



REGULATORY INFORMATION BULLETIN

RB-10-32
February 26, 2010

TO: ETP Holders

SUBJECT: Sprott Physical Gold Trust

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses the need to deliver a prospectus to customers purchasing units of Sprott Physical Gold Trust (the "Trust"). Please forward this Information Bulletin to other interested persons within your organization.

The following security has been approved for listing on NYSE Arca and will commence trading on February 26, 2010:

<u>Trust Name</u>	<u>Symbol</u>
Sprott Physical Gold Trust	PHYS

As more fully explained in the Registration Statement (No. 333-16301) for the Trust, Sprott Asset Management LP is the sponsor or manager of the Trust (the "Sponsor" or the "Manager"¹, as the case may be), RBC Dexia Investor Services Trust is the trustee of the Trust (the "Trustee")², the Royal Canadian Mint is the custodian for the physical gold bullion owned by the Trust (the "Gold Custodian"), and RBC Dexia serves as the custodian of the Trust's assets other than physical gold bullion (the "Non-Gold Custodian"). According to the Registration Statement, the Trust is not an investment company registered under the Investment Company Act of 1940. The Trust is not a commodity pool for purposes of the Commodity Exchange Act, and the Sponsor and Trustee are not subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the Trust. The Trust was created to invest and hold substantially all of its assets in physical gold bullion. The Trust seeks to provide a secure, convenient and exchange-traded investment alternative for investors interested in holding

¹ The Manager is a limited partnership existing under the laws of Ontario, Canada, and acts as manager of the Trust pursuant to the Trust's trust agreement and the management agreement. The Manager provides management and advisory services to the Trust.

² The Trustee holds title to the Trust's assets on behalf of the Unitholders and has, together with the Manager, exclusive authority over the assets and affairs of the Trust. The Trustee has a fiduciary responsibility to act in the best interest of the Unitholders. Additional details regarding the Trustee are set forth in the Registration Statement.

physical gold bullion without the inconvenience that is typical of a direct investment in physical gold bullion.

The Trust will issue units, which represent units of fractional undivided beneficial interest in and ownership of the Trust. The Units will be issued in a firm commitment initial public offering. The Trust may issue additional Units (i) in future offerings if the gross proceeds received by the Trust per Unit is not less than 100% of the most recently calculated NAV or (ii) by way of a distribution in Units in connection with an income distribution. The Trust will not issue Units on an on-going or daily basis.

Redemption for Physical Gold

Subject to the terms of the trust agreement and the Manager's right to suspend redemptions under certain circumstances described in the registration statement, Units may be redeemed at the option of a Unitholder for physical gold bullion in any calendar month. Units redeemed for physical gold will be entitled to a redemption price equal to 100% of the NAV of the redeemed Units on the last Business Day, as defined herein, of the calendar month in which the redemption request is processed, less redemption and delivery expenses. Redemption requests for gold must be for amounts that are at least equivalent in value to one London Good Delivery bar or an integral multiple thereof, plus applicable expenses. A "London Good Delivery bar" contains between 350 and 430 troy ounces of gold. Any fractional amount of redemption proceeds in excess of one London Good Delivery bar or an integral multiple thereof will be paid in cash at a rate equal to 100% of the NAV of such excess amount. The ability of a Unitholder to redeem Units for physical gold bullion may be limited by the sizes of London Good Delivery bars held by the Trust at the time of the redemption. A Unitholder redeeming Units for gold will be responsible for expenses incurred by the Trust in connection with such redemption and applicable delivery expenses, including the handling of the notice of redemption, the delivery of the physical bullion for units that are being redeemed and the applicable gold storage in-and-out fees.

A redemption notice to redeem Units for physical gold bullion must be received by the Trust's transfer agent no later than 4:00 pm, Toronto time, on the 15th day of the calendar month in which the redemption notice will be processed or, if such day is not a day on which banks located in New York, New York, are open for the transaction of banking business (a "Business Day"), then on the immediately following day that is a Business Day. Any redemption notice received after such time will be processed in the next month.

Physical gold bullion received by a Unitholder as a result of a redemption of Units will be delivered by armored transportation service carrier pursuant to delivery instructions provided by the Unitholder. The armored transportation service carrier will be engaged by or on behalf of the redeeming Unitholder. Such physical gold bullion can be delivered (i) to an account established by the Unitholder at an institution located in North America authorized to accept and hold London Good Delivery bars; (ii) in the United States, to any physical address (subject to approval by the armored transportation service carrier); (iii) in Canada, to any business address

(subject to approval by the armored transportation service carrier); and (iv) outside of the United States and Canada, to any address approved by the armored transportation service carrier. Physical gold bullion delivered to an institution located in North America authorized to accept and hold London Good Delivery bars will likely retain its London Good Delivery status while in the custody of such institution; physical gold bullion delivered pursuant to a Unitholder's delivery instruction to a destination other than an institution located in North America authorized to accept and hold London Good Delivery bars will no longer be deemed London Good Delivery once received by the Unitholder. The armored transportation service carrier will receive gold bullion in connection with a redemption of Units approximately 10 Business Days after the end of the month in which the redemption notice is processed. Any cash to be received by a redeeming Unitholder in connection with a redemption of Units for physical gold bullion will be delivered to the Unitholder's brokerage account within 10 Business Days after the calendar month in which the redemption is processed.

Redemption for Cash

Subject to the terms of the trust agreement and the Manager's right to suspend redemptions under certain circumstances described in the registration statement, Units may be redeemed at the option of a Unitholder for cash on a monthly basis. Units redeemed for cash will be entitled to a redemption price equal to 95% of the lesser of (i) the volume-weighted average trading price of the Units traded on the NYSE Arca or, if trading has been suspended on NYSE Arca, the trading price of the units traded on the Toronto Stock Exchange, for the last five Business Days of the month in which the redemption request is processed and (ii) the NAV of the redeemed Units as of 4:00 p.m., Toronto time, on the last Business Day of such month. Cash redemption proceeds will be transferred to a redeeming Unitholder approximately three Business Days after the end of the month in which the redemption notice is processed.

A redemption notice to redeem Units for cash must be received by the Trust's transfer agent no later than 4:00 pm, Toronto time, on the 15th day of the calendar month in which the redemption notice will be processed or, if such day is not a Business Day, then on the immediately following day that is a Business Day. Any redemption notice to redeem Units for cash received after such time will be processed in the next month.

Valuation of Gold and Definition of Net Asset Value

The value of the net assets of the Trust and the NAV will be determined daily at 4:00 p.m. (Toronto time) on each day that is a Business Day, by the Trust's valuator, which is RBC Dexia Investor Services Trust. The value of the net assets of the Trust as of the valuation time on any such day shall be equal to the aggregate fair market value of the assets of the Trust as of such date, less an amount equal to the total liabilities of the Trust (excluding all liabilities represented by outstanding Units and deferred taxes) as of such date. The valuator shall calculate the NAV by dividing the value of the net assets of the Trust on that day by the total number of Units then outstanding on such day.

The Units will be book-entry only and individual certificates will not be issued for the Units (except in connection with a redemption of Units, during the process of which redeeming Units will be certificated and presented for cancellation as part of the redemption process).

Dissemination of Indicative Trust Value

The Trust Web site will provide an intraday indicative value ("IIV") per share for the Units, as calculated by a third party financial data provider during the Exchange's Core Trading Session (9:30 AM to 4:00 PM, New York time). The IIV will be calculated based on a price of gold derived from updated bids and offers indicative of the spot price of gold.³ In addition, the Web site for the Trust will contain the following information, on a per Unit basis, for the Trust: (a) the mid-point of the bid-ask price⁴ at the close of trading in relation to the NAV as of the time the NAV is calculated ("Bid/Ask Price"), and a calculation of the premium or discount of such price against such NAV; and (b) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. The Web site for the Trust will also provide the Trust's prospectus, as well as the two most recent reports to stockholders. Finally, the Trust Web site will provide the last sale price of the Units as traded in the US market.

Availability of Information Regarding Gold Prices

Investors may obtain on a 24-hour basis gold pricing information based on the spot price for an ounce of gold from various financial information service providers, such as Reuters and Bloomberg. Reuters and Bloomberg provide at no charge on their Web sites delayed information regarding the spot price of gold and last sale prices of gold futures, as well as information about news and developments in the gold market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on gold prices directly from market participants. An organization named EBS provides an electronic trading platform to institutions such as bullion banks and dealers for the trading of spot gold, as well as a feed of live streaming prices to Reuters and Moneyline Telerate subscribers. Complete real-time data for gold futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. The NYMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its Web site. There are a variety of other public Web sites providing information on gold, ranging from those specializing in precious metals to sites maintained by major newspapers, such as The Wall Street Journal. In addition, the London AM Fix and London PM Fix are publicly available at no charge at www.lbma.org.uk/statistics_current.htm or www.thebulliondesk.com.

³ The IIV on a per Unit basis disseminated during the Core Trading Session should not be viewed as a real-time update of the NAV, which is calculated once a day.

⁴ The bid-ask price of the Trust is determined using the highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day NAV.

There is no regulated source of last sale information regarding physical gold.

Other information

The SEC has no jurisdiction over the trading of gold as a physical commodity. The CFTC has regulatory jurisdiction over the trading of gold futures contracts and options on gold futures contracts.

The Trust is subject to various other fees and expenses described in the Registration Statement

Investment Risks

ETP Holders are referred to the Trust's prospectus and Registration Statement for a description of risks associated with an investment in the Units of the Trust. There are risks associated with an investment in units that should be considered by prospective purchasers, including risks associated with: (i) the price of gold; (ii) the net asset value and/or the market price of the units; (iii) the purchase, transport, insurance and storage of physical gold bullion; (iv) liabilities of the Trust (v) redemptions of units; (vi) operations of the Trust; and (vii) the offering. See the Registration Statement for more detail regarding these risks factors and for additional risk factors.

Exchange Rules Applicable to Trading in the Units

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

Trading Hours

The Units will trade on NYSE Arca in the Opening, Core and Late Trading Sessions or from 4:00 a.m. ET until 8:00 p.m. ET in accordance with NYSE Arca Equities Rule 7.34(a). The trading increment for the Units will be \$0.01.

Extended Hours Trading

ETP Holders are reminded of NYSE Arca Equities Rule 7.34(e) regarding Customer Disclosure and that trading in the Trust's Units during the Exchange's Opening and Late Trading Sessions may result in additional trading risks which include: (1) that the current underlying asset value may not be updated during the Opening and Late Sessions, (2) the IIV may not be updated during the Opening and Late Trading Sessions, (3) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (5) higher volatility in the Opening or Late Trading Sessions may impact pricing, (6) wider spreads may occur in the Opening or Late Trading Sessions, and (7), since the IIV is not calculated or widely disseminated during the Opening and Late Trading Sessions, an investor who is unable calculate an implied value for the Trust Units in those sessions may be at a disadvantage to market professionals.

There is the possibility that trading spreads and the resulting premium or discount on the Units may widen as a result of reduced liquidity of gold trading during the Core and Late Trading Sessions after the close of the major world gold markets.

Trading Halts

The Exchange will halt trading in the Units for a regulatory halt similar to a halt based on NYSE Arca Equities Rule 7.12 and/or a halt because dissemination of the IIV of the Units has ceased. Further, the Exchange will halt trading in the Units in accordance with NYSE Arca Equities Rule 7.12 ("Trading Halts Due to Extraordinary Market Volatility"). The Units will be traded following a trading halt in accordance with NYSE Arca Equities Rule 7.35(f) ("Re-Opening After Trading Halts").

Suitability

ETP Holders are reminded of their obligations under NYSE Arca Equities Rule 9.2(a)-(b) whereby the ETP holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Units or recommending a transaction in the Units that an investment in the Units is suitable for the customer. ETP Holders should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Securities and Exchange Commission.

Delivery of a Prospectus

Consistent with the requirements of the Securities Act and the rules thereunder, investors purchasing Units in the initial public offering and anyone purchasing Units directly from the Trust must receive a prospectus. In addition, NYSE Arca Equities Rule 8.200(e) requires ETP Holders to deliver a prospectus to all purchasers of newly-issued Units (i.e. during the initial public offering or when ETP Holders purchase Units directly from the Trust to resale to customers).

Prospectuses may be obtained through the Trust's website at www.sprott.com. 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 Trust and the Units, please refer to the registration statement.

This Information Bulletin is not a statutory Prospectus. ETP Holders should consult the Registration Statement, Prospectus and the Trust's website for relevant information.

Inquiries regarding this Information Bulletin should be directed to Timothy J. Malinowski, Senior Director, Global Exchange Trade Funds and Indexes, at (312) 442-7886.