

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____

Commission File Number: 001-34589

ETFs PALLADIUM TRUST

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

26-4733157
(I.R.S. Employer Identification No.)

c/o ETF Securities USA LLC
48 Wall Street, 11th Floor
New York, NY
(Address of principal executive offices)

10005
(Zip Code)

Registrant's telephone number, including area code:
(212) 918-4954

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its Corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer
Non accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

10,200,000 Shares outstanding as of May 12, 2011

ETFs PALLADIUM TRUST

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2011

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ETFS PALLADIUM TRUST

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Condensed Statements of Financial Condition (Unaudited)

At March 31, 2011 and December 31, 2010

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
ASSETS		
Investment in palladium (1)	\$ 602,899,913	\$ 597,199,695
Palladium receivable	—	23,590,861
Total assets	<u>\$ 602,899,913</u>	<u>\$ 620,790,556</u>
LIABILITIES		
Fees payable to Sponsor	\$ 423,661	\$ 437,490
Total liabilities	<u>\$ 423,661</u>	<u>\$ 437,490</u>
REDEEMABLE SHARES		
Shares at redemption value to investors (2)	\$ 794,579,092	\$ 884,637,847
Shareholders' deficit	(192,102,840)	(264,284,781)
Total liabilities, redeemable Shares & shareholders' deficit	<u>\$ 602,899,913</u>	<u>\$ 620,790,556</u>

(1) The market value of investment in palladium at March 31, 2011 is \$795,002,753 and at December 31, 2010 is \$861,484,476.

(2) Authorized share capital is unlimited and no par value per share. Shares issued and outstanding at March 31, 2011 were 10,450,000 and at December 31, 2010 were 11,250,000.

See Notes to the Unaudited Condensed Financial Statements

Condensed Statements of Operations (Unaudited)

For the three months ended March 31, 2011 and March 31, 2010

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
REVENUES		
Value of palladium transferred to pay expenses	\$ 1,344,032	\$ 135,477
Cost of palladium transferred to pay expenses	(949,366)	(138,319)
Gain / (loss) on palladium transferred to pay expenses	\$ 394,666	\$ (2,842)
Gain on palladium distributed for the redemption of Shares	\$ 37,684,098	\$ —
Total gain / (loss) on palladium	\$ 38,078,764	\$ (2,842)
EXPENSES		
Sponsor's Fee (Note 2.7)	\$ 1,330,201	\$ 257,463
Total expenses	\$ 1,330,201	\$ 257,463
Net gain / (loss) from operations	\$ 36,748,563	\$ (260,305)
<i>Net gain / (loss) per Share</i>	\$ 3.23	\$ (0.07)
<i>Weighted average number of Shares</i>	11,372,222	3,875,556

See Notes to the Unaudited Condensed Financial Statements

Condensed Statements of Cash Flows (Unaudited)

For the three months ended March 31, 2011 and March 31, 2010

	3 Months Ended March 31, 2011	3 Months Ended March 31, 2010
INCREASE / (DECREASE) IN CASH FROM OPERATIONS:		
Cash proceeds received from transfer of palladium	\$ —	\$ —
Cash expenses paid	—	—
Increase in cash resulting from operations	\$ —	\$ —
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	\$ —	\$ —
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
<i>Value of palladium received for creation of Shares - net of palladium receivable</i>	\$ 121,742,593	\$ 238,637,653
<i>Value of palladium distributed for redemption of Shares - at average cost</i>	\$ 115,093,009	\$ —
RECONCILIATION OF NET GAIN / (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net gain / (loss) from operations	\$ 36,748,563	\$ (260,305)
Adjustments to reconcile net gain / (loss) to net cash provided by operating activities:		
(Increase) in palladium assets	(5,700,218)	(238,498,893)
Decrease in palladium receivable	23,590,861	—
(Decrease) / increase in amounts payable to Sponsor	(13,829)	121,545
Increase / (decrease) in redeemable Shares:		
Creations	98,151,729	238,637,653
Redemptions	(152,777,106)	—
Net cash provided by operating activities	\$ —	\$ —
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
<i>Value of palladium transferred to pay expenses</i>	\$ 1,344,032	\$ 135,477

See Notes to the Unaudited Condensed Financial Statements

ETFs PALLADIUM TRUST

Condensed Statement of Changes in Shareholders' Deficit (Unaudited)

For the three months ended March 31, 2011

	3 Months Ended March 31, 2011
Shareholders' deficit - opening balance	\$ (264,284,781)
Net gain for the period	36,748,563
Adjustment of redeemable Shares to redemption value	35,433,378
Shareholders' deficit - closing balance	\$ (192,102,840)

See Notes to the Unaudited Condensed Financial Statements

ETFS PALLADIUM TRUST

Notes to the Unaudited Condensed Financial Statements

1. Organization

The ETFS Palladium Trust (the "Trust") is an investment trust formed on December 30, 2009 (the "Date of Inception") under New York law pursuant to a depositary trust agreement (the "Trust Agreement") executed by ETF Securities USA LLC (the "Sponsor") and the Bank of New York Mellon (the "Trustee") at the time of the Trust's organization. The Trust holds palladium bullion and issues shares ("Shares") (in minimum blocks of 50,000 Shares, also referred to as "Baskets") in exchange for deposits of palladium and distributes palladium in connection with the redemption of Baskets. Shares represent units of fractional undivided beneficial interest in and ownership of the Trust which are issued by the Trust. The Sponsor is a Delaware limited liability company and a wholly-owned subsidiary of ETF Securities Limited, a Jersey, Channel Islands based company. The Trust is governed by the Trust Agreement.

The investment objective of the Trust is for the Shares to reflect the performance of the price of palladium, less the Trust's expenses and liabilities. The Trust is designed to provide an individual owner of beneficial interests in the Shares (a "Shareholder") an opportunity to participate in the palladium market through an investment in securities. The fiscal year end for the Trust is December 31.

The accompanying unaudited financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America for interim financial information and with the instructions for the Form 10-Q. In the opinion of management of the Sponsor, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as of and for the three months ended March 31, 2011 have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed financial statements should be read in conjunction with the Trust's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. The results of operations for the three months ended March 31, 2011 are not necessarily indicative of the operating results for the full year.

2. Significant Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires those responsible for preparing financial statements to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Trust.

2.1. Valuation of Palladium

Palladium is held by JPMorgan Chase Bank, N.A. (the "Custodian") on behalf of the Trust, and is valued for financial statement purposes, at the lower of cost or market. The cost of palladium is determined according to the average cost method and the market value is based on the London PM Fix used to determine the net asset value (the "NAV") of the Trust. Realized gains and losses on transfers of palladium, or palladium distributed for the redemption of Shares, are calculated on a trade date basis using average cost. The London PM Fix is the afternoon session of the twice daily fix of the price of an ounce of palladium which starts at 2:00 PM London, England time and is performed in London by the four members of the London Platinum and Palladium Market.

Once the value of palladium has been determined, the NAV is computed by the Trustee by deducting all accrued fees and other liabilities of the Trust, including the remuneration due to the Sponsor (the "Sponsor's Fee"), from the fair value of the palladium and all other assets held by the Trust.

ETFS PALLADIUM TRUST

2. Significant Accounting Policies (Continued)

2.1. Valuation of Palladium (Continued)

The table below summarizes the unrealized gains on the Trust's palladium holdings as of March 31, 2011 and for the period from December 30, 2009 (the "Date of Inception") through December 31, 2010:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
Investment in palladium - average cost	\$ 602,899,913	\$ 597,199,695
Unrealized gain on investment in palladium	\$ 192,102,840	264,284,781
Investment in palladium - market value	<u>\$ 795,002,753</u>	<u>\$ 861,484,476</u>

The Trust recognizes the diminution in value of the investment in palladium which arises from market declines on an interim basis. Increases in the value of the investment in palladium through market price recoveries in later interim periods of the same fiscal year are recognized in the later interim period. Increases in value recognized on an interim basis may not exceed the previously recognized diminution in value.

The per Share amount of palladium exchanged for a purchase or redemption is calculated daily by the Trustee, using the London PM Fix to calculate the palladium amount in respect of any liabilities for which covering palladium sales have not yet been made, and represents the per-Share amount of palladium held by the Trust, after giving effect to its liabilities, to cover expenses and liabilities and any losses that may have occurred.

2.2. Palladium Receivable and Payable

Palladium receivable or payable represents the quantity of palladium covered by contractually binding orders for the creation or redemption of Shares respectively, where the palladium has not yet been transferred to or from the Trust's account. Generally, ownership of the palladium is transferred within three days of trade date. As of March 31, 2011 there was no palladium receivable or palladium payable and as of December 31, 2010 there was \$23,590,861 of palladium receivable and \$0 of palladium payable.

2.3. Creations and Redemptions of Shares

The Trust expects to create and redeem Shares from time to time, but only in one or more Baskets (a Basket equals a block of 50,000 Shares). The Trust issues Shares in Baskets to Authorized Participants on an ongoing basis. Individual investors cannot purchase or redeem Shares in direct transactions with the Trust. An Authorized Participant is a person who (1) is a registered broker-dealer or other securities market participant such as a bank or other financial institution which is not required to register as a broker-dealer to engage in securities transactions, (2) is a participant in The Depository Trust Company, (3) has entered into an Authorized Participant Agreement with the Trustee, and (4) has established an Authorized Participant Unallocated Account with the Trust's Custodian. An Authorized Participant Agreement is an agreement entered into by each Authorized Participant, the Sponsor and the Trustee which provides the procedures for the creation and redemption of Baskets and for the delivery of the palladium required for such creations and redemptions. An Authorized Participant Unallocated Account is an unallocated palladium account, either loco London or loco Zurich, established with the Custodian or a palladium clearing bank by an Authorized Participant.

The creation and redemption of Baskets is only made in exchange for the delivery to the Trust or the distribution by the Trust of the amount of palladium represented by the Baskets being created or redeemed, the amount of which is based on the combined NAV of the number of Shares included in the Baskets being created or redeemed determined on the day the order to create or redeem Baskets is properly received.

Authorized Participants may, on any business day, place an order with the Trustee to create or redeem one or more Baskets. The typical settlement period for Shares is three business days. In the event of a trade date at period end, where a settlement is pending, a respective account receivable and/or payable will be recorded.

ETFS PALLADIUM TRUST

2. Significant Accounting Policies (Continued)

2.3. Creations and Redemptions of Shares (Continued)

When palladium is exchanged in settlement of redemption, it is considered a sale of palladium for financial statement purposes.

The Shares of the Trust are classified as “Redeemable Capital Shares” for financial statement purposes, since they are subject to redemption at the option of Authorized Participants. Outstanding Shares are reflected at redemption value, which represents the maximum obligation (based on NAV per Share), with the difference from historical cost recorded as an offsetting amount to retained earnings. Changes in the Shares for March 31, 2011 and for the period from December 30, 2009 (the “Date of Inception” through December 31, 2010) are as follows:

	Three Months Ended March 31, 2011	Period December 30, 2009* through December 31, 2010
<u>Number of redeemable Shares</u>		
Opening balance	11,250,000	—
Creations	1,200,000	13,050,000
Redemptions	(2,000,000)	(1,800,000)
Closing balance	<u>10,450,000</u>	<u>11,250,000</u>
<u>Redeemable Shares</u>		
Opening balance	\$ 884,637,847	\$ —
Creations	98,151,729	709,715,700
Redemptions	(152,777,106)	(102,026,579)
Adjustments to redemption value	(35,433,378)	276,948,726
Closing balance	<u>\$ 794,579,092</u>	<u>\$ 884,637,847</u>
Redemption value per Share at period end	\$ 76.04	\$ 78.63

* Date of inception

2.4. Revenue Recognition Policy

The primary expense of the Trust is the Sponsor’s Fee, which is paid by the Trust through in-kind transfers of palladium to the Sponsor. With respect to expenses not otherwise assumed by the Sponsor, the Trustee will, at the direction of the Sponsor or in its own discretion, sell the Trust’s palladium as necessary to pay these expenses. When selling palladium to pay expenses, the Trustee will endeavor to sell the smallest amounts of palladium needed to pay these expenses in order to minimize the Trust’s holdings of assets other than palladium.

Unless otherwise directed by the Sponsor, when selling palladium the Trustee will endeavor to sell at the price established by the London PM Fix. The Trustee will place orders with dealers (which may include the Custodian) through which the Trustee expects to receive the most favorable price and execution of orders. The Custodian may be the purchaser of such palladium only if the sale transaction is made at the next London PM Fix or such other publicly available price that the Sponsor deems fair, in each case as set following the sale order. A gain or loss is recognized based on the difference between the selling price and the average cost of the palladium sold. Neither the Trustee nor the Sponsor is liable for depreciation or loss incurred by reason of any sale.

ETFS PALLADIUM TRUST

2. Significant Accounting Policies (Continued)

2.5. Income Taxes

The Trust is classified as a “grantor trust” for U.S. federal income tax purposes. As a result, the Trust itself will not be subject to U.S. federal income tax. Instead, the Trust’s income and expenses will “flow through” to the Shareholders, and the Trustee will report the Trust’s proceeds, income, deductions, gains, and losses to the Internal Revenue Service on that basis.

The Trust has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 740-10, *Income Taxes*. The Sponsor has evaluated the application of ASC 740 to the Trust, to determine whether or not there are uncertain tax positions that require financial statement recognition. Based on this evaluation, the Trust has determined no reserves for uncertain tax positions are required to be recorded as a result of the application of ASC 740. As a result, no income tax liability or expense has been recorded in the accompanying financial statements.

2.6. Investment in Palladium

The following represents the changes in ounces of palladium and the respective values for the three months ended March 31, 2011 and for the period from December 30, 2009 (the “Date of Inception” through December 31, 2010):

	Three Months Ended March 31, 2011	Period December 30, 2009* through December 31, 2010
<u>Ounces of Palladium</u>		
Opening balance	1,089,108.1	—
Creations (excluding palladium receivable at March 31, 2011- 0 and December 31, 2010 - 29,824.1)	149,049.3	1,272,055.2
Redemptions	(198,617.1)	(179,276.9)
Transfers of palladium	(1,677.7)	(3,670.2)
Closing balance	<u>1,037,862.6</u>	<u>1,089,108.1</u>
<u>Investment in Palladium (lower of cost or market)</u>		
Opening balance	\$ 597,199,695	\$ —
Creations (excluding palladium receivable at March 31, 2011- \$0 and December 31, 2010 - \$23,590,861)	121,742,593	686,119,618
Redemptions	(115,093,009)	(87,202,088)
Transfers of palladium	(949,366)	(1,717,835)
Closing balance	<u>\$ 602,899,913</u>	<u>\$ 597,199,695</u>

* Date of inception

2.7. Expenses

The Trust will transfer palladium to pay the Sponsor’s Fee that will accrue daily at an annualized rate equal to 0.60% of the adjusted net asset value (“ANAV”) of the Trust, paid monthly in arrears.

The Sponsor has agreed to assume administrative and marketing expenses incurred by the Trust, including the Trustee’s monthly fee and out of pocket expenses, the Custodian’s fee and the reimbursement of the Custodian’s expenses, exchange listing fees, United States Securities and Exchange Commission (the “SEC”) registration fees, printing and mailing costs, audit fees and certain legal expenses.

For the three months ended March 31, 2011 and March 31, 2010 the Sponsor’s Fee was \$1,330,201 and \$257,463 respectively. At March 31, 2011 and at December 31, 2010, the fees payable to the Sponsor were \$423,661 and \$437,490 respectively.

3. Related Parties

The Sponsor and the Trustee are considered to be related parties to the Trust. The Trustee's fee is paid by the Sponsor and is not a separate expense of the Trust. The Trustee and the Custodian and their affiliates may from time to time act as Authorized Participants or purchase or sell palladium or Shares for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

4. Concentration of Risk

The Trust's sole business activity is the investment in palladium, and substantially all the Trust's assets are holdings of palladium which creates a concentration of risk associated with fluctuations in the price of palladium. Several factors could affect the price of palladium, including: (i) global palladium supply and demand, which is influenced by factors such as forward selling by palladium producers, purchases made by palladium producers to unwind palladium hedge positions, central bank purchases and sales, and production and cost levels in major palladium-producing countries; (ii) investors' expectations with respect to the rate of inflation; (iii) currency exchange rates; (iv) interest rates; (v) investment and trading activities of hedge funds and commodity funds; and (vi) global or regional political, economic or financial events and situations. In addition, there is no assurance that palladium will maintain its long-term value in terms of purchasing power in the future. In the event that the price of palladium declines, the Sponsor expects the value of an investment in the Shares to decline proportionately. Each of these events could have a material effect on the Trust's financial position and results of operations.

5. Indemnification

Under the Trust's organizational documents, each of the Trustee (and its directors, employees and agents) and the Sponsor (and its members, managers, directors, officers, employees and affiliates) is indemnified by the Trust against any liability, cost or expense it incurs without gross negligence, bad faith or willful misconduct on its part and without reckless disregard on its part of its obligations and duties under the Trust's organizational documents. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred.

6. Subsequent Events

In accordance with the provisions set forth in FASB ASC 855-10, *Subsequent Events*, the Trust's management has evaluated the possibility of subsequent events existing in the Trust's financial statements through the filing date. On April 20, 2011, the Trust submitted an S-3 filing to the SEC, as the Trust is deemed to be a well-known seasoned issuer under SEC rules. As part of this filing, the Trust registered an additional 13.5 million Shares.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This information should be read in conjunction with the financial statements and notes to the financial statements included in Item 1 of Part 1 of this Form 10-Q. The discussion and analysis that follows may contain forward-looking statements with respect to the Trust's financial conditions, operations, future performance and business. These statements can be identified by the use of the words "may", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" or similar words and phrases. These statements are based upon certain assumptions and analyses the Sponsor has made based on its perception of historical trends, current conditions and expected future developments. Neither the Trust nor the Sponsor is under a duty to update any of the forward looking statements, to conform such statements to actual results or to reflect a change in management's expectations or predictions.

Introduction

The Trust is a common law trust, formed under the laws of the state of New York on the Date of Inception. The Trust is not managed like a corporation or an active investment vehicle. It does not have any officers, directors, or employees and is administered by the Trustee pursuant to the Trust Agreement. The Trust is not registered as an investment company under the Investment Company Act of 1940 and is not required to register under such act. It will not hold or trade in commodity futures contracts, nor is it a commodity pool, subject to regulation as a commodity pool operator or a commodity trading adviser in connection with issuing Shares.

The Trust holds palladium and is expected to issue Baskets in exchange for deposits of palladium, and to distribute palladium in connection with redemptions of Baskets. Shares issued by the Trust represent units of undivided beneficial interest in and ownership of the Trust. The investment objective of the Trust is for the Shares to reflect the performance of the price of palladium, less the Trust's expenses. The Sponsor believes that, for many investors, the Shares will represent a cost effective investment relative to traditional means of investing in palladium.

The Trust issues and redeems Shares only with Authorized Participants in exchange for palladium, only in aggregations of 50,000 or integral multiples thereof. A list of current Authorized Participants is available from the Sponsor or the Trustee.

Shares of the Trust trade on the New York Stock Exchange (the "NYSE") Arca under the symbol "PALL".

Valuation of Palladium and Computation of Net Asset Value

As of the London PM Fix on each day that the NYSE Arca is open for regular trading or as soon as practicable after 4:00 p.m. New York time on such day, (the "Evaluation Time") the Trustee values the palladium held by the Trust and determines both the ANAV and the NAV of the Trust.

At the Evaluation Time, the Trustee values the Trust's palladium on the basis of that day's London PM Fix, or, if no London PM Fix is made on such day or has not been announced by the Evaluation Time, the next most recent London palladium price (AM or PM) determined prior to the Evaluation Time is used, unless the Sponsor determines that such price is inappropriate as a basis for valuation. In the case this determination is made, the Sponsor will identify an alternative basis for such evaluation to be used by the Trustee.

Once the value of the palladium held by the Trust has been determined, the Trustee subtracts all estimated accrued but unpaid fees and other liabilities of the Trust from the total value of the palladium and all other assets of the Trust. The resulting figure is the ANAV of the Trust. The ANAV is used to compute the Sponsor's Fee.

The Trustee then subtracts from the ANAV the amount of Sponsor's Fees computed for such day to determine the net asset value ("NAV") of the Trust. The Trustee also determines the NAV per Share by dividing the NAV of the Trust by the number of Shares outstanding as of the close of trading on the NYSE Arca.

The Quarter Ended March 31, 2011

The NAV of the Trust is obtained by subtracting the Trust's expenses and liabilities on any day from the value of the palladium owned by the Trust on that day; the NAV per Share is obtained by dividing the NAV of the Trust on a given day by the number of Shares outstanding on that day.

The Trust's NAV decreased from \$884,637,847 at December 31, 2010 to \$794,579,092 at March 31, 2011, a 10.18% decrease for the quarter. The decrease in the Trust's NAV resulted primarily from a decrease in the price per ounce of palladium, which fell 3.16% from \$791.00 at December 31, 2010 to \$766.00 at March 31, 2011.

There was a decrease in outstanding Shares from 11,250,000 Shares at December 31, 2010 to 10,450,000 Shares at March 31, 2011, a result of 1,200,000 Shares (24 Baskets) being created and 2,000,000 Shares (40 Baskets) being redeemed during the quarter.

NAV per Share decreased 3.29% from \$78.63 at December 31, 2010 to \$76.04 at March 31, 2011. The Trust's NAV per Share decreased slightly more than the price per ounce of palladium on a percentage basis due to Sponsor's Fees, which were \$1,330,201 for the period, or 0.60% of the Trust's assets on an annualized basis.

The NAV per share of \$85.22 at February 21, 2011 was the highest during the quarter, compared with a low of \$69.50 at March 15, 2011.

ETFS PALLADIUM TRUST

Net gain from operations for the quarter ended March 31, 2011 was \$36,748,563, resulting from a net gain of \$394,666 on the transfer of palladium to pay expenses and a net gain of \$37,684,098 on palladium distributed for the redemption of Shares, offset by Sponsor's Fees of \$1,330,201. Other than the Sponsor's Fee, the Trust had no expenses during the quarter ended March 31, 2011.

Liquidity & Capital Resources

The Trust is not aware of any trends, demands, commitments, events or uncertainties that are reasonably likely to result in material changes to its liquidity needs. In exchange for the Sponsor's Fee, the Sponsor has agreed to assume most of the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the period covered by this report was the Sponsor's Fee.

The Trustee will, at the direction of the Sponsor or in its own discretion, sell the Trust's palladium as necessary to pay the Trust's expenses not otherwise assumed by the Sponsor. The Trustee will not sell palladium to pay the Sponsor's Fee but will pay the Sponsor's Fee through in-kind transfers of palladium to the Sponsor. At March 31, 2011 the Trust did not have any cash balances.

Off-Balance Sheet Arrangements

The Trust has no off-balance sheet arrangements.

Critical Accounting Estimates

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements relies on estimates and assumptions that impact the Trust's financial position and results of operations. These estimates and assumptions affect the Trust's application of accounting policies. In addition, please refer to Note 2 to the financial statements for further discussion of accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

The authorized officers of the Sponsor performing functions equivalent to those that a principal executive officer and principal financial officer of the Trust would perform if the Trust had any officers, and with the participation of the Trustee, have evaluated the effectiveness of the Trust's disclosure controls and procedures, and have concluded that the disclosure controls and procedures of the Trust have been effective as of the end of the period covered by this Form 10-Q.

There have been no changes in the Trust's or Sponsor's internal control over financial reporting that occurred during the Trust's fiscal quarter ended that have materially affected, or are reasonably likely to materially affect, the Trust's or Sponsor's internal control over financial reporting.

Item 4T. Controls and Procedures

Not applicable.

ETFs PALLADIUM TRUST

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in the Trust's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 2(a). None.

Item 2(b). Not applicable.

Item 2(c). For the three months ended March 31, 2011:

24 Baskets were created.

40 Baskets were redeemed.

Period	Total Baskets Redeemed	Total Shares Redeemed	Average Ounces of Palladium Per Share
January 2011	2	100,000	0.0994
February 2011	16	800,000	0.0993
March 2011	22	1,100,000	0.0993
Total	40	2,000,000	0.0993

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

None.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

31.1 Chief Executive Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Chief Financial Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Chief Executive Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Chief Financial Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities thereunto duly authorized.

ETF SECURITIES USA LLC
Sponsor of the ETFS Palladium Trust
(Registrant)

Date: May 13, 2011

/s/ Graham Tuckwell

Graham Tuckwell
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 13, 2011

/s/ Thomas Quigley

Thomas Quigley
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal
Accounting Officer)

* The Registrant is a trust and the persons are signing in their capacities as officers of ETF Securities USA LLC, the Sponsor of the Registrant.

Exhibit Index

- 31.1 Chief Executive Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Chief Financial Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Chief Executive Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Chief Financial Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.1

**FORM OF CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

CERTIFICATIONS

I, Graham Tuckwell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ETFS Palladium Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2011

/s/ Graham Tuckwell
Graham Tuckwell
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**FORM OF CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

CERTIFICATIONS

I, Thomas Quigley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ETFS Palladium Trust;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
-

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2011

/s/ Thomas Quigley

Thomas Quigley

Chief Financial Officer and Treasurer

(Principal Financial Officer and Principal

Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ETFS Palladium Trust (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on May 13, 2011 (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2011

/s/ Graham Tuckwell
Graham Tuckwell
President and Chief Executive Officer
(Principal Executive Officer)

* The Registrant is a trust and Mr. Tuckwell is signing in his capacity as an officer of ETF Securities USA LLC, the Sponsor of the Registrant.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ETFS Palladium Trust (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on May 13, 2011 (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2011

/s/ Thomas Quigley

Thomas Quigley

Chief Financial Officer and Treasurer

(Principal Financial Officer and Principal

Accounting Officer)

* The Registrant is a trust and Mr. Quigley is signing in his capacity as an officer of ETF Securities USA LLC, the Sponsor of the Registrant.
