

State Auto Financial CORP
Form 8-K
November 03, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 3, 2011 (October 28, 2011)

STATE AUTO FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

000-19289
(Commission
File Number)

31-1324304
(IRS Employer
Identification No.)

Edgar Filing: State Auto Financial CORP - Form 8-K

518 East Broad Street,

Columbus, Ohio

(Address of principal executive offices)

Registrant's telephone number, including area code: (614) 464-5000

43215-3976

(Zip Code)

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 5 Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

**Item 5.02(e)
Change of Control Agreements with Certain Named Executive Officers**

On October 28, 2011, State Auto Financial Corporation (the **Company** or **STFC**), together with its parent State Automobile Mutual Insurance Company (**State Auto Mutual**) and its wholly owned subsidiary State Auto Property and Casualty Insurance Company (**State Auto P&C**), entered into new change of control agreements with certain of its executive officers, including Steven E. English, Clyde H. Fitch, Jr. and James A. Yano, each of whom is a Named Executive Officer. The new change of control agreements with these Named Executive Officers replaced their previously existing change of control agreements which were expiring by their terms. The Company believes that change of control arrangements, like those reflected in the previously existing and new change of control agreements, are an important element of its overall corporate strategy in establishing and maintaining a sound and vital management team and are essential in protecting and enhancing the interests of the Company and its shareholders. The new change of control agreements with these Named Executive Officers and the other executive officers have been approved by the Company's Compensation Committee.

Mr. English is Vice President and Chief Financial Officer, Mr. Fitch is Senior Vice President and Chief Sales Officer and Mr. Yano is Vice President, Secretary and General Counsel of the Company. Each of the October 28, 2011 change of control agreements (each of which is hereinafter referred to as an **Executive COC Agreement**) entered into by Messrs. English, Fitch and Yano (each of whom is hereinafter referred to as the **Executive**) are identical in all respects.

As used herein, **State Auto** refers to STFC, State Auto P&C, State Auto Mutual and each of their respective present and future insurer subsidiaries and affiliates.

The following provides a brief description of the material terms and conditions of each Executive COC Agreement.

The Executive COC Agreement is for a three-year term commencing on the effective date, October 28, 2011. However, if a Change of Control (as defined below) occurs during this three-year term, then the term will automatically extend for 36 months from such Change of Control or until the Executive reaches age 65, whichever occurs first. The Executive COC Agreement will terminate if the Executive's employment terminates prior to a Change of Control.

If either the Company or State Auto Mutual undergo a Change of Control, and if the Executive then becomes entitled to receive Severance Benefits (as discussed below), then State Auto or its respective successor will pay or provide the following **Severance Benefits** to the Executive:

- (1) A lump-sum cash payment equal to two times the Executive's annual base salary (subject to reduction if the Executive is within two years of age 65);

- (2) A lump-sum cash payment equal to two times the average of the annual aggregate bonus earned by the Executive under the short term incentive compensation plans of State Auto in each of the two calendar years immediately preceding the calendar year in which the Change of Control occurs (subject to reduction if the Executive is within two years of age 65);
- (3) Out-placement benefits in an amount equal to 15% of the Executive's annual base salary plus up to \$5,000 for job search travel expenses; and
- (4) A lump-sum cash payment equal to 24 times State Auto's then current monthly per employee cost of providing State Auto's health insurance benefit.

A **Change of Control** of the Company involves:

- (1) The acquisition by any person of beneficial ownership of 30% or more of the Company's outstanding voting securities (which percentage will increase or decrease, as the case may be, such that the percentage of securities ownership is consistent with any future changes to the percentage of securities ownership represented in the Change of Control definition in the State Auto Financial Corporation 2009 Equity Incentive Compensation Plan);
- (2) A change in the composition of the board of directors of the Company such that a majority of the directors (i) are not currently serving directors of STFC, or (ii) were not nominated by the Nominating Committee of STFC, or (iii) were not appointed by at least two thirds of the total number of directors who either are currently serving directors or were nominated by the Nominating Committee of STFC;
- (3) A merger involving the Company where the Company's shareholders immediately prior to the merger own 50% or less of the combined voting power of the surviving entity immediately after the merger;
- (4) A sale or other disposition of all or substantially all of the assets of the Company, including a sale of assets or earning power aggregating more than 50% of the assets or earning power of the Company on a consolidated basis; or
- (5) A reorganization or other corporate event involving the Company which would have the same effect as any of the above-described events.

A **Change of Control** of State Auto Mutual involves:

- (1) An affiliation or merger of State Auto Mutual with a third party and as a result the composition of the board of directors of State Auto Mutual or its successor changes such that a majority of the directors (a) are not currently serving directors of State Auto Mutual, or (b) were not nominated by the Nominating Committee of State Auto Mutual, or (c) were not appointed by at least two thirds of the total number of directors who either are currently serving directors or were nominated by the Nominating Committee of State Auto Mutual; or

- (2) A conversion of State Auto Mutual to a stock corporation and as a result the composition of the board of directors of State Auto Mutual or its successor changes such that a majority of the directors (a) are not currently serving directors of State Auto Mutual, or (b) were not nominated by the Nominating Committee of State Auto Mutual, or (c) were not appointed by at least two thirds of the total number of directors who either are currently serving directors or were nominated by the Nominating Committee of State Auto Mutual.

The Executive will become eligible for the above described Severance Benefits if, during the term of the Executive COC Agreement:

- (1) The Executive's employment is terminated by all State Auto companies for any reason other than for cause, the death or disability of the Executive, or the Executive's mandatory retirement at age 65, within 24 months after a Change of Control;
- (2) The Executive terminates his employment for Good Reason (as defined below) within 24 months after a Change of Control; or
- (3) The Executive's employment is terminated by all State Auto companies for any reason other than for cause or the death or disability of the Executive after an agreement has been reached with an unaffiliated third party, the performance of which agreement would result in a Change of Control involving such third party, if such Change of Control is actually consummated within 12 months after the date of such termination.

The Executive's termination of employment for **Good Reason** generally means:

- (1) The assignment to the Executive of duties which are materially and adversely different from or inconsistent with the duties, responsibility or status of the Executive's position at any time during the 12-month period prior to the Change of Control, or which result in a significant reduction in the Executive's authority and responsibility as a senior executive officer of State Auto;
- (2) A reduction by State Auto in the Executive's annual base salary in place as of the day immediately prior to the Change in Control, or after a Change of Control the failure to grant salary increases and bonus payments on a basis comparable to those granted to other executives of State Auto, or a reduction in the Executive's most recent potential annual incentive compensation bonus awards prior to the Change of Control;
- (3) After a Change of Control, a demand by State Auto that the Executive relocate to a location in excess of 35 miles from the location where the Executive is based as of the day immediately prior to a Change of Control, or in the event of any such relocation with the Executive's express written consent, the failure of State Auto to pay (or reimburse the Executive for) all reasonable moving expenses incurred by the Executive relating to a change of principal residence in connection with such relocation and to indemnify the Executive against any loss in the sale of the Executive's principal residence in connection with any such change of residence and any expenses incurred by the Executive that are directly attributable to such sale;

- (4) The failure of State Auto to obtain a satisfactory agreement from any successor to State Auto to assume and agree to perform the Executive COC Agreement;
- (5) The failure of State Auto to provide the Executive with substantially the same employee benefits that were provided to him immediately prior to the Change of Control, or with a package of employee benefits that, though one or more of such benefits may vary from those in effect immediately prior to a Change of Control, is substantially comparable in all material respects to such employee benefits taken as a whole; or
- (6) Any material reduction in the Executive's compensation or benefits or a material adverse change in the Executive's location or duties, if such material reduction or material adverse change occurs at any time after the commencement of any discussion with a third party relating to a possible Change of Control of State Auto involving such third party, if such material reduction or material adverse change is in contemplation of such possible Change of Control and such Change of Control is actually consummated within 12 months after the date of such material reduction or material adverse change.

The Board may, in its discretion, require the Executive to repay to State Auto all or any portion of the amounts paid as Severance Benefits if:

- (1) The Executive violates any non-competition, non-solicitation or confidentiality covenant applicable to the Executive and for the benefit of State Auto, including such covenants included in the Executive COC Agreement;
- (2) It is later discovered that the Executive engaged in conduct detrimental to State Auto during the employment term which has a material adverse effect on State Auto as determined by the Board of Directors of State Auto Mutual, in its discretion, acting in good faith; or
- (3)
 - (a) The amount of any of the Severance Benefits was calculated based upon the achievement of certain financial results of State Auto that were subsequently the subject of a financial statement restatement by State Auto;
 - (b) The Executive engaged in conduct detrimental to State Auto that caused or substantially contributed to the need for the financial statement restatement by State Auto; and
 - (c) The amount of the Executive's Severance Benefits would have been lower than the amount actually awarded to the Executive had the financial results been properly reported.

Notwithstanding the foregoing, if the Boards determine that the Executive engaged in fraudulent conduct, then the Boards will seek repayment of the Severance Benefits. This provision shall not be the exclusive remedy of State Auto with respect to such matters.

The terms of any compensation recovery or recoupment policy heretofore or hereafter adopted by the Boards, including any and all amendments thereto (a "clawback policy"), are hereby incorporated into the Executive COC Agreement by reference. In addition to the terms and conditions set forth in the Executive COC Agreement, the Executive agrees that any amounts payable or paid to the Executive under this Agreement shall be subject to the terms of any clawback policy of the Boards.

The Executive COC Agreement also provides that State Auto will pay the Executive such amounts as would be necessary to make whole the Executive on an after-tax basis for any excise tax paid or incurred by him due to any severance payment or other benefit provided under the Executive COC Agreement. However, in the event the Executive's contractual severance payments and benefits were subject to any excise tax, but otherwise would not be subject to such tax if the total of such payments and benefits were reduced by 10% or less, then such payments and benefits will be reduced by the minimum amount necessary (not to exceed 10% of such payments and benefits) so that the Executive will not be subject to an excise tax.

The Executive COC Agreement provides that, for a period of five years after a Change of Control, State Auto will provide the Executive with coverage under a standard directors' and officers' liability insurance policy at its expense, and will indemnify, hold harmless, and defend the Executive to the fullest extent permitted under Ohio law against all expenses and liabilities reasonably incurred by the Executive in connection with or arising out of any action, suit, or proceeding in which he may be involved by reason of having been a director or officer of State Auto.

State Auto must pay the cost of counsel (legal and accounting) for the Executive in the event he is required to take any action to enforce any of the rights granted under the Executive COC Agreement. In addition, the Executive is entitled to prejudgment interest on any amounts found to be due to him in connection with any action taken to enforce his rights under the Executive COC Agreement at a rate equal to the prime commercial rate of the Company's principal bank or its successor in effect from time to time plus four percent.

Under the Executive COC Agreement, the Executive has agreed to maintain the confidence of, and not to disclose to others, assist others in the application of, or use for his own gain, any confidential information of State Auto during the duration of his employment and for three years thereafter.

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 hereunto duly authorized.

STATE AUTO FINANCIAL CORPORATION

Date: November 3, 2011

By /s/ Steven E. English
Vice President and Chief Financial Officer

6

man" SIZE="2"> \$257,534,001

8

Table of Contents

The Trustee will calculate the Trust's NAV each business day. To calculate the NAV, the Trustee will subtract the Sponsor's accrued fee through the previous day from the Australian Dollars held by the Trust (including all unpaid interest accrued through the preceding day) and calculate the value of the Australian Dollars in USD based upon the Closing Spot Rate. If, on a particular evaluation day, the Closing Spot Rate has not been determined and announced by 6:00 PM (London time), then the most recent Closing Spot Rate shall be used to determine the NAV of the Trust unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate to use as the basis for such valuation. In the event that the Trustee and the Sponsor determine that the most recent Closing Spot Rate is not an appropriate basis for valuation of the Trust's Australian Dollars, they shall determine an alternative basis for such evaluation to be employed by the Trustee. The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares. Shares deliverable under a purchase order are considered outstanding for purposes of determining NAV per Share; Shares deliverable under a redemption order are not considered outstanding for this purpose.

5. Sponsor's Fee

The Sponsor's fee accrues daily at an annual nominal rate of 0.40% of the Australian Dollars in the Trust (including all unpaid interest but excluding unpaid fees, each as accrued through the immediately preceding day) and is paid monthly.

The Sponsor assumes and pays the following administrative and marketing expenses incurred by the Trust: the Trustee's monthly fee, NYSE Arca listing fees, SEC registration fees, typical maintenance and transaction fees of the Depository, printing and mailing costs, audit fees and expenses, up to \$100,000 per year in legal fees and expenses, and applicable license fees.

In certain exceptional cases the Trust will pay for some expenses in addition to the Sponsor's fee. These exceptions include expenses not assumed by the Sponsor (i.e., expenses other than those identified in the preceding paragraph), taxes and governmental charges, expenses and costs of any extraordinary services performed by the Trustee or the Sponsor on behalf of the Trust or action taken by the Trustee or the Sponsor to protect the Trust or the interests of Shareholders, indemnification of the Sponsor under the Depository Trust Agreement, and legal expenses in excess of \$100,000 per year.

6. Related Parties

The Sponsor is a related party of the Trust. The Sponsor oversees the performance of the Trustee and the Trust's principal service providers, including the preparation of financial statements, but does not exercise day-to-day oversight over the Trustee or the Trust's service providers. The Sponsor has paid the costs of the Trust's organization and the initial sales of the Shares, as described in Note 5.

7. Concentration Risk

All of the Trust's assets are Australian Dollars, which creates a concentration risk associated with fluctuations in the price of the Australian Dollar. Accordingly, a decline in the price of the Australian Dollar to USD exchange rate will have an adverse effect on the value of the Shares. Factors that may have the effect of causing a decline in the price of the Australian Dollar include national debt levels and trade deficits, domestic and foreign inflation rates, domestic and foreign interest rates, investment and trading activities of institutions and global or regional political, economic or financial events and situations. Substantial sales of Australian Dollars by the official sector (central banks, other governmental agencies and related institutions that buy, sell and hold Australian Dollars as part of their reserve assets) could adversely affect an investment in the Shares.

All of the Trust's Australian Dollars are held by the Depository. Accordingly, a risk associated with the concentration of the Trust's assets in accounts held by a single financial institution exists and increases the potential for loss by the Trust and the Trust's beneficiaries in the event that the Depository becomes insolvent.

Table of Contents

8. Commitments and Contingencies

Under the Trust's organizational documents, the Sponsor is indemnified against any liability or expense it incurs without negligence, bad faith or willful misconduct on its part. 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.

Table of Contents

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Cautionary Statement Regarding Forward-Looking Information and Risk Factors**

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are predictions and actual events or results may differ materially from those expressed in our forward-looking statements. Risks and uncertainties may cause our actual results to differ materially from those expressed in our forward-looking statements.

The value of the Shares relates directly to the value of the Australian Dollars held by the Trust and fluctuations in the price of the Australian Dollar could materially adversely affect an investment in the Shares. Readers are urged to review the Risk Factors section contained in the Trust's most recent annual report on Form 10-K for a description of other risks and uncertainties that may affect an investment in the Shares.

The discussion and analysis which follows may contain statements that relate to future events or future performance. In some cases, such forward-looking statements can be identified by terminology such as anticipate, expect, intend, plan, believe, seek, outlook and estimate, as similar words and phrases that signify forward-looking statements. Neither Rydex Specialized Products LLC d/b/a Rydex Investments (the Sponsor) nor any other person assumes responsibility for the accuracy or completeness of forward-looking statements. Further, these forward-looking statements are made as of the date of this report, and will not be revised or updated to reflect actual results or changes in the Sponsor's expectations or predictions.

Trust Overview

CurrencySharesSM Australian Dollar Trust (the Trust) is a grantor trust that was formed on June 8, 2006. The Trust issues shares (the Shares) in blocks of 50,000 each (a Basket) in exchange for deposits of Australian Dollars and distributes Australian Dollars in connection with the redemption of Baskets.

The Trust is a passive investment vehicle. The Trust does not have any officers, directors or employees. The investment objective of the Trust is for the Shares to reflect the price of the Australian Dollar plus accrued interest, less the expenses of the Trust's operations. The Trust does not engage in any activities designed to obtain profit from, or ameliorate losses caused by, changes in the price of the Australian Dollar.

The Shares, which began trading on June 26, 2006, trade under the ticker symbol FXA on NYSE Arca. Investing in the Shares does not insulate the investor from certain risks, including price volatility.

Definition of Net Asset Value; Valuation of the Australian Dollar

The net asset value (NAV) of the Trust is the aggregate value, expressed in U.S. Dollars (USD), of the Trust's assets. To calculate the NAV, The Bank of New York Mellon (the Trustee) adds to the amount of the Australian Dollars in the Trust at the end of the preceding business day accrued but unpaid interest, Australian Dollars receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but unpaid Sponsor's fee, Australian Dollars payable under pending redemption orders and other Trust expenses and liabilities, if any.

Prior to November 13, 2008, the NAV was expressed in USD based on the Noon Buying Rate as determined by the Federal Reserve Bank of New York. As of and after November 13, 2008, the NAV has

Table of Contents

been expressed in USD based on the Closing Spot Rate as determined by WM/Reuters. If, on a particular evaluation day, the Closing Spot Rate has not been determined and announced by 6:00 PM (London time), then the most recent Closing Spot Rate shall be used to determine the NAV of the Trust unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate to use as the basis for such valuation. The Trustee also determines the NAV per Share, which equals the NAV of the Trust divided by the number of outstanding Shares.

The Sponsor publishes the NAV and NAV per Share on each day that the NYSE Arca is open for regular trading on the Trust's website, www.currencyshares.com.

The following chart illustrates the movement in the price of the Shares based on (1) NAV per Share, (2) the bid and ask midpoint offered on the NYSE (prior to October 30, 2007) and NYSE Arca (on or after October 30, 2007) and (3) the Noon Buying Rate (prior to November 13, 2008) and the Closing Spot Rate (on or after November 13, 2008) expressed as a multiple of 100 Australian Dollars:

Table of Contents**Liquidity**

The Sponsor is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to the Trust's liquidity needs. The Trust's Depository, JPMorgan Chase Bank, N.A., London Branch, maintains two deposit accounts for the Trust, a primary deposit account that is expected to earn interest and a secondary deposit account that does not earn interest. Interest on the primary deposit account, if any, accrues daily and is paid monthly. The interest rate paid as of January 31, 2009 was an annual nominal rate of 3.78%. The following chart provides the daily rate paid by the Depository since the Shares began trading:

In exchange for a fee, the Sponsor bears most of the expense 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. Each month the Depository deposits into the secondary deposit account accrued but unpaid interest, if any, and the Trustee withdraws Australian Dollars from the secondary deposit account to pay the accrued Sponsor's fee for the previous month plus other Trust expenses, if any. In the event that the interest deposited, if any, exceeds the sum of the Sponsor's fee for the prior month plus other Trust expenses, if any, the Trustee converts the excess into USD at a prevailing market rate and distributes the USD as promptly as practicable to Shareholders on a pro rata basis (in accordance with the number of Shares that they own). Distributions paid during the current reporting period follow (annualized yield reflects the estimated annual yield an investor would receive if a monthly distribution stayed the same for the entire year going forward, and is calculated by annualizing the monthly distribution and dividing by the Trust NAV for the dates listed below):

FXA Distribution History

Date	Value	NAV	Yield	Annualized Yield
1/2/2009	\$ 0.21646	\$ 69.94	0.31%	3.64%
12/1/2008	\$ 0.23429	\$ 65.35	0.36%	4.36%
11/3/2008	\$ 0.28091	\$ 66.03	0.43%	5.02%

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Sponsor's management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods covered by the report.

Table of Contents

In addition to the description below, please refer to Note 2 to the consolidated financial statements for further discussion of our accounting policies.

The Trustee calculates the Trust's NAV each business day. For NAV calculation purposes, Australian Dollar Deposits (cash) are translated at the Closing Spot Rate as determined by WM/Reuters as of 4:00 PM (London time) on each day that NYSE Arca is open for regular trading.

The functional currency of the Trust is the Australian Dollar in accordance with Financial Accounting Standard 52, Foreign Currency Translation.

Results of Operations

The Trust was formed on June 8, 2006 and the Shares commenced trading on the NYSE June 26, 2006. The primary listing of the Shares was transferred to NYSE Arca on October 30, 2007. As of October 31, 2007, the number of Australian Dollar owned by the Trust was 235,000,000 resulting in a redeemable capital share value of \$218,914,789. As of October 31, 2008, the number of Australian Dollars owned by the Trust was 390,000,000 resulting in a redeemable capital share value of \$257,534,001.

During the three months ended January 31, 2009 an additional 500,000 shares had been created in exchange for 50,000,000 Australian Dollars and 450,000 shares were redeemed in exchange for 45,000,000 Australian Dollars. As of January 31, 2009, the number of Australian Dollars owned by the Trust was 395,000,000 resulting in a redeemable capital share value of \$251,898,387.

Movements in the Price of the Australian Dollar

The investment objective of the Trust is for the Shares to reflect the price of the Australian Dollars plus accrued interest, less the expenses of the Trust's operations. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of gaining investment benefits similar to those of holding Australian Dollar. Each outstanding Share represents a proportional interest in the Australian Dollar held by the Trust. The following chart provides recent trends on the price of the Australian Dollar. The chart illustrates movements in the price of the Australian Dollar in USD based on the Noon Buying Rate (prior to November 13, 2008) and the Closing Spot Rate (as of and after November 13, 2008).

Table of Contents

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 4. CONTROLS AND PROCEDURES

The Trust maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) designed to ensure that material information relating to the Trust is recorded, processed and disclosed on a timely basis. The Trust's disclosure controls and procedures are designed by or under the supervision of the Sponsor's chief executive officer and chief financial officer who exercise oversight over the Trust as the Trust has no officers. The chief executive officer and chief financial officer of the Sponsor have evaluated the effectiveness of the Trust's disclosure controls and procedures as of January 31, 2009. Based on that evaluation, the chief executive officer and chief financial officer of the Sponsor have concluded that the disclosure controls and procedures of the Trust were effective as of the end of the period covered by this report.

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

Table of Contents

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the Risk Factors section of the Trust's Annual Report on Form 10-K filed with the Securities and Exchange Commission on January 14, 2009.

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

(a) None.

(b) Not applicable.

(c) During the quarter ended January 31, 2009, 9 Baskets (450,000 Shares registered pursuant to Section 12 of the Securities Exchange Act of 1934) were redeemed by the Trust, as follows:

Period		Total Number of Registered Shares Redeemed	Average Price Per Share
11/01/2008	11/30/2008		
12/01/2008	12/31/2008	450,000	\$79.82
01/01/2009	01/31/2009		

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

Number	Description of Exhibit
31.1	Certification of Principal Executive Officer Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer Pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Table of Contents

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 thereunto duly authorized.

CURRENCYSHARESSM AUSTRALIAN DOLLAR TRUST

By: Rydex Specialized Products LLC

Sponsor of the CurrencySharesSM

Australian Dollar Trust

Date: March 12, 2009

By: /s/ Nick Bonos

Nick Bonos

Chief Financial Officer

(principal financial officer)