



STOCK EXCHANGE			
Regulatory Information Circular			
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**Subject: iPath Exchange-Traded Notes Linked to the GSCI Total Return Index**

**Description of the Notes**

The purpose of this memorandum is to outline various rules and policies that will be applicable to trading in this new product, including certain exemptive, interpretive and no-action positions taken by the Securities and Exchange Commission (“SEC”), as well as to highlight the characteristics and risk of the Notes. For a more complete description of the Notes, visit the Notes’ website, <http://www.ipathetn.com>, or consult the prospectus used in connection with the offering of the Notes (“Prospectus”).

The Notes are Index-linked debt securities of Barclays Bank PLC (“Barclays”) linked to the performance of the GSCI Total Return Index Total Return (the “Index”).

The GSCI is a proprietary index on a production-weighted basket of futures contracts on physical commodities traded on trading facilities in major industrialized countries. The Index reflects the excess returns that are potentially available through an unleveraged investment in the contracts comprising the GSCI plus the Treasury Bill rate of interest that could be earned on funds committed to the trading of the underlying contracts. The Treasury Bill rate of interest used for purposes of calculating the index on any day is the 91-day auction high rate for U.S. Treasury Bills, as reported on Telerate page 56, or any successor page, on the most recent of the weekly auction dates prior to such day.

There is no regulated source of last sale information regarding physical commodities and the SEC has no jurisdiction over the trading of physical commodities such as aluminum, gold, crude oil, heating oil, corn and wheat, or the futures contracts on which the value of the Notes is based.

The Notes provide for a cash payment at maturity or upon earlier exchange at the holder's option, based on the performance of the Index subject to the adjustments described below. The principal amount of each Note will be \$50. The Notes will trade on the Exchange’s equity trading floor and the Exchange’s existing equity trading rules will apply to trading in the Notes. The Notes will not have a minimum principal amount that will be repaid and, accordingly, payment on the Notes prior to or at maturity may be less than the original issue price of the Notes. In fact, the value of the Index must increase for the investor to receive at least the \$50 principal amount per Note at maturity or upon exchange or redemption. If the value of the Index decreases or does not increase

sufficiently to offset the investor fee (described below), the investor will receive less, and possibly significantly less, than the \$50 principal amount per Note. In addition, holders of the Notes will not receive any interest payments from the Notes. The Notes will have a term of 30 years.

Holders who have not previously redeemed their Notes will receive a cash payment at maturity equal to the principal amount of their Notes times the index factor on the Final Valuation Date (as defined below) minus the investor fee on the Final Valuation Date. The "index factor" on any given day will be equal to the closing value of the Index on that day divided by the initial index level. The index factor on the Final Valuation Date will be equal to the final index level divided by the initial index level. The "initial index level" is the closing value of the Index on the date of issuance of the Notes (the "Trade Date"), and the "final index level" is the closing value of the Index on the Final Valuation Date. The investor fee is equal to 0.75% per year times the principal amount of a holder's Notes times the index factor, calculated on a daily basis in the following manner: The investor fee on the Trade Date will equal zero. On each subsequent calendar day until maturity or early redemption, the investor fee will increase by an amount equal to 0.75% times the principal amount of a holder's Notes times the index factor on that day (or, if such day is not a trading day, the index factor on the immediately preceding trading day) divided by 365. The investor fee is the only fee holders will be charged in connection with their ownership of the Notes.

Prior to maturity, holders may, subject to certain restrictions, redeem their Notes on any Redemption Date (defined below) during the term of the Notes provided that they present at least 50,000 Notes for redemption, or they act through a broker or other financial intermediaries (such as a bank or other financial institution not required to register as a broker-dealer to engage in securities transactions) that are willing to bundle their Notes for redemption with other investors' Notes. If a holder chooses to redeem such holder's Notes on a Redemption Date, such holder will receive a cash payment on such date equal to the principal amount of such holder's Notes times the index factor on the applicable Valuation Date minus the investor fee on the applicable Valuation Date. A "Redemption Date" is the third business day following a Valuation Date (other than the Final Valuation Date (defined below)). A "Valuation Date" is each Thursday from the first Thursday after issuance of the Notes until the last Thursday before maturity of the Notes (the "Final Valuation Date") inclusive (or, if such date is not a trading day, the next succeeding trading day), unless the calculation agent determines that a market disruption event, as described below, occurs or is continuing on that day. In that event, the Valuation Date for the maturity date or corresponding Redemption Date, as the case may be, will be the first following trading day on which the calculation agent determines that a market disruption event does not occur and is not continuing. In no event, however, will a Valuation Date be postponed by more than five trading days.

Any of the following will be a market disruption event: (i) a material limitation, suspension or disruption in the trading of any Index component which results in a failure by the trading facility on which the relevant contract is traded to report a daily contract reference price (i.e., the price of the relevant contract that is used as a reference or benchmark by market participants); (ii) the daily contract reference price for any Index component is a "limit price", which means that the daily contract reference price for such contract has increased or decreased from the previous day's daily contract reference price by the maximum amount permitted under the applicable rules or procedures of the relevant trading facility; (iii) failure by the Index Sponsor to publish the closing value of

the Index or of the applicable trading facility or other price source to announce or publish the daily contract reference price for one or more Index component; or (iv) any other event, if the calculation agent determines in its sole discretion that the event materially interferes with Barclays' ability or the ability of any of Barclays' affiliates to unwind all or a material portion of a hedge with respect to the Notes that Barclays or Barclays' affiliates have effected or may effect as described herein in connection with the sale of the Notes.

If a Valuation Date is postponed by five trading days, that fifth day will nevertheless be the date on which the value of the Index will be determined by the calculation agent. In such an event, the calculation agent will make a good faith estimate in its sole discretion of the value of the Index.

To redeem their Notes, holders must instruct their broker or other person through whom they hold their Notes to take the following steps:

- deliver a notice of redemption to Barclays via email by no later than 11:00 a.m. New York time on the business day prior to the applicable Valuation Date. If Barclays receives such notice by the time specified in the preceding sentence, it will respond by sending the holder a confirmation of redemption;
- deliver the signed confirmation of redemption to Barclays via facsimile in the specified form by 4:00 p.m. New York time on the same day. Barclays must acknowledge receipt in order for the confirmation to be effective; and
- transfer such holder's book-entry interest in its Notes to the trustee on Barclays' behalf at or prior to 10:00 a.m. on the applicable Redemption Date (the third business day following the Valuation Date).

If holders elect to redeem their Notes, Barclays may request that Barclays Capital Inc. (a broker-dealer) purchase the Notes for the cash amount that would otherwise have been payable by Barclays upon redemption. In this case, Barclays will remain obligated to redeem the Notes if Barclays Capital Inc. fails to purchase the Notes. Any Notes purchased by Barclays Capital Inc. may remain outstanding.

If an event of default occurs and the maturity of the Notes is accelerated Barclays will pay the default amount in respect of the principal of the Notes at maturity. The default amount for the Notes on any day will be an amount, determined by the calculation agent in its sole discretion, equal to the cost of having a qualified financial institution, of the kind and selected as described below, expressly assume all Barclays' payment and other obligations with respect to the Notes as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to the holders of the Notes with respect to the Notes. That cost will equal:

- the lowest amount that a qualified financial institution would charge to effect this assumption or undertaking, plus
- the reasonable expenses, including reasonable attorneys' fees, incurred by the holders of the Notes in preparing any documentation necessary for this assumption or undertaking.

During the default quotation period for the Notes (described below), the holders of the Notes and/or Barclays may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party

obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest – or, if there is only one, the only – quotation obtained, and as to which notice is so given, during the default quotation period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the qualified financial institution providing the quotation and notify the other party in writing of those grounds within two business days after the last day of the default quotation period, in which case that quotation will be disregarded in determining the default amount. The default quotation period is the period beginning on the day the default amount first becomes due and ending on the third business day after that day, unless:

- no quotation of the kind referred to above is obtained, or
- every quotation of that kind obtained is objected to within five business days after the due date as described above.

If either of these two events occurs, the default quotation period will continue until the third business day after the first business day on which prompt notice of a quotation is given as described above. If that quotation is objected to as described above within five business days after that first business day, however, the default quotation period will continue as described in the prior sentence and this sentence.

In any event, if the default quotation period and the subsequent two business day objection period have not ended before the Final Valuation Date, then the default amount will equal the stated principal amount of the Notes.

Major market data vendors will disseminate at least every 15 seconds, during the Exchange's Core Trading Session, the GSCI and the Index value.

An intraday "Indicative Value" meant to approximate the intrinsic economic value of the Notes will be calculated and published via the facilities of the Consolidated Tape Association ("CTA") every 15 seconds throughout the "Exchange's Core Trading Session on each day on which the Notes are traded on the Exchange.

Additionally, Barclays or an affiliate will calculate and publish the closing Indicative Value of the Notes on each trading day at <http://www.ipathetn.com>. In connection with the Notes, the term "Indicative Value" refers to the value at a given time determined based on the following equation:

$$\text{Indicative Value} = \text{Principal Amount per Unit} \times (\text{Current Index Level} / \text{Initial Index Level}) - \text{Current Investor Fee}$$

where:

$$\text{Principal Amount per Unit} = \$50$$

Current Index Level = The most recent published level of the Index as reported by The Goldman Sachs Group, Inc.

Initial Index Level = The Index level on the trade date for the Notes.

Current Investor Fee = The most recent daily calculation of the investor fee with respect to the Notes, determined as described above (which, during any trading day, will be the investor fee determined on the preceding calendar day).

### **Risk Factors Related to Investing in the Notes**

The Notes are unsecured promises of Barclays Bank PLC and are not secured debt. The Notes are riskier than ordinary unsecured debt securities. As stated in the Prospectus, an investment in the Notes includes the following risks: carries certain risks:

- Even if the value of the Index at maturity or upon redemption exceeds the initial Index level, Note holders may receive less than the principal amount of their Notes.
- Note holders will not benefit from any increase in the value of the Index if such increase is not reflected in the value of the Index on the applicable valuation date.
- There are restrictions on the minimum number of Notes a Note holder may redeem and on the dates on which a Note holder may redeem them.
- The market value of the Notes may be influenced by many unpredictable factors, including volatile commodities prices suspension or disruptions of market trading in commodities and related futures may adversely affect the value of the Notes.
- Higher future prices of the Index components relative to their current prices may decrease the amount payable at maturity or upon redemption.
- Historical values of the Index or any Index component should not be taken as an indication of the future performance of the Index during the term of the Notes.
- Commodity prices may change unpredictably, affecting the value of the Index and the value of the Notes in unforeseeable ways.
- Changes in the Treasury bill rate of interest may affect the value of the Index and the Notes.
- Changes in Barclays' credit ratings may affect the market value of the Notes.
- Note holders will not receive interest payments on the Notes or have rights in the exchange traded futures contracts constituting the Index components.
- There may not be an active trading market in the Notes; sales in the secondary market may result in significant losses.
- Trading and other transactions by Barclays Bank PLC or its affiliates in instruments linked to the Index or Index components may impair the market value of the Notes.
- Barclays' business activities may create conflicts of interest.
- Barclays Bank PLC and its affiliates have no affiliation with the Index Sponsor and are not responsible for its public disclosure of information, which may change over time.
- The policies of the Index sponsor and changes that affect the Index or the Index components could affect the amount payable on the Notes and their market value.
- The GSCI may in the future include contracts that are not traded on regulated futures exchanges.
- Changes in the composition and valuation of the Index or the GSCI may adversely affect the Notes.
- There are potential conflicts of interest between the Note holders and the calculation agent.

- The calculation agent can postpone the determination of the value of the Index or the maturity date or redemption date if a market disruption event occurs on a valuation date.

### **Exchange Rules Applicable to Trading in the Notes**

The Notes are considered equity securities, thus rendering trading in the Notes subject to the Exchange's existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the Notes on ISE is on a UTP basis and is subject to ISE equity trading rules. The Notes will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Equity EAMs trading the Notes during the Extended Market Sessions are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

ISE will halt trading in the Notes in accordance with ISE Rule 2101(a)(2)(iii). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Notes and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, ISE will stop trading the Notes if the primary market de-lists the Notes.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Notes must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Notes directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The 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 Fund, please refer to the Trust's registration statement.

### **No-Action Relief Under Federal Securities Regulations**

The SEC has issued no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding trading in other Barclays iPath securities with structures similar to that of the Notes. See letter dated July 27, 2006, from James A. Brigagliano, Acting Associate Director, Office of Trading Practices and Processing, Division of Market Regulation, to George H. White (the "Letter"). As what follows is only a summary of the relief outlined in the Letter, the

Exchange also advises interested members to consult the Letter, for more complete information regarding the matters covered therein.

### **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits a “distribution participant” and the issuer or selling security holder, in connection with a distribution of securities, from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The Letter states that the SEC Division of Market Regulation will not recommend enforcement action under Rule 101 of Regulation M against persons who may be deemed to be participating in a distribution of the notes to bid for or purchase the notes during their participation in such distribution.

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

The Letter states that the SEC Division of Market Regulation will not recommend enforcement action under Rule 102 of Regulation M against Barclays and its affiliated purchasers who bid for or purchase or redeem notes during the continuous offering of the notes.

### **Section 11(d)(1) of the Exchange Act; Exchange Act Rule 11d1-2**

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

The Letter states that the SEC Division of Market Regulation will not recommend enforcement action under Section 11(d)(1) of the Exchange Act against broker-dealers who treat the notes, for purposes of Rule 11d1-2, as “securities issued by a registered . . . open-end investment company as defined in the Investment Company Act” and thereby, extend credit or maintain or arrange for the extension or maintenance of credit on the notes that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

**This Regulatory Information Circular is not a statutory Prospectus. Equity EAMs should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>
GSP	iPath Exchange-Traded Notes due June 2036, Linked to the GSCI Total Return Index Total Return