

CURRENCYSHARES EURO TRUST

Form S-3/A

March 10, 2011

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As filed with the Securities and Exchange Commission on March 10, 2011

Registration No. 333-171714

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CurrencyShares[®] Euro Trust

Sponsored by Rydex Specialized Products LLC,

d/b/a Rydex Investments

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(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of

20-3613421
(I.R.S. Employer

incorporation or organization)

Identification No.)

805 King Farm Boulevard, Suite 600

Rockville, Maryland 20850

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Nick Bonos

Chief Executive Officer

Rydex Investments

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Suite 600

Rockville, Maryland 20850

(301) 296-5100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>	x
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>	

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per Share(1)	Proposed aggregate offering price (1)	Amount of registration fee (2)
Euro Shares	13,900,000 Shares	\$138.37	\$1,923,343,000.00	\$223,300.12

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933 based on the average of the high and low prices (\$138.66 and \$138.08, respectively) of the Euro Shares (the Shares) as reported by NYSE Arca on March 8, 2011.
- (2) Pursuant to Rule 457(p) of the Securities Act, filing fees of \$147,740.73 were previously paid in connection with the filing of the registrant's Registration Statement on Form S-3 (Registration No. 333-169959) originally filed by the registrant on October 15, 2010 (the Original Registration Statement), and have been carried forward. This registration statement relates to an aggregate of 13,900,000 Shares of the registrant, all of which were previously covered by the Original Registration Statements. All filing fees payable in connection with

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the registration of these securities were previously paid in connection with the filing of the Original Registration Statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

This Registration Statement on Form S-3 contains an updated prospectus relating to the offering and sale of Euro Shares that were initially registered by CurrencyShares® Euro Trust on a Registration Statement on Form S-3 (File No. 333-169959) (the Original Registration Statement), which was automatically effective upon filing with the Securities and Exchange Commission on October 15, 2010. This Registration Statement on Form S-3 is being filed to convert the Original Registration Statement to a non-automatic Shelf registration statement on Form S-3.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and the Sponsor and the Trust are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Preliminary Prospectus

Subject to Completion

March 10, 2011

13,900,000 Shares

The CurrencyShares[®] Euro Trust (Trust) issues Euro Shares (Shares) that represent units of fractional undivided beneficial interest in, and ownership of, the Trust. Rydex Specialized Products LLC, d/b/a Rydex Investments, is the sponsor of the Trust (Sponsor) and may be deemed the issuer of the Shares pursuant to Section 2(a)(4) of the Securities Act of 1933, as amended (the Securities Act). The Bank of New York Mellon is the trustee of the Trust (Trustee), JPMorgan Chase Bank, N.A., London Branch, is the depository for the Trust (Depository), and Rydex Distributors, Inc. is the distributor for the Trust (Distributor). The Trust intends to issue additional Shares on a continuous basis through the Trustee.

The Shares may be purchased from the Trust only in one or more blocks of 50,000 Shares, as described in Creation and Redemption of Shares. A block of 50,000 Shares is called a Basket. The Trust issues Shares in Baskets on a continuous basis to certain authorized participants (Authorized Participants) as described in Plan of Distribution. Each Basket, when created, is offered and sold to an Authorized Participant at a price in euro equal to the net asset value (NAV) of 50,000 Shares on the day that the order to create the Basket is accepted by the Trustee.

The Shares are offered and sold to the public by Authorized Participants at varying prices in U.S. Dollars (USD) determined by reference to, among other things, the market price of the euro and the trading price of the Shares on NYSE Arca, Inc. (NYSE Arca) at the time of each sale. Authorized Participants will not receive from the Trust, the Sponsor or any of their affiliates, any fee or other compensation in connection with the sale of Shares. Authorized Participants may receive commissions or fees from investors who purchase Shares through their commission- or fee-based brokerage accounts.

The Shares are listed and trade on NYSE Arca under the symbol FXE. The Shares may also trade in other markets, but the Sponsor has not sought to have the Shares listed by any other market.

Investing in the Shares involves significant risks. See Risk Factors, starting on page 8.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of the securities offered in this prospectus, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Shares are neither interests in nor obligations of the Sponsor, the Trustee, the Depository or the Distributor.

Neither the Shares nor the Trust's two deposit accounts maintained at the Depository and the euro deposited in them are deposits insured against loss by the Federal Deposit Insurance Corporation (FDIC), any other federal agency of the United States or the Financial Services Compensation Scheme of England.

The date of this prospectus is _____, 2011.

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This prospectus contains information you should consider when making an investment decision about the Shares. You may rely on the information contained in this prospectus or incorporated by reference in this prospectus. The Trust and the Sponsor have not authorized any person to provide you with different information and, if anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell the Shares in any jurisdiction where the offer or sale of the Shares is not permitted.

The Shares are not registered for public sale in any jurisdiction other than the United States.

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Authorized Participants may be subject to the prospectus delivery requirements of the Securities Act when effecting transactions in the Shares. See Plan of Distribution.

This prospectus summarizes certain documents and other information in a manner the Sponsor believes to be accurate. The information contained in the sections captioned Overview of the Foreign Exchange Industry, The Euro and Investment Attributes of the Trust is based on information obtained from sources that the Sponsor believes to be reliable. The accuracy, reliability and completeness of this information is not guaranteed, however, and has not been independently verified. In making an investment decision, you must rely on your own examination of the Trust, the foreign exchange market, the market for the euro, the terms of the offering and the Shares, including the merits and risks involved.

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Prospectus Summary

This is a summary of the prospectus. You should read the entire prospectus, including Risk Factors beginning on page 8 and the information incorporated by reference in this prospectus, before making an investment decision about the Shares. See Glossary of Terms beginning on page 12 for a description of certain terms used in this prospectus.

TRUST STRUCTURE

The Trust is a grantor trust formed under the laws of the State of New York pursuant to the Depositary Trust Agreement. The Trust holds euro and from time to time issues Baskets in exchange for deposits of euro and distributes euro in connection with redemptions of Baskets. The investment objective of the Trust is for the Shares to reflect the price in USD of the euro. Earning income for Shareholders is not the objective of the Trust. Whether investors earn income primarily depends on the relative value of the euro and the USD. If the euro appreciates relative to the USD and a Shareholder sells Shares, the Shareholder will earn income. If the euro depreciates relative to the USD and a Shareholder sells Shares, the Shareholder will incur a loss.

The Sponsor believes that, for many investors, the Shares represent a cost-effective investment in euro. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Trust. The Shares are listed and trade on NYSE Arca under the symbol FXE. The Shares may also trade in other markets, but the Sponsor has not sought to have the Shares listed by any other market.

The Sponsor, Rydex Specialized Products LLC d/b/a Rydex Investments, a Delaware limited liability company, established the Trust and is responsible for registering 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 the Trust's service providers. The Sponsor may remove the Trustee if any of various events occur. See Description of the Depositary Trust Agreement The Trustee Resignation, discharge or removal of trustee; successor trustees for more information.

The Sponsor maintains a public website on behalf of the Trust containing information about the Trust and the Shares. The internet address of the Trust's website is www.currencyshares.com. This internet address is provided here only as a convenience to you; the information contained on or connected to the Trust's website is not considered part of this prospectus. The general role and responsibilities of the Sponsor are discussed further under The Sponsor.

The Trustee is The Bank of New York Mellon, a banking corporation formed under the laws of the State of New York with trust powers. The Trustee is generally responsible for the day-to-day administration of the Trust. This includes calculating the NAV of the Trust and the NAV per Share each business day, paying the Trust's expenses (which are accrued daily but paid monthly), including withdrawing the Trust's euro, if needed, receiving and processing orders from Authorized Participants to create and redeem Baskets and coordinating the processing of such orders with the Depositary and DTC. The general role, responsibilities and regulation of the Trustee are further described under The Trustee.

The Depositary is JPMorgan Chase Bank, N.A., London Branch. The Depositary and the Trustee have elected the laws of England to govern the Deposit Account Agreement between them. The Depositary accepts euro deposited with it by Authorized Participants in connection with the creation of Baskets. The Depositary facilitates the transfer of euro into and out of the Trust through the two deposit accounts maintained with it by the Trust. The Depositary may pay interest on the primary deposit account but does not pay interest on the secondary deposit account. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The material terms of the Depositary Trust Agreement are discussed in greater detail in Description of the Depositary Trust Agreement. The general role, responsibilities and regulation of the Depositary and the two deposit accounts are further described under The Depositary and Description of the Deposit Account Agreement.

Detailed descriptions of certain specific rights and duties of the Trustee and the Depositary are set forth under Description of the Shares, Description of the Depositary Trust Agreement and Description of the Deposit Account Agreement.

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The Distributor, Rydex Distributors, Inc., is a corporation formed under the laws of the State of Maryland. The Distributor assists the Sponsor in marketing the Shares. Specifically, the Distributor prepares marketing materials regarding the Shares, including the content of the Trust's website, executes the marketing plan for the Trust and provides strategic and tactical research on the foreign exchange markets, in each case in compliance with applicable laws and regulations. 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. See The Distributor for more information.

INVESTMENT ATTRIBUTES OF THE TRUST

The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding euro. The costs of purchasing Shares should not exceed the costs associated with purchasing any other publicly-traded equity securities. The Shares are an investment that is:

Easily Accessible. Investors are able to access the market for euro through a traditional brokerage account. The Shares are bought and sold on NYSE Arca like any other exchange-listed security.

Exchange-Traded. Because they are traded on NYSE Arca, the Shares will provide investors with an efficient means of implementing investment tactics and strategies that involve euro. NYSE Arca-listed securities are eligible for margin accounts. Accordingly, investors are able to purchase and hold Shares with borrowed money to the extent permitted by law.

Transparent. The Shares are backed by the assets of the Trust, which does not hold or use derivative products. The value of the holdings of the Trust are reported on the Trust's website, www.currencyshares.com, every business day.

Investing in the Shares will not insulate the investor from price volatility or other risks. See Risk Factors.

PRINCIPAL OFFICES

The principal offices of the Sponsor, the Trust and the Distributor are the offices of Rydex Investments at 805 King Farm Boulevard, Suite 600, Rockville, Maryland 20850. The telephone number of Rydex Investments at that address is (800) 820-0888. Neither the Sponsor, the Trust nor the Distributor own or lease any other real estate. The Trustee has a trust office at 2 Hanson Place, Brooklyn, New York 11217. The Depository is located at 125 London Wall, London, EC2Y 5AJ, United Kingdom.

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The Offering

Offering	The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Trust.
Use of proceeds	The proceeds received by the Trust from the issuance and sale of Baskets are euro. In accordance with the Depositary Trust Agreement, during the life of the Trust these proceeds will only be (1) owned by the Trust and held by the Depositary, (2) disbursed or sold as needed to pay the Trust's expenses and (3) distributed to Authorized Participants upon the redemption of Baskets.
NYSE Arca symbol	FXE
CUSIP	23130C 10 8
Creation and redemption	The Trust creates and redeems the Shares on a continuous basis, but only in Baskets. 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 euro represented by the Baskets being created or redeemed, the amount of which is based on the combined NAV per Share of the number of Shares included in the Baskets being created or redeemed. The amount of euro required to create a Basket or to be delivered upon the redemption of a Basket may gradually decrease over time if the Trust's euro are withdrawn to pay the Trust's expenses. See Investment Attributes of the Trust Trust Expenses. Baskets may be created or redeemed only by Authorized Participants. Authorized Participants pay a transaction fee for each order to create or redeem Baskets and may sell to other investors the Shares included in the Baskets that they create. See Creation and Redemption of Shares for more details.
Interest on deposits	JPMorgan Chase Bank, N.A., London Branch, maintains two euro-denominated, demand deposit accounts for the Trust: a primary deposit account that may earn interest and a secondary deposit account that 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 on the primary deposit account, if any, to pay Trust expenses and to distribute any excess interest to Shareholders on a monthly basis. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The Depositary may change the rate at which interest accrues, including reducing the interest rate to zero, based upon changes in the British Bankers Association LIBOR Overnight rate for the euro (BBA rate), other market conditions or the Depositary's liquidity needs. The BBA rate is an effective overnight reference rate for the euro; like the Federal Funds rate, it represents the interest rate banks charge each other on overnight loans. Although the Depositary may consider the BBA rate in setting the interest rate, the rate paid to the Trust may be lower than the BBA rate, or may be zero. The Depositary will notify the Sponsor of

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the interest rate applied each business day after the close of such business day. The Sponsor discloses the interest rate on the Trust's website. If the Sponsor believes that the interest rate paid by the Depository is not competitive, the Sponsor's sole recourse will be to remove the Depository by terminating the Deposit Account Agreement and closing the accounts. See Description of the Deposit Account Agreement. Neither the Trustee nor the Sponsor has the power or authority to deposit the Trust's euro with any other person, entity or account. Interest earned on the deposited euro, if any, will be used to pay the Trust's expenses. Any excess interest will be distributed to Shareholders monthly. Such interest is not expected to form a significant part of the Shareholders' investment return. If the Trust's expenses exceed interest earned, the Trustee will withdraw euro held by the Trust to pay the excess, thereby reducing the number of euro per Share. The payment of expenses by the Trust is a taxable event to Shareholders. See United States Federal Tax Consequences Taxation of U.S. Shareholders.

Neither the Shares nor the Deposit Accounts and the euro deposited in them are deposits insured against loss by the FDIC, any other federal agency of the United States or the Financial Services Compensation Scheme of England.

Net Asset Value

The NAV of the Trust is the aggregate value, expressed in USD, of the Trust's assets, less its liabilities (which include estimated accrued but unpaid fees and expenses). The Trustee calculates, and the Sponsor publishes, the Trust's net asset value (NAV) each business day. To calculate the NAV, the Trustee adds to the amount of euro in the Trust at the end of the preceding business day accrued but unpaid interest, if any, euro receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but unpaid Sponsor's fee, euro 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 as determined by WM/Reuters at 4:00 PM (London time) on each day that NYSE Arca is open for regular trading. If, on a particular evaluation day, the Closing Spot Rate has not been determined and announced by 6:00 PM (London time), then the most recent WM/Reuters determination of the Closing Spot Rate shall be used to determine the NAV of the Trust unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate to use as the basis for such valuation. In the event that the Trustee and the Sponsor determine that the most recent determination of the Closing Spot Rate is not an appropriate basis for valuation of the Trust's euro, the Trustee and the Sponsor shall determine an alternative basis for such evaluation to be employed by the Trustee. Such an alternative basis may include reference to other

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exchange-traded securities that reflect the value of the euro relative to the USD. The use of any alternative basis to determine NAV would be disclosed on the Trust's website. The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. The Sponsor publishes the NAV and NAV per Share on each day that NYSE Arca is open for regular trading on the Trust's website, www.currencyshares.com.

Trust expenses

The Trust's only ordinary recurring expense is the Sponsor's fee. The Sponsor is obligated under the Depositary Trust Agreement to assume and pay the following administrative and marketing expenses of the Trust: the Trustee's monthly fee, typical maintenance and transaction fees of the Depository, SEC registration fees, printing and mailing costs, audit fees and expenses, up to \$100,000 per annum in legal fees and expenses, applicable license fees and NYSE Arca listing fees. The Trust may incur additional expenses in certain other circumstances. These additional expenses include expenses not assumed by the Sponsor, taxes and governmental charges, 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 the interests of Shareholders, indemnification of the Sponsor under the Depositary Trust Agreement and legal fees and expenses in excess of \$100,000 per year. If these additional expenses are incurred, the Trust will be required to pay these expenses by withdrawing deposited euro and the amount of euro 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 Sponsor cannot definitively state the frequency or magnitude of such expenses, the Sponsor predicts that they will occur infrequently, if at all. See Description of the Depositary Trust Agreement Expenses of the Trust.

The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the euro in the Trust (including all unpaid interest but excluding unpaid fees, each as accrued through the immediately preceding day) and is paid monthly. To pay the Sponsor's fee and any other Trust expenses that have been incurred each month, the Trustee first withdraws euro the Trust has earned as interest, if any. If that is not sufficient to pay the Trust's expenses, then the Trustee will withdraw deposited euro as needed. See Investment Attributes of the Trust Trust Expenses and Description of the Depositary Trust Agreement Expenses of the Trust. The payment of

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expenses in euro and the conversion of euro to USD, if required to pay expenses of the Trust, are generally taxable events to U.S. Shareholders. See United States Federal Tax Consequences Taxation of U.S. Shareholders. The Sponsor does not anticipate any non-ordinary recurring expenses that will be paid from the Trust.

Termination events

The Trustee will terminate the Trust if any of the following events occur:

the Sponsor has given notice of resignation or is unable to perform its duties or becomes bankrupt or insolvent and the Trustee does not appoint a successor sponsor or 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 Depository 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 of 1986, as amended (Internal Revenue Code).

The Sponsor may, in its sole discretion, direct the Trustee to terminate the Trust if any of the following events occur:

the Shares are delisted from NYSE Arca and are not listed for trading on another U.S. national securities exchange within five business days from the date the Shares are delisted;

the SEC determines that the Trust is an investment company under the Investment Company Act;

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.

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If the Trustee notifies the Sponsor of the Trustee's election to resign and the Sponsor does not appoint a successor trustee within 60 days, the Trustee may terminate the Trust.

The Trust will terminate on December 5, 2045 if it has not been terminated prior to that date.

Upon termination of the Trust and surrender of Shares by the Shareholders, Shareholders will receive the amount of euro represented by their Shares. If, however, a

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Shareholder surrenders its Shares 90 days or more after the termination of the Trust, it will receive a distribution in USD after the Trustee has sold the Trust's euro and has paid or made provision for the Trust's liabilities. See Description of the Trust Agreement Termination of the Trust.

Authorized Participants

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 Trustee. Only Authorized Participants may place orders to create or redeem Baskets. The Participant Agreement provides the procedures for the creation and redemption of Baskets and for the delivery of euro required for creation or redemption. A list of the current Authorized Participants can be obtained from the Trustee or the Sponsor. See Creation and Redemption of Shares for more details.

Shareholders trading via NYSE Arca

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.

Clearance and settlement

All Shares are evidenced by one or more global certificates issued by the Trustee to DTC. The Shares are available only in book-entry form. Shareholders may hold their Shares through DTC, if they are DTC Participants, or through Authorized Participants or Indirect Participants.

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Risk Factors

You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this prospectus, including the Trust's financial statements and the related notes. See Glossary of Terms beginning on page 12 for a description of certain terms used in this prospectus.

The value of the Shares relates directly to the value of the euro held by the Trust. Fluctuations in the price of the euro could materially and adversely affect the value of the Shares.

The Shares are designed to reflect the price of the euro, plus accumulated interest, if any, less the Trust's expenses. The price of euro has fluctuated widely over the past several years, and volatility has increased in recent months due, in part, to concern over the national debt levels of certain European Union members and the potential impact of this debt on the value of the euro. Several factors may affect the price of the euro, including:

National debt levels and trade deficits;

Domestic and foreign inflation and interest rates and investors' expectations concerning those rates;

Currency exchange rates;

Investment and trading activities of mutual funds, hedge funds and currency funds; and

Global or regional political, economic or financial events and situations.

In addition, the euro may not maintain its long-term value in terms of purchasing power in the future. When the price of the euro declines, the Sponsor expects the price of a Share to decline as well.

The USD/euro exchange rate, like foreign exchange rates in general, can be volatile and difficult to predict. This volatility could materially and adversely affect the performance of the Shares.

Foreign exchange rates are influenced by the factors identified immediately above and may also be influenced by: changing supply and demand for a particular currency; monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); changes in balances of payments and trade; trade restrictions; and currency devaluations and revaluations. Also, governments from time to time intervene in the currency markets, directly and by regulation, in order to influence prices directly. These events and actions are unpredictable. The resulting volatility in the USD/euro exchange rate could materially and adversely affect the performance of the Shares.

The Trustee has recently withdrawn euro from the Trust to pay expenses, reducing the amount of euro represented by each Share and potentially resulting in adverse tax consequences for Shareholders.

Each outstanding Share represents a fractional, undivided interest in the euro held by the Trust. Recently, the amount of interest earned by the Trust has not exceeded the Trust's expenses; accordingly, the Trustee has been required to withdraw euro from the Trust to pay these excess expenses. As long as the amount of interest earned does not exceed expenses, the amount of euro represented by each Share will gradually decline. This is true even if additional Shares are issued in exchange for additional deposits of euro into the Trust, as the amount of euro required to create Shares will proportionately reflect the amount of euro represented by the Shares outstanding at the time of creation. As long as the Trust's expenses are greater than the amount of interest earned, the Shares will only maintain their original price if the price of the euro increases. There is no guarantee that interest earned by the Trust in the future will exceed the Trust's expenses.

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Investors should be aware that a gradual decline in the amount of euro represented by the Shares may occur regardless of whether the trading price of the Shares rises or falls in response to changes in the price of the euro. The estimated ordinary operating expenses of the Trust, which accrue daily, are described in [Investment Attributes of the Trust](#) [Trust Expenses](#).

The payment of expenses by the Trust will result in a taxable event to Shareholders. To the extent Trust expenses exceed interest paid to the Trust, a gain or loss may be recognized by Shareholders depending on the tax basis of the tendered euro. See [United States Federal Tax Consequences](#) [Taxation of U.S. Shareholders](#) for more information.

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The interest rate paid by the Depository, if any, may not be the best rate available. If the Sponsor determines that the interest rate is inadequate, then its sole recourse is to remove the Depository and terminate the Deposit Accounts.

The Depository is committed to endeavor to pay a competitive interest rate on the balance of euro in the primary deposit account of the Trust, but there is no guarantee of the amount of interest that will be paid, if any, on this account. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The Depository may change the rate at which interest accrues, including reducing the interest rate to zero, based upon changes in the BBA rate, other market conditions or the Depository's liquidity needs. The Depository notifies the Sponsor of the interest rate applied each business day after the close of such business day. The Sponsor discloses the current interest rate on the Trust's website. If the Sponsor believes that the interest rate paid by the Depository is not adequate, the Sponsor's sole recourse is to remove the Depository and terminate the Deposit Accounts. The Depository is not paid a fee for its services to the Trust; rather, it generates income or loss based on its ability to earn a spread or margin over the interest it pays to the Trust by using the Trust's euro to make loans or in other banking operations. For these reasons, you should not expect that the Trust will be paid the best available interest rate at any time or over time.

If the Trust incurs expenses in USD, the Trust would be required to sell euro to pay these expenses. The sale of the Trust's euro to pay expenses in USD at a time of low euro prices could adversely affect the value of the Shares.

The Trustee will sell euro held by the Trust to pay Trust expenses, if any, incurred in USD, irrespective of then-current euro prices. The Trust is not actively managed and no attempt will be made to buy or sell euro to protect against or to take advantage of fluctuations in the price of the euro. Consequently, if the Trust incurs expenses in USD, the Trust's euro may be sold at a time when the euro price is low, resulting in a negative effect on the value of the Shares.

The Deposit Accounts are not entitled to payment at any office of JPMorgan Chase Bank, N.A. located in the United States.

The federal laws of the United States prohibit banks located in the United States from paying interest on unrestricted demand deposit accounts. Therefore, payments out of the Deposit Accounts will be payable only at the London branch of JPMorgan Chase Bank, N.A., located in England. The Trustee will not be entitled to demand payment of these accounts at any office of JPMorgan Chase Bank, N.A. that is located in the United States. JPMorgan Chase Bank, N.A. will not be required to repay the deposit if its London branch cannot repay the deposit due to an act of war, insurrection or civil strife or an action by a foreign government or instrumentality (whether de jure or de facto) in England.

Shareholders do not have the protections associated with ownership of a demand deposit account insured in the United States by the Federal Deposit Insurance Corporation nor the protection provided for bank deposits under English law.

Neither the Shares nor the Deposit Accounts and the euro deposited in them are deposits insured against loss by the FDIC, any other federal agency of the United States or the Financial Services Compensation Scheme of England.

If the Depository becomes insolvent, its assets might not be adequate to satisfy a claim by the Trust or any Authorized Participant. In addition, in the event of the insolvency of the Depository or the U.S. bank of which it is a branch, there may be a delay and costs incurred in recovering the euro held in the Deposit Accounts.

Euro deposited in the Deposit Accounts by an Authorized Participant are commingled with euro deposited by other Authorized Participants and are held by the Depository in either the primary deposit account or the secondary deposit account of the Trust. Euro held in the Deposit Accounts are not segregated from the Depository's other assets.

The Trust has no proprietary rights in or to any specific euro held by the Depository and will be an unsecured creditor of the Depository with respect to the euro held in the Deposit Accounts in the event of the insolvency of the Depository or the U.S. bank of which it is a branch. In the event the Depository or the U.S. bank of which it is a branch becomes insolvent, the Depository's assets might not be adequate to satisfy a claim by the Trust or any Authorized Participant for the amount of euro deposited by the Trust or the Authorized Participant and, in such event, the Trust and any Authorized Participant will generally have no right in or to assets other than those of the Depository.

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In the case of insolvency of the Depository or JPMorgan Chase Bank, N.A., the U.S. bank of which the Depository is a branch, a liquidator may seek to freeze access to the euro held in all accounts by the Depository, including the Deposit Accounts. The Trust and the Authorized Participants could incur expenses and delays in connection with asserting their claims. These problems would be exacerbated by the fact that the Deposit Accounts are not held in the U.S. but instead are held at the London branch of a U.S. national bank, where they are subject to English insolvency law. Further, under U.S. law, in the case of the insolvency of JPMorgan Chase Bank, N.A., the claims of creditors in respect of accounts (such as the Trust's Deposit Accounts) that are maintained with an overseas branch of JPMorgan Chase Bank, N.A. will be subordinate to claims of creditors in respect of accounts maintained with JPMorgan Chase Bank, N.A. in the U.S., greatly increasing the risk that the Trust and the Trust's beneficiaries would suffer a loss.

Shareholders do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act.

The Investment Company Act is designed to protect investors by preventing: insiders from managing investment companies to their benefit and to the detriment of public investors; the issuance of securities having inequitable or discriminatory provisions; the management of investment companies by irresponsible persons; the use of unsound or misleading methods of computing earnings and asset value; changes in the character of investment companies without the consent of investors; and investment companies from engaging in excessive leveraging. To accomplish these ends, the Investment Company Act requires the safekeeping and proper valuation of fund assets, restricts greatly transactions with affiliates, limits leveraging, and imposes governance requirements as a check on fund management.

The Trust is not registered as an investment company under the Investment Company Act and is not required to register under that act. Consequently, Shareholders do not have the regulatory protections afforded to investors in registered investment companies.

Shareholders do not have the rights enjoyed by investors in certain other financial instruments.

As interests in a grantor trust, the Shares have none of the statutory rights normally associated with the ownership of shares of a business corporation, including, for example, the right to bring oppression or derivative actions. Apart from the rights afforded to them by federal and state securities laws, Shareholders have only those rights relative to the Trust, the Trust property and the Shares that are set forth in the Depository Trust Agreement. In this connection, the Shareholders have limited voting and distribution rights. They do not have the right to elect directors. See "Description of the Shares" for a description of the limited rights of the Shareholders.

The Shares may trade at a price which is at, above, or below the NAV per Share.

The NAV per Share fluctuates with changes in the market value of the Trust's assets. The market price of Shares can be expected to fluctuate in accordance with changes in the NAV per Share, but also in response to market supply and demand. As a result, the Shares might trade at prices at, above or below the NAV per Share.

The Depository owes no fiduciary duties to the Trust or the Shareholders, is not required to act in their best interest and could resign or be removed by the Sponsor, which would trigger early termination of the Trust.

The Depository is not a trustee for the Trust or the Shareholders. As stated above, the Depository is not obligated to maximize the interest rate paid to the Trust. In addition, the Depository has no duty to continue to act as the depository of the Trust. The Depository can terminate its role as depository for any reason whatsoever upon 90 days' notice to the Trust. Such a termination might result, for example, if the Sponsor determines that the interest rate paid by the Depository is inadequate. In the event that the Depository were to resign or be removed, the Trust will be terminated.

Shareholders may incur significant fees upon the termination of the Trust.

The occurrence of any one of several events would either require the Trust to terminate or permit the Sponsor to terminate the Trust. For example, if the Depository were to resign or be removed, then the Sponsor would be required to terminate the Trust. Shareholders tendering their Shares within 90 days of the Trust's termination will receive the amount of euro represented by their Shares. Shareholders may incur significant fees if they choose to convert the euro they receive to USD. See "Description of the Depository Trust Agreement - Termination of the Trust" for more information about the termination of the Trust, including when the termination of the Trust may be triggered by events outside the direct control of the Sponsor, the Trustee or the Shareholders.

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Redemption orders are subject to rejection by the Trustee under certain circumstances.

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. Any such rejection could adversely affect a redeeming Shareholder. For example, the resulting delay would adversely affect the value of the Shareholder's redemption distribution if the NAV were to decline during the delay. See Creation and Redemption of Shares Redemption Procedures Suspension or rejection of redemption orders. In the Depositary Trust Agreement, the Sponsor and the Trustee disclaim any liability for any loss or damage that may result from any such rejection.

Substantial sales of euro by the official sector could adversely affect an investment in the Shares.

The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold euro as part of their reserve assets. The official sector holds a significant amount of euro that can be mobilized in the open market. In the event that future economic, political or social conditions or pressures require members of the official sector to sell their euro simultaneously or in an uncoordinated manner, the demand for euro might not be sufficient to accommodate the sudden increase in the supply of euro to the market. Consequently, the price of the euro could decline, which would adversely affect an investment in the Shares.

Shareholders that are not Authorized Participants may only purchase or sell their Shares in secondary trading markets.

Only Authorized Participants may create or redeem Baskets through the Trust. All other investors that desire to purchase or sell Shares must do so through NYSE Arca or in other markets, if any, in which the Shares are traded.

The liability of the Sponsor and the Trustee under the Depositary Trust Agreement is limited and, except as set forth in the Depositary Trust Agreement, they are not obligated to prosecute any action, suit or other proceeding in respect of any Trust property.

The Depositary Trust Agreement provides that neither the Sponsor nor the Trustee assumes any obligation or is subject to any liability under the Trust Agreement to any Shareholder, except that they each agree to perform their respective obligations specifically set forth in the Depositary Trust Agreement without negligence or bad faith. Additionally, neither the Sponsor nor the Trustee is obligated to, although each may in its respective discretion, prosecute any action, suit or other proceeding in respect of any Trust property. The Depositary Trust Agreement does not confer upon Shareholders the right to prosecute any such action, suit or other proceeding.

The Depositary Trust Agreement may be amended to the detriment of Shareholders without their consent.

The Sponsor and the Trustee may amend most provisions (other than those addressing core economic rights) of the Depositary Trust Agreement without the consent of any Shareholder. Such an amendment could impose or increase fees or charges borne by the Shareholders. Any amendment that increases fees or charges (other than taxes and other governmental charges, registration fees or other expenses), or that otherwise prejudices any substantial existing rights of Shareholders, will not become effective until 30 days after written notice is given to Shareholders.

The License Agreement with The Bank of New York Mellon may be terminated by The Bank of New York Mellon in the event of a material breach. Termination of the License Agreement might lead to early termination and liquidation of the Trust.

The Bank of New York Mellon and an affiliate of the Sponsor have entered into a License Agreement granting the Sponsor's affiliate a license to certain patent applications made by The Bank of New York Mellon covering systems and methods for securitizing a commodity. The Sponsor's affiliate has sublicensed the license to the Sponsor. The license is limited to a non-exclusive grant for the life of The Bank of New York Mellon's patents and patent applications. The License Agreement provides that each of the parties may provide notice of intent to terminate the License Agreement in the event the other party commits a material breach. If the License Agreement is terminated and one or more of The Bank of New York Mellon's patent applications issue as patents, then The Bank of New York Mellon may claim that the operation of the Trust violates its patent or patents and seek an injunction forcing the Trust to cease operation and the Shares to cease trading. In that case, the Trust might be forced to terminate and liquidate, which would adversely affect Shareholders.

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Glossary of Terms

In this prospectus, each of the following terms has the meaning assigned to it here:

Authorized Participant 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 that has entered into a Participant Agreement with the Sponsor and the Trustee. Only Authorized Participants may place orders to create or redeem Baskets.

Basket Euro Amount The deposit required to create one or more Baskets pursuant to a purchase order. This deposit will be an amount of euro 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 number of Baskets outstanding on the date that the order to purchase is accepted by the Trustee.

BBA rate The British Bankers Association LIBOR Overnight rate for the euro, a benchmark or reference rate for short term interest rates worldwide. It is calculated daily by the British Bankers Association; more information can be obtained at www.bba.org.uk, including historical BBA rates and descriptions of the calculation methodology and conventions. The daily BBA rate can be obtained through a subscription provided by the British Bankers Association.

Closing Spot Rate The USD/euro exchange rate as determined by WM/Reuters at 4:00 PM (London time) on each day that NYSE Arca is open for regular trading.

Deposit Accounts The primary and secondary euro-denominated, demand accounts of the Trust established with the Depository by the Deposit Account Agreement. The Deposit Accounts hold the euro deposited with the Trust.

Deposit Account Agreement The agreements, including the Account Application and the JPMorgan Chase Bank, N.A. Global Account Terms, between the Trustee and the Depository establishing the Deposit Accounts with the Depository.

Depository Trust Agreement The agreement between the Trustee and the Sponsor establishing and governing the operations of the Trust.

DTC The Depository Trust Company. 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 and a clearing agency registered with the SEC. DTC acts as the securities depository for the Shares.

DTC Participant Participants in DTC, such as banks, brokers, dealers and trust companies.

euro The currency of sixteen European Monetary Union countries (Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain). The term euro is both singular and plural.

Foreign exchange The exchange of one currency for another.

Indirect Participants Those banks, brokers, dealers, trust companies and others that maintain, either directly or indirectly, a custodial relationship with a DTC Participant.

Internal Revenue Code The Internal Revenue Code of 1986, as amended.

Investment Company Act The Investment Company Act of 1940, as amended.

NAV Net asset value. The Trustee calculates, and the Sponsor publishes, the Trust's NAV each business day as soon as practicable after WM/Reuters announces the Closing Spot Rate. To calculate the NAV, the Trustee adds to the amount of euro in the Trust at the end of the preceding day accrued but unpaid interest, if any, euro receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but unpaid Sponsor's fee, euro payable under pending redemption orders and other Trust expenses and liabilities, if any.

Participant Agreement An agreement entered into by each Authorized Participant with the Sponsor and the Trustee that states the procedures for the creation and redemption of Baskets and for the delivery of euro required for creation and redemption.

Securities Act The Securities Act of 1933, as amended.

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Securities Exchange Act The Securities Exchange Act of 1934, as amended.

Shareholder Any owner of a Share (whether such owner owns through DTC, a DTC Participant or an Indirect Participant).

Sponsor Indemnified Party The Sponsor, its members, officers, employees and agents.

SWIFT Society for Worldwide Interbank Financial Telecommunication.

USD or \$ United States Dollar or Dollars.

WM/Reuters A joint venture of The WM Company PLC and Thomson Reuters.

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Statement Regarding Forward-Looking Statements

This prospectus and information incorporated by reference in this prospectus includes forward-looking statements which generally relate to future events or future performance. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expect, plan, anticipate, believe, estimate, predict, potential or the negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this prospectus or incorporated by reference in this prospectus that address activities, events or developments that will or may occur in the future, including such matters as changes in currency prices and market conditions (for the euro and the Shares), the Trust's operations, the Sponsor's plans and references to the Trust's future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the Sponsor made, based on its perceptions of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Sponsor's expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this prospectus, general economic, market and business conditions, changes in laws and regulations, including those concerning taxes, made by governmental authorities and regulatory bodies and other world economic and political developments. See Risk Factors. Consequently, all forward-looking statements made in this prospectus or incorporated by reference in this prospectus are qualified by these cautionary statements, and there can be no assurance that the actual results or developments that the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust's operations or the value of the Shares. Moreover, neither the Sponsor nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements. Neither the Trust nor the Sponsor is under a duty to update any of the forward-looking statements to conform such statements to actual results or to reflect a change in the Sponsor's expectations or predictions.

Use of Proceeds

The proceeds received by the Trust from the issuance and sale of Baskets are euro. Such proceeds are deposited into the Deposit Accounts. In accordance with the Depositary Trust Agreement, during the life of the Trust these proceeds will only be (1) owned by the Trust and held by the Depository, (2) disbursed or sold as needed to pay the Trust's expenses, and (3) distributed to Authorized Participants upon the redemption of Baskets.

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Overview of the Foreign Exchange Industry

There are three major kinds of transactions in the traditional foreign exchange markets: spot transactions, outright forwards and foreign exchange swaps. Spot trades are foreign exchange transactions that settle typically within two business days with the counterparty to the trade.

Forward trades are transactions that settle on a date beyond spot and swap transactions are transactions in which two parties exchange two currencies on one or more specified dates over an agreed period and exchange them again when the period ends. There also are transactions in currency options, which trade both over-the-counter and, in the U.S., on the Philadelphia Stock Exchange. Currency futures are transactions in which an institution buys or sells a standardized amount of foreign currency on an organized exchange for delivery on one of several specified dates. Currency futures are traded in a number of regulated markets, including the International Monetary Market division of the Chicago Mercantile Exchange, the Singapore Exchange Derivatives Trading Limited (formerly the Singapore International Monetary Exchange, or SIMEX) and the London International Financial Futures Exchange (LIFFE).

Participants in the foreign exchange market have various reasons for participating. Multinational corporations and importers need foreign currency to acquire materials or goods from abroad. Banks and multinational corporations sometimes require specific wholesale funding for their commercial loan or other foreign investment portfolios. Some participants hedge open currency exposure through off-balance-sheet products.

The primary market participants in foreign exchange are banks (including government-controlled central banks), investment banks, money managers, multinational corporations and institutional investors. The most significant participants are the major international commercial banks that act both as brokers and as dealers. In their dealer role, these banks maintain long or short positions in a currency and seek to profit from changes in exchange rates. In their broker role, the banks handle buy and sell orders from commercial customers, such as multinational corporations. The banks earn commissions when acting as agent. They profit from the spread between the rates at which they buy and sell currency for customers when they act as principal.

Much of the foregoing information is taken from *A Foreign Exchange Primer* by Shani Shamah (John Wiley & Sons Ltd., 2003) and *Trading in the Global Currency Markets* by Cornelius Luca (New York Institute of Finance, 2d ed., 2000).

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The Euro

In 1998, the European Central Bank in Frankfurt was organized by Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain in order to establish a common currency – the euro. In 2001, Greece joined as the twelfth country adopting the euro as its national currency. Unlike the U.S. Federal Reserve System, the Bank of Japan and other comparable central banks, the European Central Bank is a central authority that conducts monetary policy for an economic area consisting of many otherwise largely autonomous states.

At its inception on January 1, 1999, the euro was launched as an electronic currency used by banks, foreign exchange dealers and stock markets. In 2002, the euro became cash currency for approximately 300 million citizens of 12 European countries. On May 1, 2004, ten additional countries joined the European Union. Of these ten countries, Slovakia, Slovenia, Cyprus, Estonia and Malta had adopted the euro as of early 2011. The additional European Union members anticipated to adopt the euro are the Czech Republic, Hungary, Latvia, Lithuania and Poland.

Although the European countries that have adopted the euro are members of the European Union, the United Kingdom, Denmark and Sweden are European Union members that have not adopted the euro as their national currency.

Certain of the foregoing information is taken from the European Commission Website: http://ec.europa.eu/economy_finance/euro/index_en.htm

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Investment Attributes of the Trust

The investment objective of the Trust is for the Shares to reflect the price in USD of the euro. The Sponsor believes that, for many investors, the Shares represent a cost-effective means of investing in the foreign exchange market. As the value of the Shares is tied to the value of the euro held by the Trust, it is important in understanding the investment attributes of the Shares to first understand the investment attributes of the euro.

REASONS FOR INVESTING IN THE EURO

All forms of investment carry some degree of risk. Although the Shares have certain unique risks described in Risk Factors, generally these are the same risks as investing directly in the euro. Moreover, investment in the Shares may help to balance a portfolio or protect against currency swings, thereby reducing overall risk.

Investors may wish to invest in the euro in order to take advantage of short-term tactical or long-term strategic opportunities. From a tactical perspective, an investor that believes that the USD is weakening relative to the euro may choose to buy Shares in order to capitalize on the potential movement. An investor that believes that the euro is overvalued relative to the USD may choose to sell Shares. Sales may also include short sales that are permitted under SEC and exchange regulations.

From a strategic standpoint, since currency movements can affect returns on cross-border investments and businesses, both individual investors and businesses may choose to hedge their currency risk through the purchase or sale of euro. For example, in the case where a U.S. investor has a portfolio consisting of European equity and fixed income securities, the investor may decide to hedge the currency exposure that exists within the European portfolio by selling an appropriate amount of Shares. Again, such sales may include short sales in accordance with applicable SEC regulations. In doing this, the U.S. investor may be able to mitigate the impact that changes in exchange rates have on the returns associated with European equity and fixed income components of the portfolio.

Similarly, a business that has currency exposure because it manufactures or sells its products abroad is exposed to exchange rate risk. Buying or selling Shares in appropriate amounts can reduce the business's exchange rate risk.

More generally, investors that wish to diversify their investment portfolios with a wider range of non-correlative investments may desire to invest in foreign currencies. Non-correlative asset classes, such as foreign currencies, are often used to enhance investment portfolios by making them more consistent and less volatile. Less volatility means lower risk and closer proximity to an expected return.

COST-EFFICIENT PARTICIPATION IN THE MARKET FOR THE EURO

The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding euro. The costs of purchasing Shares should not exceed the costs associated with purchasing any other publicly-traded equity securities. The Shares are an investment that is:

Easily Accessible. Investors are able to access the market for the euro through a traditional brokerage account. The Shares are bought and sold on NYSE Arca like any other exchange-listed security.

Exchange-Traded. Because they are traded on NYSE Arca, the Shares provide investors with an efficient means of implementing investment tactics and strategies that involve euro. NYSE Arca-listed securities are eligible for margin accounts. Accordingly, investors are able to purchase and hold Shares with borrowed money to the extent permitted by law.

Transparent. The Shares are backed by the assets of the Trust, which does not hold or use derivative products. The value of the holdings of the Trust are reported on the Trust's website, www.currencyshares.com, every business day.

Investing in the Shares will not insulate the investor from price volatility or other risks. See Risk Factors.

INTEREST ON DEPOSITED EURO

JPMorgan Chase Bank, N.A., London Branch, maintains two deposit accounts for the Trust: a primary deposit account that may earn interest and a secondary deposit account that does not earn interest. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The Depository may change the rate at which interest accrues based upon changes in the BBA rate, other market conditions or the Depository's liquidity needs. Although the Depository may consider the BBA rate in setting the interest rate, the rate paid to the Trust may be lower than the

BBA rate. The Depository notifies the Sponsor of the interest rate applied each business day after the close of

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such business day. The Sponsor discloses the current interest rate on the Trust's website. If the Sponsor believes that the interest rate paid by the Depository is not competitive, the Sponsor's sole recourse will be to remove the Depository by terminating the Deposit Account Agreement and closing the accounts.

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 on the primary deposit account, if any, pay Trust expenses and distribute any excess interest to Shareholders on a monthly basis. 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).

TRUST EXPENSES

The Trust's only ordinary recurring expense is the Sponsor's fee. The Sponsor is responsible for payment of the following administrative and marketing expenses of the Trust: the Trustee's monthly fee, typical maintenance and transaction fees of the Depository, NYSE Arca listing fees, SEC registration 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 euro in the Trust. Each month, the Trust first withdraws euro 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 other Trust expenses, then the Trustee will withdraw euro as needed from the primary deposit account to pay these expenses. Shareholders do not have the option of choosing to pay their proportionate share of the excess expenses in lieu of having their share of expenses paid by withdrawing euro from the primary deposit account. If the Trust were to incur expenses in USD (which is not anticipated), euro will be converted to USD at a prevailing market rate at the time of conversion to pay these expenses. The payment of expenses in euro and the conversion of euro 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](#).

In certain exceptional cases the Trust will pay for some expenses in addition to the Sponsor's fee. These exceptions include expenses not assumed by the Sponsor, taxes and governmental charges, 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 the interests of Shareholders, indemnification of the Sponsor under the Depository Trust Agreement, and legal expenses in excess of \$100,000 per year.

In the event that none of the extraordinary expenses described in the immediately preceding paragraph are charged to the Trust, an investment of \$10,000 in Shares will incur an annual fee of approximately \$40, or approximately \$200 over five years. Additionally, investors should expect to pay customary brokerage fees and expenses for each purchase or sale of Shares. An Authorized Participant will pay transaction fees to the Trustee, which will not be contributed to the Trust, for each creation or redemption order.

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Description of the Trust

The Trust was formed under the laws of the State of New York on December 5, 2005. The Trust holds euro and, from time to time, issues Baskets in exchange for deposits of euro and distributes euro in connection with redemptions of Baskets. The investment objective of the Trust is for the Shares to reflect the price in USD of the euro. The material terms of the Depositary Trust Agreement are discussed under Description of the Depositary Trust Agreement. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Trust. The Trust is not managed like a business corporation or an active investment vehicle. The euro held by the Trust will only be sold (1) if needed to pay Trust expenses, (2) in the event the Trust terminates and liquidates its assets or (3) as otherwise required by law or regulation. The payment of expenses in euro and the conversion of euro to USD, if necessary to pay expenses of the Trust, are taxable events to Shareholders. See United States Federal Tax Consequences Taxation of U.S. Shareholders.

The Trust is not registered as an investment company under the Investment Company Act and is not required to register under such Act.

The Trust creates and redeems Shares from time to time, but only in whole Baskets. A Basket is a block of 50,000 Shares. The number of Shares outstanding is expected to increase and decrease from time to time as a result of the creation and redemption of Baskets. Authorized Participants pay for Baskets with euro. Shareholders pay for Shares with USD.

The creation and redemption of Baskets requires the delivery to the Trust or the distribution by the Trust of the amount of euro represented by the Baskets being created or redeemed. This amount is based on the total euro represented by the number of Shares included in the Baskets being created or redeemed. Baskets may be created or redeemed only by Authorized Participants. Authorized Participants will pay transaction fees for each order to create or redeem Baskets. See Creation and Redemption of Shares. Authorized Participants may sell to other investors all or part of the Shares included in the Baskets that they purchase from the Trust. See Plan of Distribution.

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 euro in the Trust at the end of the preceding day accrued but unpaid interest, if any, euro receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but unpaid Sponsor's fee, euro 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 Euro; 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 euro on demand deposit in two euro-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 euro 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 euro 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 euro 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, provides ongoing pricing information for euro 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/europe-africa-middle-east>, 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.

The Trust will terminate upon the occurrence of any of the termination events listed in the Depositary Trust Agreement and will otherwise terminate on December 5, 2045. See Description of the Depositary Trust Agreement Termination of the Trust.

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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.

In addition to the Trust, which was the first exchange-traded product limited solely to particular foreign currency, 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® Japanese Yen (NYSE Arca: FXY); CurrencyShares® Mexican Peso Trust (NYSE Arca: FXM); CurrencyShares® Russian Ruble Trust (NYSE Arca: XRU); CurrencyShares® Swedish Krona Trust (NYSE Arca: FXS); and CurrencyShares® Swiss Franc Trust (NYSE Arca: FXF).

Nick 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.

Nick 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 served as Senior Vice President of Rydex Fund Services, Inc., an affiliate of the Sponsor, from December 2003 to August 2006 and Vice President of Accounting for Rydex Fund Services from 2001 to 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.

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The Sponsor established the Trust and is responsible for the registration of the Shares. The Sponsor generally oversees the performance of the Trust and the Trust's principal service providers, but does not exercise day-to-day oversight over the Trust or such service providers. The Sponsor regularly communicates with the Trust to monitor the overall performance of the Trust. The Sponsor, with assistance and support from the Trust, 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, which contains information about the Trust and the Shares, and oversees certain Shareholder services, such as a call center and prospectus delivery.

The Sponsor may direct the Trust in the conduct of its affairs, but only as provided in the Depositary Trust Agreement. For example, the Sponsor may direct the Trust 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 Trust to terminate and liquidate the Trust. If the Trust shall be adjudged bankrupt or insolvent, or a receiver of the Trust or of its property shall be appointed, or a trustee or liquidator or any public officer shall take charge or control of such Trust or of its property or affairs for the purposes of rehabilitation, conservation or liquidation, then, in any such case, the Sponsor shall remove the Trust, and such removal shall take effect upon the appointment of a successor trustee and its acceptance of such appointment. If at any time the Trust 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 Trust fails to cure such breach within 30 days after receipt by the Trust 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 Trust. See Description of the Depositary Trust Agreement The Trust 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 euro 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

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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. 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 euro 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 Depository and DTC. See [The Depository](#). The Trustee is not responsible for the overall performance of the Trust.

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 Euro](#).

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 euro or Shares for their own account.

The Depository

JPMorgan Chase Bank, N.A., London Branch, is the Depository. The Depository accepts euro deposited with it as a banker by Authorized Participants in connection with the creation of Baskets. The Depository facilitates the transfer of euro 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.

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 euro 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 euro or Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

The Distributor

Rydex Distributors, Inc., a Maryland corporation, 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, 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](#).

Description of the Shares

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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,

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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 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 Depository deposits into the secondary deposit account accrued but unpaid interest, if any, and the Trustee withdraws euro 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), euro will be converted to USD at a prevailing market rate at the time of conversion to pay these expenses. The payment of expenses in euro and the conversion of euro 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 euro 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

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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 euro to the Deposit Accounts, including the credit of interest in euro 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.

The Depository's records of all deposits and withdrawals of euro to the Deposit Accounts and all credits of interest in euro 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 time) 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 euro deposit balances it holds.

DEPOSIT ACCOUNT BALANCES

The euro received by the Trust upon the creation of Baskets are deposited, in each case, into the primary deposit account; a small portion of the euro 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 euro 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 euro equivalent of 8 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.

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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.

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 euro 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 euro 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.

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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 euro from, or sell euro 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 euro 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 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, Credit Suisse Securities LLC, Deutsche Bank Securities, Inc., EWT LLC, Fortis Clearing Americas 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., 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

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Summary: In order to create a Basket, the Authorized Participant deposits the Basket Euro Amount with the Depository 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.

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 euro 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 Euro Amount, is an amount of euro 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 euro 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 Euro Amount are finally determined by the Trustee. The Trustee's determination of the Basket Euro 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 Euro 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 euro 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 euro until such euro 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 euro 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 Euro Amount.

REDEMPTION PROCEDURES

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

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Redemption Process

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 euro 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 euro 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 euro 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

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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.

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 euro 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

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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. 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

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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.

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 euro 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

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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 euro 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 euro 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 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 Depository Trust Agreement.

VALUATION OF EURO; 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 euro in the Trust at the end of the preceding day accrued but unpaid interest, if any, euro receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but unpaid Sponsor's fee, euro 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 Depository 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 Depository, 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 euro in the Trust. Each month, the Trust first withdraws euro 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 euro from the primary deposit account as needed. If the Trust incurs expenses in USD (which is not anticipated), euro 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 euro 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 euro 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 Depository 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 euro and the amount of euro represented by a Share will decline at such time. Accordingly, the Shareholders will

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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.

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.

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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. 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.

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 Depository 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:

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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;

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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 December 5, 2045 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, 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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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 euro 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 euro held in the Trust that results from such a delivery, the Shareholder's aggregate tax basis (as determined immediately after such delivery) in those euro 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 euro that are delivered by the Shareholder to the Trust.

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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 euro 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 euro, 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 euro used to pay expenses, and (2) the Shareholder's tax basis for its pro-rata share of the euro 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 euro the Trust has earned as interest to pay expenses. It is anticipated that the conversion of euro (for purposes of paying expenses and making distributions) and the payment of expenses in euro will occur on the same day that the Trust receives euro earned as interest. The Trust will use a last in first out method to determine the tax basis of the euro that are converted to USD or used to pay expenses. Accordingly, U.S. Shareholders will recognize interest income at the time that euro are received by the Trust as interest earnings, but will generally recognize no further gain or loss if the euro 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 euro represented by the Shares redeemed generally will not be a taxable event to the Shareholder. The Shareholder's tax basis for the euro received in the redemption generally will be the same as the Shareholder's tax basis for its pro-rata portion of euro 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 euro 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 euro 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 euro 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 euro 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 euro 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.

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

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investment in Shares, although they are a security within the meaning of the Investment Company Act, may be considered an investment in the underlying euro 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 euro, 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 euro 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 euro 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 euro 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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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.

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 euro 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

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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.

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,

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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 consolidated financial statements in our Annual Report on Form 10-K/A for the year ended October 31, 2010 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 as of October 31, 2009 and for each of the two years in the period ended October 31, 2009 incorporated in this prospectus by reference to the Annual Report on Form 10-K/A for the year ended October 31, 2010 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-3 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. 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. 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. 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.

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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, or will be, filed with the SEC. The documents listed below and all amendments or supplements to these documents are incorporated by reference in this prospectus:

Annual Report on Form 10-K for the fiscal year ended October 31, 2010;

Amendment No. 1 on Form 10-K/A to Annual Report on Form 10-K for the fiscal year ended October 31, 2010; and

All documents filed on behalf of the Trust with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act prior to the termination or completion of this offering of the Shares, including all such documents we may file with the SEC after the date of the initial registration statement and prior to the effectiveness of the registration statement, but excluding any information furnished to, rather than filed with, the SEC, as of the date of the filing of each such report.

Certain statements in and portions of this prospectus update and replace information in the above-listed documents incorporated by reference. Likewise, statements in or portions of a future document incorporated by reference in this prospectus may update and replace statements in and portions of this prospectus or the above-listed documents.

You may request a copy of these documents at no cost by writing or telephoning the Sponsor at the following address and telephone number:

Rydex Investments

Attn: CurrencyShares® Euro Trust

805 King Farm Boulevard

Suite 600

Rockville, Maryland 20850

(800) 820-0888

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The expenses incurred in connection with the issuance and distribution of the securities being registered are as set forth below. Other than the Securities and Exchange Commission filing fee, all fees and expenses are estimated.

Securities and Exchange Commission filing fee	\$ 0
Legal fees and expenses(1)	5,000
Accounting fees and expenses	2,500
Total expenses	\$ 7,500

(1) Excludes the additional fee of Foley & Lardner LLP based on the NAV of the Trust.

Item 15. Indemnification of Directors and Officers.

The Sponsor is a limited liability company formed as such under Delaware law. Section 18-108 of the Delaware Limited Liability Company Act provides that a limited liability company may indemnify and hold harmless any members, managers or other persons against any and all claims and demands whatsoever, subject to any standards and restrictions set forth in the limited liability company agreement of the limited liability company.

Section 18 of the Sponsor's Limited Liability Company Agreement provides that, to the fullest extent permitted by applicable law, a member or officer of the Sponsor will be entitled to indemnification from the Sponsor for any loss, damage or claim incurred by the member or officer for any act or omission performed or omitted by the member or officer in good faith on behalf of the Sponsor and in a manner reasonably believed to be within the scope of the authority conferred on the member or officer by the Sponsor's Limited Liability Company Agreement; provided, however, that no member or officer will be entitled to be indemnified if the loss, damage or claim was due to the member's or officer's fraud or willful misconduct. A member's or officer's reasonably incurred costs and expenses in defending pending or threatened actions, suits or proceedings will be paid in advance by the Sponsor if the member or officer provides an undertaking to repay the amounts advanced if it is ultimately determined that the member or officer is not entitled to be indemnified by the Sponsor. The indemnity and the advance of expenses are limited to the Sponsor's assets, and no member of the Sponsor will have personal liability for such indemnity.

Section 7.1(d) of the Depositary Trust Agreement provides that the Sponsor and its directors, Shareholders, officers, employees, affiliates and subsidiaries will be indemnified from the Trust and held harmless against any loss, liability or expense incurred by an indemnified party without (1) negligence, bad faith, willful misconduct or willful malfeasance on the part of the indemnified party arising out of or in connection with the performance of its obligations under the Depositary Trust Agreement or any actions taken in accordance with the provisions of the Depositary Trust Agreement or (2) the indemnified party's reckless disregard of its obligations and duties under the Depositary Trust Agreement. The indemnity will include payment from the Trust of the indemnified party's costs and expenses of defending itself against any claim or liability based on its capacity as Sponsor under the Depositary Trust Agreement.

Item 16. Exhibits.

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this registration statement.

Item 17. Undertakings.

a. The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

i. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

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- ii. To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

 - iii. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;
provided, however, that paragraphs a.1.i, a.1.ii and a.1.iii do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.
-
- 2. That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

 - 3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

 - 4. That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser: Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

 - 5. That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
 - i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

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- ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
 - iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
 - iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
- b. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.
- c. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rockville, State of Maryland, on March 10, 2011.

CURRENCYSHARES® EURO TRUST

By: Rydex Specialized Products LLC
Sponsor of the CurrencyShares® Euro Trust

By: /s/ Nick Bonos
Nick Bonos
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities indicated and on the dates indicated.

Signature	Title	Date
/s/ Nick Bonos Nick Bonos	Manager and Chief Executive Officer (Principal Executive Officer)	March 10, 2011
/s/ Joseph Arruda Joseph Arruda	Manager and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 10, 2011
/s/ Michael Byrum Michael Byrum	Manager	March 10, 2011

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No.	Description
3.1	Certificate of Formation of Rydex Specialized Products LLC, incorporated herein by reference to Exhibit 3.1 filed with Form S-1 Registration Statement (File number 333-125581) filed on June 7, 2005.
3.2	Limited Liability Company Agreement of Rydex Specialized Products LLC, incorporated herein by reference to Exhibit 3.2 filed with Form S-1 Registration Statement (File number 333-125581) filed on June 7, 2005.
4.1	Depository Trust Agreement dated as of December 2, 2005 among Rydex Specialized Products LLC, The Bank of New York, all registered owners and beneficial owners of Euro Currency Shares issued thereunder and all depositors, incorporated herein by reference to Exhibit 4.1 filed with Form 10-K/A on March 10, 2011.
4.2	Amendment to Depository Trust Agreement dated as of November 13, 2008 between Rydex Specialized Products LLC and The Bank of New York Mellon, incorporated herein by reference to Exhibit 4.1 filed with Form 10-Q on September 9, 2010.
4.3	Participant Agreement dated as of March 25, 2010 among Knight Clearing Services, LLC, The Bank of New York, and Rydex Specialized Products LLC (together with Schedule pursuant to Instruction 2 to Item 601 of Regulation S-K), incorporated herein by reference to Exhibit 4.3 filed with Form 10-K/A on March 10, 2011.
4.4	Amendment to Participant Agreements dated as of December 9, 2010 between The Bank of New York Mellon, the trusts set forth on Schedule A thereto and Rydex Specialized Products LLC, incorporated herein by reference to Exhibit 4.4 filed with Form 10-K/A on March 10, 2011.
4.5	Amendment to Participant Agreements dated as of January 15, 2011 between The Bank of New York Mellon, the trusts set forth on Schedule A thereto and Rydex Specialized Products LLC, incorporated herein by reference to Exhibit 4.5 filed with Form 10-K/A on March 10, 2011.
5.1	Opinion of Foley & Lardner LLP as to legality*
8.1	Opinion of Foley & Lardner LLP as to tax matters*
10.1	Deposit Account Agreement dated as of November 30, 2005 between The Bank of New York and the London Branch of JPMorgan Chase Bank, N.A., incorporated herein by reference to Exhibit 10.1 filed with Form 10-K/A on March 10, 2011.
10.2	Amendment to Deposit Account Agreement dated as of November 13, 2008 between The Bank of New York Mellon and the London Branch of JPMorgan Chase Bank, N.A., incorporated herein by reference to Exhibit 10.1 filed with Form 10-Q on September 9, 2010.
10.3	Sublicense Agreement dated as of November 2005 between PADCO Advisors II, Inc. and Rydex Specialized Products LLC, incorporated herein by reference to Exhibit 10.3 filed with Form 10-K/A on March 10, 2011.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Ernst & Young LLP.
23.3	Consents of Foley & Lardner LLP (included in Exhibits 5.1 and 8.1)*

* Previously filed.

ground: #fffff; "> **Table 8** Summary of Allowance for Credit Losses

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in Millions)	2006	2005	2006	2005

Balance at beginning of period	\$2,251	\$2,269	\$2,251	\$2,269
Charge-offs				
Commercial				
Commercial	24	42	52	74
Lease financing	13	15	25	38
Total commercial	37	57	77	112
Commercial real estate				
Commercial mortgages	3	4	6	10
Construction and development	1	1	1	3
Total commercial real estate	4	5	7	13
Residential mortgages	11	8	19	18
Retail				
Credit card	59	73	113	146
Retail leasing	6	8	13	19
Home equity and second mortgages	16	19	32	40
Other retail	43	52	90	105
Total retail	124	152	248	310
Total charge-offs	176	222	351	453
Recoveries				
Commercial				
Commercial	11	33	34	51
Lease financing	6	9	11	19
Total commercial	17	42	45	70
Commercial real estate				
Commercial mortgages	4	3	5	5
Construction and development		4		4
Total commercial real estate	4	7	5	9
Residential mortgages			1	1
Retail				
Credit card	9	9	17	17
Retail leasing	4	3	7	6
Home equity and second mortgages	3	3	7	7
Other retail	14	14	29	27
Total retail	30	29	60	57
Total recoveries	51	78	111	137
Net Charge-offs				
Commercial				
Commercial	13	9	18	23
Lease financing	7	6	14	19
Total commercial	20	15	32	42
Commercial real estate				

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Commercial mortgages	(1)	1	1	5
Construction and development	1	(3)	1	(1)
Total commercial real estate		(2)	2	4
Residential mortgages	11	8	18	17
Retail				
Credit card	50	64	96	129
Retail leasing	2	5	6	13
Home equity and second mortgages	13	16	25	33
Other retail	29	38	61	78
Total retail	94	123	188	253
Total net charge-offs	125	144	240	316
Provision for credit losses	125	144	240	316
Balance at end of period	\$2,251	\$2,269	\$2,251	\$2,269
Components				
Allowance for loan losses	\$2,039	\$2,082		
Liability for unfunded credit commitments	212	187		
Total allowance for credit losses	\$2,251	\$2,269		
Allowance for credit losses as a percentage of				
Period-end loans	1.59%	1.70%		
Nonperforming loans	500	441		
Nonperforming assets	409	372		
Annualized net charge-offs	449	393		

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Several factors were taken into consideration in evaluating the allowance for credit losses at June 30, 2006, including the risk profile of the portfolios and loan net charge-offs during the period, the level of nonperforming assets, accruing loans 90 days or more past due, delinquency ratios and changes in restructured loan balances compared with December 31, 2005. Management also considered the uncertainty related to certain industry sectors, including the airline industry, and the extent of credit exposure to other borrowers within the portfolio. In addition, concentration risks associated with commercial real estate and the mix of loans, including credit cards, loans originated through the consumer finance division and residential mortgages, and their relative credit risk were evaluated. Finally, the Company considered current economic conditions that might impact the portfolio.

Residual Risk Management The Company manages its risk to changes in the residual value of leased assets through disciplined residual valuation setting at the inception of a lease, diversification of its leased assets, regular residual asset valuation reviews and monitoring of residual value gains or losses upon the disposition of assets. As of June 30, 2006, no significant change in the amount of residuals or concentration of the portfolios has occurred since December 31, 2005. Refer to Management's Discussion and Analysis - Residual Risk Management in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on residual risk management.

Operational Risk Management The Company manages operational risk through a risk management framework and its internal control processes. Within this framework, the Corporate Risk Committee (Risk Committee) provides oversight and assesses the most significant operational risks facing the Company within its business lines. Under the guidance of the Risk Committee, enterprise risk management personnel establish policies and interact with business lines to monitor significant operational risks on a regular basis. Business lines have direct and primary responsibility and accountability for identifying, controlling, and monitoring operational risks embedded in their business activities. Refer to Management's Discussion and Analysis - Operational Risk Management in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on operational risk management.

Interest Rate Risk Management In the banking industry, changes in interest rates is a significant risk that can impact earnings, market valuations and safety and soundness of the entity. To minimize the volatility of net interest income and the market value of assets and liabilities, the Company manages its exposure to changes in interest rates through asset and liability management activities within guidelines established by its Asset Liability Policy Committee (ALPC) and approved by the Board of Directors. ALPC has the responsibility for approving and ensuring compliance with ALPC management policies, including interest rate risk exposure. The Company uses Net Interest Income Simulation Analysis and Market Value of Equity Modeling for measuring and analyzing consolidated interest rate risk.

Net Interest Income Simulation Analysis One of the primary tools used to measure interest rate risk and the effect of interest rate changes on net interest income is simulation analysis. Through this simulation, management estimates the impact on net interest income of a 200 basis point upward or downward gradual change of market interest rates over a one-year period. This represents a change, effective in the first quarter of 2006, from a previous policy of estimating the effect of a 300 basis point upward or downward gradual change on net interest income. The simulation also estimates the effect of immediate and sustained parallel shifts in the yield curve of 50 basis points as well as the effect of immediate and sustained flattening or steepening of the yield curve.

Refer to Management's Discussion and Analysis - Net Interest Income Simulation Analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on net interest income simulation analysis.

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Sensitivity of Net Interest Income:

	June 30, 2006				December 31, 2005			
	Down 50 Immediate	Up 50 Immediate	Down 200 Gradual	Up 200 Gradual	Down 50 Immediate	Up 50 Immediate	Down 200 Gradual*	Up 200 Gradual*
Net interest income	1.17%	(1.39)%	2.55%	(2.94)%	.66%	(.73)%	1.19%	(2.60)%

* As of January 31, 2006, due to the change to a 200 basis point gradual change policy during the first quarter of 2006.

The table above summarizes the interest rate risk of net interest income based on forecasts over the succeeding 12 months. At June 30, 2006, the Company's overall interest rate risk position was liability sensitive to changes in interest rates. The Company manages the overall interest rate risk profile within policy limits. ALPC policy guidelines limit the estimated change in net interest income to 3.0 percent of forecasted net interest income over the succeeding 12 months. At June 30, 2006, and December 31, 2005, the Company was within its policy guidelines.

Market Value of Equity Modeling The Company also utilizes the market value of equity as a measurement tool in managing interest rate sensitivity. The market value of equity measures the degree to which the market values of the Company's assets and liabilities and off-balance sheet instruments will change given a change in interest rates. ALPC guidelines limit the change in market value of equity in a 200 basis point parallel rate shock to 15 percent of the market value of equity assuming interest rates at June 30, 2006. The up 200 basis point scenario resulted in a 6.2 percent decrease in the market value of equity at June 30, 2006, compared with a 6.8 percent decrease at December 31, 2005. The down 200 basis point scenario resulted in a 1.1 percent decrease in the market value of equity at June 30, 2006, compared with a 4.1 percent decrease at December 31, 2005. At June 30, 2006, and December 31, 2005, the Company was within its policy guidelines.

The Company also uses duration of equity as a measure of interest rate risk. The duration of equity is a measure of the net market value sensitivity of the assets, liabilities and derivative positions of the Company. The duration of assets was 1.9 years at June 30, 2006, compared with 1.6 years at December 31, 2005. The duration of liabilities was 1.8 years at June 30, 2006, compared with 1.6 years at December 31, 2005. At June 30, 2006, the duration of equity was 1.9 years, compared with 1.8 years at December 31, 2005. The increased duration of equity measure shows that sensitivity of the market value of equity of the Company was liability sensitive to changes in interest rates. Refer to Management's Discussion and Analysis - Market Value of Equity Modeling in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on market value of equity modeling.

Use of Derivatives to Manage Interest Rate Risk In the ordinary course of business, the Company enters into derivative transactions to manage its interest rate, prepayment and foreign currency risks (asset and liability management positions) and to accommodate the business requirements of its customers (customer-related positions). Refer to Management's Discussion and Analysis - Use of Derivatives to Manage Interest Rate Risk in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on the use of derivatives to manage interest rate risk.

By their nature, derivative instruments are subject to market risk. The Company does not utilize derivative instruments for speculative purposes. Of the Company's \$24.4 billion of total notional amount of asset and liability management derivative positions at June 30, 2006, \$19.2 billion was designated as either fair value or cash flow hedges or net investment hedges of foreign operations. The cash flow hedge derivative positions are interest rate swaps that hedge the forecasted cash flows from the underlying variable-rate LIBOR loans and floating-rate debt. The fair value hedges are primarily interest rate swaps that hedge the change in fair value related to interest rate changes of underlying fixed-rate debt and subordinated obligations.

In addition, the Company uses forward commitments to sell residential mortgage loans to hedge its interest rate risk related to residential mortgage loans held for sale. Related to its mortgage banking operations, the Company held \$2.3 billion of forward commitments to sell mortgage loans and \$1.7 billion of unfunded mortgage loan commitments that were derivatives in accordance with the provisions of the Statement of Financial Accounting Standards No. 133,

Accounting for Derivative Instruments and Hedge Activities. The unfunded mortgage loan commitments are reported at fair value as options in Table 9. Beginning in March 2006, the Company entered into U.S. Treasury futures and options on U.S. Treasury futures contracts to hedge the change in fair value related to the election of fair value measurement for its residential MSRs.

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(Dollars in Millions)	June 30, 2006			December 31, 2005		
	Notional Amount	Fair Value	Weighted-Average Remaining Maturity In Years	Notional Amount	Fair Value	Weighted-Average Remaining Maturity In Years
Asset and Liability Management Positions						
Interest rate contracts						
Receive fixed/pay floating swaps	\$5,810	\$(106)	17.73	\$16,370	\$(82)	7.79
Pay fixed/receive floating swaps	8,398	123	2.00	9,163	139	1.33
Futures and forwards						
Buy	53		.11	104		.07
Sell	5,625	(2)	.14	2,669	(15)	.09
Options						
Written	4,046	(4)	.12	1,086	3	.08
Foreign exchange contracts						
Cross-currency swaps	403	19	9.12	387	11	9.61
Forwards	10		.08	404	7	.05
Equity contracts	46	1	2.79	42	3	3.29
Customer-related Positions						
Interest rate contracts						
Receive fixed/pay floating swaps	\$10,218	\$(264)	5.33	\$9,753	\$(69)	5.25
Pay fixed/receive floating swaps	10,189	318	5.42	9,707	121	5.25
Options						
Purchased	1,611	14	2.25	1,453	6	2.26
Written	1,597	(13)	2.25	1,453	(5)	2.26
Risk participation agreements (a)						
Purchased	147		7.49	143		8.02
Written	224		5.89	169		4.64
Foreign exchange rate contracts						
Forwards and swaps						
Buy	2,265	67	.39	2,042	77	.43
Sell	2,212	(59)	.41	2,018	(73)	.46
Options						
Purchased	134	(1)	.46	56	1	.24
Written	134	1	.46	56	(1)	.24

(a) At June 30, 2006, the credit equivalent amount was \$1 million and \$32 million, compared with \$1 million and \$18 million at December 31, 2005, for purchased and written risk participation agreements, respectively.

At June 30, 2006, the Company had \$36 million in accumulated other comprehensive income related to realized and unrealized losses on derivatives classified as cash flow hedges. Unrealized gains and losses are reflected in earnings when the related cash flows or hedged transactions occur and offset the related performance of the hedged items. The estimated amount to be reclassified from accumulated other comprehensive income into earnings during the remainder of 2006 and the next 12 months is a gain of \$21 million and \$39 million, respectively.

Gains or losses on customer-related derivative positions were not material for the second quarter and first six months of 2006. The change in fair value of forward commitments attributed to hedge ineffectiveness recorded in noninterest income was not significant for the second quarter of 2006 and was a decrease of \$1 million for the first six months of 2006. The change in the fair value of all other asset and liability management derivative positions attributed to hedge ineffectiveness recorded in noninterest income was not material for the second quarter and first six months of 2006.

The Company enters into derivatives to protect its net investment in certain foreign operations. The Company uses forward commitments to sell specified amounts of certain foreign currencies to hedge its capital volatility risk associated with fluctuations in foreign currency exchange rates. The net amount of gains or losses included in the cumulative translation

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adjustment for the second quarter and first six months of 2006 was not material.

Market Risk Management In addition to interest rate risk, the Company is exposed to other forms of market risk as a consequence of conducting normal trading activities. Business activities that contribute to market risk include primarily residential mortgage related risks, but also other things, such as proprietary trading and foreign exchange positions. Value at Risk (VaR) is a key measure of market risk for the Company. Theoretically, VaR represents the maximum amount that the Company has placed at risk of loss, with a ninety-ninth percentile degree of confidence, to adverse market movements in the course of its risk taking activities. Due to the election of fair value measurement of its residential MSRs and related hedging strategy in the first quarter of 2006, the Company increased its VaR limit to \$40 million at March 31, 2006, compared with \$20 million at December 31, 2005. The Company's market valuation risk, as estimated by the VaR analysis, was \$16 million at June 30, 2006, compared with \$1 million at December 31, 2005. Refer to Management's Discussion and Analysis Market Risk Management in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on market risk management.

Liquidity Risk Management ALPC establishes policies, as well as analyzes and manages liquidity, to ensure that adequate funds are available to meet normal operating requirements in addition to unexpected customer demands for funds, such as high levels of deposit withdrawals or loan demand, in a timely and cost-effective manner. Liquidity management is viewed from long-term and short-term perspectives, as well as from an asset and liability perspective. Management monitors liquidity through a regular review of maturity profiles, funding sources, and loan and deposit forecasts to minimize funding risk. Refer to Management's Discussion and Analysis Liquidity Risk Management in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on liquidity risk management.

At June 30, 2006, parent company long-term debt outstanding was \$12.6 billion, compared with \$10.9 billion at December 31, 2005. The \$1.7 billion increase was primarily due to the issuances of \$1.8 billion of junior subordinated debentures and \$1.5 billion of medium-term notes, offset by long-term debt maturities and repayments during the first six months of 2006. As of June 30, 2006, there is no parent company debt scheduled to mature in the remainder of 2006.

Federal banking laws regulate the amount of dividends that may be paid by banking subsidiaries without prior approval. The amount of dividends available to the parent company from its banking subsidiaries after meeting the regulatory capital requirements for well-capitalized banks was approximately \$1.1 billion at June 30, 2006.

Off-Balance Sheet Arrangements Off-balance sheet arrangements include any contractual arrangement to which an unconsolidated entity is a party, under which the Company has an obligation to provide credit or liquidity enhancements or market risk support. Off-balance sheet arrangements include certain defined guarantees, asset securitization trusts and conduits. Off-balance sheet arrangements also include any obligation under a variable interest held by an unconsolidated entity that provides financing, liquidity, credit enhancement or market risk support.

In the ordinary course of business, the Company enters into an array of commitments to extend credit, letters of credit and various forms of guarantees that may be considered off-balance sheet arrangements. The extent of these arrangements is provided in Note 10 of the Notes to Consolidated Financial Statements.

Asset securitizations and conduits represent a source of funding for the Company through off-balance sheet structures. The Company sponsors an off-balance sheet conduit to which it transferred high-grade investment securities, funded by the issuance of commercial paper. The conduit held assets and related commercial paper liabilities of \$3.0 billion at June 30, 2006, and \$3.8 billion at December 31, 2005. The Company provides a liquidity facility to the conduit. A liability for the estimate of the potential risk of loss for the Company as the liquidity facility provider is recorded on the balance sheet in other liabilities and was \$15 million at June 30, 2006, and \$20 million at December 31, 2005. In addition, the Company recorded at fair value its retained residual interest in the investment securities conduit of \$21 million at June 30, 2006, and \$28 million at December 31, 2005.

The Company does not rely significantly on off-balance sheet arrangements for liquidity or capital resources. Refer to Management's Discussion and Analysis Off-Balance Sheet Arrangements in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on off-balance sheet arrangements.

Table of Contents**Table 10** Capital Ratios

(Dollars in Millions)	June 30, 2006	December 31, 2005
Tier 1 capital	\$16,841	\$15,145
As a percent of risk-weighted assets	8.9%	8.2%
As a percent of adjusted quarterly average assets (leverage ratio)	8.2%	7.6%
Total risk-based capital	\$24,893	\$23,056
As a percent of risk-weighted assets	13.1%	12.5%
Tangible common equity	\$11,535	\$11,873
As a percent of tangible assets	5.6%	5.9%

Capital Management The Company is committed to managing capital for maximum shareholder benefit and maintaining strong protection for depositors and creditors. The Company has targeted returning 80 percent of earnings to its common shareholders through a combination of dividends and share repurchases. In the first six months of 2006, the Company returned 116 percent of earnings. The Company continually assesses its business risks and capital position. The Company also manages its capital to exceed regulatory capital requirements for well-capitalized bank holding companies. To achieve these capital goals, the Company employs a variety of capital management tools including dividends, common share repurchases, and the issuance of subordinated debt and other capital instruments. Total shareholders' equity was \$20.4 billion at June 30, 2006, compared with \$20.1 billion at December 31, 2005. The increase was the result of corporate earnings and the issuance of \$1.0 billion of non-cumulative, perpetual preferred stock on March 27, 2006, partially offset by share repurchases and dividends.

Table 10 provides a summary of capital ratios as of June 30, 2006, and December 31, 2005. Tier 1 capital at June 30, 2006, was positively affected by the \$1.0 billion issuance of preferred stock and the \$1.8 billion issuance of junior subordinated debentures during the first six months of 2006. All regulatory ratios continue to be in excess of regulatory well-capitalized requirements.

On December 21, 2004, the Board of Directors approved and announced an authorization to repurchase 150 million shares of common stock during the next 24 months.

The following table provides a detailed analysis of all shares repurchased under this program during the second quarter of 2006:

Period	Total Number of Shares Purchased as Part of the Program	Average Price Paid per Share	Maximum Number of Shares that May Yet Be Purchased Under the Program
April	6,588,329	\$30.64	35,948,635
May	2,284,831	31.17	33,663,804
June	811,039	30.89	32,852,765
Total	9,684,199	\$30.78	32,852,765

On August 3, 2006, the Company announced that the Board of Directors approved an authorization to repurchase 150 million shares of common stock through December 2008. This new authorization replaces the December 21, 2004, share repurchase program.

LINE OF BUSINESS FINANCIAL REVIEW

Within the Company, financial performance is measured by major lines of business, which include Wholesale Banking, Consumer Banking, Wealth Management, Payment Services, and Treasury and Corporate Support. These operating segments are components of the Company about which financial information is available and is evaluated regularly in deciding how to allocate resources and assess performance.

Basis for Financial Presentation Business line results are derived from the Company's business unit profitability reporting systems by specifically attributing managed balance sheet assets, deposits and other liabilities and their related income or expense. Refer to Management's Discussion and Analysis - Line of Business Financial Review in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, for further discussion on the business lines basis for financial presentation.

Designations, assignments and allocations change from time to time as management systems are enhanced, methods of evaluating performance or product lines change or business segments are realigned to better respond to the Company's diverse customer base. During 2006, certain organization and methodology changes were made and, accordingly, 2005 results were restated and presented on a comparable basis, including a change in the allocation of risk adjusted capital to the business lines. Business lines are allocated risk adjusted capital based upon economic capital requirements, regulatory capital requirements, goodwill and intangibles. The allocations to the business lines are equal to the capital that is held by the Company. The capital allocations include credit and operational capital allocations which are performed using a Basel II

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approach with adjustments for regulatory Tier I leverage requirements.

Wholesale Banking offers lending, depository, treasury management and other financial services to middle market, large corporate, commercial real estate, equipment finance, small-ticket leasing and public sector clients, along with lending guaranteed by the Small Business Administration. Wholesale Banking contributed \$298 million of the Company's net income in the second quarter and \$598 million in the first six months of 2006, or increases of \$6 million and \$27 million, respectively, compared with the same periods of 2005. The increases were primarily driven by growth in total net revenue.

Total net revenue increased \$21 million (3.1 percent) in the second quarter and \$46 million (3.4 percent) in the first six months of 2006, compared with the same periods of 2005. Net interest income, on a taxable-equivalent basis, increased \$15 million in the second quarter and \$39 million in the first six months of 2006, compared with the same periods of 2005. The increases in net interest income were driven by growth in average loan balances and wider spreads on total deposits due to the funding benefit associated with the impact of rising interest rates, partially offset by reduced loan spreads due to competitive pricing. The increase in average loans was driven by stronger commercial loan and commercial real estate loan demand in 2005 and the first six months of 2006. Total deposits increased year-over-year driven by growth in fixed-rate time deposits, partially offset by a decrease in interest checking deposits.

The \$6 million (2.7 percent) and \$7 million (1.6 percent) increases in noninterest income in the second quarter and first six months of 2006, respectively, compared with the same periods of 2005, were due to higher commercial products revenue and equipment leasing revenue, partially offset by lower other commercial loan fees and treasury management-related fees. Treasury management-related fees were lower due to higher earnings credits on customers compensating balances, partially offset by growth in treasury management-related services activity.

Noninterest expense was relatively flat in the second quarter of 2006, compared with the second quarter of 2005. Noninterest expense increased \$8 million (1.7 percent) in the first six months of 2006, compared with the same period of 2005. The increase was primarily driven by higher personnel-related costs and net shared services expense.

The provision for credit losses increased \$12 million in the second quarter and decreased \$5 million in the first six months of 2006, compared with the same periods of 2005. The increase in the provision for credit losses in the second quarter of 2006 was due to lower net recoveries compared to the second quarter of 2005. Nonperforming assets within Wholesale Banking were \$218 million at June 30, 2006, \$260 million at March 31, 2006, and \$298 million at June 30, 2005. Nonperforming assets as a percentage of period-end loans were .43 percent at June 30, 2006, .52 percent at March 31, 2006, and .63 percent at June 30, 2005. Refer to the Corporate Risk Profile section for further information on factors impacting the credit quality of the loan portfolios.

Consumer Banking delivers products and services through banking offices, telephone servicing and sales, on-line services, direct mail and ATMs. It encompasses community banking, metropolitan banking, in-store banking, small business banking, consumer lending, mortgage banking, consumer finance, workplace banking, student banking and 24-hour banking. Consumer Banking contributed \$488 million of the Company's net income in the second quarter and \$899 million in the first six months of 2006, or increases of \$59 million and \$83, respectively, compared with the same periods of 2005. While the retail banking business grew net income 13.9 percent in the second quarter and 11.2 percent in the first six months of 2006, the contribution of the mortgage banking business increased 12.5 percent and decreased 3.4 percent, respectively, compared with the same periods of 2005.

Total net revenue increased \$22 million (1.6 percent) in the second quarter and \$31 million (1.1 percent) in the first six months of 2006, compared with the same periods of 2005. Net interest income, on a taxable-equivalent basis, increased \$19 million in the second quarter and \$56 million in the first six months of 2006, compared with the same periods of 2005. The year-over-year increases in net interest income were due to strong growth in average loans and the funding benefit of total deposits due to rising interest rates. Partially offsetting these increases were reduced spreads on commercial and retail loans due to competitive pricing. The increases in average loan balances reflected growth in retail loans, residential mortgages, commercial loans and commercial real estate loans. The growth in retail loans was principally driven by an increase in installment loans which increased 15.8 percent in the second quarter and 15.5 percent in the first six months of 2006 over the same periods of 2005. Residential mortgages, which include traditional residential mortgages, grew 21.6 percent in the second

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quarter and 27.1 percent in the first six months of 2006, compared with the same periods of a year ago, reflecting the Company's retention of adjustable-rate residential mortgages during 2005. Average balances of residential mortgages are expected to remain essentially flat in future periods due to the Company's decision in the first quarter of 2006 to package and sell the majority of its residential mortgage loan production in the secondary markets. The year-over-year decreases in average deposits were primarily due to a reduction in saving products, offset by growth in interest checking and time deposits. The year-over-year increases in interest checking balances reflected strong branch-based new account deposit growth. On a combined basis, the Consumer Banking line of business generated growth of \$90 million (.3 percent) in average checking account balances in the second quarter of 2006, compared with the second quarter of 2005, driven by 5.7 percent growth in net new checking accounts. Offsetting this growth was a decline in average savings balances of \$3.2 billion (13.0 percent) from second quarter of 2005, principally related to money market accounts. Average time deposit balances grew \$1.6 billion in the second quarter and \$1.7 billion in the first six months of 2006, compared with the same periods of 2005, as a portion of money market balances migrated to fixed-rate time deposit products.

Fee-based noninterest income increased \$3 million in the second quarter and decreased \$25 million in the first six months of 2006, compared with the same periods of 2005. The year-over-year decline in fee-based revenue was driven by a reduction in mortgage banking revenue, partially offset by increases in deposit service charges, retail leasing revenue, and other revenue. The increase in other revenue reflected higher gains from the sales of student loans. The reduction in mortgage banking revenue reflected the adoption of fair value accounting for MSRs as of January 1, 2006.

Noninterest expense decreased \$61 million (9.1 percent) in the second quarter and \$78 million (5.9 percent) in the first six months of 2006, compared with the same periods of 2005. The decreases were primarily attributable to the elimination of MSR amortization under SFAS 156 which resulted in a reduction of other intangible expense. Partially offsetting this decrease were increases in compensation and employee benefit expenses. The increases in compensation and employee benefit expenses reflect the impact of the net addition of 38 in-store and 13 traditional branches at June 30, 2006, compared with June 30, 2005.

The provision for credit losses decreased \$9 million and \$20 million in the second quarter and first six months of 2006, respectively, compared with the same periods of 2005. The improvements were attributable to lower net charge-offs. As a percentage of average loans outstanding, net charge-offs declined to .30 percent in the second quarter of 2006, compared with .38 percent in the second quarter of 2005. The decline in net charge-offs included both the commercial and retail loan portfolios. Commercial and commercial real estate loan net charge-offs declined \$3 million in the second quarter of 2006, compared with the second quarter of 2005. Retail loan and residential mortgage net charge-offs declined by \$6 million in the second quarter of 2006, compared with the second quarter of 2005. Nonperforming assets within Consumer Banking were \$275 million at June 30, 2006, \$291 million at March 31, 2006, and \$304 million at June 30, 2005. Nonperforming assets as a percentage of period-end loans were .39 percent at June 30, 2006, .42 percent at March 31, 2006, and .49 percent at June 30, 2005. Refer to the Corporate Risk Profile section for further information on factors impacting the credit quality of the loan portfolios.

Wealth Management provides trust, private banking, financial advisory, investment management, insurance, custody and mutual fund servicing through six businesses: Private Client Group, Corporate Trust, U.S. Bancorp Investments and Insurance, FAF Advisors, Institutional Trust and Custody and Fund Services. Wealth Management contributed \$148 million of the Company's net income in the second quarter and \$282 million in the first six months of 2006, or increases of \$32 million and \$55 million, respectively, compared with the same periods of 2005. The growth was primarily attributable to higher total net revenue, partially offset by an increase in noninterest expense.

Total net revenue increased \$88 million (21.6 percent) in the second quarter and \$170 million (21.2 percent) in the first six months of 2006, compared with the same periods of 2005. Net interest income, on a taxable-equivalent basis, increased \$21 million in the second quarter and \$47 million in the first six months of 2006, compared with the same periods of 2005. The increases in net interest income were due to growth in total average deposits and the favorable impact of rising interest rates on the funding benefit of customer deposits, partially offset by a decline in loan spreads. The increase in total deposits was attributable to growth in noninterest-bearing deposits and time deposits principally in Corporate Trust. Noninterest income increased \$67 million in the second quarter and \$123 million in the first six

months of 2006, compared with the same periods of 2005, primarily driven by the acquisition of the corporate and institutional trust

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business of a large national bank, growth in core revenue, and favorable equity market valuations.

Noninterest expense increased \$39 million (17.5 percent) in the second quarter and \$84 million (19.0 percent) in the first six months of 2006, compared with the same periods of 2005. The increases in noninterest expense were primarily attributable to the acquisition of a large national bank's corporate and institutional trust business.

Payment Services includes consumer and business credit cards, stored-value cards, debit cards, corporate and purchasing card services, consumer lines of credit, ATM processing and merchant processing. Payment Services contributed \$251 million of the Company's net income in the second quarter and \$474 in the first six months of 2006, or increases of \$68 million and \$123 million, respectively, compared with the same periods of 2005. The increases were due to growth in total net revenue driven by higher transaction volumes and a lower provision for credit losses, partially offset by increases in total noninterest expense.

Total net revenue increased \$128 million (18.8 percent) in the second quarter and \$251 million (19.1 percent) in the first six months of 2006, compared with the same periods of 2005. Net interest income increased \$21 million in the second quarter and \$38 million in the first six months of 2006, compared with the same periods of 2005. The increases were primarily due to increases in retail credit card balances and customer late fees, partially offset by an increase in nonearning assets resulting in higher funding expense. Noninterest income increased \$107 million in the second quarter and \$213 million in the first six months of 2006, compared with the same periods of 2005. The increases in fee-based revenue were driven by strong growth in credit card and debit card revenue, corporate payment products revenue, ATM processing services revenue and merchant processing revenue. Credit and debit card revenue increased due to higher customer transaction volume. Corporate payment products revenue reflected organic growth in sales volumes and card usage. ATM processing services revenue increased primarily due to the acquisition of an ATM business in May of 2005. Merchant processing revenue also grew from a year ago due to an increase in sales volume driven by acquisitions, higher same store sales and equipment fees. Noninterest income for the first six months of 2006 also included the impact of a \$10 million settlement in the first quarter.

Noninterest expense increased \$48 million (15.8 percent) in the second quarter and \$113 million (19.5 percent) in the first six months of 2006, compared with the same periods of 2005. The increases in noninterest expense were primarily attributable to the acquisition of merchant acquiring businesses, higher compensation and employee benefit costs for processing associated with increased credit and debit card transaction volumes, higher corporate payment products and merchant processing sales volumes, and higher ATM processing services volumes.

The provision for credit losses decreased \$27 million (29.3 percent) in the second quarter and \$56 million (30.9 percent) in the first six months of 2006, compared with the same periods of 2005, due to lower net charge-offs. As a percentage of average loans outstanding, net charge-offs were 2.16 percent in the second quarter of 2006, compared with 3.26 percent in the second quarter of 2005. The favorable change in credit losses reflected the near-term impact of changes in bankruptcy legislation in the fourth quarter of 2005.

Treasury and Corporate Support includes the Company's investment portfolios, funding, capital management and asset securitization activities, interest rate risk management, the net effect of transfer pricing related to average balances and the residual aggregate of those expenses associated with corporate activities that are managed on a consolidated basis. In addition, prior to the adoption of SFAS 156, changes in MSR valuations due to interest rate changes were managed at a corporate level and, as such, reported within this business unit. Treasury and Corporate Support recorded net income of \$16 million in the second quarter and \$101 million in the first six months of 2006, or decreases of \$85 million and \$126 million, respectively, compared with the same periods of 2005.

Total net revenue decreased \$109 million (92.4 percent) in the second quarter and \$142 million (61.2 percent) in the first six months of 2006, compared with the same periods of 2005. The year-over-year decreases in total net revenue were primarily due to unfavorable variances in net interest income, partially offset by higher noninterest income. The decrease in net interest income reflected the impact of a flatter yield curve and asset/liability management decisions during the past year, including reducing the investment securities portfolio, changes in interest rate derivative positions and the issuance of higher cost wholesale funding. Noninterest income increased \$31 million in the second quarter and \$128 million in the first six months of 2006, compared with the same periods of 2005. The increase in noninterest income in the second quarter and first six months of 2006 was driven by a gain from an initial public offering of a cardholder association. The increase during the first six months of 2006 was also due to a gain on

derivatives that did not qualify as hedges, realized in the first quarter of 2006, and securities losses incurred in the first six months of 2005.

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Three Months Ended June 30 (Dollars in Millions)	Wholesale Banking			Consumer Banking		
	2006	2005	Percent Change	2006	2005	Percent Change
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	\$478	\$463	3.2%	\$968	\$949	2.0%
Noninterest income	224	220	1.8	465	462	.6
Securities gains (losses), net	2		*			
Total net revenue	704	683	3.1	1,433	1,411	1.6
Noninterest expense	230	231	(.4)	600	609	(1.5)
Other intangibles	4	4		12	64	(81.3)
Total noninterest expense	234	235	(.4)	612	673	(9.1)
Income before provision and income taxes	470	448	4.9	821	738	11.2
Provision for credit losses	1	(11)	*	54	63	(14.3)
Income before income taxes	469	459	2.2	767	675	13.6
Income taxes and taxable-equivalent adjustment	171	167	2.4	279	246	13.4
Net income	\$298	\$292	2.1	\$488	\$429	13.8
Average Balance Sheet Data						
Commercial	\$33,292	\$31,187	6.7%	\$6,380	\$6,143	3.9%
Commercial real estate	17,346	16,630	4.3	10,699	10,226	4.6
Residential mortgages	59	57	3.5	20,365	16,742	21.6
Retail	40	28	42.9	35,112	33,710	4.2
Total loans	50,737	47,902	5.9	72,556	66,821	8.6
Goodwill	1,329	1,329		2,108	2,108	
Other intangible assets	55	73	(24.7)	1,453	1,168	24.4
Assets	56,934	53,886	5.7	80,774	74,795	8.0
Noninterest-bearing deposits	12,107	12,303	(1.6)	12,720	13,035	(2.4)
Interest checking	3,164	3,189	(.8)	17,789	17,384	2.3
Savings products	5,569	5,469	1.8	21,393	24,581	(13.0)
Time deposits	13,020	12,267	6.1	18,669	17,034	9.6
Total deposits	33,860	33,228	1.9	70,571	72,034	(2.0)
Shareholders equity	5,554	5,308	4.6	6,436	6,457	(.3)

Six Months Ended June 30 (Dollars in Millions)	Wholesale Banking			Consumer Banking		
	2006	2005	Percent Change	2006	2005	Percent Change
Condensed Income Statement						
Net interest income (taxable-equivalent basis)	\$950	\$911	4.3%	\$1,918	\$1,862	3.0%
Noninterest income	449	448	.2	848	873	(2.9)
Securities gains (losses), net	2	(4)	*			
Total net revenue	1,401	1,355	3.4	2,766	2,735	1.1
Noninterest expense	459	451	1.8	1,211	1,188	1.9
Other intangibles	8	8		25	126	(80.2)
Total noninterest expense	467	459	1.7	1,236	1,314	(5.9)
Income before provision and income taxes	934	896	4.2	1,530	1,421	7.7
Provision for credit losses	(7)	(2)	*	117	137	(14.6)
Income before income taxes	941	898	4.8	1,413	1,284	10.0
Income taxes and taxable-equivalent adjustment	343	327	4.9	514	468	9.8
Net income	\$598	\$571	4.7	\$899	\$816	10.2
Average Balance Sheet Data						
Commercial	\$32,866	\$30,709	7.0%	\$6,345	\$6,010	5.6%
Commercial real estate	17,312	16,615	4.2	10,650	10,194	4.5
Residential mortgages	61	60	1.7	20,420	16,069	27.1
Retail	42	38	10.5	35,075	33,425	4.9
Total loans	50,281	47,422	6.0	72,490	65,698	10.3
Goodwill	1,329	1,329		2,107	2,109	(.1)
Other intangible assets	57	76	(25.0)	1,392	1,141	22.0
Assets	56,287	53,248	5.7	80,405	73,251	9.8
Noninterest-bearing deposits	12,049	12,125	(.6)	12,747	12,937	(1.5)
Interest checking	3,139	3,397	(7.6)	17,722	17,198	3.0
Savings products	5,427	5,351	1.4	21,877	25,027	(12.6)
Time deposits	12,536	11,660	7.5	18,422	16,760	9.9
Total deposits	33,151	32,533	1.9	70,768	71,922	(1.6)
Shareholders equity	5,474	5,296	3.4	6,424	6,445	(.3)

* Not meaningful

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Wealth Management			Payment Services			Treasury and Corporate Support			Consolidated Company		
2006	Percent 2005 Change		2006	Percent 2005 Change		2006	Percent 2005 Change		2006	Percent 2005 Change	
\$127	\$106	19.8%	\$156	\$135	15.6%	\$(32)	\$108	*%	\$1,697	\$1,761	(3.6)%
369	302	22.2	654	547	19.6	40	9	*	1,752	1,540	13.8
						1	1		3	1	*
496	408	21.6	810	682	18.8	9	118	(92.4)	3,452	3,302	4.5
240	208	15.4	300	260	15.4	71	106	(33.0)	1,441	1,414	1.9
22	15	46.7	51	43	18.6		55	*	89	181	(50.8)
262	223	17.5	351	303	15.8	71	161	(55.9)	1,530	1,595	(4.1)
234	185	26.5	459	379	21.1	(62)	(43)	(44.2)	1,922	1,707	12.6
2	2		65	92	(29.3)	3	(2)	*	125	144	(13.2)
232	183	26.8	394	287	37.3	(65)	(41)	(58.5)	1,797	1,563	15.0
84	67	25.4	143	104	37.5	(81)	(142)	43.0	596	442	34.8
\$148	\$116	27.6	\$251	\$183	37.2	\$16	\$101	(84.2)	\$1,201	\$1,121	7.1
\$1,520	\$1,582	(3.9)%	\$3,758	\$3,433	9.5%	\$120	\$172	(30.2)%	\$45,070	\$42,517	6.0%
689	639	7.8				61	87	(29.9)	28,795	27,582	4.4
440	393	12.0				4	6	(33.3)	20,868	17,198	21.3
2,422	2,313	4.7	8,512	7,878	8.0	44	49	(10.2)	46,130	43,978	4.9
5,071	4,927	2.9	12,270	11,311	8.5	229	314	(27.1)	140,863	131,275	7.3
1,378	874	57.7	2,463	2,030	21.3	1		*	7,279	6,341	14.8
473	316	49.7	1,165	972	19.9		3	*	3,146	2,532	24.2
7,487	6,647	12.6	17,294	15,163	14.1	49,918	51,327	(2.7)	212,407	201,818	5.2
3,668	3,616	1.4	297	134	*	157	60	*	28,949	29,148	(.7)
2,379	2,445	(2.7)				1	6	(83.3)	23,333	23,024	1.3
5,677	5,368	5.8	19	15	26.7	43	16	*	32,701	35,449	(7.8)
2,900	1,102	*	3	1	*	1,658	3,207	(48.3)	36,250	33,611	7.9
14,624	12,531	16.7	319	150	*	1,859	3,289	(43.5)	121,233	121,232	
2,349	1,663	41.3	4,747	4,011	18.3	1,470	2,381	(38.3)	20,556	19,820	3.7

Wealth Management

Payment Services

Treasury and Corporate Support

Consolidated Company

Percent

Percent

Percent

Percent

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2006	2005	Change	2006	2005	Change	2006	2005	Change	2006	2005	Change
\$252	\$205	22.9%	\$319	\$281	13.5%	\$(17)	\$253	*%	\$3,422	\$3,512	(2.6)%
719	596	20.6	1,244	1,031	20.7	106	33	*	3,366	2,981	12.9
						1	(54)	*	3	(58)	*
971	801	21.2	1,563	1,312	19.1	90	232	(61.2)	6,791	6,435	5.5
482	411	17.3	596	496	20.2	108	128	(15.6)	2,856	2,674	6.8
44	31	41.9	97	84	15.5		3	*	174	252	(31.0)
526	442	19.0	693	580	19.5	108	131	(17.6)	3,030	2,926	3.6
445	359	24.0	870	732	18.9	(18)	101	*	3,761	3,509	7.2
2	2		125	181	(30.9)	3	(2)	*	240	316	(24.1)
443	357	24.1	745	551	35.2	(21)	103	*	3,521	3,193	10.3
161	130	23.8	271	200	35.5	(122)	(124)	1.6	1,167	1,001	16.6
\$282	\$227	24.2	\$474	\$351	35.0	\$101	\$227	(55.5)	\$2,354	\$2,192	7.4
\$1,508	\$1,568	(3.8)%	\$3,647	\$3,315	10.0%	\$135	\$159	(15.1)%	\$44,501	\$41,761	6.6%
681	642	6.1				63	92	(31.5)	28,706	27,543	4.2
442	380	16.3				4	8	(50.0)	20,927	16,517	26.7
2,412	2,295	5.1	8,417	7,846	7.3	45	49	(8.2)	45,991	43,653	5.4
5,043	4,885	3.2	12,064	11,161	8.1	247	308	(19.8)	140,125	129,474	8.2
1,376	874	57.4	2,375	1,986	19.6	1	(1)	*	7,188	6,297	14.1
484	323	49.8	1,111	940	18.2		8	*	3,044	2,488	22.3
7,466	6,638	12.5	16,882	14,818	13.9	50,182	51,435	(2.4)	211,222	199,390	5.9
3,649	3,527	3.5	295	137	*	153	58	*	28,893	28,784	.4
2,376	2,482	(4.3)				1	8	(87.5)	23,238	23,085	.7
5,527	5,430	1.8	19	15	26.7	33	15	*	32,883	35,838	(8.2)
2,487	1,035	*	3		*	2,239	3,170	(29.4)	35,687	32,625	9.4
14,039	12,474	12.5	317	152	*	2,426	3,251	(25.4)	120,701	120,332	.3
2,351	1,671	40.7	4,557	3,941	15.6	1,547	2,459	(37.1)	20,353	19,812	2.7

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Noninterest expense decreased \$90 million in the second quarter and \$23 million in the first six months of 2006, compared with the same periods of 2005. The decreases in noninterest expense were driven by lower debt prepayment expense and the elimination of MSR impairment or reparation due to the adoption of SFAS 156 in the first quarter of 2006.

The provision for credit losses for this business unit represents the residual aggregate of the net credit losses allocated to the reportable business units and the Company's recorded provision determined in accordance with accounting principles generally accepted in the United States. Refer to the Corporate Risk Profile section for further information on the provision for credit losses, nonperforming assets and factors considered by the Company in assessing the credit quality of the loan portfolio and establishing the allowance for credit losses.

Income taxes are assessed to each line of business at a managerial tax rate of 36.4 percent with the residual tax expense or benefit to arrive at the consolidated effective tax rate included in Treasury and Corporate Support. The consolidated effective tax rate of the Company was 32.8 percent and 32.7 percent in the second quarter and first six months of 2006, respectively, compared with 28.0 percent and 31.0 percent in the same periods of 2005, respectively. The second quarter of 2005 included a \$94 million reduction in income tax expense related to the resolution of federal income tax examinations covering substantially all of the Company's legal entities for the years 2000 through 2002.

CRITICAL ACCOUNTING POLICIES

The accounting and reporting policies of the Company comply with accounting principles generally accepted in the United States and conform to general practices within the banking industry. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding the Company's financial statements. Critical accounting policies are those policies that management believes are the most important to the portrayal of the Company's financial condition and results, and require management to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by management to be critical accounting policies. Those policies considered to be critical accounting policies relate to the allowance for credit losses, MSRs, goodwill and other intangibles and income taxes. Management has discussed the development and the selection of critical accounting policies with the Company's Audit Committee. These accounting policies are discussed in detail in Management's Discussion and Analysis Critical Accounting Policies and the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2005. Refer to Note 2 of the Notes to Consolidated Financial Statements for discussion of the change in accounting for MSRs implemented in the first quarter of 2006.

CONTROLS AND PROCEDURES

Under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)). Based upon this evaluation, the principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

During the most recently completed fiscal quarter, there was no change made in the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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U.S. Bancorp

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Consolidated Balance Sheet

(Dollars in Millions)	June 30, 2006	December 31, 2005
	(Unaudited)	
Assets		
Cash and due from banks	\$7,234	\$8,004
Investment securities		
Held-to-maturity (fair value \$101 and \$113, respectively)	98	109
Available-for-sale	38,364	39,659
Loans held for sale	2,589	1,686
Loans		
Commercial	45,369	42,942
Commercial real estate	28,562	28,463
Residential mortgages	21,063	20,730
Retail	46,388	45,671
Total loans	141,382	137,806
Less allowance for loan losses	(2,039)	(2,041)
Net loans	139,343	135,765
Premises and equipment	1,817	1,841
Goodwill	7,283	7,005
Other intangible assets	3,158	2,874
Other assets	13,519	12,522
Total assets	\$213,405	\$209,465
Liabilities and Shareholders Equity		
Deposits		
Noninterest-bearing	\$30,730	\$32,214
Interest-bearing	69,302	70,024
Time deposits greater than \$100,000	22,687	22,471
Total deposits	122,719	124,709
Short-term borrowings	20,570	20,200
Long-term debt	41,952	37,069
Other liabilities	7,749	7,401
Total liabilities	192,990	189,379
Shareholders equity		
Preferred stock, par value \$1.00 a share (liquidation preference of \$25,000 per share) authorized: 50,000,000 shares; issued and outstanding: 6/30/06 40,000 shares	1,000	
Common stock, par value \$0.01 a share authorized: 4,000,000,000 shares; issued: 6/30/06 and 12/31/05 1,972,643,007 shares	20	20
Capital surplus	5,789	5,907

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Retained earnings	20,164	19,001
Less cost of common stock in treasury: 6/30/06 189,672,491 shares; 12/31/05 157,689,004 shares	(5,421)	(4,413)
Other comprehensive income	(1,137)	(429)
Total shareholders equity	20,415	20,086
Total liabilities and shareholders equity	\$213,405	\$209,465

See Notes to Consolidated Financial Statements.

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U.S. Bancorp
Consolidated Statement of Income