the interest earned on the primary deposit account, additional Swedish Kronor will be withdrawn from the primary deposit account as required to cover the expenses. In the event that the interest deposited exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, then the Trustee will direct that the excess be converted into USD at a prevailing market rate and the Trustee will distribute the USD as promptly as practicable to Shareholders on a pro-rata basis (in accordance with the number of Shares that they own).

#### **ACTIONS TAKEN TO PROTECT THE TRUST**

The Trustee and the Sponsor may each, in their own discretion, undertake any action that they consider necessary or desirable to protect the Trust or the interests of the Shareholders. The expenses incurred by the Trustee or the Sponsor in connection therewith (including the fees and disbursements of legal counsel) will be expenses of the

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## **Table of Contents**

Trust, and the Trustee and the Sponsor will be entitled to be reimbursed for those expenses by the Trust. The Trustee and Sponsor are, however, required to notify and consult with each other before undertaking any protective action or if the Trustee or Sponsor become aware of any development or event that affects the administration of the Trust but is not contemplated or provided for in the Depositary Trust Agreement.

### **VALUATION OF SWEDISH KRONOR; DEFINITION OF NET ASSET VALUE**

The Trustee calculates, and the Sponsor publishes, the Trust's NAV each business day. To calculate the NAV, the Trustee adds to the amount of Swedish Kronor in the Trust at the end of the preceding day accrued but unpaid interest, if any, Swedish Kronor receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but unpaid Sponsor's fee, Swedish Kronor payable under pending redemption orders and other Trust expenses and liabilities, if any.

The Trustee also divides the NAV of the Trust by the number of Shares outstanding for the date of the evaluation then being made, which figure is the NAV per Share. For purposes of the preceding sentence, the number of Shares deemed outstanding includes Shares to be delivered under purchase orders having order dates on or before the preceding business day and excludes Shares to be surrendered under redemption orders having order dates on or before the preceding business day.

### **EXPENSES OF THE TRUST**

The Trust's only ordinary recurring expense is the Sponsor's fee. The Sponsor is obligated under the Depositary Trust Agreement to pay the following administrative and marketing expenses of the Trust: the Trustee's monthly fee, typical maintenance and transaction fees of the Depositary, NYSE Arca listing fees, printing and mailing costs, audit fees and expenses, up to \$100,000 per annum in legal fees and expenses, and applicable license fees.

The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the Swedish Kronor in the Trust. Each month, the Trust first withdraws Swedish Kronor the Trust has earned as interest, if any, to pay the Sponsor's fee and any other Trust expenses that have been incurred. If that interest is not sufficient to fully pay the Sponsor's fee and Trust expenses, then the Trustee withdraws Swedish Kronor from the primary deposit account as needed. If the Trust incurs expenses in USD (which is not anticipated), Swedish Kronor will be converted to USD at a prevailing market rate at the time of conversion to pay expenses. The Trustee will direct that the smallest amount of Swedish Kronor required to purchase amounts of USD sufficient to pay Trust expenses and the costs of currency conversion be withdrawn from the Trust. Neither the Trustee nor the Sponsor is liable for depreciation or loss incurred by reason of any conversion. See United States Federal Tax Consequences Taxation of U.S. Shareholders for information on the tax treatment of Swedish Krona sales.

In certain exceptional cases the following expenses may be charged to the Trust in addition to the Sponsor's fee: (1) expenses and costs of any extraordinary services performed by the Trustee or the Sponsor on

behalf of the Trust or action taken by the Trustee or the Sponsor to protect the Trust or interests of Shareholders; (2) indemnification of the Sponsor; (3) taxes and other governmental charges; and (4) expenses of the Trust other than those the Sponsor is obligated to pay pursuant to the Depositary Trust Agreement, including legal fees and expenses over \$100,000. If these additional expenses are incurred, the Trust will be required to pay these expenses by withdrawing deposited Swedish Kronor and the amount of Swedish Kronor represented by a Share will decline at such time. Accordingly, the Shareholders will effectively bear the cost of these other expenses, if incurred. Although the Trust cannot definitively state the frequency or magnitude of such expenses, the Trust predicts that they will occur infrequently, if at all.

**THE SECURITIES DEPOSITORY; BOOK-ENTRY-ONLY SYSTEM; GLOBAL SECURITY**

DTC is the securities depository for the Shares. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the U.S. Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act. DTC was created to hold securities of DTC Participants and to facilitate the clearance and settlement of transactions in such securities among the DTC Participants through electronic book-entry changes. This eliminates the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly. DTC has agreed to administer its book-entry system in accordance with its rules and by-laws and the requirements of law.

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## **Table of Contents**

Because the Shares are eligible for book-entry settlement with DTC, individual certificates will not be issued for the Shares. Instead, global certificates have been signed by the Trustee and the Sponsor on behalf of the Trust, registered in the name of Cede & Co., as nominee for DTC, and deposited with the Trustee on behalf of DTC. The global certificates will evidence all of the Shares outstanding at any time. The representations, undertakings and agreements made on the part of the Trust in the global certificates are made and intended for the purpose of binding only the Trust and not the Trustee or the Sponsor individually.

Upon the settlement date of any creation, transfer or redemption of Shares, DTC credits or debits, on its book-entry registration and transfer system, the amount of the Shares so created, transferred or redeemed to the accounts of the appropriate DTC Participants. The Trustee and the Authorized Participants designate the accounts to be credited and charged in the case of creation or redemption of Shares.

Beneficial ownership of the Shares is limited to DTC Participants, Indirect Participants and persons holding interests through DTC Participants and Indirect Participants. Ownership of beneficial interests in the Shares will be shown on, and the transfer of ownership will be effected only through, records maintained by DTC (with respect to DTC Participants), the records of DTC Participants (with respect to Indirect Participants) and the records of Indirect Participants (with respect to Shareholders that are not DTC Participants or Indirect Participants). A Shareholder is expected to receive a written confirmation relating to the purchase from or through the DTC Participant maintaining the account through which the Shareholder purchased its Shares.

A Shareholder that is not a DTC Participant may transfer its Shares through DTC by instructing the DTC Participant or Indirect Participant through which the Shareholder holds its Shares to transfer the Shares. A Shareholder that is a DTC Participant may transfer its Shares by instructing DTC in accordance with the rules of DTC. Transfers are made in accordance with standard securities industry practice.

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

The rights of the Shareholders generally must be exercised by DTC Participants acting on their behalf in accordance with the rules and procedures of DTC. Because it is anticipated that the Shares will only be held in book-entry form through DTC and DTC Participants, investors will rely on DTC, DTC Participants and any other financial intermediary through which they hold the Shares to receive the benefits and exercise the rights described in this section of the prospectus. Investors should consult with their brokers or banks to find out about procedures and requirements for securities held in book-entry form through DTC.

## **SHARE SPLITS**

If the Sponsor believes that the per-Share price on NYSE Arca is outside a desirable trading range, then the Sponsor may direct the Trustee to declare a split or reverse split in the number of Shares outstanding and to make a corresponding change in the number of Shares constituting a Basket.

#### **BOOKS AND RECORDS**

The Trustee keeps books for the registration of Shares that are open to inspection by any person who establishes to the Trustee's satisfaction that such person is a registered Shareholder upon reasonable advance notice at all reasonable times during the usual business hours of the Trustee.

The Trustee keeps a copy of the Depositary Trust Agreement on file in its office which is available for inspection on reasonable advance notice at all reasonable times during its usual business hours by any registered Shareholder. A copy of the Depositary Trust Agreement has also been filed as an exhibit to the registration statement of which this prospectus is part and is available on the SEC's website at [www.sec.gov](http://www.sec.gov). Under the Depositary Trust Agreement, the Trustee may be removed if it fails to maintain capital, surplus and undivided profits of \$500 million.

#### **STATEMENTS, FILINGS AND REPORTS**

After the end of each fiscal year and within the time period required by applicable law, the Sponsor will cause to be prepared an annual report for the Trust containing audited financial statements. The annual report will be in such form and contain such information as is then required by applicable laws, rules and regulations and shall contain such additional information as the Sponsor deems appropriate. The annual report is filed with the SEC and NYSE Arca and distributed to DTC and to such other persons, as required by applicable laws, rules and regulations.

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**Table of Contents**

The Sponsor is responsible for the registration and qualification of the Shares under the federal securities laws. The Sponsor prepares, or causes to be prepared, and files any periodic reports or current reports required under the Securities Exchange Act. The Trustee assists and supports the Sponsor in the preparation of such reports.

The Deposit Accounts are audited, as required by law and as may be directed by the Sponsor, by independent certified public accountants designated from time to time by the Sponsor. The accountants' report will be furnished by the Trustee to Shareholders upon request.

The costs incurred in connection with such statements, filings and reports are expenses of the Sponsor. If, however, legal fees and expenses exceed \$100,000 per year, the excess will be expenses of the Trust. See Investment Attributes of the Trust Trust Expenses.

**TERMINATION OF THE TRUST**

The Trustee will set a date on which the Depositary Trust Agreement will terminate and mail notice of that termination to the registered holders of Shares at least 30 days prior to the date set for termination if any of the following occur:

the Sponsor resigns or is unable to perform its duties or becomes bankrupt or insolvent and the Trustee does not appoint a successor and does not agree to act as sponsor;

Shareholders holding at least 75% of the outstanding Shares notify the Trustee that they elect to terminate the Trust;

the Depositary resigns or is removed; or

the Trustee receives notice from the IRS or from counsel for the Trust or the Sponsor that the Trust fails to qualify for treatment, or will not be treated, as a grantor trust under the Internal Revenue Code.

In addition, if any of the following events occurs, the Trustee will set a date on which the Depositary Trust Agreement will terminate and mail notice of that termination to the registered holders of Shares at least 30 days prior to the date set for termination if the Sponsor, having been notified by the Trustee of the occurrence of any such event, has notified the Trustee in writing that it has determined, in its sole discretion, to terminate the Depositary Trust Agreement:

the Trustee is notified that the Shares are delisted from NYSE Arca and have not been approved for listing on another national securities exchange within five business days of their delisting;

the SEC determines that the Trust is an investment company under the Investment Company Act, as amended, and the Trustee has actual knowledge of the determination;

the NAV of the Trust remains less than \$100 million for 30 consecutive business days;

all of the Trust's assets are sold;

the aggregate market capitalization of the Trust, based on the closing price for the Shares, remains less than \$300 million for five consecutive trading days; or

DTC stops providing book-entry settlement services for the Shares. The Trustee may set a date on which the Trust will terminate and mail notice of that termination to the Shareholders at least 30 days prior to the date set for termination if 60 days have elapsed since the Trustee gave the Sponsor notice of its election to resign and no successor trustee appointed by the Sponsor has accepted appointment as Trustee.

The Trust will terminate on June 8, 2046 if it has not been terminated prior to that date.

#### **AMENDMENTS**

Subject to certain limitations prohibiting any amendment of certain sections of the Depositary Trust Agreement, the Trustee and the Sponsor may amend most provisions of the agreement without the consent of any Shareholders. Any amendment that imposes or increases any fees or charges (other than taxes and other governmental charges,

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**Table of Contents**

registration fees or other such expenses) or that otherwise prejudices any substantial existing right of the Shareholders will not become effective as to outstanding Shares until 30 days after written notice of such amendment is given to the registered Shareholders. Every registered Shareholder, at the time any amendment so becomes effective, will be deemed, by continuing to hold any Shares or an interest therein, to consent and agree to such amendment and to be bound by the Depositary Trust Agreement as amended thereby. In no event will any amendment impair the right of the registered Shareholders to surrender Baskets and receive the amount of Trust property represented by the Baskets, except in order to comply with mandatory provisions of applicable law.

**GOVERNING LAW; CONSENT TO NEW YORK JURISDICTION**

The Depositary Trust Agreement, and the rights of the Sponsor, the Trustee and DTC (as registered owner of the Trust's global certificates for Shares) and the Shareholders under the Depositary Trust Agreement, are governed by the laws of the State of New York. The Sponsor, the Trustee and DTC and, by accepting Shares, each DTC Participant and each Shareholder, consents to the jurisdiction of any state or federal court in The City of New York, State of New York, in which any suit or proceeding arising out of or relating to Shares, the Trust property or the Depositary Trust Agreement may be instituted.



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**Table of Contents**

**United States Federal Tax Consequences**

The following discussion of the material U.S. federal income tax consequences that generally apply to the purchase, ownership and disposition of Shares by a U.S. Shareholder (as defined below), and certain U.S. federal income, gift and estate tax consequences that may apply to an investment in Shares by a Non-U.S. Shareholder (as defined below), represents, insofar as it describes conclusions as to U.S. federal tax law and subject to the limitations and qualifications described therein, the opinion of Foley & Lardner LLP, special United States federal tax counsel to the Sponsor. The discussion below is based on the Internal Revenue Code, Treasury Regulations promulgated under the Internal Revenue Code and judicial and administrative interpretations of the Internal Revenue Code, all as in effect on the date of this prospectus and all of which are subject to change either prospectively or retroactively. The tax treatment of Shareholders may vary depending upon their own particular circumstances. Certain Shareholders (including broker-dealers, traders or other investors with special circumstances) may be subject to special rules not discussed below. Moreover, the discussion below does not address the effect of any state, local or foreign tax law on an owner of Shares. Purchasers of Shares are urged to consult their own tax advisors with respect to all federal, state, local and foreign tax law considerations potentially applicable to their investment in Shares.

For purposes of this discussion, a U.S. Shareholder is a Shareholder that is:

An individual who is treated as a citizen or resident of the United States for U.S. federal income tax purposes;

A corporation created or organized in or under the laws of the United States or any political subdivision thereof;

An estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or

A trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (within the meaning of Internal Revenue Code section 7701(a)(30)) have the authority to control all substantial decisions of the trust, or if the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

For purposes of this discussion, a Non-U.S. Shareholder is a Shareholder that is not a U.S. Shareholder as defined above and that is classified for U.S. federal income tax purposes as being neither a partnership nor a disregarded entity. For U.S. federal income tax purposes, the treatment of any beneficial owner of an interest in an entity classified as a partnership for U.S. federal income tax purposes will generally depend upon the status of the partner and upon the

activities of the partnership. Partnerships and partners in partnerships should consult their tax advisors about the U.S. federal income tax consequences of purchasing, owning and disposing of Shares. For U.S. federal income tax purposes, the assets held by any entity that is classified as a disregarded entity and that has a single member are generally deemed to be held directly by such member.

#### **TAXATION OF THE TRUST**

The Trust is classified as a grantor trust for U.S. federal income tax purposes. As a result, the Trust itself is not subject to U.S. federal income tax. Instead, the Trust's income and expenses flow through to the Shareholders. The Trust's income, gains, losses and deductions will be reported to the Internal Revenue Service on that basis.

#### **TAXATION OF U.S. SHAREHOLDERS**

Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro-rata share of the assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro-rata portion of the Trust's income, if any, and as if they directly incurred their respective pro-rata portion of the Trust's expenses. In the case of a U.S. Shareholder that acquires Shares as part of a creation of a Basket, the delivery of Swedish Kronor to the Trust in exchange for the Shares will not be a taxable event to the Shareholder. With respect to the increase in the amount of the U.S. Shareholder's share of the Swedish Kronor held in the Trust that results from such a delivery, the Shareholder's aggregate tax basis (as determined immediately after such delivery) in those Swedish Kronor that are held in the Trust and that are attributable to such increase, and the Shareholder's aggregate tax basis in the Shares received upon such delivery, will each be the same as the Shareholder's aggregate tax basis (as determined immediately prior to such delivery) in the Swedish Kronor that are delivered by the Shareholder to the Trust.

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**Table of Contents**

Any Shares that are received by a U.S. Shareholder to evidence the Shareholder's pro-rata share of any interest earnings of the Trust generally will have a tax basis equal to the USD-equivalent of the amount of the Shareholder's pro-rata share of the interest earnings.

When the Trust converts Swedish Kronor to USD—for example, to pay expenses incurred in USD (which is not anticipated) or to make distributions to Shareholders—or when the Trust pays expenses in Swedish Kronor, a U.S. Shareholder generally will recognize gain or loss in an amount equal to the difference between (1) the Shareholder's pro-rata share of the amount realized by the Trust upon the conversion, or the Shareholder's pro-rata share of the USD-equivalent of the Swedish Kronor used to pay expenses, and (2) the Shareholder's tax basis for its pro-rata share of the Swedish Kronor that were converted or used to pay expenses. As described in Investment Attributes of the Trust, Trust Expenses and Description of the Depositary Trust Agreement—Expenses of the Trust, each month the Trustee will first withdraw Swedish Kronor the Trust has earned as interest to pay expenses. It is anticipated that the conversion of Swedish Kronor (for purposes of paying expenses and making distributions) and the payment of expenses in Swedish Kronor will occur on the same day that the Trust receives Swedish Kronor earned as interest. The Trust will use a last in first out method to determine the tax basis of the Swedish Kronor that are converted to USD or used to pay expenses. Accordingly, U.S. Shareholders will recognize interest income at the time that Swedish Kronor are received by the Trust as interest earnings, but will generally recognize no further gain or loss if the Swedish Kronor received are, on the date of receipt, either converted to USD or used to pay expenses.

The Sponsor's fee accrues daily and is payable monthly. For U.S. federal income tax purposes, an accrual-basis U.S. Shareholder generally will be required to take into account as an expense its allocable share of the USD-equivalent of the amount of the Sponsor's fee that is accrued on each day, with such USD-equivalent being determined by the currency exchange rate that is in effect on the respective day. To the extent that the currency exchange rate on the date of payment of the accrued amount of the Sponsor's fee differs from the currency exchange rate in effect on the day of accrual, the U.S. Shareholder will recognize a currency gain or loss for U.S. federal income tax purposes.

Redemption of some or all of a U.S. Shareholder's Shares in exchange for the underlying Swedish Kronor represented by the Shares redeemed generally will not be a taxable event to the Shareholder. The Shareholder's tax basis for the Swedish Kronor received in the redemption generally will be the same as the Shareholder's tax basis for its pro-rata portion of Swedish Kronor held in the Trust immediately prior to the redemption that is attributable to the Shares redeemed. In determining the portion of the U.S. Shareholder's total tax basis in the Swedish Kronor held in the Trust that is attributable to the Shares redeemed, the U.S. Shareholder generally will be required to use the method, if any, that it has used previously to determine the tax basis of nonfunctional currency amounts withdrawn from accounts with a bank or other financial institution. A subsequent sale of the Swedish Kronor received by the Shareholder will be a taxable event.

U.S. Shareholders that hold multiple lots of Shares, or that are contemplating acquiring multiple lots of Shares, are urged to consult their own tax advisers as to the determination of the tax basis for the underlying Swedish Kronor related to such Shares. In the case of a U.S. Shareholder that uses the USD as its functional currency, any gain or loss recognized by such U.S. Shareholder upon the sale of Shares, or upon the sale of Swedish Kronor by the Trust, generally will be treated under Internal Revenue Code section 988 as ordinary income or loss for U.S. federal income tax purposes. The share of any interest income earned by the Trust that is allocable to a U.S. Shareholder will be treated as ordinary income for U.S. federal income tax purposes.

#### **BROKERAGE FEES AND TRUST EXPENSES**

Any brokerage or other transaction fee incurred by a Shareholder in purchasing Shares will be treated as part of the Shareholder's tax basis in the underlying assets of the Trust. Similarly, any brokerage fee incurred by a Shareholder in selling Shares will reduce the amount realized by the Shareholder with respect to the sale.

Shareholders will be required to recognize gain or loss upon a sale of Swedish Kronor by the Trust (as discussed above), even though some or all of the proceeds of such sale are used by the Trustee to pay Trust expenses. Shareholders may deduct their respective pro-rata portion of each expense incurred by the Trust to the same extent as if they directly incurred the expense. Shareholders who are individuals, estates or trusts, however, may be required to treat some or all of the expenses of the Trust as miscellaneous itemized deductions. Individuals may deduct certain miscellaneous itemized deductions only to the extent they exceed 2% of adjusted gross income. In addition, such deductions may be subject to phase-outs and other limitations under applicable provisions of the Internal Revenue Code.

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**Table of Contents**

**INVESTMENT BY REGULATED INVESTMENT COMPANIES**

Mutual funds and other investment vehicles which are regulated investment companies within the meaning of Internal Revenue Code section 851 should consult with their tax advisors concerning (1) the likelihood that an investment in Shares, although they are a security within the meaning of the Investment Company Act, may be considered an investment in the underlying Swedish Kronor for purposes of Internal Revenue Code section 851(b) and (2) the extent to which an investment in Shares might nevertheless be consistent with preservation of the qualification of such vehicles under Internal Revenue Code section 851.

**UNITED STATES INFORMATION REPORTING AND BACKUP WITHHOLDING FOR U.S. AND NON-U.S. SHAREHOLDERS**

Certain information returns will be filed with the IRS, and certain tax-related information will be provided to Shareholders, in connection with the Trust. Regulations require that each Shareholder be provided with information regarding its allocable portion of the Trust's annual income (if any) and expenses, and sales of Trust assets, including, in the case of a sale of Swedish Kronor, the amount of proceeds attributable to each Share. Each Shareholder, however, would be required to determine for itself the amount of gain or loss recognized with respect to such sales.

A U.S. Shareholder may be subject to U.S. backup withholding tax in certain circumstances unless it provides its taxpayer identification number and complies with certain certification procedures. A Non-U.S. Shareholder may have to comply with certification procedures to establish that the Shareholder is not a U.S. person in order to avoid the information reporting and backup withholding tax requirements.

The amount of any backup withholding will be allowed as a credit against a Shareholder's U.S. federal income tax liability and may entitle such a Shareholder to a refund, provided that the required information is furnished to the IRS.

**INCOME TAXATION OF NON-U.S. SHAREHOLDERS**

The Trust does not expect to generate taxable income except for gain (if any) upon the sale of Swedish Kronor and interest income. A Non-U.S. Shareholder generally will not be subject to U.S. federal income tax with respect to gain recognized upon the sale or other disposition of Shares, or upon the sale of Swedish Kronor by the Trust, unless: (1) the Non-U.S. Shareholder is an individual and is present in the United States for 183 days or more during the taxable year of the sale or other disposition, and the gain is treated as being from United States sources; or (2) the gain is effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the United States.

A Non-U.S. Shareholder's share of any interest income earned by the Trust generally will not be subject to U.S. federal income tax unless the Shares owned by such Non-U.S. Shareholder are effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the United States.

**ESTATE AND GIFT TAX CONSIDERATIONS FOR NON-U.S. SHAREHOLDERS**

An individual who is neither a citizen nor a resident (as specially defined for U.S. federal estate and gift tax purposes) of the United States is generally subject to U.S. estate tax on all property that has a U.S. situs. An individual who is neither a citizen nor a resident (as specially defined for U.S. federal estate and gift tax purposes) of the United States is generally subject to U.S. federal gift tax on gifts of tangible personal property or real property having a U.S. situs. In addition, the U.S. federal generation-skipping transfer tax may apply in certain circumstances if an individual who is neither a citizen nor a resident (as specially defined for U.S. federal estate and gift tax purposes) of the United States makes a transfer of property that has a U.S. situs. Neither the Shares nor the Swedish Kronor underlying the Shares should be considered to have a U.S. situs for purposes of the U.S. federal estate tax, gift tax, and generation-skipping transfer tax.

Shareholders are urged to consult their tax advisers regarding the possible application of U.S. federal estate, gift, and generation-skipping transfer taxes in their particular circumstances.

**TAXATION IN JURISDICTIONS OTHER THAN THE UNITED STATES**

Prospective purchasers of Shares that are based in or acting out of a jurisdiction other than the United States are advised to consult their own tax advisers as to the tax consequences, under the laws of such jurisdiction (or any other jurisdiction not being the United States to which they are subject), of their purchase, holding, sale and redemption of or any other dealing in Shares and, in particular, as to whether any value added tax, other consumption tax or transfer tax is payable in relation to such purchase, holding, sale, redemption or other dealing.

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**Table of Contents**

**FBAR Reporting Obligations**

Each U.S. Shareholder should consult with its tax advisor as to the tax filing and reporting obligations that may arise in connection with an investment in a Share, including whether the Shares need to be reported on Treasury Form TD F 90-22.1 (Report of Foreign Bank and Financial Accounts, the FBAR form). A Shareholder that is obligated and fails to file the FBAR form may be subject to civil penalties in an amount equal to the greater of (1) \$100,000 or (2) 50 percent of the value of the unreported foreign account, and may face possible criminal penalties as well. The Sponsor is presently seeking relief from these reporting requirements for Shareholders; however, there is no assurance that such relief will be forthcoming.

**ERISA and Related Considerations**

The fiduciary investment rules of the Employee Retirement Income Security Act of 1974, as amended (ERISA) generally apply to private employee benefit plans and to certain investment funds in which such plans participate (ERISA Plan Investors). These rules are generally not applicable to individual retirement arrangements (IRAs), plans covering only self-employed individuals, governmental plans, church plans or foreign plans (Non-ERISA Plan Investors). Consequently, much of the following discussion of the fiduciary issues arising under ERISA is generally not applicable to such investors. Non-ERISA Plan Investors may be subject to various other fiduciary requirements under state law or other applicable law, however, which they should consider before investing in the Shares.

ERISA Plan Investors, as well as IRAs and plans covering only self-employed individuals, are generally subject to the prohibited transaction rules of Section 4975 of the Internal Revenue Code and Section 406 of ERISA.

**FIDUCIARY ISSUES**

A fiduciary of an ERISA Plan Investor should consider its fiduciary responsibilities under ERISA before investing in the Shares. These duties require the fiduciary to act solely in the interests of the ERISA plan's participants and beneficiaries. These duties also obligate the fiduciary to consider the appropriateness of any one given investment in light of the ERISA plan's entire portfolio.

Before investing in the Shares, fiduciaries of ERISA Plan Investors should review and determine (1) ERISA's fiduciary standards, (2) whether an investment in the Shares would be consistent with ERISA's prudence and diversification requirements, including consideration of the Risk Factors disclosed elsewhere in this prospectus, (3) whether such an investment would constitute a direct or indirect non-exempt prohibited transaction and (4) whether the fiduciaries have the appropriate authority to make the investment under the governing ERISA plan documents and investment policies, as well as under Title I of ERISA.

Fiduciaries of ERISA Plan Investors should also consider prohibitions in ERISA and in the Internal Revenue Code relating to an ERISA Plan

Investor engaging in certain transactions involving plan assets with persons who are parties in interest under ERISA or disqualified persons under the Internal Revenue Code with respect to such plan. As noted above, the prohibited transaction provisions of the Internal Revenue Code also apply to some Non-ERISA Plan Investors and such investors also should consider these provisions prior to investing in the Shares. These prohibited transaction rules are complex and may prohibit an investment in the Shares by certain ERISA Plan Investors and Non-ERISA Plan Investors.

ERISA Plan Investors may currently maintain relationships with the Trustee, Sponsor or Depository or their principals or affiliates. Such entities may be deemed parties in interest with respect to an ERISA Plan Investor. ERISA prohibits the use of plan assets for the benefit of a party in interest and also prohibits a fiduciary with respect to an ERISA Plan Investor from using its position to cause an ERISA Plan Investor to make an investment from which it or certain third parties related to the fiduciary would receive a fee or other consideration. Similar provisions are imposed by the Internal Revenue Code with respect to IRAs and retirement plans covering only self employed individuals. In certain cases, exemptions apply with respect to certain transactions that might otherwise be prohibited by ERISA.

Each ERISA Plan Investor should consult with its counsel to determine whether investment in the Shares may be prohibited by ERISA or otherwise would violate ERISA.



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## **Table of Contents**

Each IRA Non-ERISA Plan Investor should consult with its counsel to determine whether investment in the Shares may be a prohibited transaction for purposes of Section 4975 of the Code and Section 406 of ERISA.

### **PLAN ASSET ISSUES**

It is anticipated that the Shares will constitute publicly offered securities as defined in Section 2510.3-101(b)(2) of the U.S. Department of Labor regulations. Accordingly, Shares purchased by an ERISA Plan Investor will constitute Plan Assets, but the assets of the Trust will not be considered plan assets for purposes of ERISA.

### **Plan of Distribution**

The Trust issues Shares in Baskets to Authorized Participants in exchange for deposits of the amount of Swedish Kronor represented by the Baskets being created on a continuous basis. Because new Shares are created and issued on an ongoing basis, throughout the life of the Trust a distribution (as such term is used in the Securities Act) will be occurring. Authorized Participants, other broker-dealers and other persons are cautioned that some of their activities will result in their being deemed participants in a distribution in a manner that would render them statutory underwriters and will subject them to the prospectus-delivery and liability provisions of the Securities Act. For example, an Authorized Participant, other broker-dealer firm or its client will be deemed a statutory underwriter if it purchases a Basket from the Trust, breaks the Basket down into the constituent Shares and sells the Shares to its customers; or if it chooses to couple the creation of a supply of new Shares with an active selling effort involving solicitation of secondary market demand for the Shares. When an Authorized Participant acts as an underwriter, it will be subject to the prospectus delivery requirements of the Securities Act with respect to the customers purchasing Shares from it. A determination of whether one is an underwriter must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that would lead to categorization as an underwriter.

A Shareholder who buys or sells Shares from, to, or through a broker-dealer should expect to be charged a commission by the broker-dealer for effecting the transaction. Investors are encouraged to review the terms of their brokerage accounts for details on applicable commissions or charges.

Dealers who are neither Authorized Participants nor underwriters but are nonetheless participating in a distribution (as contrasted to ordinary secondary trading transactions), and thus dealing with Shares that are part of an unsold allotment within the meaning of section 4(3)(C) of the Securities Act, would be unable to take advantage of the prospectus-delivery exemption provided by section 4(3) of the Securities Act and therefore will be subject to the prospectus delivery requirements of the Securities Act with respect to their clients who purchase Shares from them.

The Distributor assists the Sponsor in developing an ongoing marketing plan for the Trust, preparing marketing materials regarding the Shares, including the content of the Trust's website, executing the marketing plan for the Trust and providing strategic and tactical research on the foreign exchange markets, in each case in compliance with applicable laws and regulations.

Note to Secondary Market Investors: The Shares can be purchased or redeemed directly from the Trust only in Baskets. Each Basket consists of 50,000 Shares and is expected to be worth several million dollars. Most individual investors, therefore, will not be able to purchase or redeem Shares directly from the Trust. Some of the information contained in this prospectus, including information about buying and selling Shares directly from and to the Trust, is not relevant to most investors. The Shares are listed and traded on NYSE Arca and may be purchased and sold in lots of Shares. Individuals interested in purchasing Shares in the secondary market should contact their broker-dealers. Shares purchased or sold through a broker-dealer can be expected to carry a mark-up, mark-down or commission.

### **Legal Proceedings**

There are no legal proceedings against the Sponsor, the Trust, the Trustee or the Depository relating to the operation of the Trust or the offering of the Shares.

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**Table of Contents**

**Legal Matters**

The validity of the Shares has been passed upon for the Sponsor by Foley & Lardner LLP, which, as special United States tax counsel to the Trust, also rendered an opinion regarding the material federal income tax consequences relating to the Shares. In addition to receiving customary legal fees, Foley & Lardner LLP is paid an annual fee for the life of the Trust, which is borne by M7 Ventures, LLC and based on the NAV of the Trust, for its assistance in developing the structure of the Trust and this offering. The fee paid by M7 Ventures, LLC to Foley & Lardner LLP is separate from and not included in the up to \$100,000 per annum in legal fees and expenses paid by the Sponsor.

**License**

Without conceding that the operation of the Trust or the marketing of or trading in the Shares would infringe any intellectual property owned by The Bank of New York Mellon, an affiliate of the Sponsor has entered into a License Agreement with The Bank of New York Mellon granting the Sponsor's affiliate a non-exclusive, personal and non-transferable license under The Bank of New York Mellon's patent application covering systems and methods for securitizing a commodity. The license grant is limited to only allow the Sponsor's affiliate to establish, operate and market a currency-based securities product based solely on the securitization, in whole or in part, of a single non-U.S. currency. The Sponsor's affiliate has the right to sublicense affiliates, partners, co-sponsors, joint ventures, trustees, depositaries and agents, but the license cannot be transferred without The Bank of New York Mellon's prior written consent. The Sponsor's affiliate has sublicensed the license to the Sponsor. As consideration for the license, The Bank of New York Mellon has been appointed as trustee of the Trust. If The Bank of New York Mellon is terminated as trustee of the Trust it will be paid an annual royalty fee. Any royalty fee incurred will be an expense payable by the Sponsor under the Depositary Trust Agreement. The Sponsor has also agreed to not initiate, directly or indirectly, any legal action against The Bank of New York Mellon for The Bank of New York Mellon's or any of The Bank of New York Mellon's affiliates' use of any improvement, enhancement, modification, derivative work or upgrade made by the Sponsor to the rights sublicensed to it.

**Experts**

Ernst & Young LLP, independent registered public accounting firm, has audited our financial statements at October 31, 2011 and 2010 and for each of the two years in the period ended October 31, 2011 included in our Annual Report on Form 10-K for the year ended October 31, 2011 as set forth in their report, which is incorporated by reference in this prospectus and in the registration statement of which this prospectus is a part. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

The financial statements for the year ended October 31, 2009 incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended October 31, 2011 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the

authority of said firm as experts in auditing and accounting.

### **Where You Can Find More Information**

The Sponsor has filed on behalf of the Trust a registration statement on Form S-1 with the SEC under the Securities Act. This prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Trust or the Shares, please refer to the registration statement, which you may read and copy at the public reference facilities of the SEC at the below address. The SEC maintains an Internet site that contains reports and other information regarding issuers at [www.sec.gov](http://www.sec.gov). Information about the Trust and the Shares also can be obtained from the Trust's website. The internet address of the Trust's website is [www.currencyshares.com](http://www.currencyshares.com). This internet address is only provided here as a convenience to you to allow you to access the Trust's website. The information contained on or connected to the Trust's website is not part of this prospectus or the registration statement of which this prospectus is part.

The Trust is subject to the informational requirements of the Securities Exchange Act. The Sponsor, on behalf of the Trust, files quarterly and annual reports and other information with the SEC. The reports and other information can be read and copied at the public reference facilities of the SEC located at 100 F Street, N.E., Washington, D.C. 20549-4561 and can also be found online at [www.sec.gov](http://www.sec.gov). You may obtain more information concerning the operation of the public reference facilities of the SEC by calling the SEC at 1-800-SEC-0330 or visiting online at [www.sec.gov](http://www.sec.gov).

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**Table of Contents**

**Incorporation of Certain Information by Reference**

The SEC allows the incorporation by reference of certain information into this prospectus, which means that important information can be disclosed to you by referring you to other documents which have been filed with the SEC. We incorporate by reference into this prospectus the document identified below:

Annual Report on Form 10-K for the fiscal year ended  
October 31, 2011.

Any statement contained in a document incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of the document incorporated by reference into this prospectus at no cost by writing or telephoning the Sponsor at the following address and telephone number:

Rydex Investments

Attn: CurrencyShares® Swedish Krona Trust

805 King Farm Boulevard

Suite 600

Rockville, Maryland 20850

(800) 820-0888