

DIAMONDS TRUST SERIES I

Form 497

November 18, 2009

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**Filed Pursuant to Rule 497(b)  
Registration File No. 333-31247**

**SUPPLEMENTARY PROSPECTUS DATED NOVEMBER 18, 2009**

**DIAMONDS<sup>®</sup> TRUST, SERIES 1**

(A Unit Investment Trust constituted outside Singapore and organized in the  
United States)

**SUPPLEMENTARY PROSPECTUS  
ISSUED PURSUANT TO DIVISION 2 OF PART XIII OF  
THE SECURITIES AND FUTURES ACT,  
CHAPTER 289 OF SINGAPORE**

A copy of this Supplementary Prospectus has been lodged under Section 298(2) of the Securities and Futures Act, Chapter 289 of Singapore, with the Monetary Authority of Singapore (the **Authority**), who takes no responsibility for its contents.

This Supplementary Prospectus is supplemental to the Singapore prospectus relating to the DIAMONDS<sup>®</sup> Trust, Series 1 (the **Trust**) registered by the Authority on March 2, 2009 (as supplemented by a supplementary prospectus lodged with the Authority on May 25, 2009) (the **Prospectus**).

The Trust is admitted to the Official List of the Singapore Exchange Securities Trading Limited (the **SGX-ST**). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Supplementary Prospectus and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Trust or the DIAMONDS<sup>®</sup>.

Capitalized terms in this Supplementary Prospectus that are not defined shall have the same meaning and construction ascribed to them in the Prospectus. This Supplementary Prospectus should be read together and construed in conjunction with the Prospectus.

This Supplementary Prospectus describes amendments made to the Prospectus to provide for, *inter alia*, the inclusion as part of the Prospectus, the supplement dated October 30, 2009 (the **Supplement**) to the prospectus dated February 27, 2009 issued by the Trust (the **US Prospectus**).

Prior to October 30, 2009, the Trust provided a dividend reinvestment service (the **Service**) to beneficial owners of DIAMONDS<sup>®</sup>, through member participants in The Depository Trust Company who elected to utilize the Service, for reinvestment of their cash proceeds. With effect from October 30, 2009, the Trust has discontinued the Service.

Broker-dealers in the US may offer a dividend reinvestment program at their own discretion under which additional DIAMONDS® will be purchased in the secondary market at current market prices. Investors should consult their broker dealer for further information regarding any dividend reinvestment program offered by such broker dealer. Distributions in cash that are reinvested in additional DIAMONDS® through a dividend reinvestment service, if offered by an investor's US broker-dealer,

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will nevertheless be taxable dividends to the same extent as if such dividends had been received in cash.

In this connection, investors should refer to the Supplement which sets out the changes made to pages 4, 9-10, 56-57 and 62 of the US Prospectus following the discontinuation of the Service by the Trust. Changes made to pages 4 and 62 of the US Prospectus are expressly incorporated into the Prospectus by reference at pages S-6 and S-14.

The Prospectus will also be amended as follows with effect from the date of this Supplementary Prospectus:

- (1) The reference to page S-16 in the sentence on page S-4, Investors in the Trust are advised to carefully consider the risk factors set out under the heading RISK FACTORS on pages 11 to 14 of the US Prospectus, and to refer to pages S-16 to S-19 of this Prospectus for a discussion of the US and Singapore tax consequences of an investment in DIAMONDS. , is replaced with the reference to page S-15 .
- (2) The sentence in the first paragraph on page S-6 of the Prospectus, Market prices for DIAMONDS traded on the SGX-ST are available on the SGX-ST website ([http://www.sgx.com/psv/securities/etf/ETF\\_Equities\\_US\\_Prices.asp](http://www.sgx.com/psv/securities/etf/ETF_Equities_US_Prices.asp)). , is replaced in its entirety with the following sentence:

Market prices for DIAMONDS traded on the SGX-ST are available on the SGX-ST website ([http://www.sgx.com/wps/portal/marketplace/mp-en/prices\\_indices\\_statistics/securities/etfs](http://www.sgx.com/wps/portal/marketplace/mp-en/prices_indices_statistics/securities/etfs)).

- (3) The first sentence in the section Adoption of FRS 39 treatment for Singapore income tax purposes on page S-19 of the Prospectus, On 30 December 2005, the Inland Revenue Authority of Singapore issued a circular entitled Income Tax Implications arising from the adoption of FRS 39-Financial Instruments: Recognition and Measurement (the FRS 39 Circular) . , is replaced in its entirety with the following sentence:

On 30 December 2005, the Inland Revenue Authority of Singapore issued a circular entitled Income Tax Implications arising from the adoption of FRS 39-Financial Instruments: Recognition and Measurement (as revised subsequently) (the FRS 39 Circular) .

**IMPORTANT:** If you are in any doubt about the contents of this Supplementary Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

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**DIAMONDS® Trust Series 1**

**Supplement Dated October 30, 2009  
to the  
Prospectus Dated February 27, 2009**

The footnote to the text on page 4 of the prospectus is hereby deleted and replaced with the following:

See, however, the discussion of termination of the Trust in this Prospectus for a description of the circumstances in which DIAMONDS may be redeemed in less than a Creation Unit size aggregation of 50,000 DIAMONDS.

The second paragraph after the title **DIAMONDS Make Periodic Dividend Payments** on pages 9-10 of the prospectus is hereby deleted and replaced with the following:

Monthly distributions based on the amount of dividends payable with respect to Portfolio Securities and other income received by the Trust, net of fees and expenses, and taxes, if applicable, are made via DTC and its participants to Beneficial Owners on each Dividend Payment Date. Any capital gain income recognized by the Trust in any taxable year that is not previously treated as distributed during the year ordinarily is to be distributed at least annually in January of the following taxable year. The Trust may make additional distributions shortly after the end of the year in order to satisfy certain distribution requirements imposed by the Internal Revenue Code of 1986, as amended ( **Code** ). Although all distributions are currently made monthly, under certain limited circumstances the Trustee may vary the periodicity with which distributions are made. Those Beneficial Owners interested in reinvesting their monthly distributions may do so through a dividend reinvestment service, if one is offered by their broker-dealer. Under limited certain circumstances, special dividend payments also may be made to the Beneficial Owners. See **Administration of the Trust Distributions to Beneficial Owners**.

The entire section under the title **DIVIDEND REINVESTMENT SERVICE** on pages 56-57 of the prospectus is hereby deleted and replaced with the following:

Broker-dealers, at their own discretion, may offer a dividend reinvestment program under which additional DIAMONDS are purchased in the secondary market at current market prices. Investors should consult their broker dealer for further information regarding any dividend reinvestment program offered by such broker dealer.

Distributions in cash that are reinvested in additional DIAMONDS through of a dividend reinvestment service, if offered by an investor s broker-dealer, will nevertheless be taxable dividends to the same extent as if such dividends had been received in cash.

The footnote appearing on page 57 of the prospectus is hereby deleted in its entirety.

The last paragraph after the title **Distributions to Beneficial Owners** on page 62 of the prospectus is hereby deleted in its entirety.

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE.**

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**SUPPLEMENTARY PROSPECTUS DATED MAY 25, 2009**

**DIAMONDS® TRUST, SERIES 1  
(A Unit Investment Trust constituted outside Singapore and  
organized in the United States)**

**SUPPLEMENTARY PROSPECTUS  
ISSUED PURSUANT TO DIVISION 2 OF PART XIII  
OF THE SECURITIES AND FUTURES ACT,  
CHAPTER 289 OF SINGAPORE**

A copy of this Supplementary Prospectus has been lodged under Section 298(2) of the Securities and Futures Act, Chapter 289 of Singapore, with the Monetary Authority of Singapore (the **Authority**), who takes no responsibility for its contents.

This Supplementary Prospectus is supplemental to the prospectus relating to the DIAMONDS Trust, Series 1 (the **Trust**) registered by the Authority on March 2, 2009 (the **Prospectus**).

The Singapore Exchange Securities Trading Limited (the **SGX-ST**) assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Supplementary Prospectus and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Trust or the DIAMONDS.

Capitalized terms in this Supplementary Prospectus that are not defined shall have the same meaning and construction ascribed to them in the Prospectus. This Supplementary Prospectus should be read together and construed in conjunction with the Prospectus.

The Trust has been admitted to the Official List of the SGX-ST. The SGX-XTRANET, the joint venture trading platform between the American Stock Exchange® (currently known as the NYSE Euronext) and SGX Pte Ltd, ceased operations on April 30, 2009. After the close of market on the same day, the Trust was transferred from the SGX-XTRANET to the SGX-ST Mainboard and was available for trading on the SGX-ST Mainboard with effect from May 4, 2009 (Monday) (as May 1, 2009 (Friday) was a public holiday and a non-trading day in Singapore). This Supplementary Prospectus describes amendments made to the Prospectus as a result of the aforesaid changes, including the entry by PDR Services LLC, as Sponsor, State Street Bank and Trust Company as Trustee and The Central Depository (Pte) Limited into a supplemental depository agreement dated May 22, 2009 (the **Supplemental Depository Agreement**) to the depository agreement dated May 18, 2001 between the same parties (the **CDP Depository Agreement**).

In this connection, the Prospectus will be amended as follows with effect from the date of this Supplementary Prospectus:

- (1) All references to **SGX-XTRANET** shall be revised to **SGX-ST Mainboard**.

- (2) All references to the CDP Depository Agreement shall be deemed to include the Supplemental Depository Agreement.
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- (3) The sentence in the first paragraph on page S-6 of the Prospectus Market prices for DIAMONDS traded on the SGX-ST are available on the SGX-ST website ([http://www.sgx.com/psv/securities/etf/ETF\\_Equities\\_US\\_Prices.asp](http://www.sgx.com/psv/securities/etf/ETF_Equities_US_Prices.asp)). is replaced in its entirety with the following sentence:

Market prices for DIAMONDS traded on the SGX-ST are available on the SGX-ST website (<http://esite.sgx.com/live/st/STETF.asp>).

- (4) Section 3(b) on page S-8 of the Prospectus beginning with An investor who buys DIAMONDS on the SGX-ST and sells on NYSE Arca on the same day... and ending with ...as specified by the investor. shall be deleted in its entirety.

**IMPORTANT:** If you are in any doubt about the contents of this Supplementary Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

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**PROSPECTUS DATED MARCH 2, 2009**

**DIAMONDS® TRUST, SERIES 1**

**(A Unit Investment Trust constituted outside Singapore and organized in the United States)**

**PROSPECTUS ISSUED PURSUANT TO  
DIVISION 2 OF PART XIII OF THE SECURITIES  
AND FUTURES ACT, CHAPTER 289 OF SINGAPORE**

*This Prospectus incorporates the prospectus dated February 27, 2009  
issued by the DIAMONDS® Trust, Series 1 attached hereto*

The collective investment scheme offered in this Prospectus is a recognised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the Act). A copy of the Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the Authority). The Authority assumes no responsibility for the contents of the Prospectus. Registration of this Prospectus by the Authority does not imply that the Act or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the collective investment scheme. The date of registration of this Prospectus with the Authority is March 2, 2009. This Prospectus will expire on March 2, 2010 (12 months after the date of registration).

The DIAMONDS Trust, Series 1 has been admitted to the Official List of the Singapore Exchange Securities Trading Limited (SGX-ST), and permission has been granted by the SGX-ST to deal in and for quotation on the SGX-XTRANET of all the DIAMONDS already issued as well as those DIAMONDS which may be issued from time to time. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the DIAMONDS Trust, Series 1 or the DIAMONDS.

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**DIAMONDS TRUST, SERIES 1**

**PROSPECTUS**

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**Dow Jones Industrial Average<sup>SM</sup>, DJIA, Dow Jones, The Dow and DIAMONDS are trademarks and service marks of Dow Jones & Company, Inc. ( Dow Jones ) and have been licensed for use for certain purposes by State Street Global Markets, LLC pursuant to a License Agreement with Dow Jones and have been sublicensed for use for certain purposes to the Trust and PDR Services LLC pursuant to separate Sublicenses. DIAMONDS are not sponsored, endorsed, sold or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of investing in the Trust.**

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**DIAMONDS TRUST, SERIES 1**

This Prospectus, relating to the DIAMONDS Trust, Series 1 ( Trust ), which is issued pursuant to Division 2 of Part XIII of the Act, has been lodged with and registered by the Authority who assumes no responsibility for its contents.

This Prospectus incorporates the attached prospectus dated February 27, 2009 issued by the Trust ( US Prospectus ). Terms defined in the US Prospectus shall have the same meaning when used in this Prospectus.

The Trust is a unit investment trust organized in the United States ( US ), a single fund that issues securities called DIAMONDS, which represent an undivided ownership interest in the portfolio of stocks held by the Trust. DIAMONDS intend to provide investment results that, before expenses, generally correspond to the price and yield performance of the Dow Jones Industrial Average<sup>SM</sup> ( DJIA ). The Trust s portfolio consists of substantially all of the component common stocks which comprise the DJIA and are weighted in accordance with the terms of the Trust Agreement (defined below). For additional details regarding the Trust s portfolio, please consult pages 40 to 44 in the US Prospectus attached hereto. All DIAMONDS are denominated in US dollars.

PDR Services LLC ( Sponsor ), the sponsor of the Trust, accepts full responsibility for the accuracy of information contained in this Prospectus, other than that given in the US Prospectus under the heading Report of Independent Registered Public Accounting Firm and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and there are no other facts the omission of which would make any statement in this Prospectus misleading.

The Trust is governed by a trust agreement ( Trust Agreement ) between State Street Bank and Trust Company ( Trustee ), the trustee of the Trust, and the Sponsor dated and effective as of January 13, 1998, as amended. Terms defined in the Trust Agreement shall have the same meaning when used in this Prospectus.

Copies of the Trust Agreement are available for inspection, free of charge, at the offices of State Street Bank and Trust Company at One Lincoln Street, Boston, Massachusetts, US 02111, or State Street Global Advisors Singapore Limited, at 168 Robinson Road, #33-01, Capital Tower, Singapore 068912<sup>1</sup>, during normal Singapore business hours.

Investors should seek professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the

<sup>1</sup> State Street Global Advisors Singapore Limited will hold copies of the Trust Agreement for inspection by investors; however, it is not in any way acting as an agent for or acting as the Trustee.

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countries of their citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of DIAMONDS.

Investors in the Trust are advised to carefully consider the risk factors set out under the heading **RISK FACTORS** on pages 11 to 14 of the US Prospectus, and to refer to pages S-16 to S-19 of this Prospectus for a discussion of the US and Singapore tax consequences of an investment in DIAMONDS.

**ENQUIRIES**

All enquiries about the Trust or requests for additional copies of this Prospectus should be directed to an investor's local broker.

**IMPORTANT: READ AND RETAIN THIS PROSPECTUS FOR FUTURE REFERENCE**

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**CORPORATE INFORMATION**

Sponsor to the Trust:	PDR Services LLC c/o NYSE Euronext 11 Wall Street New York, New York US 10005
Legal advisers to the Sponsor as to US law:	Katten Muchin Rosenman LLP 575 Madison Avenue New York, New York US 10022
Legal advisers to the Sponsor as to Singapore law:	Stamford Law Corporation 9 Raffles Place, #32-00 Republic Plaza, Singapore 048619 Singapore
Trustee:	State Street Bank and Trust Company One Lincoln Street Boston, Massachusetts US 02111
Legal advisers to the Trustee as to Singapore law:	Allen & Gledhill LLP One Marina Boulevard, #28-00 Singapore 018989 Singapore
Independent Registered Public Accounting Firm:	PricewaterhouseCoopers LLP 125 High Street Boston, Massachusetts US 02110
US Distributor of Creation Units:	ALPS Distributors, Inc. (formerly ALPS Mutual Funds Services, Inc.) 1290 Broadway, Suite 1100 Denver, Colorado US 80203

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**TRADING AND SETTLEMENT**

DIAMONDS are listed for trading under the market symbol DIA on the SGX-ST where they may be bought and sold in the secondary market at any time during the trading day. Market prices for DIAMONDS traded on the SGX-ST are available on the SGX-ST website ([http://www.sgx.com/psv/securities/etf/ETF\\_Equities\\_US\\_Prices.asp](http://www.sgx.com/psv/securities/etf/ETF_Equities_US_Prices.asp)). DIAMONDS may also be purchased by Authorized Participants directly from the Trust in the US by placing orders through the US Distributor in a minimum unit, called a Creation Unit, of 50,000 DIAMONDS or multiples thereof. Creation Units may also be redeemed through a tender to the Trustee in the US. All Creation Unit purchases and redemptions are made in kind only in the US, that is, through the delivery or receipt of a specified portfolio of securities. Such purchases and redemptions can be made only in the US at the then-current valuation as described herein on page S-11 under the heading Redemption. For additional details on trading and settlement, please consult pages 4 to 6 and 30 to 39 in the US Prospectus attached hereto.

The primary trading market for DIAMONDS is in the US, where DIAMONDS are listed on NYSE Arca, Inc. ( NYSE Arca ). Investors should note that trading in DIAMONDS may be halted under certain circumstances. Please refer to page 50 of the US Prospectus.

As with other securities, investors will pay negotiated brokerage commissions and typical Singapore clearing fees and applicable taxes. In addition, cash dividends to be distributed to investors in Singapore will be net of expenses incurred by CDP (defined below), and where such expenses exceed the amount of the dividends, the investors will not receive any distributions. Brokerage commissions may be subject to Goods and Services Tax ( GST ) at the prevailing standard rate of seven percent (7%). There will be a Singapore clearing fee, which is currently at the rate of 0.04% of the transacted value (up to a maximum of SGD600 per transaction or its equivalent in foreign currencies). Clearing fees may be subject to GST in Singapore at the prevailing standard rate of seven percent (7%). DIAMONDS are traded in US dollars on the SGX-ST in 10 unit round lots.

The term market day as used in this Prospectus means a business day in which transactions in DIAMONDS can be executed and settled. Trading of DIAMONDS on the SGX-ST may be halted if the Trust fails to comply with continuing listing requirements and advertising guidelines of the SGX-ST.

With respect to holders of DIAMONDS in Singapore, the trading and settlement process, the system through which they receive distributions or the manner in which information may be made available, among other aspects, may differ from the information set forth in the US Prospectus. Holders of DIAMONDS in Singapore should read this Prospectus carefully and all enquiries in relation hereto should be directed to their local brokers.

**1. General**

DIAMONDS are issued by the Trust in the form of scripless securities which are eligible book-entry-only securities of The Depository Trust Company ( DTC ). As

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book-entry-only securities, DIAMONDS are represented as global securities on the DTC system and are registered in the name of Cede & Co. as nominee for DTC and deposited with, or on behalf of, DTC.

The Central Depository (Pte) Limited ( CDP ) has entered into linking agreements with the National Securities Clearing Corporation ( NSCC ), by which CDP has access to DTC 's depository and custodial services for subdepositing US securities. CDP, through such linking agreements, has an account sponsored by NSCC which is known as Sponsored Account No. 5700 ( Sponsored Account ), and is recognized by NSCC as a record owner for DIAMONDS credited to the Sponsored Account. CDP through the linking agreements may receive DIAMONDS from or deliver DIAMONDS to accounts maintained by member participants in DTC ( DTC Participants ).

Settlement of dealings through the CDP system may be effected only by Depository Agents of CDP or holders of DIAMONDS who have their own direct securities accounts with CDP. Investors may open a direct securities account with CDP or a securities sub-account with any Depository Agent to hold their DIAMONDS in CDP. The term Depository Agent shall have the same meaning as that ascribed to it in section 130A of the Companies Act, Chapter 50 of Singapore.

Through the delivery mechanisms discussed below, it is possible for investors to purchase DIAMONDS in Singapore and sell them in the US and vice versa. Although both CDP and DTC, within their own respective market settlements, provide for Delivery Versus Payment and Free-of-Payment transfers of securities, all of the linked transfers between the two depositories are effected only on a Free-of-Payment basis (*i.e.*, there is no related cash movement to parallel the securities movement. Any related cash transfers may only be effected outside DTC and CDP directly between the buyer and seller through their own arrangements). Investors should be aware that Singapore time is generally 12 hours ahead of Eastern Day Light Savings time (13 hours Eastern Standard time) in New York, and that NYSE Arca and the SGX-ST are not open at the same time. Because of this time difference between the Singapore and US markets, trading in DIAMONDS between the two markets cannot simultaneously occur.

All dealings in, and transactions of, DIAMONDS in Singapore must be effected for settlement through the computerised book-entry (scripless) settlement system in CDP. Investors should ensure that DIAMONDS sold on the SGX-ST are available for settlement in their CDP account no later than the third market day following the transaction date.

Investors' holdings of DIAMONDS in their CDP account will be credited or debited for settlement on the third market day following the transaction date. A transaction will fail if DIAMONDS are not in an investor's CDP account for settlement on such day, and will be subject to the buy-in cycle on the fourth market day following the transaction date.

In the absence of unforeseen circumstances, the delivery of DIAMONDS into and out of CDP will take a minimum of one market day after the duly completed documentation has been submitted to CDP for processing, assuming that the investor has

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given proper instructions to his or her DTC Participant. Instructions and forms received by CDP after 10 a.m. Singapore time on a given market day will be treated as being received on the next market day and, as such, will be processed on the next market day.

**2. *Delivery of DIAMONDS to CDP for Trading on the SGX-ST***

Investors who hold DIAMONDS in DTC's system in the US and wish to trade them on the SGX-ST can direct delivery of the DIAMONDS to CDP; this book-entry transfer to CDP's Sponsored Account at DTC may be effected only on a Free-of-Payment basis, and is subject to special procedures that will help to identify the relevant CDP Depository Agent. Investors may deliver their DIAMONDS by informing their Singapore broker or Depository Agent to submit delivery instructions to CDP, together with the applicable CDP delivery fee and GST, no later than 10 a.m. Singapore time on the specified delivery date. Investors must concurrently instruct their DTC Participant to deliver such DIAMONDS into the Sponsored Account on the delivery date. Upon notification that its Sponsored Account has been credited, CDP will accordingly credit DIAMONDS to the investor's account.

Investors should ensure that their DIAMONDS are delivered into their securities account with CDP in time for settlement. In the event an investor cannot deliver DIAMONDS for settlement pursuant to the trade, the SGX-ST may buy-in against him or her.

**3. *Delivery of DIAMONDS out of CDP for Trading on NYSE Arca***

(a) Investors who hold DIAMONDS with CDP and wish to trade on NYSE Arca must arrange to deliver the DIAMONDS into their accounts with their DTC Participant for settlement of any such trade, which will occur on the third market day following the transaction date. For such delivery, investors must submit a duly completed CDP delivery form together with the applicable CDP delivery fee and GST through their Singapore broker or Depository Agent, no later than 10 a.m. Singapore time on the third market day following the specified delivery date in the US. Investors must concurrently instruct their DTC Participant to expect receipt of the relevant number of DIAMONDS from the Sponsored Account. Upon receipt of the duly completed CDP delivery form, CDP will debit the investor's securities account for the relevant number of DIAMONDS and then instruct DTC to deliver the DIAMONDS to the DTC Participant account as specified by the investor.

(b) An investor who buys DIAMONDS on the SGX-ST and sells on NYSE Arca on the same day must instruct CDP to deliver the DIAMONDS to his or her DTC Participant account no later than 10 a.m. Singapore time on the US settlement date PROVIDED that the investor is a sub-account holder of CDP's Depository Agent and the purchase on the SGX-ST is tagged as a Delivery Versus Payment ( DVP ) settlement. The Depository Agent of the investor must send an instruction to deliver the relevant number of DIAMONDS from its sub-account to CDP via CDP's SGX Prime-PSMS no later than 10 a.m. Singapore time on the US settlement date. Upon affirming the delivery instruction, CDP will instruct DTC to deliver DIAMONDS from the Sponsored Account to the DTC Participant account as specified by the investor.

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**EXCHANGE RATES AND RISKS**

DIAMONDS traded on the SGX-ST are denominated and traded in US dollars. DIAMONDS may only be created or redeemed in US dollars at the then-current value calculated in US dollars in the manner set out in the US Prospectus. Similarly, the Trust holds only Portfolio Securities that are denominated in US dollars and the distributions which may be made by the Trustee are in US dollars.

The Trust has no ability to manage its investments to hedge against fluctuations in exchange rates between the US dollar and the Singapore dollar. To the extent a Singapore investor wishes to convert such US dollar holdings or distributions to Singapore dollars, fluctuations in the exchange rate between the Singapore dollar and the US dollar may affect the value of the proceeds following a currency conversion.

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**GENERAL AND STATUTORY INFORMATION**

**1. *Appointment of Auditors***

The Trust Agreement provides that the accounts of the Trust shall be audited, as required by US law, by independent certified public accountants designated from time to time by the Trustee.

**2. *Duties and Obligations of the Trustee***

The key duties and obligations imposed on the Trustee under the Trust Agreement are summarized as follows:

(i) the Trustee will accept on behalf of the Trust deposits of Portfolio Deposits and be authorized to effect registration or transfer of the Portfolio Securities in its name or the name of its nominee or the nominee of its agent;

(ii) the Trustee must hold money received pursuant to the Trust Agreement as a deposit for the account of the Trust;

(iii) the Trustee shall not be liable for the disposition of money or securities or evaluation performed under the Trust Agreement except by reason of its own gross negligence, bad faith, wilful misconduct, wilful malfeasance or reckless disregard of its duties and obligations under the Trust Agreement;

(iv) the Trustee is not obligated to appear in, prosecute or defend any action if it is of the opinion that it may involve it in expense or liability unless it is furnished with reasonable security and indemnity against such expense or liability; if reasonable indemnity is provided, the Trustee shall, in its discretion, undertake such action as it may deem necessary to protect the Trust and the rights and interest of all beneficial owners;

(v) the Trustee must provide to brokers/underwriters accounts of the Trust audited by the auditors of the Trust, and the brokers/ underwriters will deliver such accounts to beneficial owners;

(vi) in performing its functions under the Trust Agreement the Trustee will not be held liable except by reason of its own gross negligence, bad faith, wilful misconduct or wilful malfeasance for any action taken or suffered to be taken by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred on it or reckless disregard of its duties and obligations;

(vii) the Trustee must ensure that no payment made to the Sponsor is for expenses of the Trust, except for payments not in excess of amounts and for purposes prescribed by the US Securities and Exchange Commission and authorized by the Trust Agreement;

(viii) the Trustee must keep proper books of record and account of all transactions under the Trust Agreement, including the creation and redemption of Creation Units, at its offices, and keep such books open for inspection by any beneficial owner at all reasonable times during usual business hours;

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(ix) the Trustee must make, or cause to be made, such reports and file such documents as are required by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 and US state or federal tax laws and regulations;

(x) the Trustee must keep a certified copy of the Trust Agreement, together with the Indenture for each Trust Series then in effect and a current list of Portfolio Securities therein, on file at its office and make the same available for inspection; and

(xi) the Trustee must charge and direct from the assets of the Trust all expenses and disbursements incurred under the Trust Agreement, or shall reimburse itself from the assets of the Trust or the sale of securities in the Trust for any advances made out of its own funds for such expenses and disbursements.

**3. *Contracts***

A holder of DIAMONDS is not required, obliged or entitled in connection with the Trust to enter into any contract with any person or corporation whether by way of lease or otherwise.

**4. *Vesting of Assets in the Trust***

The Trustee has legal title to all securities and other property in which funds of the Trust are invested, all funds held for such investment, all equalisation, redemption, and other special funds of the Trust, and all income upon accretions to, and proceeds of such property and funds, and the Trustee is required to segregate and hold the same in trust until distribution thereof to the holders of DIAMONDS.

**5. *Redemption***

The Trust is not administered by a management company, and there is no obligation on the Sponsor or the Trustee to redeem any DIAMONDS. As described on pages 36 to 39 in the US Prospectus, it is the Trust itself that is obligated to effect the redemption (although it is the Trustee acting as agent for the Trust that will actually effect the redemption).

Only DIAMONDS in Creation Units may be redeemed at their then-current valuation which is calculated on the Business Day on which the redemption order is properly received, as of the Evaluation Time which is the closing time of the regular trading session on the New York Stock Exchange, LLC. Please refer to pages 1, 36 to 39 and 60 of the US Prospectus for a further description of this process.

Investors owning DIAMONDS in an amount less than a whole Creation Unit (i.e. less than 50,000 DIAMONDS) or multiples thereof, are not permitted to tender their DIAMONDS to the Trustee for redemption. Such investors can only dispose of their DIAMONDS by selling them on the secondary market at any time during the trading day at market prices.

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**6. *Transfer of DIAMONDS***

As described on pages S-6 to S-7 of this Prospectus, Cede & Co., as nominee for DTC, will be the registered owner of all outstanding DIAMONDS on the DTC system. Beneficial ownership of DIAMONDS will be shown on the records of DTC or its participants. Beneficial ownership records for holders of DIAMONDS in Singapore will be maintained at CDP.

No certificates will be issued in respect of DIAMONDS. Transfers of DIAMONDS between investors will normally occur through the trading mechanism of the SGX-ST or NYSE Arca as described on pages S-6 to S-8 in this Prospectus and on pages 34 to 36 of the US Prospectus.

**7. *Meetings of Holders of DIAMONDS; Voting; Distribution of Annual Reports***

The Trust is not required by law to convene meetings of beneficial owners of DIAMONDS.

The Sponsor, the Trustee and CDP have entered into a Depository Agreement dated May 18, 2001 ( *CDP Depository Agreement* ), pursuant to which CDP has agreed to act as the depository for DIAMONDS in Singapore. CDP's duties under the CDP Depository Agreement include, among other things: (i) acting as a bare trustee on behalf of individuals who hold securities accounts with CDP and Depository Agents authorized to maintain sub-accounts with CDP in respect of DIAMONDS, (ii) distributing to CDP account holders and Depository Agents any applicable payments or cash distributions in respect of DIAMONDS, and (iii) providing the list of its Depository Agents and holders of DIAMONDS who have their own direct securities accounts with CDP, if so requested by the Sponsor or the Trustee.

The Trustee arranges for the annual report of the Trust to be mailed to all holders of DIAMONDS, including the holders of DIAMONDS in Singapore, no later than the 60th day after the end of the Trust's fiscal year.

The Sponsor or the Trustee will ensure that in the event that it is necessary to collect and collate any consents or votes of, or distribute notices, statements, reports, prospectuses, consent instructions, consent forms or other written communications to the holders of DIAMONDS in Singapore, the relevant materials will be mailed to the holders of DIAMONDS in Singapore.

**8. *Declaration***

It is hereby declared that no DIAMONDS shall be created or issued pursuant to this Prospectus later than 12 months, or such other period as may be prescribed by the law for the time being in force, after the date of this Prospectus.

**9. *Allotment of DIAMONDS***

A Distribution Agreement, as amended, was entered into as of September 29, 1997 between (1) the Sponsor, (2) the Trust and (3) ALPS Mutual Funds Services, Inc., now

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ALPS Distributors, Inc. ( ALPS ), the US Distributor, pursuant to which the Trust and the Sponsor retained ALPS to:

(i) act as the exclusive distributor for the creation and distribution of DIAMONDS in aggregations of 50,000 DIAMONDS;

(ii) hold itself available to receive and process orders for Creation Units of DIAMONDS; and

(iii) to enter into arrangements with dealers.

It is the duty of the Trust and the Sponsor to create the aggregations of 50,000 DIAMONDS and to request DTC to record on its books the ownership of such DIAMONDS in such amounts as ALPS has requested, as promptly as practicable after receipt by the Trustee of the requisite portfolio of securities and any applicable cash component from the creator of the Creation Units or other entities having a Participant Agreement with the Trustee. Participant Agreements must be entered into between the Trustee and all other persons who are creating Creation Units.

**10. *Borrowing Powers***

There are no borrowing powers conveyed in the Trust Agreement.

**11. *Sponsor and Trustee***

*Sponsor*

PDR Services LLC ( PDR ) was originally organized as a corporation under Delaware US law, and was subsequently converted into a limited liability company in Delaware on April 6, 1998. On October 1, 2008, NYSE Euronext acquired the American Stock Exchange LLC ( Amex ) and all of its subsidiaries, including PDR, which is the Sponsor of the Trust. PDR was formed in Delaware to act as sponsor for Amex 's exchange traded funds and other unit investment trusts. PDR will remain the Sponsor of the Trust until it is removed, it is replaced by a successor, it resigns or the Trust Agreement is terminated. Although the Sponsor is entitled to, it receives no remuneration for the services it renders as Sponsor.

*Trustee*

State Street Bank and Trust Company is a bank and trust company organized under the laws of the Commonwealth of Massachusetts, US in 1961, the culmination of a series of mergers among 13 predecessors, the oldest of which, Union Bank, was founded in 1792. The Trustee is a wholly owned subsidiary of State Street Corporation, a financial holding company. The Trustee will remain the Trustee of the Trust until it is removed, it resigns or the Trust Agreement is terminated. The remuneration received by the Trustee in its capacity as Trustee of the Trust is described in the US Prospectus and reflected in the financial statements contained therein. Absent gross negligence, bad faith, wilful misconduct or wilful malfeasance on its part or reckless disregard of its duties and obligations under the Trust Agreement, the Trustee shall be indemnified from the Trust and held harmless against any loss, liability or expense incurred arising out of

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or in connection with the acceptance or administration of the Trust and any action taken in accordance with the provisions of the Trust Agreement.

**12. *Exercise of Voting Rights on Underlying Securities***

The Trustee (rather than the beneficial owners of DIAMONDS) has the right to vote all of the voting stocks in the Trust, as Trustee. It must vote the voting stocks of each issuer in the same proportionate relationship as all other shares of each such issuer to the extent permissible and, if not permitted, abstain from voting. The Trustee shall not be liable to any person for any action or failure to take any action with respect to such voting matters. There are no restrictions on the Trustee's right to vote securities or DIAMONDS when such securities or DIAMONDS are owned by the Trustee in its individual capacity.

**13. *Adjustments to Securities Held by the Trust***

The Trust's portfolio securities are not managed and the Trustee adjusts such securities from time to time to maintain the correspondence between the composition and weightings of the securities held by the Trust and the DJIA.

**14. *Distributions to Beneficial Owners***

The Trustee receives all dividends and other cash distributed with respect to the underlying securities in the Trust (including monies realized by the Trustee from the sale of securities options, warrants or other similar rights received on such securities), and distributes them (less fees, expenses and any applicable taxes) through DTC and the DTC Participants to the beneficial owners of DIAMONDS. A description of the distribution process is contained on pages 60 to 62 of the US Prospectus. These distribution arrangements will be the same for holders of DIAMONDS in Singapore, who will receive their entitlements through CDP. Cash dividends distributed to investors in Singapore will be net of expenses incurred by CDP. Where such expenses exceed the amount of the dividend, investors will not receive any dividend.

**15. *Consents***

PricewaterhouseCoopers LLP, as the independent registered public accounting firm for the Trust, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of, and reference to, as the case may be, (i) its name and (ii) its report, in the form and context in which it is referred to in this Prospectus. The report referred to in this Prospectus was not prepared by PricewaterhouseCoopers LLP for the purpose of inclusion in this Prospectus.

Katten Muchin Rosenman LLP (as legal advisers to the Sponsor as to US law) has given and has not withdrawn its written consent to the inclusion in this Prospectus or references to its name in the form and context which it appears in this Prospectus.

**Table of Contents****16. *Important Tax Information*****A. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the material US federal income tax considerations applicable to an investment in DIAMONDS by a Beneficial Owner (as defined in the Prospectus) who has never been nor will ever be a US citizen or resident for US federal income tax purposes or that is a corporation formed outside the US or that is an estate or trust not taxable in the US on its worldwide income without regard to source (each, a Foreign Beneficial Owner). The summary is based on the laws in effect on the date of this Prospectus and existing judicial and administrative interpretations thereof, all of which are subject to change, possibly with retroactive effect. In addition, this summary assumes that Foreign Beneficial Owners hold DIAMONDS as capital assets within the meaning of the US Internal Revenue Code of 1986, as amended (the Code), do not conduct any trade or business in the US, and do not hold DIAMONDS in connection with any trade or business. This summary does not address all potential US federal income tax considerations possibly applicable to an investment in DIAMONDS or to any Foreign Beneficial Owner who or that is (i) treated as a partnership (or other pass-through entity) for US federal income tax purposes, (ii) holding DIAMONDS through a partnership (or other pass-through entity), (iii) present in the US for 183 or more days during any tax year (as determined under special counting rules set forth in the Code) or (iv) otherwise subject to special tax rules. Prospective Foreign Beneficial Owners are urged to consult their own tax advisors with respect to the specific tax consequences of investing in DIAMONDS.

*Ordinary Income Dividends.*

In general, ordinary income dividends from the Trust (including distributions of net short-term capital gains and other amounts that would not be subject to US withholding tax if paid directly to the Foreign Beneficial Owner) will be subject to US withholding tax at a rate of thirty percent (30%) or at a lower rate established under an applicable tax treaty. However, for Trust tax years beginning on or before December 31, 2009, interest-related dividends and short-term capital gain dividends (*i.e.*, dividends that are derived from the Trust's short-term capital gains over net long-term capital losses) generally will not be subject to withholding tax; provided that the Foreign Beneficial Owner furnishes the Trust with a completed US Internal Revenue Service (IRS) Form W-8BEN (or acceptable substitute documentation) establishing the Foreign Beneficial Owner's status as foreign and that the Trust does not have actual knowledge or reason to know that the Foreign Beneficial Owner would be subject to withholding tax if the Foreign Beneficial Owner were to receive the related amounts directly rather than as dividends from the Trust. There is no income tax treaty between the US and Singapore.

In general, gain on a sale of a DIAMONDS unit will be exempt from federal income tax (including individual Foreign withholding at the source) unless, in the case of an individual Foreign Beneficial Owner, such individual Foreign Beneficial Owner is

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physically present for 183 days or more during the taxable year and meets certain other requirements.

To claim a credit or refund for any Trust-level taxes on any undistributed long-term capital gains or any taxes collected through back-up withholding, a Foreign Beneficial Owner must obtain a US taxpayer identification number and file a federal income tax return even if the Foreign Beneficial Owner would not otherwise be required to obtain a US taxpayer identification number or file a US income tax return.

*Treatment of Capital Gain Distributions and Sales Proceeds*

In general, capital gain distributions (*i.e.*, distributions from the excess of net long-term capital gains over net short-term capital losses) and gain on a sale of a DIAMONDS unit will be exempt from US federal income tax (including withholding at the source).

*Backup Withholding*

The Trust may be required to report certain information on a Foreign Beneficial Owner and withhold federal income tax (known as backup withholding ) at a 28% rate from all taxable distributions and redemption proceeds payable to the Foreign Beneficial Owner if the Foreign Beneficial Owner fails to provide the Trust with a correct taxpayer identification or a completed exemption certificate (*e.g.*, in the case of a Foreign Beneficial Owner, an IRS Form W-8BEN) or if the IRS notifies the Trust that the Foreign Beneficial Owner is subject to backup withholding.

Backup withholding is not an additional tax and any amount withheld may be credited against a Foreign Beneficial Owner's US federal income tax liability. The amount of any backup withholding from a payment to a Foreign Beneficial Owner is allowed as a credit against the Foreign Beneficial Owner's US federal income tax liability and may entitle the Foreign Beneficial Owner to a refund of tax upon prompt filing of a valid refund claim.

*Information Reporting*

In the case of a Foreign Beneficial Owner, the Trust must report to the US Internal Revenue Service and the Foreign Beneficial Owner the amount of dividends, capital gain dividends, interest-related dividends, short-term capital gain dividends or redemption proceeds paid that are subject to withholding (including backup withholding, if any) and the amount of tax withheld, if any, with respect to such amounts. This information may also be made available to the tax authorities in the Foreign Beneficial Owner's country of residence.

**B. CERTAIN SINGAPORE TAX CONSIDERATIONS**

The following is a general description of material Singapore income tax, stamp duty and estate duty consequences of the ownership and disposal of DIAMONDS. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership and disposal of DIAMONDS by a person who, for purposes of taxation in Singapore, is regarded as a Singapore resident taxpayer or otherwise. Prospective investors of DIAMONDS should consult their own tax advisors

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concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of ownership of the DIAMONDS. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

*General*

Subject to certain exceptions, Singapore tax resident and non-resident companies are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign income received or deemed received in Singapore.

Foreign-sourced income in the form of branch profits, dividends and service income received or deemed received in Singapore by a resident corporate taxpayer is, however, tax-exempt if:

such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

at the time the income is received in Singapore, the highest rate of corporate income tax on income from a trade or business in the jurisdiction from which the income is received is at least 15%; and

the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign income.

The above exemption has been extended to include branch profits, dividends and service income which is exempted from tax of a similar character to income tax as a result of tax incentive granted by a foreign jurisdiction for carrying out substantive activities in that foreign jurisdiction.

Resident and non-resident individuals are generally taxed on income arising in or derived from Singapore.

All foreign-sourced personal income received or deemed received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except where such income is received through a partnership) will be exempt from tax in Singapore. Certain investment income derived from Singapore sources by individuals on or after 1 January 2004 will also be exempt from tax.

As announced on January 22, 2009 in the Singapore Budget Statement for the Financial Year ending March 31, 2010, temporary relief measures would be made in respect of the taxation of foreign-sourced income:

With effect from January 22, 2009, resident non-individuals and resident partners of partnerships in Singapore would be exempted from tax on their remittance of all foreign-sourced income earned/accrued outside Singapore on or before January 21, 2009, if they remit their foreign-sourced income to Singapore during January 22, 2009 to January 21, 2010 (both dates inclusive).

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The conditions that are currently required for foreign-sourced income to be exempted from tax when remitted into Singapore would be temporarily lifted.

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore (for example, if the board of directors meets and makes policy-level decisions in Singapore). An individual is regarded as a tax resident in Singapore for income tax purposes if, in the calendar year preceding the year of assessment, he is physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

*Tax rates*

The corporate tax rate is 18% (reduced from 20% for the Year of Assessment 2007) for the Year of Assessment 2008 (*i.e.* financial year ending in 2007). The corporate tax rate will be reduced by 1 percentage-point to 17% from the Year of Assessment 2010. In addition, three-quarters of the first SGD10,000 of a company's chargeable income, and one-half of the next SGD290,000 (increased from SGD90,000 in the Year of Assessment 2007) of a company's chargeable income is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at the applicable corporate tax rate. The above tax exemption does not apply to normal Singapore franked dividends received by companies.

Notwithstanding the above, a qualifying newly incorporated Singapore company that is a tax resident in Singapore will be eligible for full tax exemption on the first SGD100,000 of its normal chargeable income (other than Singapore taxable dividends) for each of the company's first three Years of Assessment effective from the Year of Assessment 2005. With effect from the Year of Assessment 2008, a further 50% tax exemption is given on the next SGD200,000 of a qualifying company's normal chargeable income (excluding Singapore taxable dividends) for each of the first three consecutive Years of Assessment. The remaining chargeable income (after the tax exemption as described) will be taxed at the applicable corporate tax rate. The qualifying conditions (relating to shareholders) for the tax exemption for new start-up companies will be revised with effect from the Year of Assessment 2009.

Singapore tax resident individuals are subject to tax based on a progressive scale. Since the Year of Assessment 2007 (*i.e.* calendar year 2006), the top marginal rate is 20%.

Income received by non-Singapore resident individuals will generally be taxed at 20% (subject to certain exemptions).

All tax residents in Singapore will be affected by tax rebates and exemptions granted by the Singapore government from time to time in line with its current financial and fiscal policies.

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*Ordinary Income Dividends*

Dividends paid by the Trust on DIAMONDS received by a Singapore resident individual in Singapore will generally be exempt from tax in Singapore (except where such income is received through a partnership).

Dividends on DIAMONDS received by a Singapore resident company in Singapore will be liable to tax in Singapore at the corporate income tax rate, unless an exemption or concessionary rates are applicable to them.

*Gains on Disposal of the DIAMONDS*

Singapore does not impose tax on capital gains. However, gains or profits from any trade, business, profession or vocation will be subject to Singapore income tax. Any profits from the disposal of DIAMONDS are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, such profits would be taxable. In addition, holders of the DIAMONDS who are adopting Financial Reporting Standards 39 ( FRS 39 ) for Singapore income tax purposes may be required to recognise gains or losses, irrespective of disposal, in accordance with FRS 39. Please see the section below on Adoption of FRS 39 treatment for Singapore income tax purposes .

*Adoption of FRS 39 treatment for Singapore income tax purposes*

On 30 December 2005, the Inland Revenue Authority of Singapore issued a circular entitled Income Tax Implications arising from the adoption of FRS 39-Financial Instruments: Recognition and Measurement (the FRS 39 Circular ).

The Income Tax (Amendment) Act 2007 that contains legislative amendments to give effect to the FRS 39 Circular was gazetted on 13 February 2007. The relevant provisions shall be deemed to have come into operation on January 1, 2005 and generally apply, subject to certain opt-out provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the DIAMONDS who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding Singapore income tax consequences.

*Stamp Duty*

Stamp duty is not applicable to electronic transfers of the DIAMONDS through the CDP system.

*Estate Duty*

The Singapore government announced on February 15, 2008 that the estate duty would be abolished for deaths occurring on and after February 15, 2008.

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**Prospectus**

**DIAMONDS® TRUST, SERIES 1  
(A Unit Investment Trust)**

DIAMONDS Trust is an exchange traded fund designed to generally correspond to the price and yield performance of the Dow Jones Industrial Average.

DIAMONDS Trust holds all of the Dow Jones Industrial Average stocks.

Each DIAMONDS unit represents an undivided ownership interest in the DIAMONDS Trust.

The DIAMONDS Trust issues and redeems DIAMONDS units only in multiples of 50,000 DIAMONDS in exchange for Dow Jones Industrial Average stocks and cash.

Individual DIAMONDS units trade on NYSE Arca, Inc. like any other equity security.

Minimum trading unit: 1 DIAMONDS unit.

**SPONSOR: PDR SERVICES LLC**  
*(Wholly Owned by NYSE Euronext)*

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES NOR PASSED UPON THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**Prospectus Dated February 27, 2009**



**DIAMONDS TRUST, SERIES 1**

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Dow Jones Industrial Average<sup>SM</sup>, DJIA, Dow Jones, The Dow and DIAMONDS are trademarks and service marks of Dow Jones & Company, Inc. (Dow Jones) and have been licensed for use for certain purposes by State Street Global Markets, LLC pursuant to a License Agreement with Dow Jones and have been sublicensed for use for certain purposes to the Trust, PDR Services LLC and NYSE Arca, Inc. pursuant to separate Sublicenses. DIAMONDS are not sponsored, endorsed, sold or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of investing in the Trust.

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**SUMMARY**

**Essential Information as of October 31, 2008\***

Glossary:	All defined terms used in this Prospectus and page numbers on which their definitions appear are listed in the Glossary.
Total Trust Assets:	\$9,140,913,992
Net Trust Assets:	\$9,114,230,276
Number of DIAMONDS:	97,770,848
Fractional Undivided Interest in the Trust Represented by each DIAMONDS unit:	1/97,770,848th
Dividend Record Dates:	Monthly
Dividend Payment Dates:	Monthly
Trustee s Annual Fee:	From 6/100 of one percent to 10/100 of one percent, based on the NAV of the Trust, as the same may be adjusted by certain amounts.
Estimated Ordinary Operating Expenses of the Trust:	18/100 of one percent (0.1800%) (inclusive of Trustee s annual fee).**
NAV per DIAMONDS unit (based on the value of the Portfolio Securities, other net assets of the Trust and number of DIAMONDS outstanding):	\$93.22
Evaluation Time:	Closing time of the regular trading session on the New York Stock Exchange, LLC. (ordinarily 4:00 p.m. New York time).
Licensor:	Dow Jones & Company, Inc.

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Mandatory Termination Date:	The Trust is scheduled to terminate no later than January 13, 2123, but may terminate earlier under certain circumstances.
Discretionary Termination:	The Trust may be terminated if at any time the value of the securities held by the Trust is less than \$350,000,000, as adjusted for inflation. The Trust may also be terminated under other circumstances.
Market Symbol:	DIAMONDS trade on NYSE Arca, Inc. under the symbol DIA .
Fiscal Year End:	October 31
CUSIP:	252787106

\* The Trust Agreement became effective, the initial deposit was made and the Trust commenced operation on January 13, 1998 ( Initial Date of Deposit ).

\*\* Ordinary operating expenses of the Trust are estimated to be 0.1800%, although ordinary operating expenses of the Trust are accruing at approximately 0.1670% as of the date of this Prospectus. As of the fiscal year ended October 31, 2008, ordinary operating expenses of the Trust were 0.1692%. Future expense accruals will depend primarily on the level of the Trust's net assets and the level of Trust expenses. The amount of the earnings credit will be equal to the then current Federal Funds Rate, as reported in nationally distributed publications, multiplied by each day's daily cash balance in the Trust's cash account, if any, reduced by the amount of reserves, if any, for that account required by the Federal Reserve Board of Governors. The Sponsor has undertaken that the ordinary operating expenses of the Trust will not exceed an amount that is 0.1800% of the daily NAV of the Trust, but this amount may be changed. Therefore, there is no guarantee that the Trust's ordinary operating expenses will not exceed 0.1800% of the Trust's daily NAV.

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**Highlights**

**DIAMONDS are Ownership Interests in the DIAMONDS Trust**

DIAMONDS Trust, Series 1 ( Trust ) is a unit investment trust that issues securities called DIAMONDS . The Trust is organized under New York law and is governed by a trust agreement between State Street Bank and Trust Company ( Trustee ) and PDR Services LLC ( Sponsor ), dated and executed as of January 13, 1998, as amended ( Trust Agreement ). The Trust is an investment company registered under the Investment Company Act of 1940. DIAMONDS represent an undivided ownership interest in a portfolio of all of the common stocks of the Dow Jones Industrial Average ( DJIA ).

**DIAMONDS Should Closely Track the Value of the Stocks Included in the DJIA**

DIAMONDS intend to provide investment results that, before expenses, generally correspond to the price and yield performance of the DJIA. Current information regarding the value of the DJIA is available from market information services. Dow Jones obtains information for inclusion in, or for use in the calculation of, the DJIA from sources Dow Jones considers reliable. None of Dow Jones, the Sponsor, the Trust, the Trustee, NYSE Arca, Inc. or its affiliates accepts responsibility for or guarantees the accuracy and/or completeness of the DJIA or any data included in the DJIA.

The Trust holds the Portfolio and cash and is not actively managed by traditional methods, which typically involve effecting changes in the Portfolio on the basis of judgments made relating to economic, financial and market considerations. To maintain the correspondence between the composition and weightings of stocks held by the Trust ( Portfolio Securities or, collectively, Portfolio ) and component stocks of the DJIA ( Index Securities ), the Trustee adjusts the Portfolio from time to time to conform to periodic changes in the identity and/or relative weightings of Index Securities. The Trustee generally makes these adjustments to the Portfolio within three (3) Business Days (defined below) before or after the day on which changes in the DJIA are scheduled to take effect. Any change in the identity or weighting of an Index Security will result in a corresponding adjustment to the prescribed Portfolio Deposit effective on any day that the New York Stock Exchange, LLC ( NYSE ) is open for business ( Business Day ) either prior to, on, or following the day on which the change to the DJIA takes effect after the close of the market.

The value of DIAMONDS fluctuates in relation to changes in the value of the Portfolio. The market price of each individual DIAMONDS may not be identical to the net asset value ( NAV ) of such DIAMONDS but, historically, these two valuations have generally been close.

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**DIAMONDS are Listed and Trade on NYSE Arca, Inc.**

DIAMONDS are listed for trading on NYSE Arca, Inc. ( Exchange or NYSE Arca ), and are bought and sold in the secondary market like ordinary shares of stock at any time during the trading day. DIAMONDS are traded on the Exchange in 100 DIAMOND round lots, but can be traded in odd lots of as little as one DIAMOND. The Exchange may halt trading of DIAMONDS under certain circumstances as summarized herein (see Exchange Listing ).

**Brokerage Commissions on DIAMONDS**

Secondary market purchases and sales of DIAMONDS are subject to ordinary brokerage commissions and charges.

**The Trust Issues and Redeems DIAMONDS in Multiples of 50,000 DIAMONDS Called Creation Units**

The Trust issues and redeems DIAMONDS only in specified large lots of 50,000 DIAMONDS or multiples thereof referred to as Creation Units. Fractional Creation Units may be created or redeemed only in limited circumstances.\*

Creation Units are issued by the Trust to anyone who, after placing a creation order with ALPS Distributors, Inc. ( Distributor ), deposits with the Trustee a specified portfolio of Index Securities and a cash payment generally equal to dividends (net of expenses) accumulated up to the time of deposit. If the Trustee determines that one or more Index Securities are likely to be unavailable, or available in insufficient quantity, for delivery upon creation of Creation Units, the Trustee may permit the cash equivalent value of one or more of these Index Securities to be included in the Portfolio Deposit as a part of the Cash Component in lieu thereof. If a creator is restricted by regulation or otherwise from investing or engaging in a transaction in one or more Index Securities, the Trustee may permit the cash equivalent value of such Index Securities to be included in the Portfolio Deposit based on the market value of such Index Securities as of the Evaluation Time on the date such creation order is deemed received by the Distributor as part of the Cash Component in lieu of the inclusion of such Index Securities in the stock portion of the Portfolio Deposit.

Creation Units are redeemable in kind only and are not redeemable for cash. Upon receipt of one or more Creation Units, the Trust delivers to the redeeming holder a portfolio of Index Securities (based on NAV of the Trust), together with a cash payment. Each redemption has to be accompanied by a Cash Redemption Payment that on any given Business Day is an amount identical to the Cash Component of a Portfolio Deposit. If the Trustee determines that one or more Index Securities are

\* See the discussion of termination of the Trust in this Summary and Dividend Reinvestment Service for a description of the circumstances in which DIAMONDS may be redeemed or created by the Trustee in less than a Creation Unit size aggregation of 50,000 DIAMONDS.

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likely to be unavailable or available in insufficient quantity for delivery by the Trust upon the redemption of Creation Units, the Trustee may deliver the cash equivalent value of one or more of these Index Securities, based on their market value as of the Evaluation Time on the date the redemption order is deemed received by the Trustee, as part of the Cash Redemption Payment in lieu thereof.

**Creation Orders Must be Placed with the Distributor**

All orders to create Creation Units must be placed with the Distributor. To be eligible to place these orders, an entity or person must be (a) a Participating Party, or (b) a DTC Participant, and in each case must have executed an agreement with the Distributor and the Trustee, as may be amended from time to time ( Participant Agreement ). The term Participating Party means a broker-dealer or other participant in the DIAMONDS Clearing Process, through the Continuous Net Settlement ( CNS ) System of the National Securities Clearing Corporation ( NSCC ), a clearing agency registered with the Securities and Exchange Commission ( SEC ). Payment for orders is made by deposits with the Trustee of a portfolio of securities, substantially similar in composition and weighting to Index Securities, and a cash payment in an amount equal to the Dividend Equivalent Payment, plus or minus the Balancing Amount. Dividend Equivalent Payment is an amount equal, on a per Creation Unit basis, to the dividends on the Portfolio (with ex-dividend dates within the accumulation period), net of expenses and accrued liabilities for such period (including, without limitation, (i) taxes or other governmental charges against the Trust not previously deducted, if any, and (ii) accrued fees of the Trustee and other expenses of the Trust (including legal and auditing expenses) and other expenses not previously deducted), calculated as if all of the Portfolio Securities had been held for the entire accumulation period for such distribution. The Dividend Equivalent Payment and the Balancing Amount collectively are referred to as Cash Component and the deposit of a portfolio of securities and the Cash Component collectively are referred to as a Portfolio Deposit. Persons placing creation orders with the Distributor must deposit Portfolio Deposits either (i) through the CNS clearing process of NSCC, as such processes have been enhanced to effect creations and redemptions of Creation Units, such processes referred to herein as the DIAMONDS Clearing Process, or (ii) with the Trustee outside the DIAMONDS Clearing Process (*i.e.*, through the facilities of DTC).

The Distributor acts as underwriter of DIAMONDS on an agency basis. The Distributor maintains records of the orders placed with it and the confirmations of acceptance and furnishes to those placing such orders confirmations of acceptance of the orders. The Distributor also is responsible for delivering a prospectus to persons creating DIAMONDS. The Distributor also maintains a record of the delivery instructions in response to orders and may provide certain other administrative services, such as those related to state securities law compliance. The Distributor is a corporation organized under the laws of the State of Colorado and is located at 1290 Broadway, Suite 1100, Denver, CO 80203, toll free number: 1-800-843-2639. The

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Distributor is a registered broker-dealer and a member of FINRA (the successor organization to the National Association of Securities Dealers, Inc.) The Sponsor of the Trust pays the Distributor for its services a flat annual fee. The Sponsor will not seek reimbursement for such payment from the Trust without obtaining prior exemptive relief from the SEC.

**Expenses of the Trust**

The expenses of the Trust are accrued daily and reflected in the NAV of the Trust. The Trust currently is accruing ordinary operating expenses at an annual rate of 0.1670% (excluding earnings credits).

**Shareholder Fees:**\* None\*  
(fees paid directly from your investment)

**Estimated Trust Annual Ordinary Operating Expenses:**

<b>Current Trust Annual Ordinary Operating Expenses</b>	<b>As a % of Trust Net Assets</b>
Trustee's Fee	0.0594%
Dow Jones License Fee	0.0411%
Registration Fees	0.0000%
Marketing	0.0600%
Other Operating Expenses	0.0065%
Net Expenses**	0.1670%

Future expense accruals will depend primarily on the level of the Trust's net assets and the level of expenses.

\* Investors do not pay shareholder fees directly from their investment, but purchases and redemptions of Creation Units are subject to Transaction Fees (described below in "A Transaction Fee is Payable For Each Creation and For Each Redemption of Creation Units"), and purchases and sales of DIAMONDS in the secondary market are subject to ordinary brokerage commissions and charges (described above in "Brokerage Commissions on DIAMONDS").

\*\* Until the Sponsor otherwise determines, the Sponsor has undertaken that the ordinary operating expenses of the Trust will not be permitted to exceed 0.1800% of the Trust's daily NAV. Gross expenses of the Trust for the year ending October 31, 2008, without regard to this undertaking, were 0.1692% of the daily NAV of the Trust and therefore no expenses of the Trust were assumed by the Sponsor. The Sponsor reserves the right to discontinue this undertaking in the future. Therefore, there is no guarantee that the Trust's ordinary operating expenses will not exceed 0.1800% of the Trust's daily NAV. Trust expenses were reduced during the same period by a Trustee's earnings credit of 0.0044% of the Trust's daily NAV as a result of uninvested cash balances in the Trust. The amount of earnings credit will be equal to the then current Federal Funds Rate, as reported in nationally distributed publications, multiplied by each day's daily cash balance, if any, in the Trust's cash account, reduced by the amount of reserves, if any, for that account required by the Federal Reserve Board of Governors.



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**Bar Chart and Table**

The bar chart below and the table on the next page entitled Average Annual Total Returns (For Periods Ending December 31, 2008) ( Table ) provide some indication of the risks of investing in the Trust by showing the variability of the Trust's returns based on net assets and comparing the Trust's performance to the performance of the DJIA. Past performance (both before and after tax) is not necessarily an indication of how the Trust will perform in the future.

The after-tax returns presented in the Table are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns will depend on your specific tax situation and may differ from those shown below. After-tax returns are not relevant to investors who hold DIAMONDS through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. The total returns in the bar chart below, as well as the total and after-tax returns presented in the Table, do not reflect Transaction Fees payable by those persons purchasing and redeeming Creation Units, nor brokerage commissions incurred by those persons purchasing and selling DIAMONDS in the secondary market (see footnotes (2) and (3) to the Table).

This bar chart shows the performance of the Trust for each full calendar year for the past 10 years ended December 31, 2008. During the period shown above (January 1, 1999 through December 31, 2008), the highest quarterly return for the Trust was 13.75% for the quarter ended December 31, 2001, and the lowest was -18.39% for the quarter ended December 31, 2008.

**Table of Contents****Average Annual Total Returns\* (For Periods Ending December 31, 2008)**

	<b>Past One Year</b>	<b>Past Five Years</b>	<b>Past Ten Years</b>
DIAMONDS Trust, Series 1			
Return Before Taxes <sup>(1)(2)(3)</sup>	-31.92%	-1.27%	1.52%
Return After Taxes on Distributions <sup>(1)(2)(3)</sup>	-32.21%	-1.68%	1.03%
Return After Taxes on Distributions and Redemption of Creation Units <sup>(1)(2)(3)</sup>	-20.27%	-1.08%	1.14%
DJIA <sup>(4)</sup>	-31.93%	-1.12%	1.66%

\* Total returns assume that dividends and capital gain distributions have been reinvested in the Trust at the net asset value per unit.

- (1) Includes all applicable ordinary operating expenses set forth above in the section of **Highlights** entitled **Expenses of the Trust** .
- (2) Does not include the Transaction Fee which is payable to the Trustee only by persons purchasing and redeeming Creation Units as discussed below in the section of **Highlights** entitled **A Transaction Fee is Payable For Each Creation and For Each Redemption of Creation Units** . If these amounts were reflected, returns would be less than those shown.
- (3) Does not include brokerage commissions and charges incurred only by persons who make purchases and sales of DIAMONDS in the secondary market as discussed above in the section of **Highlights** entitled **Brokerage Commissions on DIAMONDS** . If these amounts were reflected, returns would be less than those shown.
- (4) Does not reflect deductions for taxes, operating expenses, Transaction Fees, brokerage commissions, or fees of any kind.

**DIAMONDS TRUST, SERIES 1****GROWTH OF \$10,000 INVESTMENT  
SINCE INCEPTION<sup>(1)</sup>**

- (1) Past performance is not necessarily an indication of how the Trust will perform in the future.

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**A Transaction Fee is Payable for Each Creation and for Each Redemption of Creation Units**

The transaction fee payable to the Trustee in connection with each creation and redemption of Creation Units made through the DIAMONDS Clearing Process ( Transaction Fee ) is non-refundable, regardless of the NAV of the Trust. This Transaction Fee is \$1,000 per Participating Party per day, regardless of the number of Creation Units created or redeemed on such day. The \$1,000 charge is subject to a limit not to exceed 10/100 of one percent (10 basis points) of the value of one Creation Unit at the time of creation ( 10 Basis Point Limit ).

For creations and redemptions outside the DIAMONDS Clearing Process, an additional amount not to exceed three (3) times the Transaction Fee applicable for one Creation Unit is charged per Creation Unit per day. Under the current schedule, therefore, the total fee charged in connection with creation or redemption outside the DIAMONDS Clearing Process would be \$1,000 (the Transaction Fee for the creation or redemption of one Creation Unit) plus an additional amount up to \$3,000 (3 times \$1,000), for a total not to exceed \$4,000. Creators and redeemers restricted from engaging in transactions in one or more Index Securities may pay the Trustee the Transaction Fee and may pay an additional amount per Creation Unit not to exceed three (3) times the Transaction Fee applicable for one Creation Unit.

**DIAMONDS are Held in Book Entry Form Only**

The Depository Trust Company ( DTC ) or its nominee is the record or registered owner of all outstanding DIAMONDS. Beneficial ownership of DIAMONDS is shown on the records of DTC or its participants. Individual certificates are not issued for DIAMONDS. See The Trust Securities Depository; Book-Entry-Only System.

**DIAMONDS Make Periodic Dividend Payments**

DIAMONDS holders receive each calendar month an amount corresponding to the amount of any cash dividends declared on the Portfolio Securities during the applicable period, net of fees and expenses associated with operation of the Trust, and taxes, if applicable. Because of such fees and expenses, the dividend yield for DIAMONDS is ordinarily less than that of the DJIA. Investors should consult their tax advisors regarding tax consequences associated with Trust dividends, as well as those associated with DIAMONDS sales or redemptions.

Monthly distributions based on the amount of dividends payable with respect to Portfolio Securities and other income received by the Trust, net of fees and expenses, and taxes, if applicable, are made via DTC and its participants to Beneficial Owners on each Dividend Payment Date. Any capital gain income recognized by the Trust in any taxable year that is not previously treated as distributed during the year ordinarily is to be distributed at least annually in January of the following taxable year. The Trust may make additional distributions shortly after the end of the year in order to

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satisfy certain distribution requirements imposed by the Internal Revenue Code of 1986, as amended ( Code ). Although all income distributions are currently made monthly, the Trustee may vary the periodicity with which distributions are made. Those Beneficial Owners interested in reinvesting their monthly distributions may participate through DTC Participants in the DTC Dividend Reinvestment Service ( Service ) available through certain brokers. See The Trust Securities Depository; Book-Entry-Only System.

**The Trust Intends to Qualify as a Regulated Investment Company**

For the fiscal year ended October 31, 2008, the Trust believes that it qualified for tax treatment as a regulated investment company under Subchapter M of the Code. The Trust intends to continue to so qualify and to distribute annually its entire investment company taxable income and net capital gain. Distributions that are taxable as ordinary income to Beneficial Owners generally are expected to constitute qualified dividend income eligible (a) for the maximum 15% tax rate for non-corporate taxpayers through 2009 and (b) for federal income tax purposes and to be eligible for the dividends-received deduction available to many corporations to the extent of qualified dividend income received by the Trust. The Trust's regular monthly distributions are based on the dividend performance of the Portfolio during such monthly distribution period rather than the actual taxable income of the Trust. As a result, a portion of the distributions of the Trust may be treated as a return of capital or a capital gain dividend for federal income tax purposes or the Trust may be required to make additional distributions to maintain its status as a regulated investment company or to avoid imposition of income or excise taxes on undistributed income.

Subchapter M of the Code imposes certain diversification requirements. The Trustee may adjust the composition of the Portfolio at any time if, in the Trustee's view, such adjustment is necessary to ensure continued qualification of the Trust as a regulated investment company for tax purposes.

**Termination of the Trust**

The Trust has a specified lifetime term. The Trust is scheduled to terminate on the first to occur of (a) January 13, 2123 or (b) the date 20 years after the death of the last survivor of fifteen persons named in the Trust Agreement, the oldest of whom was born in 1994 and the youngest of whom was born in 1997. Upon termination, the Trust may be liquidated and pro rata shares of the assets of the Trust, net of certain fees and expenses, distributed to holders of DIAMONDS.

**Restrictions on Purchases of DIAMONDS by Investment Companies**

Purchases of DIAMONDS by investment companies are subject to restrictions set forth in Section 12(d)(1) of the Investment Company Act of 1940. The Trust has received an SEC order that permits registered investment companies to invest in

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DIAMONDS beyond these limits, subject to certain conditions and terms. One such condition is that registered investment companies relying on the order must enter into a written agreement with the Trust. Registered investment companies wishing to learn more about the order and the agreement should telephone 1-800-843-2639.

The Trust itself is also subject to the restrictions of Section 12(d)(1). This means that (a) the Trust cannot invest in any registered investment company, to the extent that the Trust would own more than 3% of that registered investment company's outstanding share position, (b) the Trust cannot invest more than 5% of its total assets in the securities of any one registered investment company, and (c) the Trust cannot invest more than 10% of its total assets in the securities of registered investment companies in the aggregate.

**Risk Factors**

Investors can lose money by investing in DIAMONDS. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding to invest in DIAMONDS.

**Investment in the Trust involves the risks inherent in an investment in any equity security.** An investment in the Trust is subject to the risks of any investment in a portfolio of large-capitalization common stocks, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of such investment. The value of Portfolio Securities may fluctuate in accordance with changes in the financial condition of the issuers of Portfolio Securities (particularly those that are heavily weighted in the DJIA), the value of common stocks generally and other factors. The identity and weighting of Index Securities and the Portfolio Securities also change from time to time.

The financial condition of the issuers may become impaired or the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Portfolio and thus in the value of DIAMONDS). Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

Holder of common stocks of any given issuer incur more risk than holders of preferred stocks and debt obligations of the issuer because the rights of common stockholders, as owners of the issuer, generally are inferior to the rights of creditors of, or holders of debt obligations or preferred stocks issued by, such issuer. Further, unlike debt securities that typically have a stated principal amount payable at maturity, or preferred stocks that typically have a liquidation preference and may have stated optional or mandatory redemption provisions, common stocks have

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neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding. The value of the Portfolio may be expected to fluctuate over the entire life of the Trust.

There can be no assurance that the issuers of Portfolio Securities will pay dividends. Distributions generally depend upon the declaration of dividends by the issuers of Portfolio Securities and the declaration of such dividends generally depends upon various factors, including the financial condition of the issuers and general economic conditions.

**The Trust is not actively managed.** The Trust is not actively managed by traditional methods, and therefore the adverse financial condition of an issuer will not result in the elimination of its stocks from the Portfolio unless the stocks of such issuer are removed from the DJIA.

**A liquid trading market for certain Portfolio Securities may not exist.** Although most of the Portfolio Securities are listed on a national securities exchange, the principal trading market for some may be in the over-the-counter market. The existence of a liquid trading market for certain Portfolio Securities may depend on whether dealers will make a market in such stocks. There can be no assurance that a market will be made for any Portfolio Securities, that any market will be maintained or that any such market will be or remain liquid. The price at which Portfolio Securities may be sold and the value of the Portfolio will be adversely affected if trading markets for Portfolio Securities are limited or absent.

**The Trust may not always be able exactly to replicate the performance of the DJIA.** It is possible that the Trust may not always fully replicate the performance of the DJIA due to the unavailability of certain Index Securities in the secondary market or due to other extraordinary circumstances. In addition, the Trust is not able to replicate exactly the performance of the DJIA because the total return generated by the Portfolio is reduced by Trust expenses and transaction costs incurred in adjusting the actual balance of the Portfolio. In addition, the Trust's portfolio may deviate from the DJIA to the extent required to ensure continued qualification as a regulated investment company under Subchapter M of the Code.

**Investment in the Trust may have adverse tax consequences.** Investors in the Trust should also be aware that there are tax consequences associated with the ownership of DIAMONDS resulting from the distribution of Trust dividends and sales of DIAMONDS as well as under certain circumstances the sales of stocks held by the Trust in connection with redemptions.

**NAV may not always correspond to market price.** The NAV of DIAMONDS in Creation Unit size aggregations and, proportionately, the NAV per DIAMONDS unit, changes as fluctuations occur in the market value of Portfolio Securities. Investors should be aware that the aggregate public trading market price of 50,000 DIAMONDS may be different from the NAV of a Creation Unit (*i.e.*, 50,000 DIAMONDS may trade at a premium over, or at a discount to, the NAV of a Creation Unit) and

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similarly the public trading market price per DIAMONDS unit may be different from the NAV of a Creation Unit on a per DIAMONDS unit basis. This price difference may be due, in large part, to the fact that supply and demand forces at work in the secondary trading market for DIAMONDS are closely related to, but not identical to, the same forces influencing the prices of Index Securities trading individually or in the aggregate at any point in time. Investors also should note that the size of the Trust in terms of total assets held may change substantially over time and from time to time as Creation Units are created and redeemed.

**The Exchange may halt trading in DIAMONDS.** DIAMONDS are listed for trading on the Exchange under the market symbol DIA. Trading in DIAMONDS may be halted under certain circumstances as summarized herein (see Exchange Listing ). Also, there can be no assurance that the requirements of the Exchange necessary to maintain the listing of DIAMONDS will continue to be met or will remain unchanged. The Trust will be terminated if DIAMONDS are delisted from the Exchange.

**DIAMONDS are subject to market risks.** DIAMONDS are subject to the risks other than those inherent in an investment in equity securities, discussed above, in that the selection of the stocks included in the Portfolio, the expenses associated with the Trust, or other factors distinguishing an ownership interest in a trust from the direct ownership of a portfolio of stocks may affect trading in DIAMONDS.

Additionally, DIAMONDS may perform differently than other investments in portfolios containing large capitalization stocks based upon or derived from an index other than the DJIA. For example, the great majority of component stocks of the DJIA are drawn from among the largest of the large capitalization universe, while other indexes may represent a broader sampling of large capitalization stocks. Also, other indexes may use different methods for assigning relative weights to the index components than the price weighted method used by the DJIA. As a result, DJIA accords relatively more weight to stocks with a higher price to market capitalization ratio than a similar market capitalization weighted index.

**The regular settlement period for Creation Units may be reduced.** Except as otherwise specifically noted, the time frames for delivery of stocks, cash, or DIAMONDS in connection with creation and redemption activity within the DIAMONDS Clearing Process are based on NSCC's current regular way settlement period of three (3) days during which NSCC is open for business (each such day an NSCC Business Day ). NSCC may, in the future, reduce such regular way settlement period, in which case there may be a corresponding reduction in settlement periods applicable to DIAMONDS creations and redemptions.

**Clearing and settlement of Creation Units may be delayed or fail.** The Trustee delivers a portfolio of stocks for each Creation Unit delivered for redemption substantially identical in weighting and composition to the stock portion of a Portfolio Deposit as in effect on the date the request for redemption is deemed received by the Trustee. If redemption is processed through the DIAMONDS

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Clearing Process, the stocks that are not delivered are covered by NSCC's guarantee of the completion of such delivery. Any stocks not received on settlement date are marked-to-market until delivery is completed. The Trust, to the extent it has not already done so, remains obligated to deliver the stocks to NSCC, and the market risk of any increase in the value of the stocks until delivery is made by the Trust to NSCC could adversely affect the NAV of the Trust. Investors should note that the stocks to be delivered to a redeemer submitting a redemption request outside of the DIAMONDS Clearing Process that are not delivered to such redeemer are not covered by NSCC's guarantee of completion of delivery.

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**DIAMONDS TRUST, SERIES 1  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Trustee and Unitholders of DIAMONDS Trust, Series 1**

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of DIAMONDS Trust, Series 1 (the Trust ) at October 31, 2008, the results of its operations, the changes in its net assets and the financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Trustee; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2008 by correspondence with the custodian and brokers, and the application of alternative auditing procedures where securities purchased had not been received, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Boston, Massachusetts  
December 23, 2008

**Table of Contents****DIAMONDS Trust Series 1  
Statement of Assets and Liabilities  
October 31, 2008****Assets**

Investments in securities, at value	\$ 9,105,099,863
Cash	20,368,437
Dividends receivable	15,445,692
 Total Assets	 9,140,913,992

**Liabilities**

Income distribution payable	16,564,734
Payable for DIAMONDS redeemed in-kind	17,535
Accrued Trustee expense	799,304
Accrued expenses and other liabilities	9,302,143

Total Liabilities