Calculation and Dissemination of an Index

The FT-AWI are calculated through widely accepted mathematical formulae, with the effect that the indices are weighted arithmetic averages of the price relatives of the constituents—as produced solely by changes in the marketplace—adjusted for intervening capital changes. The FT-AWI are baseweighted aggregates of the initial market capitalization, the price of each issue being weighted by the number of shares outstanding, modified to reflect only those shares outstanding that are eligible to be owned by foreign investors.

For each constituent security, the implied annual dividend is divided by 260 (an accepted approximation for the number of business days in a calendar year). This dividend is then reinvested daily according to standard actuarial calculations. Distributions affect adjustments to the base capital or the price per share in accordance with prescribed FT–AWI standards. The indices' values and related performance figures for various periods of time are calculated daily and are disseminated to the public.⁵

The FT–AWI are valued in the terms of local currency, U.S. dollars, and U.K. pounds sterling, thereby allowing the effect of currency value on the index value to be measured. Changes to the indices are announced as soon as possible, and on Mondays the Financial Times publishes a list of changes to each index implemented during the previous week, if any. The FT-AWI are calculated once a day on weekdays when one or more of the constituent markets are open; the indices are syndicated and published in the financial sections of several newspapers worldwide. FT-AWI data also may be purchased electronically.

Distribution of the Securities

The Securities will be distributed in transactions with the Fund through "Creation Transactions." To effect a Creation Transaction in the Fund-only structure, a person would buy Fund shares from the Fund at their net asset value ("NAV") next computed. The sales will be in "Creation Unit" size aggregations in exchange for a deposit ("Deposit") of Index Securities (a "Fund Basket") and a specified amount of cash sufficient to equal the NAV of such shares.

Securities in Creation Unit size aggregations only may be redeemed, at

NAV, generally for an in-kind distribution of Index Securities comprising the Fund shares, plus a cash payment. A Creation Unit size of Fund shares will represent securities with approximately \$2 to \$5 million in market value. The Creation Unit would be disaggregated into the individual Securities that would trade on the Exchange. For the nine initial CountryBasket Securities, there would be the following number of Securities per Creation Unit:

Australia	75,000
France	100,000
Germany	100,000
Hong Kong	75,000
Italy	75,000
Japan	
South Africa	75,000
United Kingdom	100,000
United States	100,000

To effect a Creation Transaction in the Fund/UIT structure, a person would buy a Fund Share (or fractional share) in exchange for the Deposit. Each UIT would invest solely in shares of a specified series of the Fund, and would offer one "redeemable unit of beneficial interest" (a "Redeemable Unit") in exchange for each Fund share or fractional share. The Redeemable Unit would be the functional equivalent of the Creation Unit in the Fund-only structure.

The owner of a Redeemable Unit could separate that unit into a specific number of identical fractional nonredeemable subunits that would constitute the Securities traded on the Exchange. As with the Fund-only structure, for example, in the case of the Germany CountryBasket Trust there would be 100,000 Securities per Redeemable Unit. These Securities could be recombined into Redeemable Units and then redeemed, at NAV, for the appropriate number of Fund shares. In turn, the Fund shares could be redeemed for the Index Securities and cash. The Securities would not be redeemable other than in Creation Unit aggregations.

Regardless of the structure used, there may be an initial distribution period of Fund shares lasting from one to a few weeks. During this period, the principal underwriter or distributor ("Distributor") directly or through soliciting dealers would accept subscriptions to purchase Fund shares. In the dual Fund/UIT structure, orders also would be accepted to exchange Fund shares for Redeemable Units and to separate such units into tradeable Securities. Therefore, the offering would be continuous.

Exchange Trading of Units

The proposed listing criteria provide flexible standards for the listing of Units. Before commencing trading, the Exchange will require that there be at least 300,000 tradeable Units outstanding, representing, for the nine series encompassed by this filing, at least three or four Creation Units. The Exchange will consider the suspension of trading and the delisting of a series of Units if:

- After the first year of trading, there are fewer than 50 record or beneficial holders of the Units for 30 or more consecutive trading days;
- The value of the underlying index or portfolio of securities is no longer calculated or available; or
- There occurs another event that makes further dealings in the Units on the Exchange inadvisable.

Dealing in Units on the Exchange will be conducted pursuant to the Exchange's general agency-auction trading rules. The Exchange's general dealing and settlement rules would apply, including its rules on clearance and settlement of securities transactions (see NYSE Rules 45 through 296). Other Exchange equity rules and procedures, such as the Exchange's equity margin rules, would apply. 6 Unless the prospectus for a specific Security states otherwise, the Units trading on the Exchange will have one vote per share; however, as with other securities issued by registered investment companies, there will not be a "passthrough" of the voting rights on the actual index securities held by a fund or directly or indirectly by a trust.

With respect to specialist dealings, Exchange Rule 460 precludes certain business relationships between an issuer and the specialist in the issuer's securities. This could be interpreted to prevent a specialist from entering into Creation Transactions or redeeming Securities or Redeemable Units from the issuer. However, such market activities could enhance liquidity in the Units and facilitate the specialist's marketmaking responsibilities. In addition, since the specialist will be able to engage in Creation Transactions and redemptions only according to the same terms and conditions as every other investor (and only at NAV), the Exchange believes that there is no potential for abuse.

⁵The responsibility for collecting, calculating, and transmitting the index data is split between Goldman Sachs and NatWest Securities.

⁶With respect to margin, the Exchange will be requesting that the Commission's Division of Market Regulation grant "no action" relief with respect to section 11(d)(1) of the Act, as amended, and Rules 11d1–1 and 11d1–2 thereunder with respect to the extension of credit to customers on a security that is part of a new issue.