

Dated: October 29, 2007.

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available

From: U.S. Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213.

Extension: Rule 15Ba2-5; OMB Control No. 3235-0088; SEC File No. 270-91.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of extension of the existing collection of information provided for in the following rule: Rule 15Ba2-5 (17 CFR 240.15Ba2-5).

On July 7, 1975, effective July 16, 1975 (*see* 41 FR 28948, July 14, 1975), the Commission adopted Rule 15Ba2-5 under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) to permit a duly-appointed fiduciary to assume immediate responsibility for the operation of a municipal securities dealer's business. Without the rule, the fiduciary would not be able to assume operation until it registered as a municipal securities dealer. Under the rule, the registration of a municipal securities dealer is deemed to be the registration of any executor, administrator, guardian, conservator, assignee for the benefit of creditors, receiver, trustee in insolvency or bankruptcy, or other fiduciary, appointed or qualified by order, judgment, or decree of a court of competent jurisdiction to continue the business of such municipal securities dealer, provided that such fiduciary files with the Commission, within 30 days after entering upon the performance of his duties, a statement setting forth as to such fiduciary substantially the same information required by Form MSD or Form BD. The statement is necessary to ensure that the Commission and the public have adequate information about the fiduciary.

There is approximately 1 respondent per year that requires an aggregate total of 4 hours to comply with this rule. This respondent makes an estimated 1

annual response. Each response takes approximately 4 hours to complete. Thus, the total compliance burden per year is 4 burden hours. The approximate cost per hour is \$20, resulting in a total cost of compliance for the respondent of approximately \$80 (i.e., 4 hours × \$20).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Comments should be directed to (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or by sending an e-mail to: Alexander_T._Hunt@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312 or send an e-mail to: PRA_Mailbox@sec.gov. Comments must be submitted within 30 days of this notice.

Dated: October 29, 2007.

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56719; File No. SR-Amex-2007-98]

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing of Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, Relating to the Listing and Trading of Units of the United States 12 Month Oil Fund, LP and the United States 12 Month Natural Gas Fund, LP

October 29, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4² thereunder, notice is hereby given that on August 23, 2007, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. On September 14, 2007, the Exchange submitted Amendment No. 1 to the proposed rule change. On October

25, 2007, the Exchange submitted Amendment No. 2 to the proposed rule change. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade units (each a "Unit" and, collectively, the "Units") of each of the United States 12 Month Oil Fund, LP ("12 Month Oil Fund") and the United States 12 Month Natural Gas Fund, LP ("12 Month Natural Gas Fund") (each a "Partnership" and, collectively, the "Partnerships").

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Amex included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Amex has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade Units issued by the 12 Month Oil Fund (under the symbol: "USL") and the 12 Month Natural Gas Fund (under symbol: "USN") pursuant to Amex Rules 1500-AEMI and 1501 through 1505.³ The Exchange submits that the Units will conform to the initial and continued listing criteria under Rule 1502,⁴ specialist prohibitions under Rule 1503 and the obligations of specialists under Rule 1504.

Ownership of a Partnership Unit represents a fractional undivided unit of a beneficial interest in the net assets of

³ Amex Rule 1500-AEMI provides for the listing of Partnership Units, which are defined as securities, that are: (a) *Issued* by a partnership that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities, and/or securities; and (b) that are issued and redeemed daily in specified aggregate amounts at net asset value. *See* Exchange Act Release No. 53582 (March 31, 2006), 71 FR 17510 (April 6, 2006) (SR-Amex-2005-127) (approving Amex Rules 1500-AEMI and 1501 through 1505 in conjunction with the listing and trading of Units of the United States Oil Fund, LP).

⁴ *See* section entitled "Listing and Trading Rules," *infra*.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

that Partnership.⁵ Each of the net assets of the 12 Month Oil Fund and the 12 Month Natural Gas Fund will consist primarily of investments in futures contracts for crude oil, heating oil, gasoline, natural gas, and other petroleum-based fuels that are traded on the New York Mercantile Exchange (“NYMEX”), Intercontinental Exchange (“ICE Futures”) or other U.S. and foreign exchanges (collectively, “Futures Contracts”). In the case of the 12 Month Oil Fund, the predominant investments are expected to be based on, or related to, crude oil. Similarly, for the 12 Month Natural Gas Fund, the predominant investments are expected to be based on, or related to, natural gas.

The 12 Month Oil Fund may also invest in other crude oil-related investments such as cash-settled options on Futures Contracts, forward contracts for crude oil, and over-the-counter (“OTC”) transactions based on the price of crude oil, heating oil, gasoline, natural gas, other petroleum-based fuels, Futures Contracts, and indices based on the foregoing (collectively, “Other Crude Oil-Related Investments”). Futures Contracts and Other Crude Oil-Related Investments collectively are referred to as “Crude Oil Interests.”

Similarly, the 12 Month Natural Gas Fund may also invest in other natural gas-related investments such as cash-settled options on Futures Contracts, forward contracts for natural gas, and OTC transactions based on the price of natural gas, crude oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, “Other Natural Gas-Related Investments”). Futures Contracts and Other Natural Gas-Related Investments collectively are referred to as “Natural Gas Interests.”

Each of the 12 Month Oil Fund and the 12 Month Natural Gas Fund will invest in Crude Oil Interests and Natural Gas Interests, respectively, to the fullest extent possible without being leveraged or unable to satisfy its current or potential margin or collateral obligations. In pursuing this objective, the primary focus of each Partnership’s investment manager, Victoria Bay Asset Management, LLC (“Victoria Bay” or “General Partner”), will be the investment in Futures Contracts and the management of its investments in short-term obligations of the United States of two years or less (“Treasuries”) and cash and cash equivalents (collectively, “Cash”) for margining purposes and as collateral.

⁵ Each Partnership is a commodity pool that will issue Units that may be purchased and sold on the Exchange.

12 Month Oil Fund Investment Objective and Policies

The investment objective of the 12 Month Oil Fund is for the changes in percentage terms of the Units’ net asset value (“NAV”) to reflect the changes in percentage terms of the price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the average of the prices of twelve crude oil futures contracts traded on NYMEX (the “Oil Benchmark Futures Contracts”),⁶ less the 12 Month Oil Fund’s expenses. The Oil Benchmark Futures Contracts consist of the near month contract to expire and the contracts for the following eleven months, for a total of twelve consecutive months’ contracts, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contracts that are the next month contract to expire and the contracts for the eleven consecutive months following that contract.⁷ When calculating the daily movement of the average price of the twelve futures contracts, each contract month will be equally weighted.

The General Partner will employ a “neutral” investment strategy intended to track the changes in the price of crude oil regardless of whether the price of crude oil goes up or goes down. The “neutral” investment strategy is designed to permit investors to purchase and sell the 12 Month Oil Fund’s Units for the purpose of investing indirectly in crude oil in a cost-effective manner and/or to permit participants in the crude oil markets or other industries to hedge the risk of losses in their crude oil investments.

The General Partner will attempt to place the 12 Month Oil Fund’s trades in Futures Contracts and Other Crude Oil-Related Investments and otherwise manage the 12 Month Oil Fund’s investments so that “A” will be within plus/minus 10 percent of “B”, where:

- A is the average daily change in 12 Month Oil Fund’s NAV for any period of 30 successive valuation days, *i.e.*, any day as of which 12 Month Oil Fund calculates its NAV, and
- B is the average daily change in the average of the prices of the Oil Benchmark Futures Contracts over the same period.

⁶ The average price is determined by summing up the 12 individual monthly prices and dividing them by 12, and then comparing that result to the prior day’s average price determined in the same fashion.

⁷ The composition of the Oil Benchmark Futures Contracts will be changed or “rolled” over a one day period by selling the near month contract and buying the contract, which at that time is the thirteen month contract.

The Exchange states that an investment in the Units will allow both retail and institutional investors to easily gain exposure to the crude oil market in a cost-effective manner. In addition, the Units are also expected to provide additional means for diversifying an investor’s investments or hedging exposure to changes in crude oil prices.

The General Partner believes that market arbitrage opportunities will cause changes in the 12 Month Oil Fund’s unit price on the Exchange to closely track changes in the 12 Month Oil Fund’s NAV.⁸ The General Partner also believes that percentage changes in the 12 Month Oil Fund’s NAV will closely track percentage changes in the Oil Benchmark Futures Contracts, less the 12 Month Oil Fund’s expenses. The 12 Month Oil Fund will not be operated in a manner such that the per-Unit-NAV will equal, in dollar terms, the dollar price of spot crude oil or any particular futures contract or contracts based on crude oil.

12 Month Natural Gas Fund Investment Objective and Policies

The investment objective of the 12 Month Natural Gas Fund is for the changes in percentage terms of the Units’ NAV to reflect the changes in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the average of the prices of 12 futures contracts on natural gas traded on NYMEX (the “Natural Gas Benchmark Futures Contracts”),⁹ less the 12 Month Natural Gas Fund’s expenses. The Natural Gas Benchmark Futures Contracts consist of the near month contract to expire and the contracts for the following eleven months, for a total of twelve consecutive months’ contracts, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contracts that are the next month contract to expire and the contracts for the eleven consecutive months following that contract.¹⁰ When calculating the daily movement of the average price of the twelve futures contracts, each contract month will be equally weighted.

The General Partner will employ a “neutral” investment strategy intended

⁸ See section entitled “Arbitrage,” *infra*.

⁹ The average price is determined by summing up the 12 individual monthly prices and dividing them by 12, and then comparing that result to the prior day’s average price determined in the same fashion.

¹⁰ The composition of the Natural Gas Benchmark Futures Contract will be changed or “rolled” over a one day period by selling the near month contract and buying the contract which at that time is the thirteen month contract on the same day.

to track the changes in the price of crude oil regardless of whether the price of crude oil goes up or goes down. The “neutral” investment strategy is designed to permit investors to purchase and sell the 12 Month Natural Gas Fund’s Units for the purpose of investing indirectly in crude oil in a cost-effective manner and/or to permit participants in the crude oil markets or other industries to hedge the risk of losses in their crude oil investments.

The General Partner will attempt to place the 12 Month Natural Gas Fund’s trades in Futures Contracts and Other Natural Gas-Related Investments and otherwise manage the 12 Month Natural Gas Fund’s investments so that “A” will be within plus/minus 10 percent of “B”, where:

- A is the average daily change in 12 Month Natural Gas Fund’s NAV for any period of 30 successive valuation days, *i.e.*, any day as of which 12 Month Natural Gas Fund calculates its NAV, and
- B is the average daily change in the average of the prices of the Natural Gas Benchmark Futures Contracts over the same period.

The Exchange states that an investment in the Units will allow both retail and institutional investors to easily gain exposure to the natural gas market in a cost-effective manner. The Units are also expected to provide additional means for diversifying an investor’s investments or hedging exposure to changes in natural gas prices.

The General Partner believes that market arbitrage opportunities will cause changes in the 12 Month Natural Gas Fund’s unit price on the Exchange to closely track changes in the 12 Month Natural Gas Fund’s NAV.¹¹ The General Partner also believes that percentage changes in the 12 Month Natural Gas Fund’s NAV will closely track percentage changes in the Natural Gas Benchmark Futures Contracts, less the 12 Month Natural Gas Fund’s expenses. The 12 Month Natural Gas Fund will not be operated in a manner such that the per-Unit-NAV will equal, in dollar terms, the dollar price of spot natural gas or any particular futures contract or contracts based on natural gas.

Description of the Petroleum-Based Fuels Market

With respect to each of the following petroleum-based commodities, the Exchange states as follows:

Crude Oil. Crude oil is the world’s most actively traded commodity. The futures contracts for light, sweet crude

oil that are traded on the NYMEX are the world’s most liquid forum for crude oil trading, as well as the most liquid futures contracts on a physical commodity. Due to the liquidity and price transparency of crude oil futures contracts, they are used as a principal international pricing benchmark. The futures contracts for light, sweet crude oil trade on the NYMEX¹² in units of 1,000 U.S. barrels (42,000 gallons) and, if not closed out before maturity, will result in delivery of crude oil to Cushing, Oklahoma, which is also accessible to the world market by two major interstate petroleum pipeline systems.

The price of crude oil is established by the supply and demand conditions in the global market overall and, more particularly, in the main refining centers of Singapore, Northwest Europe, and the U.S. Gulf Coast. Demand for petroleum products by consumers, as well as agricultural, manufacturing and transportation industries, determines demand for crude oil by refiners. Since the precursors of product demand are linked to economic activity, crude oil demand will tend to reflect economic conditions. However, other factors such as weather also influence product and crude oil demand. The price of crude oil has historically exhibited periods of significant volatility.

Gasoline. Gasoline is the largest single volume refined product sold in the U.S. and accounts for almost half of national oil consumption. The Gasoline Futures Contract, listed and traded on the NYMEX, trades in units of 42,000 gallons (1,000 barrels) and is based on delivery at petroleum products terminals in the New York harbor, the major East Coast trading center for imports and domestic shipments from refineries in the New York harbor area or from the Gulf Coast refining centers. The price of gasoline is volatile.

Heating Oil. Heating oil, also known as No. 2 fuel oil, accounts for 25% of the yield of a barrel of crude oil, the second largest “cut” from oil after gasoline. The heating oil futures contract, listed and traded on the NYMEX, trades in units of 42,000 gallons (1,000 barrels) and is based on delivery in New York harbor, the principal cash market center.

Natural Gas. Natural gas accounts for almost a quarter of U.S. energy consumption. The price of natural gas is established by the supply and demand conditions in the North American market and, more particularly, in the

main refining center of the U.S. Gulf Coast. The natural gas market essentially constitutes an auction, where the highest bidder wins the supply. When markets are “strong” (*i.e.*, when demand is high and/or supply is low), the bidder must be willing to pay a higher premium to capture the supply. When markets are “weak” (*i.e.*, when demand is low and/or supply is high), a bidder may choose not to outbid competitors, waiting instead for later, possibly lower priced, supplies. Demand for natural gas by consumers, and the agricultural, manufacturing and transportation industries, determines overall demand for natural gas. Since the precursors of product demand are linked to economic activity, natural gas demand will tend to reflect economic conditions. However, other factors such as weather significantly influence natural gas demand. The natural gas futures contracts traded on the NYMEX trade in units of 10,000 million British thermal units (“mmBtu”) and are based on delivery at the Henry Hub in Louisiana.

Because of the volatility of natural gas prices, a vigorous basis market has developed in the pricing relationships between the Henry Hub and other important natural gas market centers in the continental United States and Canada.

Structure and Regulation of 12 Month Oil Fund and 12 Month Natural Gas Fund

Each of the 12 Month Oil Fund and the 12 Month Natural Gas Fund is a Delaware limited partnership formed in June 2007. The 12 Month Oil Fund is a commodity pool that will invest in Crude Oil Interests, while the 12 Month Natural Gas Fund is a commodity pool that will invest in Natural Gas Interests. Both are managed by Victoria Bay, a single member Delaware limited liability company, which is wholly owned by Wainwright Holdings, Inc. The General Partner of the Partnerships is registered as a commodity pool operator (“CPO”) with the Commodity Futures Trading Commission (the “CFTC”) and is a member of the National Futures Association.

Information regarding the Partnerships and the General Partner, as well as detailed descriptions of the manner in which the Units will be offered and sold, and the investment strategy of the 12 Month Oil Fund and the 12 Month Natural Gas Fund, are included in their respective registration statements regarding the offering of the

¹² The Exchange states that NYMEX is the world’s largest physical commodity futures exchange and the dominant market for the trading of energy and precious metals.

¹¹ See section entitled “Arbitrage,” *infra*.

Units filed with the Commission under the Securities Act of 1933.¹³

Clearing Broker. UBS Securities, LLC, a CFTC-registered futures commission merchant ("FCM"), will execute and clear each Partnership's futures contract transactions and hold the margin related to its Futures Contracts investments (the "Clearing Broker"). The clearing arrangements between the Clearing Broker and each Partnership are terminable by the Clearing Broker, upon notice. In such an instance, the General Partner may be required to renegotiate with the current Clearing Broker, or make arrangements with other FCMs, if the Partnership(s) intend(s) to continue trading in Futures Contracts or Other Crude Oil or Natural Gas-Related Investments, as appropriate, at the present level of capacity.

Administrator and Custodian. Under separate agreements with each Partnership, Brown Brothers Harriman & Co. will serve as administrator, registrar, transfer agent and custodian (the "Administrator" or "Custodian"). The Administrator will perform services necessary for the operation and administration of each Partnership, including certain administrative and accounting services as well as the preparation of certain Commission and CFTC reports on behalf of each Partnership. These services include, but are not limited to, investment accounting, financial reporting, broker and trader reconciliation, calculation of the NAV and valuation of Treasuries and cash equivalents used to purchase or redeem Units and other Partnership assets or liabilities. As Custodian, it will (i) receive payments from purchasers of Baskets, (ii) make payments to Sellers for Redemption Baskets, as described below, (iii) hold cash, cash equivalents and Treasuries, as well as collateral posted by each Partnership's derivatives counterparties, and (iv) make transfers of margin and collateral with respect to each Partnership's investments to and from its FCMs or counterparties.

Marketing Agent. ALPS Distributors, Inc., a registered broker-dealer, will be the marketing agent for the Partnerships ("Marketing Agent"). The Marketing Agent will continuously offer, and redeem, Creation and Redemption Baskets, respectively, and will receive and process creation and redemption orders from Authorized Purchasers (as defined below) and coordinate the processing of orders for the creation or redemption of Units with the General

Partner and the Depository Trust Company ("DTC").

Investment Strategy of 12 Month Oil Fund

Investments. The General Partner of the 12 Month Oil Fund believes that it will be able to use a combination of Futures Contracts and Other Crude Oil-Related Investments to manage the portfolio to achieve its investment objective. The General Partner further anticipates that the exact mix of Futures Contracts and Other Crude Oil-Related Investments held by the portfolio will vary over time depending on, among other things, the amount of invested assets in the portfolio, price movements of crude oil, the rules and regulations of the various futures and commodities exchanges and trading platforms that deal in Crude Oil Interests, and innovations in the Crude Oil Interests' marketplace including both the creation of new Crude Oil Interest investment vehicles, and the creation of new trading venues that trade in Crude Oil Interests.

Futures Contracts. The principal Crude Oil Interests to be invested in by the 12 Month Oil Fund are Futures Contracts. The General Partner initially expects the 12 Month Oil Fund to purchase the Oil Benchmark Futures Contracts. The 12 Month Oil Fund may also invest in Futures Contracts in heating oil, crude oil, gasoline, natural gas, and other petroleum-based fuels that are traded on the NYMEX, ICE Futures or other U.S. and foreign exchanges.

The price movements in the Oil Benchmark Futures Contracts have historically closely tracked the investment objective of the 12 Month Oil Fund over both the short-term, medium-term and the long-term. For that reason, the 12 Month Oil Fund anticipates making significant investments in the Oil Benchmark Futures Contracts. The General Partner submits that other Futures Contracts have also tended to track the investment objective of the 12 Month Oil Fund, though not as closely as the Oil Benchmark Futures Contracts.

Other Crude Oil-Related Investments. The 12 Month Oil Fund may also purchase Other Crude Oil-Related Investments such as cash-settled options on Futures Contracts and forward contracts for crude oil, and participate in OTC transactions that are based on the price of crude oil, heating oil, gasoline, natural gas, and other petroleum-based fuels, Futures Contracts and indices based on the foregoing. Option contracts offer investors and hedgers another vehicle

for managing exposure to the crude oil market. The 12 Month Oil Fund may purchase options on crude oil Futures Contracts on the principal commodities and futures exchanges in pursuing its investment objective.

In addition to listed options, the Exchange states that there also exists an active OTC market in derivatives linked to crude oil. These OTC derivative transactions are privately-negotiated agreements between two parties. Unlike Futures Contracts or related options, each party to an OTC contract bears the credit risk that the counterparty may not be able to perform its obligations.

The Exchange states that some OTC contracts contain fairly generic terms and conditions and are available from a wide range of participants, while other OTC contracts have highly customized terms and conditions and are not as widely available. Many OTC contracts are cash-settled forwards for the future delivery of crude oil or petroleum-based fuels that have terms similar to the Futures Contracts. Others take the form of "swaps" in which the two parties exchange cash flows based on pre-determined formulas tied to the price of crude oil as determined by the spot, forward or futures markets. The 12 Month Oil Fund may enter into OTC derivative contracts whose value may be tied to changes in the difference between the crude oil spot price, the price of Futures Contracts traded on NYMEX, and the prices of non-NYMEX Futures Contracts that may be invested in by the 12 Month Oil Fund.

Investment Strategy of 12 Month Natural Gas Fund

Investments. The General Partner of the 12 Month Natural Gas Fund believes that it will be able to use a combination of Futures Contracts and Other Natural Gas-Related Investments to manage the portfolio to achieve its investment objective. The General Partner further anticipates that the exact mix of Futures Contracts and Other Natural Gas-Related Investments held by the portfolio will vary over time depending on, among other things, the amount of invested assets in the portfolio, price movements of natural gas, the rules and regulations of the various futures and commodities exchanges and trading platforms that deal in Natural Gas Interests, and innovations in the Natural Gas Interests' marketplace including both the creation of new Natural Gas Interest investment vehicles and the creation of new trading venues that trade in Natural Gas Interests.

Futures Contracts. The principal Natural Gas Interests to be invested in by the 12 Month Natural Gas Fund are

¹³ See 12 Month Oil Fund's Form S-1, filed with the Commission on July 5, 2007 and amended on August 31, 2007 (File No. 333-144348), and 12 Month Natural Gas Fund's Form S-1, filed with the Commission on July 6, 2007 (File No. 333-144409).

Futures Contracts. The General Partner of the 12 Month Natural Gas Fund initially expects to purchase the Natural Gas Benchmark Futures Contracts. The 12 Month Natural Gas Fund may also invest in Futures Contracts in crude oil, natural gas, heating oil, gasoline and other petroleum-based fuels that are traded on the NYMEX, ICE Futures or other U.S. and foreign exchanges.

The price movements in the Natural Gas Benchmark Futures Contracts have historically closely tracked the investment objective of the 12 Month Natural Gas Fund over both the short-term, medium-term and the long-term. For that reason, the General Partner of the 12 Month Natural Gas Fund anticipates making significant investments in the Natural Gas Benchmark Futures Contracts. The General Partner submits that other Futures Contracts have also tended to track the investment objective of the 12 Month Natural Gas Fund, though not as closely as the Natural Gas Benchmark Futures Contracts.

Other Natural Gas-Related Investments. The 12 Month Natural Gas Fund may also purchase Other Natural Gas-Related Investments such as cash-settled options on Futures Contracts and forward contracts for natural gas, and participate in OTC transactions that are based on the price of gasoline, heating oil, crude oil, natural gas, and other petroleum-based fuels, as well as Futures Contracts and indices based on the foregoing. Option contracts offer investors and hedgers another vehicle for managing exposure to the natural gas market. The 12 Month Natural Gas Fund may purchase options on natural gas Futures Contracts on the principal commodities and futures exchanges in pursuing its investment objective.

In addition to listed options, the Exchange states that there also exists an active OTC market in derivatives linked to natural gas. These OTC derivative transactions are privately-negotiated agreements between two parties. Unlike Futures Contracts or related options, each party to an OTC contract bears the credit risk that the counterparty may not be able to perform its obligations.

The Exchange states that some OTC contracts contain fairly generic terms and conditions and are available from a wide range of participants, while other OTC contracts have highly customized terms and conditions and are not as widely available. Many OTC contracts are cash-settled forwards for the future delivery of gasoline or petroleum-based fuels that have terms similar to the Futures Contracts. Others take the form of "swaps" in which the two parties exchange cash flows based on pre-

determined formulas tied to the price of gasoline as determined by the spot, forward or futures markets. The 12 Month Natural Gas Fund may enter into OTC derivative contracts whose value will be tied to changes in the difference between the natural gas spot price, the price of Futures Contracts traded on NYMEX, and the prices of non-NYMEX Futures Contracts that may be invested in by the 12 Month Natural Gas Fund.

Impact of Accountability Levels and Position Limits.

The Exchange states that the CFTC and U.S. designated contract markets such as NYMEX have established accountability levels and position limits on the maximum net long or net short Futures Contracts in commodity interests that any person or group of persons under common trading control and that these limits are applicable to each of the Partnerships. Accountability levels and position limits are intended, among other things, to prevent a corner or squeeze on a market or undue influence on prices by any single trader or group of traders. The net position is the difference between an individual or firm's open long contracts and open short contracts in any one commodity.

Most U.S. futures exchanges, such as NYMEX, also limit the daily price fluctuation (*i.e.*, daily price limits) for Futures Contracts. The daily price limits establish the maximum amount that the price of a futures contract or an option on a futures contract may vary either up or down from the previous day's settlement price during a particular trading session. Once the daily limit has been reached in a particular futures contract or option on a futures contract, no trades may be made at a price beyond the limit.

The accountability levels for each of the Benchmark Futures Contracts and other Futures Contracts traded on NYMEX are not a fixed ceiling, but rather, a threshold above which NYMEX may exercise greater scrutiny and control over an investor's positions. The current accountability level for investments at any one time in crude oil Futures Contracts (including investments in the Oil Benchmark Futures Contracts) is 20,000 contracts. Similarly, the amount for natural gas Futures Contracts (including investments in the Natural Gas Benchmark Futures Contracts) is 12,000 contracts. If a Partnership exceeds its respective accountability level for investments in either crude oil or natural gas Futures Contracts, as appropriate, NYMEX will monitor the Partnership's exposure and request additional information on its activities

including the total size of all positions, investment and trading strategy, and the extent of its liquidity resources. If deemed necessary, NYMEX could order the Partnership to reduce its position back to the accountability level.

If NYMEX orders a Partnership to reduce its position back to the accountability level, or to an accountability level that NYMEX deems appropriate for the Partnership, such accountability level may impact the mix of investments in Crude Oil Interests or Natural Gas Interests made by the 12 Month Oil Fund or the 12 Month Natural Gas Fund, respectively. To illustrate, assume that the Oil Benchmark Futures Contracts and the Unit price of the 12 Month Oil Fund are each \$50, and that NYMEX has determined that the 12 Month Oil Fund may not own more than 20,000 contracts in crude oil Futures Contracts. In such case, the 12 Month Oil Fund could invest up to \$1 billion of its daily net assets in the Oil Benchmark Futures Contracts (*i.e.*, \$50 per unit multiplied by 1,000 (an Oil Benchmark Futures Contract is a contract for 1,000 barrels) multiplied by 20,000 contracts) before reaching the accountability level imposed by NYMEX. Once the daily net assets of the portfolio exceed \$1 billion in the Oil Benchmark Futures Contracts, the portfolio may not be able to make any further investments in the Oil Benchmark Futures Contracts, depending on whether NYMEX imposes limits. If NYMEX does impose limits at the \$1 billion level (or another level), the 12 Month Oil Fund anticipates that it will invest the majority of its assets above that level in a mix of other Futures Contracts or Other Crude Oil-Related Investments. The above example applies equally to the 12 Month Natural Gas Fund and the Natural Gas Benchmark Futures Contracts.

In addition to accountability levels, NYMEX imposes position limits on contracts held in the last few days of trading in the near month contract. The Exchange states that it is unlikely that a Partnership will run up against such position limits because each Partnership's investment strategy is to exit from the near month contract approximately two weeks before expiration of the contract.

Investment Procedures

The General Partner for each of the 12 Month Oil Fund and the 12 Month Natural Gas Fund anticipates that the use of Other Crude Oil-Related Investments and Other Natural Gas-Related Investments, respectively, together with investments in Futures

Contracts, will produce price and total return results that closely track each Partnership's investment objective.

Counterparty Procedures. To protect themselves from the credit risk that arises in connection with such contracts, the 12 Month Oil Fund and the 12 Month Natural Gas Fund will each enter into agreements, with each counterparty, that provide for the netting of their respective overall exposure to the counterparty, such as the agreements published by the International Swaps and Derivatives Association, Inc. Each Partnership will also require that the counterparty be highly rated and/or provide collateral or other credit support to address the Partnership's exposure to the counterparty. The General Partner will assess or review, as appropriate, the creditworthiness of each potential or existing counterparty to an OTC contract pursuant to guidelines approved by the General Partner's Board of Directors. The General Partner, on behalf of the Partnerships, will only enter into OTC contracts with (a) members of the Federal Reserve System or foreign banks with branches regulated by the Federal Reserve Board; (b) primary dealers in U.S. government securities; (c) broker-dealers; (d) commodities futures merchants; or (e) affiliates of the foregoing.

Cash, Cash Equivalents and Treasuries. The 12 Month Oil Fund and the 12 Month Natural Gas Fund will invest virtually all of their assets not invested in Crude Oil Interests or Natural Gas Interests, respectively, in cash, cash equivalents, and Treasuries. The cash, cash equivalents and Treasuries will be available for use in meeting each Partnership's current or potential margin and collateral requirements with respect to investments in Crude Oil Interests or Natural Gas Interests, as appropriate. Neither Partnership will use cash, cash equivalents, and Treasuries as margin for new investments unless it has a sufficient amount of cash, cash equivalents, and Treasuries to meet the margin or collateral requirements that may arise due to changes in the value of its currently held Crude Oil Interests or Natural Gas Interests. Other than in connection with a redemption of Units, each Partnership does not intend to distribute cash or property to its Unit holders. Interest earned on cash, cash equivalents, and Treasuries held by a Partnership will be retained by it to pay its expenses, to make investments to satisfy its investment objectives, or to satisfy its margin or collateral requirements.

The Markets for Partnership Units

There will be two markets for investors to purchase and sell Units. New issuances of the Units will be made only in baskets of 100,000 Units (a "Basket"), or multiples thereof. Each Partnership will issue and redeem Baskets of the Units on a continuous basis, by or through participants who have each entered into an authorized purchaser agreement ("Authorized Purchaser Agreement" and each such participant, an "Authorized Purchaser")¹⁴ with the General Partner, at the NAV per Unit next determined after an order to purchase the Units in a Basket is received in proper form. Baskets may be issued and redeemed on any "business day" (defined as any day other than a day on which the Amex, the NYMEX or the New York Stock Exchange ("NYSE") is closed for regular trading) through the Marketing Agent in exchange for cash and/or Treasuries, which the Custodian receives from Authorized Purchasers or transfers to Authorized Purchasers, in each case, on behalf of a Partnership. Baskets are then separable upon issuance into identical Units that will be listed and traded on the Exchange.¹⁵

The Units will thereafter be traded on the Exchange similar to other equity securities. Units will be registered in book-entry form through DTC. Trading in the Units on the Exchange will be effected until 4:15 p.m. Eastern time ("ET") each business day. The minimum trading increment for such Units will be \$.01.

Each Authorized Purchaser, and each distributor, offering and selling newly issued Units as part of the distribution of such Units, is required to comply with the prospectus delivery and disclosure requirements of the Securities Act of 1933, as well as the requirements of the Commodities Exchange Act ("CEA"), including the requirement that prospective investors provide an acknowledgement of receipt of such disclosure materials prior to the payment for any newly issued Units.

Calculation of Partnership NAV. The Administrator will calculate NAV as follows: (1) Determine the current value of each Partnership's assets and (2) subtract the liabilities of each Partnership. The NAV will be calculated shortly after the close of trading on the

¹⁴ An "Authorized Purchaser" must be (i) a registered broker-dealer or other market participant, such as a bank or other financial institution, that is exempt from broker-dealer registration and (ii) a DTC Participant.

¹⁵ The Exchange expects that the number of outstanding Units will increase and decrease as a result of creations and redemptions of Baskets.

Exchange using the settlement value¹⁶ of Futures Contracts traded on the NYMEX as of the close of open-outcry trading on the NYMEX at 2:30 p.m. ET, and for the value of other Crude Oil Interests or Natural Gas Interests, depending on the Partnership, and Treasuries and cash equivalents, the value of such investments as of the earlier of 4 p.m. ET or the close of trading on the NYSE. The NAV is calculated by including any unrealized profit or loss on Futures Contracts and Other Crude Oil-Related Investments and Other Natural Gas Related-Investments, as the case may be, and any other credit or debit accruing to a Partnership but unpaid or not received by such Partnership. The NAV is then used to compute all fees (including the management and administrative fees) that are calculated from the value of Partnership assets. The Administrator will calculate the NAV per Unit by dividing the NAV by the number of Units outstanding.

When calculating NAV, the Administrator will value Futures Contracts based on the closing settlement prices quoted on the relevant commodities and futures exchange and obtained from various major market data vendors such as Bloomberg or Reuters. The value of the Other Crude Oil-Related Investments or Other Natural Gas-Related Investments, for purposes of determining the NAV, will be based upon the determination of the Administrator as to the fair market value. Certain types of Other Crude Oil-Related Investments and Other Natural Gas-Related Investments, such as listed options on Futures Contracts, have closing prices that are available from the exchange upon which they are traded or from various market data vendors. Other Crude Oil-Related Investments and Other Natural Gas-Related Investments will be valued based on the last sale price on the exchange or market where traded. If a contract fails to trade, the value shall be the most recent bid quotation from the third-party source. Some types of Other Crude Oil-Related Investments and Other Natural Gas-Related Investments, such as forward contracts, do not trade on established exchanges but typically have prices that are widely available from third-party sources. The Administrator may make use of such third-party sources in calculating a fair market value of these Other Crude Oil-Related Investments and Other Natural Gas-Related Investments.

¹⁶ See Rules 6.52 and 6.52A of the NYMEX Rulebook.

Certain types of Other Crude Oil-Related Investments and Other Natural Gas-Related Investments, such as OTC derivative contracts such as "swaps" also do not have established exchanges upon which they trade and may not have readily available price quotes from third parties. Swaps and other similar derivative or contractual-type instruments will be first valued at a price provided by a single broker or dealer, typically the counterparty. If no such price is available, the contract will be valued at a price at which the counterparty to such contract could repurchase the instrument or terminate the contract. In determining the fair market value of such derivative contracts, the Administrator may make use of quotes from other providers of similar derivatives. If these are not available, the Administrator may calculate a fair market value of the derivative contract based on the terms of the contract and the movement of the underlying price factors of the contract.

Calculation of the Basket Amount. Baskets will be issued in exchange for Treasuries and/or cash in an amount equal to the NAV per Unit times 100,000 Units (the "Basket Amount"). Baskets will be delivered by the Marketing Agent to each Authorized Purchaser only after execution of the Authorized Purchaser Agreement.

Units in a Basket are issued and redeemed in accordance with the Authorized Purchaser Agreement. Authorized Purchasers that wish to purchase a Basket must transfer the Basket Amount, for each Basket purchased, to the Custodian (the "Deposit Amount"). Authorized Purchasers that wish to redeem a Basket will receive an amount of Treasuries and/or cash in exchange for each Basket surrendered in an amount equal to the NAV per Basket (the "Redemption Amount").

On each business day, the Administrator will make available, immediately prior to the opening of trading on the Exchange, the Basket Amount for the creation of a Basket based on the prior day's NAV. At or about 4 p.m. ET on each business day, the Administrator will determine the Basket Amount for orders placed by Authorized Purchasers received before 12 p.m. ET that day. Because orders to purchase and/or redeem Baskets must be placed by 12 p.m. ET, but the Basket Amount will not be determined until shortly after 4 p.m. ET, on the date the purchase order or redemption order, as applicable, is received, Authorized Purchasers will not know the total payment required to create or redeem a Basket, as applicable, at the time they

submit such irrevocable purchase and/or redemption order. This is similar to exchange-traded funds and mutual funds. The 12 Month Oil Fund's and the 12 Month Natural Gas Fund's registration statements disclose that NAV and the Basket Amount could rise and fall substantially between the time an irrevocable purchase order and/or redemption order is submitted and the time the Basket Amount is determined.¹⁷

Shortly after 4 p.m. ET on each business day, the Administrator, Amex, and the General Partner will disseminate the Basket Amount (for orders placed during the day) together with the NAV for the Units.¹⁸ The Basket Amount and the NAV are communicated by the Administrator to all Authorized Purchasers via facsimile or electronic mail message. Concurrently, the Amex will also disclose the NAV and Basket Amount on its Web site at <http://www.amex.com>. The Basket Amount necessary for the creation of a Basket will change from day to day. On each day that the Amex is open for regular trading, the Administrator will adjust the Deposit Amount as appropriate to reflect the prior day's Partnership NAV and accrued expenses. The Administrator will then determine the Deposit Amount for a given business day.

Calculation and Payment of the Deposit Amount. The Deposit Amount of Treasuries and/or cash will be in the same proportion to the total net assets of each Partnership as the number of Units to be created is in proportion to the total number of Units outstanding as of the date the purchase order is accepted. The General Partner will determine the requirements for the Treasuries that may be included in the Deposit Amount and will disseminate these requirements at the start of each business day. The amount of cash that is required is the difference between the aggregate market value of the Treasuries required to be included in the Deposit Amount as of 4 p.m. ET on the date of purchase and the total required deposit.

All purchase orders must be received by the Marketing Agent by 12 p.m. ET for consideration on that business day. Delivery of the Deposit Amount, *i.e.*,

Treasuries and/or cash, to the Administrator must occur by the third business day following the purchase order date (T+3).¹⁹ Thus, the General Partner will disseminate shortly after 4 p.m. ET on the date the purchase order was properly submitted, the amount of Treasuries and/or cash to be deposited with the Custodian for each Basket.

Calculation and Payment of the Redemption Amount. The Units will not be individually redeemable but will only be redeemable in Baskets. To redeem, an Authorized Purchaser will be required to accumulate enough Units to constitute a Basket (*i.e.*, 100,000 Units). An Authorized Purchaser redeeming a Basket will receive the Redemption Amount. Upon the surrender of the Units and payment of applicable redemption transaction fee,²⁰ taxes or charges, the Custodian will deliver to the redeeming Authorized Purchaser the Redemption Amount. The Redemption Amount of Treasuries and/or cash will be in the same proportion to the total net assets of each Partnership as the number of Units to be redeemed is in proportion to the total number of Units outstanding as of the date the redemption order is accepted. The General Partner will determine the Treasuries to be included in the Redemption Amount. The amount of cash that is required is the difference between the aggregate market value of the Treasuries required to be included in the Redemption Amount as of 4 p.m. ET on the date of redemption and the total Redemption Amount. All redemption orders must be received by the Marketing Agent by 12 p.m. ET on the business day redemption is requested and are irrevocable. Delivery of the Basket to be redeemed to the Custodian and payment of the Redemption Amount will occur by the third business day following the redemption order date (T+3).

Arbitrage

The Exchange believes that the Units will not trade at a material discount or premium to a Unit's NAV based on potential arbitrage opportunities. Due to the fact that the Units can be created and redeemed only in Baskets at NAV, the Exchange submits that arbitrage opportunities should provide a mechanism to mitigate the effect of any

¹⁷ The General Partner states that the price of crude oil or natural gas futures may fluctuate 5% or more between 12 noon, the cutoff for creation and redemption orders, and 2:30 p.m., the close of trading on NYMEX. As explained further below (*see* section entitled "Arbitrage," *infra*), the Exchange does not anticipate such price movements to impact the arbitrage process.

¹⁸ The Exchange will obtain a representation from each Partnership that its NAV and other relevant pricing information will be disclosed to all market participants at the same time.

¹⁹ Authorized Purchasers are required to pay a transaction fee of \$1,000 for each order to create one or more Baskets.

²⁰ Authorized Purchasers are required to pay a transaction fee of \$1,000 for each order to redeem one or more Baskets.

premiums or discounts that may exist from time to time.²¹

Dissemination and Availability of Information

Futures Contracts. The daily settlement prices for NYMEX-traded Futures Contracts are publicly available on NYMEX's Web site at <http://www.nymex.com>. The Exchange will also include on its Web site at <http://www.amex.com> a hyperlink to NYMEX's Web site for the purpose of disclosing futures contract pricing. In addition, various market data vendors and news publications publish futures prices and related data. The Exchange represents that quote and last sale information for the Futures Contracts are widely disseminated through a variety of market data vendors worldwide, including Bloomberg and Reuters. In addition, the Exchange further represents that real-time futures data is available by subscription from Reuters and Bloomberg. NYMEX also provides delayed futures information on current and past trading sessions and market news free of charge on its Web site. The specific contract specifications for the Futures Contracts are also available on NYMEX's Web site and the ICE Futures Web site at <http://www.icefutures.com>.

Partnership Units. The Exchange's Web site at <http://www.amex.com>, which is publicly accessible at no charge, will contain the following information: (1) The prior business day's NAV and the reported closing price; (2) the mid-point of the bid-ask price²² in relation to the NAV as of the time the NAV is calculated (the "Bid-Ask Price"); (3) calculation of the premium or discount of such price against such NAV; (4) data in chart form displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV, within appropriate ranges for each of the four previous calendar quarters; (5) the prospectus and the most recent periodic

reports filed with the Commission or required by the CFTC; and (6) other applicable quantitative information.

Portfolio Disclosure. The 12 Month Oil Fund's and the 12 Month Natural Gas Fund's total portfolio composition will be disclosed each business day that the Amex is open for trading on their respective Web sites at <http://www.unitedstates12monthoilfund.com> and <http://www.unitedstates12monthnaturalgasfund.com>, respectively. The 12 Month Oil Fund's Web site disclosure of portfolio holdings will be made daily and will include, as applicable, the name and value of each Crude Oil Interest, the specific types of Crude Oil Interests and characteristics of such Crude Oil Interests, Treasuries, and amount of cash and cash equivalents held in the portfolio of the 12 Month Oil Fund. The 12 Month Natural Gas Fund's Web site disclosure of portfolio holdings will be made daily and will include, as applicable, the name and value of each Natural Gas Interest, the specific types of Natural Gas Interests and characteristics of such Natural Gas Interests, Treasuries, and amount of cash and cash equivalents held in the portfolio of the 12 Month Natural Gas Fund. The public Web site disclosure of the portfolio composition of each of the 12 Month Oil Fund and the 12 Month Natural Gas Fund will coincide with the disclosure by the Administrator on each business day of the NAV for the Units and the Basket Amount (for orders placed during the day) for each Partnership. Therefore, the same portfolio information will be provided at the same time on the public Web site for each Partnership as well as in the facsimile or electronic mail message to Authorized Purchasers containing the NAV and Basket Amount ("Daily Dissemination"). The format of the public Web site disclosure and the Daily Dissemination will differ because the public Web site will list all portfolio holdings while the Daily Dissemination will provide the portfolio holdings in a format appropriate for Authorized Purchasers, *i.e.*, the exact components of a Creation Unit.

As described above, each Partnership's NAV will be calculated and disseminated daily. The Amex also intends to disseminate for each Partnership on a daily basis by means of the Consolidated Tape Association ("CTA")/Consolidated Quote High Speed Lines information with respect to the Indicative Partnership Value (as discussed below), recent NAV, Units outstanding, the Basket Amount and the Deposit Amount. The Exchange will also make available on its Web site daily trading volume, closing prices and the

NAV. The closing price and settlement prices of the Futures Contracts held by each Partnership are also readily available from the NYMEX, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. In addition, the Exchange will provide a hyperlink on its Web site at <http://www.amex.com> to each Partnership's Web site.

Indicative Partnership Value. In order to provide updated information relating to each Partnership for use by investors, professionals and persons wishing to create or redeem the Units, the Exchange will disseminate through the facilities of the CTA an amount representing, on a per-Unit-basis, the current indicative value of the Basket Amount (the "Indicative Partnership Value").²³ Consistent with Amex Rule 1502, the Indicative Partnership Value for each Partnership will be disseminated on a per-Unit-basis at least every 15 seconds during regular Amex trading hours of 9:30 a.m. to 4:15 p.m. ET. The Indicative Partnership Value will be calculated based on the Treasuries and cash required for creations and redemptions (*i.e.*, NAV per Unit x 100,000) adjusted to reflect the price changes of the relevant Benchmark Futures Contracts.

The Indicative Partnership Value is based on open outcry trading of the relevant Benchmark Futures Contracts on NYMEX. Open-outcry trading on the NYMEX closes daily at 2:30 p.m. ET while NYMEX's energy futures contracts are traded on the Chicago Mercantile Exchange's CME Globex® electronic trading platform on a twenty-four hour basis.²⁴ After the close of open outcry on NYMEX at 2:30 p.m., the Indicative Partnership Value will reflect changes to the relevant Benchmark Futures Contracts as provided for through CME Globex®. The value of the relevant Benchmark Futures Contracts will be available on a 15-second delayed basis during the time that a Unit trades on the Exchange.

While NYMEX is open for trading, the Indicative Partnership Value can be expected to closely approximate the value per Unit of the Basket Deposit. However, during Amex trading hours

²¹ The Exchange states that arbitrage opportunities may arise whenever the market price of a Partnership is higher (or lower) than its expected fair market value, which is based on the price of the underlying commodity futures. Authorized Purchasers may effectively lock-in an arbitrage spread by selling (or buying) the Units while, at the same time buying (or selling), the related commodity futures. This arbitrage activity may occur not only at the time of an irrevocable creation or redemption order, but throughout the day. Accordingly, the Exchange believes that arbitrage activity should not be affected by price movements in the underlying commodity assets between the cutoff for creation and redemption orders and the close of futures trading, following which the Basket Amount is determined.

²² The Bid-Ask Price of Units is determined using the highest bid and lowest offer as of the time of calculation of the NAV.

²³ The Exchange proposes to amend Amex Rule 1500-AEMI(b) to define "Indicative Partnership Value" as an estimate, updated at least every 15 seconds, of the value of a Partnership Unit of each series.

²⁴ CME Globex® ("Globex") is an open-access marketplace that operates virtually 24 hours each trading day. Electronic trading on Globex is conducted from 6 p.m. ET Sunday through 5:15 p.m. ET Friday each week. There is a 45-minute break each day between 5:15 p.m. ET and 6 p.m. ET.

when the Futures Contracts have ceased trading in NYMEX's open outcry, spreads and resulting premiums or discounts may widen and, therefore, increase the difference between the price of the Units and the NAV of the Units. The Exchange submits that the Indicative Partnership Value disseminated during Amex trading hours, on a per-Unit-basis, should not be viewed as a real-time update of the NAV, which is calculated only once daily. The Exchange believes that dissemination of the Indicative Partnership Value based on the Basket Deposit provides additional information that is not otherwise available to the public and is useful to professionals and investors in connection with the Units trading on the Exchange or the creation or redemption of the Units.

Partnership Termination Events

Each Partnership shall continue in effect from the date of its formation in perpetuity, unless sooner terminated upon the occurrence of any one or more of the following events: (1) The death, adjudication of incompetence, bankruptcy, dissolution, withdrawal, or removal of a General Partner who is the sole remaining General Partner, unless a majority in interest of limited partners within ninety (90) days after such event elects to continue the Partnership and appoints a successor general partner; or (2) the affirmative vote of a majority in interest of the limited partners to terminate the partnership, subject to certain conditions.

Upon termination of the Partnership, holders of the Units will surrender their Units and the assets of the Partnership shall be distributed to the Unit holders pro rata in accordance with the value of the Units, in cash or in kind, as determined by the General Partner.

Purchases and Redemptions in Baskets

In the Information Circular, members and member organizations will be informed that procedures for purchases and redemptions of Units in Baskets are described in the Prospectus and that Units are not individually redeemable but are redeemable only in Baskets or multiples thereof.

Listing and Trading Rules

Each Partnership will be subject to the criteria in Amex Rule 1502 for initial and continued listing of the Units. The Exchange will require a minimum of 100,000 Units to be outstanding at the start of trading. The Exchange expects that the initial price of a Unit will be

\$50.00.²⁵ The Exchange believes that the anticipated minimum number of Units outstanding at the start of trading is sufficient to provide adequate market liquidity and to further each Partnership's objective to seek to provide a simple and cost effective means of accessing the commodity futures markets. The Exchange represents that it prohibits the initial and/or continued listing of any security that is not in compliance with Rule 10A-3 under the Act.²⁶

The Amex original listing fee applicable to the listing of Units for each Partnership is \$5,000. In addition, the annual listing fee applicable under Section 141 of the Amex *Company Guide* will be based upon the year-end aggregate number of Units in all series of each Partnership outstanding at the end of each calendar year.

Amex Rule 154-AEMI, "Orders in AEMI," paragraph (c)(ii), provides that stop and stop limit orders to buy or sell a security the price of which is derivatively priced based upon another security or index of securities, may be elected by a quotation, as set forth in subparagraphs (c)(ii) (1)-(4) of Rule 154-AEMI. The Units will be deemed eligible for this treatment.

The Exchange states that Amex Rule 126A-AEMI, which will apply to trading of the Units, complies with Rule 611 of Regulation NMS, which requires among other things, that the Exchange adopt and enforce written policies and procedures that are reasonably designed to prevent trade-throughs of protected quotations.²⁷

Consistent with the treatment of trust issued receipts ("TIRs"), Specialist transactions of the Units made in connection with the creation and redemption of Units will not be subject to the prohibitions of Amex Rule 190, "Specialist's Transactions with Public Customers."²⁸ The Units will generally be subject to the Exchange's stabilization rule, Rule 170-AEMI,

²⁵ Each Partnership expects that the initial Authorized Purchaser will purchase the initial Basket of 100,000 Units at the initial offering price per Unit of \$50.00. On the date of the public offering and thereafter, each Partnership will continuously issue Baskets consisting of 100,000 Units to Authorized Purchasers at NAV.

²⁶ See 17 CFR 240.10A-3.

²⁷ See Exchange Act Release No. 54552 (September 29, 2006), 71 FR 59546 (October 10, 2006) (SR-Amex-2005-104) (implementing a new hybrid market structure for equities and exchange-traded funds known as the "Auction & Electronic Market Integration").

²⁸ The Commission notes that Commentary .05 to Amex Rule 190 provides an exemption from the prohibitions stated in that rule for securities issued by a trust listed pursuant to Amex Rules 1200-AEMI and 1201-1202, 1200A-AEMI and 1201A-1205A, or 1200B and 1201B-1205B.

"Registration and Functions of Specialists," except that specialists may buy on "plus ticks" and sell on "minus ticks," in order to bring the Units into parity with the underlying commodity or commodities and/or futures contract price. The Exchange notes that Commentary .01 to its Rule 1503, "Specialist Prohibitions," sets forth this limited exception to Rule 170-AEMI.

The trading of the Units will be subject to certain conflict of interest provisions set forth in Amex Rules 1503 and 1504. Rule 1503 provides that the prohibitions in Rule 175(c) apply to a specialist in the Units so that the specialist or affiliated person may not act or function as a market-maker in an underlying asset, related futures contract or option or any other related derivative. An exception to the general prohibition in Rule 1503 provides that an approved person of an equity specialist that has established and obtained Exchange approval for procedures restricting flow of material, non-public market information between itself and the specialist member organization, and any member, officer or employee associated therewith, may act in a market making capacity, other than as a specialist in the Units on another market center, in the underlying asset or commodity, related futures or options on futures, or any other related derivatives. Rule 1504 provides that specialists handling Units provide the Exchange with all necessary information relating to their trading in underlying physical assets or commodities, related futures or options on futures, or any other related derivatives. In addition, members and member organizations will be subject to Commentary .03 to Amex Rule 1500-AEMI prohibiting such member or member organizations from acting as a market maker from off-floor through the use of multiple limit orders.

Trading Halts

If an Indicative Partnership Value is not being disseminated by one or more major market data vendors, the Exchange may halt trading during the day in which the interruption to the dissemination of such Indicative Partnership Value occurs. If the interruption to the dissemination of an Indicative Partnership Value persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

Prior to the commencement of trading, the Exchange will issue an Information Circular to members informing them of, among other things, Exchange policies regarding trading

halts in the Units. First, the Information Circular will advise that trading will be halted in the event the market volatility trading halt parameters set forth in Amex Rule 117 have been reached. Second, the Information Circular will advise that, in addition to the parameters set forth in Rule 117, the Exchange will halt trading in the Units if trading in the underlying Benchmark Futures Contracts is halted or suspended. Third, with respect to a halt in trading that is not specified above, the Exchange may also consider other relevant factors and the existence of unusual conditions or circumstances that may be detrimental to the maintenance of a fair and orderly market. Additionally, the Exchange represents that it will cease trading in the Units if any of the condition in Amex Rule 1502(b)(ii) or (iii) exist (*i.e.*, if there is a halt or disruption in the dissemination of the Indicative Partnership Value and/or underlying Oil Benchmark Futures Contracts and/or Natural Gas Benchmark Futures Contracts).

Suitability

The Information Circular will inform members and member organizations of the characteristics of the Units and of applicable Exchange rules, as well as of the requirements of Amex Rule 411 (Duty to Know and Approve Customers).

The Exchange notes that pursuant to Amex Rule 411, members and member organizations are required, in connection with recommending transactions in the Units, to have a reasonable basis to believe that a customer is suitable for the particular investment given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such member.

Information Circular

The Amex will distribute an Information Circular to its members in connection with the trading of each Partnership's Units. The Information Circular will discuss the special characteristics, and risks, of trading in the Units. Specifically, the Information Circular, among other things, will discuss what the Units are, how a Basket is created and redeemed, the requirement that members and member firms deliver a prospectus to investors purchasing the Units prior to, or concurrently with, the confirmation of a transaction, applicable Amex rules, dissemination of information regarding the per-Unit-Indicative Partnership Value, trading information, and

applicable suitability rules. The Information Circular will also explain that each Partnership is subject to various fees and expenses described in the relevant Registration Statements. The Information Circular will also reference the fact that there is no regulated source of last sale information regarding physical commodities, and describe the regulatory framework relating to the trading of crude oil, natural gas, heating oil, gasoline, or other petroleum-based fuels and crude oil- and natural gas-based futures contracts and related options.

The Information Circular will also notify members and member organizations about the procedures for purchases and redemptions of Units in Baskets, and that Units are not individually redeemable but are redeemable only in Baskets or multiples thereof. The Information Circular will advise members of their suitability obligations with respect to recommended transactions to customers in the Units. The Information Circular will also discuss any relief, if granted, by the Commission or the staff from any rules under the Act.

The Information Circular will disclose that the NAV for Units will be calculated shortly after 4 p.m. ET each trading day.

Surveillance

The Exchange submits that its surveillance procedures are adequate to deter and detect violations of Exchange rules relating to the trading of the Units. The surveillance procedures for the Units will be similar to those used for units of the United States Oil Fund, LP and the United States Natural Gas Fund, LP²⁹ as well as other commodity-based trusts, TIR and exchange-traded funds. In addition, the surveillance procedures will incorporate and rely upon existing Amex surveillance procedures governing options and equities. The Exchange currently has in place a comprehensive surveillance sharing agreement with each of NYMEX and ICE Futures for the purpose of providing information in connection with trading in, or related to, futures contracts traded on NYMEX and ICE Futures, respectively. To the extent that a Partnership invests in Crude Oil Interests or Natural Gas Interests traded

on other exchanges, the Amex will enter into comprehensive surveillance sharing agreements with those particular exchanges.³⁰

2. Statutory Basis

The Amex believes that the proposed rule change is consistent with the requirements of Section 6(b) of the Act³¹ in general, and furthers the objectives of Section 6(b)(5),³² of the Act in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by the Act matters not related to the purpose of the Act or the administration of the Exchange.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change or

²⁹ See Exchange Act Release Nos. 53582 (March 31, 2006), 71 FR 17510 (April 6, 2006) (SR-Amex-2005-127) (approving Amex Rules 1500-AEMI and 1501 through 1505 in conjunction with the listing and trading of Units of the United States Oil Fund, LP) and 55632 (April 13, 2007), 72 FR 19987 (April 20, 2007) (SR-Amex-2006-112) (approving the listing and trading of Units of the United States Natural Gas Fund, LP).

³⁰ The Exchange represents that each of the Partnerships will only invest in futures contracts on markets where the Exchange has entered into the appropriate comprehensive surveillance sharing agreements.

³¹ 15 U.S.C. 78f(b).

³² 15 U.S.C. 78f(b)(5).

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

The Amex has requested accelerated approval of this proposed rule change prior to the 30th day after the date of publication of the notice of the filing thereof. The Commission has determined that a 15-day comment period is appropriate in this case.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Amex-2007-98 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-Amex-2007-98. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that

you wish to make available publicly. All submissions should refer to File Number SR-Amex-2007-98 and should be submitted on or before November 19, 2007.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.³³

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56715; File No. SR-CBOE-2007-119]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Relating to the Criteria for Securities that Underlie Options Traded on the Exchange

October 29, 2007.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 4, 2007, Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change ("Exchange Notice") as described in Items I and II below, which Items have been substantially prepared by the Exchange. This order provides notice of the proposed rule change and approves the proposed rule change on an accelerated basis.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to permit the initial and continued listing and trading on the Exchange of options on Index Multiple Exchange Traded Fund Shares ("Index Multiple Units") and Index Inverse Exchange Traded Fund Shares ("Index Inverse Units"). The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.org/Legal>), at the Exchange's Office of the Secretary and at the Commission.

³³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to revise Rules 5.3, *Criteria for Underlying Securities*, and 5.4, *Withdrawal of Approval of Underlying Securities*, to enable the listing and trading on the Exchange of options on Index Multiple Units and Index Inverse Units. Index Multiple Units seek to provide investment results, before fees and expenses, that correspond to a specified multiple of the percentage performance on a given day of a particular foreign or domestic stock index. Index Inverse Units seek to provide investment results, before fees and expenses, that correspond to the inverse (opposite) of the percentage performance on a given day of a particular foreign or domestic stock index by a specified multiple. Index Multiple Units and Index Inverse Units differ from traditional exchange-traded fund shares or "Units" in that they do not merely correspond to the performance of a given index, but rather attempt to match a multiple or inverse of such underlying index performance. The ProShares Ultra Funds, which currently trades on the American Stock Exchange ("Amex") is an example of an Index Multiple Unit. Amex also currently lists for trading Index Inverse Units, namely the Short Funds and the UltraShort Funds.³

³ See Securities Exchange Act Release Nos. 52553 (October 3, 2005), 70 FR 59100 (October 11, 2005) (approving the listing and trading of Ultra Funds and Short Funds) and 54040 (June 23, 2006), 71 FR 37629 (June 30, 2006) (approving the listing and trading of the UltraShort Funds). The Ultra Funds are expected to gain, on a percentage basis, approximately twice (200%) as much as the underlying benchmark index and should lose approximately twice (200%) as much as the underlying benchmark index when such prices decline. The Short Funds are expected to achieve