

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79742; File No. SR-NYSEArca-2016-173]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to the Listing and Trading of the Shares of the United States 3x Oil Fund and United States – 3x Short Oil Fund Under NYSE Arca Equities Rule 8.200

January 5, 2017.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 23, 2016, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change 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 the shares of the following under NYSE Arca Equities Rule 8.200, Commentary .02 (“Trust Issued Receipts”): United States 3x Oil Fund and United States – 3x Short Oil Fund. The proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

#### 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 self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

##### 1. Purpose

The Exchange proposes to list and trade shares (“Shares”) of the following under NYSE Arca Equities Rule 8.200, Commentary .02, which governs the listing and trading of Trust Issued Receipts: United States 3x Oil Fund and United States – 3x Short Oil Fund (each a “Fund”) and, collectively, the “Funds”).<sup>4</sup>

Each Fund is a series of the USCF Funds Trust (the “Trust”), a Delaware statutory trust.<sup>5</sup> The Trust and the Funds are managed and controlled by United States Commodity Funds LLC (“USCF”). USCF is registered as a commodity pool operator (“CPO”) with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”).<sup>6</sup>

In its capacity as the Custodian for the Funds, Brown Brothers Harriman & Co. (the “Custodian”) may hold the Funds’ Treasuries, cash and/or cash equivalents pursuant to a custodial agreement. Brown Brothers Harriman & Co. is also the registrar and transfer agent for the shares. In addition, in its capacity as Administrator for the Funds, Brown

<sup>4</sup> Commentary .02 to NYSE Arca Equities Rule 8.200 applies to Trust Issued Receipts that invest in “Financial Instruments.” The term “Financial Instruments,” as defined in Commentary .02(b)(4) to NYSE Arca Equities Rule 8.200, means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars, and floors; and swap agreements.

<sup>5</sup> The Trust is registered under the Securities Act of 1933, the Trust filed with the Commission a registration statement on Form S-1 under the Securities Act of 1933 (15 U.S.C. 77a) (“Securities Act”) relating to the United States 3x Oil Fund (File No. 333-214825) and the United States 3x Short Oil Fund (File No. 333-214881) (each a “Registration Statement”) and, collectively, “Registration Statements”) on November 29, 2016 and December 2, 2016, respectively. The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statements.

<sup>6</sup> The Commission has previously approved listing of Trust Issued Receipts based on oil on the American Stock Exchange (now known as NYSE MKT LLC) and NYSE Arca. *See, e.g.*, Securities Exchange Act Release Nos. 53582 (March 31, 2006), 71 FR 17510 (April 6, 2006) (SR-Amex-2005-127) (order approving listing and trading of shares of United States Oil Fund, LP); 57188 (January 23, 2008), 73 FR 5607 (January 30, 2008) (SR-Amex-2007-70) (order approving listing and trading of shares of United States Heating Oil Fund, LP and United States Gasoline Fund, LP); 61881 (April 9, 2010), 75 FR 20028 (April 16, 2010) (SR-NYSEArca-2010-14) (order approving listing and trading of shares of United States Brent Oil Fund, LP); and 62527 (July 19, 2010), 75 FR 43606 (July 26, 2010) (order approving listing and trading of shares of United States Commodity Index Fund).

Brothers Harriman & Co. (the “Administrator”) performs certain administrative and accounting services for the Funds and prepares certain Commission, NFA and CFTC reports on behalf of the Funds. ALPS Fund Services, Inc. is the “Marketing Agent” for the Funds.

##### United States 3x Oil Fund

According to the Registration Statement, the investment objective of the Fund will be for the daily changes in percentage terms of its Shares’ per Share net asset value (“NAV”) to reflect three times (3x) the daily change in percentage terms of the price of a specified short-term futures contract on light, sweet crude oil (the “Benchmark Oil Futures Contract”) less the Fund’s expenses. To achieve this objective, USCF will endeavor to have the notional value of the Fund’s aggregate exposure to the Benchmark Oil Futures Contract at the close of each trading day approximately equal to 300% of the Fund’s NAV. The Fund will seek a return that is 300% of the return of the Benchmark Oil Futures Contract for a single day and does not seek to achieve its stated investment objective over a period of time greater than one day.<sup>7</sup>

The Benchmark Oil Futures Contract is the futures contract on light, sweet crude oil as traded on the New York Mercantile Exchange (the “NYMEX”, which is part of the CME Group, Inc. (“CME”)) that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire.

The Fund will seek to achieve its investment objective by primarily investing in futures contracts for light, sweet crude oil that are traded on the NYMEX, ICE Futures-U.S. or other U.S. and foreign exchanges (collectively, “Oil Futures Contracts”).

The Fund will, to a lesser extent and in view of regulatory requirements and/or market conditions:

(i) Next invest in (a) cleared swap transactions based on the Benchmark Futures Contract, (b) non-exchange traded (“over-the-counter” or “OTC”), negotiated swap contracts that are valued based on the Benchmark Futures Contract, and (c) forward contracts for oil;

<sup>7</sup> According to the Registration Statement, the pursuit of daily leveraged investment goals means that the return of the Fund for a period longer than a full trading day may have no resemblance to 300% of the return of the Benchmark Oil Futures Contract for a period of longer than a full trading day because the aggregate return of the Fund is the product of the series of each trading day’s daily returns.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

(ii) followed by investments in futures contracts for other types of crude oil, diesel-heating oil, gasoline, natural gas, and other petroleum-based fuels, each of which are traded on the NYMEX, ICE Futures U.S. or other U.S. and foreign exchanges as well as cleared swap transactions and OTC swap contracts valued based on the foregoing; and

(iii) finally, invest in exchange-traded cash settled options on Oil Futures Contracts.

All such other investments are referred to as "Other Oil-Related Investments" and, together with Oil Futures Contracts, are "Oil Interests."

For the Fund to maintain a consistent 300% return versus the Benchmark Oil Futures Contract, the Fund's holdings must be rebalanced on a daily basis by buying additional Oil Interests or selling Oil Interests that it holds.

The Fund anticipates that, to the extent it invests in Oil Futures Contracts other than the Benchmark Oil Futures Contract or Other Oil-Related Investments, it will enter into various non-exchange-traded derivative contracts, including swaps and/or forward contracts, to hedge the short-term price movements of such Oil Futures Contracts (to the extent necessary) and Other Oil-Related Investments against the current Benchmark Oil Futures Contract. For example, if the Fund invested in diesel-heating oil futures contracts, it may also enter into a swap or forward contract that is valued based on the difference between the diesel-heating oil futures contract and the Benchmark Oil Futures Contract.

USCF currently anticipates that regulatory requirements such as accountability levels or position limits, and market conditions including those allowing the Fund to obtain greater liquidity or to execute transactions with more favorable pricing, could cause the Fund to invest in Other Oil-Related Investments.

The Fund will support its investments by holding the amounts of its margin, collateral and other requirements relating to these obligations in short-term obligations of the United States of two years or less ("Treasuries"), cash, and cash equivalents. The Fund may invest in money market funds, as well as Treasuries with a maturity date of two years or less, as an investment for assets not used for margin or collateral in the Oil Interests. The majority of the Fund's assets will be held in Treasuries, cash and/or cash equivalents with the Custodian.

The Fund will seek to invest in a combination of Oil Interests such that the daily changes in its NAV, measured

in percentage terms, less the Fund's expenses, will track three times (3x) the daily changes in the price of the Benchmark Oil Futures Contract, also measured in percentage terms. As a specific benchmark, USCF will endeavor to place the Fund's trades in Oil Interests and otherwise manage the Fund's investments so that the difference between "A" and "B" will be plus/minus 0.30 percent (0.30%) of "B", where:

- A is the average daily percentage change in the Fund's per Share NAV for any period of thirty (30) successive valuation days, *i.e.*, any New York Stock Exchange ("NYSE") trading day as of which the Fund calculates its per Share NAV, less the Fund's expenses; and
- B is three times the average daily percentage change in the price of the Benchmark Oil Futures Contract over the same period.

According to the Registration Statement, the design of the Fund's Benchmark Oil Futures Contract is such that every month it begins by using the near month contract to expire until the near month contract is within two weeks of expiration, when, over a four day period, it transitions to the next month contract to expire as its benchmark contract and keeps that contract as its benchmark until it becomes the near month contract and close to expiration. In the event of a crude oil futures market where near month contracts trade at a higher price than next month to expire contracts ("backwardation"), then, absent the impact of the overall movement in crude oil prices, the value of the benchmark contract would tend to rise as it approaches expiration. Conversely, in the event of a crude oil futures market where near month contracts trade at a lower price than next month contracts ("contango"), then, absent the impact of the overall movement in crude oil prices, the value of the benchmark contract would tend to decline as it approaches expiration.

According to the Registration Statement, USCF believes that market arbitrage opportunities will cause daily changes in the Fund's Share price on the Exchange on a percentage basis, to closely track the daily changes in the Fund's per Share NAV on a percentage basis.

According to the Registration Statement, the Fund has not limited the size of its offering and is committed to utilizing substantially all of its proceeds to purchase Oil Futures Contracts and Other Oil-Related Investments. If the Fund encounters accountability levels, position limits, or price fluctuation limits for Oil Futures Contracts on the

NYMEX or ICE Futures U.S., it may then, if permitted under applicable regulatory requirements, purchase Oil Futures Contracts on other exchanges that trade listed crude oil futures or invest in Other Oil-Related Investments to meet its investment objective.

The Fund will invest in Oil Interests to the fullest extent possible without being unable to satisfy its current or potential margin or collateral obligations with respect to its investments in Oil Interests. In pursuing this objective, the primary focus of USCF will be the investment in futures contracts and the management of the Fund's investments in Treasuries, cash and/or cash equivalents for margining purposes and as collateral.

On each day during the four-day period, USCF anticipates it will "roll" the Fund's positions in Oil Interests by closing, or selling, a percentage of the Fund's positions in Oil Interests and reinvesting the proceeds from closing those positions in new Oil Interests that reflect the change in the Benchmark Oil Futures Contract.

Approximately 15% to 90% of the Fund's assets will be committed as margin for commodity futures contracts. However, from time to time, the percentage of assets committed as margin may be substantially more, or less, than such range. Ongoing margin and collateral payments will generally be required for both exchange-traded and OTC contracts based on changes in the value of the Oil Interests.

#### United States 3x Short Oil Fund

According to the Fund's Registration Statement, the investment objective of the Fund will be for the daily changes in percentage terms of its shares' per share net asset value ("NAV") to reflect three times the inverse ( $-3x$ ) of the daily change in percentage terms of the price of the Benchmark Oil Futures Contract, less the Fund's expenses. To achieve this objective, USCF will endeavor to have the notional value of the Fund's aggregate short exposure to the Benchmark Oil Futures Contract at the close of each trading day approximately equal to the 300% of the Fund's NAV. The Fund will seek a return that is  $-300%$  of the return of the Benchmark Oil Futures Contract for a single day and does not seek to achieve its stated investment objective over a period of time greater than one day.<sup>8</sup>

<sup>8</sup> According to the Registration Statement, the pursuit of daily leveraged investment goals means that the return of the Fund for a period longer than a full trading day may have no resemblance to  $-300%$  of the return of the Benchmark Oil Futures

The Fund will seek to achieve its investment objective by primarily investing in futures contracts for light, sweet crude oil that are traded on the NYMEX, ICE Futures U.S. or other U.S. and foreign exchanges (collectively, "Oil Futures Contracts").

The Fund will, to a lesser extent and in view of regulatory requirements and/or market conditions:

(i) Next invest in (a) cleared swap transactions based on the Benchmark Futures Contract, (b) OTC negotiated swap contracts that are valued based on the Benchmark Futures Contract, and (c) forward contracts for oil;

(ii) followed by investments in futures contracts for other types of crude oil, diesel-heating oil, gasoline, natural gas, and other petroleum-based fuels, each of which that are traded on the NYMEX, ICE Futures U.S. or other U.S. and foreign exchanges and as well cleared swap transactions and OTC swap contracts valued based on the foregoing; and

(iii) finally, invest in exchange-traded cash settled options on Oil Futures Contracts.

For the Fund to maintain a consistent – 300% return versus the Benchmark Oil Futures Contract, the Fund's holdings must be rebalanced on a daily basis by buying additional Oil Interests or selling Oil Interests that it holds.

The Fund anticipates that to the extent it invests in Oil Futures Contracts other than the Benchmark Oil Futures Contract or Other Oil-Related Investments, it will enter into various non-exchange-traded derivative contracts, including swaps and/or forward contracts, to hedge the short-term price movements of such Oil Futures Contracts (to the extent necessary) and Other Oil-Related Investments against the current Benchmark Oil Futures Contract. For example, if the Fund invested in diesel-heating oil futures contracts, it may also enter into a swap or forward contract that is valued based on the difference between the diesel-heating oil futures contract and the Benchmark Oil Futures Contract.

USCF currently anticipates that regulatory requirements such as accountability levels or position limits, and market conditions including those allowing the Fund to obtain greater liquidity or to execute transactions with more favorable pricing, could cause the Fund to invest in Other Oil-Related Investments.

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The Fund will support its investments by holding the amounts of its margin, collateral and other requirements relating to these obligations in Treasuries, cash, and cash equivalents. The Fund may invest in money market funds, as well as Treasuries with a maturity date of two years or less, as an investment for assets not used for margin or collateral in the Oil Interests. The majority of the Fund's assets will be held in Treasuries, cash and/or cash equivalents with the Custodian.

The Fund will seek to invest in a combination of Oil Interests such that the daily changes in its NAV, measured in percentage terms, less the Fund's expenses, will track three times the inverse (– 3x) of the daily changes in the price of the Benchmark Oil Futures Contract, also measured in percentage terms. As a specific benchmark, USCF will endeavor to place the Fund's trades in Oil Interests and otherwise manage the Fund's investments so that the difference between "A" and "B" will be plus/minus 0.30 percent (0.30%) of "B", where:

- A is the average daily percentage change in the Fund's per Share NAV for any period of thirty (30) successive valuation days, *i.e.*, any NYSE trading day as of which the Fund calculates its per Share NAV, less the Fund's expenses; and
- B is three times the inverse of the average daily percentage change in the price of the Benchmark Oil Futures Contract over the same period.

The design of the Fund's Benchmark Oil Futures Contract is such that every month it begins by using the near month contract to expire until the near month contract is within two months of expiration, when, over a four-day period, it transitions to the next month contract to expire as its benchmark contract and keeps that contract as its benchmark until it becomes the near month contract and close to expiration. In the event of a crude oil futures market where the near month contracts trade at a higher price than next month to expire contracts ("backwardation"), then, absent the impact of the overall movement in crude oil prices, the value of the benchmark contract would tend to rise as it approaches expiration. Conversely, in the event of a crude oil futures market where near month contracts trade at a lower price than next month contracts ("contango"), then, absent the impact of the overall movement in crude oil prices, the value of the benchmark contract would tend to decline as it approaches expiration.

USCF believes that market arbitrage opportunities will cause daily changes in the Fund's Share price on the

Exchange on a percentage basis, to closely track the daily changes in the Fund's per Share NAV on a percentage basis.

According to the Registration Statement, the Fund has not limited the size of its offering and is committed to utilizing substantially all of its proceeds to purchase Oil Futures Contracts and Other Oil-Related Investments. If the Fund encounters accountability levels, position limits, or price fluctuation limits for Oil Futures Contracts on the NYMEX or ICE Futures, it may then, if permitted under applicable regulatory requirements, purchase Oil Futures Contracts on other exchanges that trade listed crude oil futures or invest in Other Oil-Related Investments to meet its investment objective.

The Fund will invest in Oil Interests to the fullest extent possible without being unable to satisfy its current or potential margin or collateral obligations with respect to its investments in Oil Interests. In pursuing this objective, the primary focus of USCF is the investment in futures contracts and the management of the Fund's investments in Treasuries, cash and/or cash equivalents for margining purposes and as collateral.

On each day during the four-day period, USCF anticipates it will "roll" the Fund's positions in Oil Interests by closing, or selling, a percentage of the Fund's positions in Oil Interests and reinvesting the proceeds from closing those positions in new Oil Interests that reflect the change in the Benchmark Oil Futures Contract.

Approximately 15% to 90% of the Fund's assets will be committed as margin for commodity futures contracts. However, from time to time, the percentage of assets committed as margin may be substantially more, or less, than such range. Ongoing margin and collateral payments will generally be required for both exchange-traded and OTC contracts based on changes in the value of the Oil Interests.

#### Net Asset Value

According to the Registration Statements, each Fund's per Share NAV will be calculated by taking the current market value of its total assets; subtracting any liabilities; and dividing that total by the total number of outstanding Shares.

The Administrator intends to calculate the NAV of each Fund once each NYSE trading day. The NAV for a normal trading day will be released after 4:00 p.m. Eastern time. Trading during the Exchange's Core Trading Session typically closes at 4:00 p.m. Eastern time. The Administrator will use the

NYMEX closing price (determined at the earlier of the close of the NYMEX or 2:30 p.m. Eastern time) for the contracts traded on the NYMEX, but calculate or determine the value of all investments of each Fund using market quotations, if available, or other information customarily used to determine the fair value of such investments as of the earlier of the close of the NYSE Arca or 4:00 p.m. Eastern time. Other information customarily used in determining fair value includes information consisting of market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other market data in the relevant market; or information of the types described above from internal sources if that information is of the same type used by a Fund in the regular course of business for the valuation of similar transactions. The information may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilized. Third parties supplying quotations or market data may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information. Money market funds will be valued at NAV.

#### Indicative Fund Value

In addition, in order to provide updated information relating to a Fund for use by investors and market professionals, the Exchange will calculate and disseminate throughout the Exchange's Core Trading Session of 9:30 a.m. Eastern time to 4:00 p.m. Eastern time on each trading day an updated "Indicative Fund Value" ("IFV"). The IFV will be calculated by using the prior day's closing NAV per Share of a Fund as a base and updating that value throughout the trading day to reflect changes in the most recently reported trade price for the active light, sweet Oil Futures Contract on the NYMEX.

The IFV will be disseminated on a per Share basis for each Fund every 15 seconds during the Exchange's Core Trading Session. The normal trading hours of the NYMEX are 9:00 a.m. Eastern time to 2:30 p.m. Eastern time. There will be a gap in time at the end of each day during which a Fund's Shares are traded on the NYSE Arca, but real-time NYMEX trading prices for oil futures contracts traded on the NYMEX are not available. During such gaps in time, the IFV will be calculated based on the end of day price of such Oil

Futures Contracts from the NYMEX's immediately preceding trading session. In addition, other Oil Futures Contracts, Other Oil-Related Investments and Treasuries held by a Fund will be valued by the Administrator, using rates and points received from client-approved third party vendors and advisor quotes. These investments will not be included in the IFV.

#### Creation and Redemption of Shares

According to the Registration Statements, each Fund intends to create and redeem Shares in one or more "Creation Baskets" or "Redemption Baskets" of 50,000 Shares. The creation and redemption of baskets will be made only in exchange for delivery to a Fund or the distribution by a Fund of the amount of Treasuries and/or cash represented by the baskets being created or redeemed, the amount of which will be equal to the combined NAV of the number of Shares of a Fund included in the baskets being created or redeemed determined as of 4:00 p.m. Eastern time on the day the order to create or redeem baskets is properly received.

Authorized Participants will be the only persons that may place orders to create and redeem baskets. Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks and other financial institutions, that are not required to register as broker-dealers to engage in securities transactions described below, and (2) Depository Trust Company ("DTC") Participants.

#### Creation Procedures

On any business day, an Authorized Participant may place an order with the Marketing Agent to create one or more baskets. For purposes of processing purchase and redemption orders, a "business day" means any day other than a day when NYSE or any futures exchange upon which a Benchmark Oil Futures Contract is traded is closed for regular trading. Purchase orders must be placed by 12:00 p.m. Eastern time or the close of regular trading on NYSE Arca, whichever is earlier. The day on which the Marketing Agent receives a valid purchase order is referred to as the purchase order date.

By placing a purchase order, an Authorized Participant agrees to (1) deposit Treasuries, cash, or a combination of Treasuries and cash with the Custodian of a Fund, and (2) if required by USCF in its sole discretion, enter into or arrange for a block trade, an exchange for physical or exchange for swap, or any other OTC transaction (through itself or a designated acceptable broker) with a

Fund for the purchase of a number and type of futures contracts at the closing settlement price for such contracts on the purchase order date. If an Authorized Participant fails to consummate (1) and (2), the order shall be cancelled.

#### Determination of Required Deposits

The total deposit required to create each basket ("Creation Basket Deposit") is the amount of Treasuries and/or cash that is in the same proportion to the total assets of a Fund (net of estimated accrued but unpaid fees, expenses and other liabilities) on the purchase order date as the number of Shares to be created under the purchase order is in proportion to the total number of Shares outstanding on the purchase order date. The Marketing Agent will publish an estimate of the Creation Basket Deposit requirements at the beginning of each business day.

#### Delivery of Required Deposits

An Authorized Participant who places a purchase order will be responsible for transferring to a Fund's account with the Custodian the required amount of Treasuries and/or cash by noon Eastern time on the third business day following the purchase order date. Upon receipt of the deposit amount, the Administrator will direct DTC to credit the number of baskets ordered to the Authorized Participant's DTC account on the third business day following the purchase order date.

#### Redemption Procedures

According to the Registration Statement, the procedures by which an Authorized Participant will be able to redeem one or more baskets will mirror the procedures for the creation of baskets. On any business day, an Authorized Participant may place an order with the Marketing Agent to redeem one or more baskets. Redemption orders must be placed by 12:00 p.m. Eastern time or the close of regular trading on NYSE Arca, whichever is earlier. A redemption order so received will be effective on the date it is received in satisfactory form by the Marketing Agent ("Redemption Order Date"). An Authorized Participant may not withdraw a redemption order.

#### Determination of Redemption Distribution

The redemption distribution from a Fund will consist of a transfer to the redeeming Authorized Participant of an amount of Treasuries and/or cash that is in the same proportion to the total assets of a Fund (net of estimated accrued but unpaid fees, expenses and other

liabilities) on the date the order to redeem is properly received as the number of Shares to be redeemed under the redemption order is in proportion to the total number of Shares outstanding on the date the order is received. The Marketing Agent will publish an estimate of the redemption distribution per basket as of the beginning of each business day.

#### Suspension or Rejection of Redemption Orders

USCF may, in its discretion, suspend the right of redemption, or postpone the redemption settlement date, (1) for any period during which NYSE Arca or any of the futures exchanges upon which a Benchmark Oil Futures Contract is traded is closed other than customary weekend or holiday closings, or trading on NYSE Arca or such futures exchanges is suspended or restricted, (2) for any period during which an emergency exists as a result of which delivery, disposal or evaluation of Treasuries is not reasonably practicable, or (3) for such other period as USCF determines to be necessary for the protection of the shareholders. For example, USCF may determine that it is necessary to suspend redemptions to allow for the orderly liquidation of a Fund's assets at an appropriate value to fund a redemption. If USCF has difficulty liquidating a Fund's positions, e.g., because of a market disruption event in the futures markets or an unanticipated delay in the liquidation of a position in an over the counter contract, it may be appropriate to suspend redemptions until such time as such circumstances are rectified.

#### Availability of Information

The NAV for the Funds' Shares will be disseminated daily to all market participants at the same time. The Exchange will make available on its Web site daily trading volume of each of the Shares, closing prices of such Shares, and number of Shares outstanding. The intraday, closing prices, and settlement prices of the Oil Futures Contracts will be readily available from the applicable futures exchange Web sites, automated quotation systems, published or other public sources, or major market data vendors.

Complete real-time data for the Oil Futures Contracts is available by subscription through on-line information services. ICE Futures U.S. and NYMEX also provide delayed futures information on current and past trading sessions and market news free of charge on their respective Web sites. Quotation and last-sale information

regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA"). The IFV will be available through on-line information services.

In addition, the Funds' Web site, [www.uscfinvestments.com](http://www.uscfinvestments.com), will display the applicable end of day closing NAV. The daily holdings of each Fund will be available on the Funds' Web site. Each Fund's total portfolio composition will be disclosed each business day that the NYSE Arca is open for trading, on the Funds' Web site. The Web site disclosure of portfolio holdings will be made daily and will include, as applicable, (i) the composite value of the total portfolio, (ii) the name, percentage weighting, and value of Oil Interests, (iii) the name and value of each Treasury security and cash equivalent, and (iv) the amount of cash held in each Fund's portfolio. The Funds' Web site will be publicly accessible at no charge.

#### Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of a Fund.<sup>9</sup> Trading in Shares of a Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares of a Fund inadvisable.

The Exchange may halt trading during the day in which an interruption to the dissemination of the IFV or the value of the Benchmark Oil Futures Contract occurs. If the interruption to the dissemination of the IFV, or the value of the Benchmark Oil Futures Contract 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. In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. E.T. in accordance with NYSE Arca Equities Rule 7.34 (Early, Core,

and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.200. The trading of the Shares will be subject to NYSE Arca Equities Rule 8.200, Commentary .02(e), which sets forth certain restrictions on Equity Trading Permit ("ETP") Holders acting as registered Market Makers in Trust Issued Receipts to facilitate surveillance. The Exchange represents that, for initial and/or continued listing, the Funds will be in compliance with Rule 10A-3<sup>10</sup> under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.

#### Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.<sup>11</sup> The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares of the Funds in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will

<sup>10</sup> 17 CFR 240.10A-3.

<sup>11</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

<sup>9</sup> See NYSE Arca Equities Rule 7.12.

communicate as needed regarding trading in the Shares and certain Oil Futures Contracts with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares and certain Oil Futures Contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and certain Oil Futures Contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement (“CSSA”).<sup>12</sup>

Not more than 10% of the net assets of a Fund in the aggregate invested in futures contracts shall consist of futures contracts whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

All statements and representations made in this filing regarding (a) the description of the portfolios, or (b) limitations on portfolio holdings or reference assets shall constitute continued listing requirements for listing the Shares on the Exchange.

The issuer has represented to the Exchange that it will advise the Exchange of any failure by a Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Equities Rule 5.5(m).

#### Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) The risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IFV will not be calculated or publicly disseminated; (2) the procedures for purchases and

redemptions of Shares in Creation Baskets and Redemption Baskets (and that Shares are not individually redeemable); (3) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (4) how information regarding the IFV is disseminated; (5) that a static IFV will be disseminated, between the close of trading on the CME and the close of the NYSE Arca Core Trading Session; (6) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (7) trading information.

In addition, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to a Fund. The Exchange notes that investors purchasing Shares directly from a Fund will receive a prospectus. ETP Holders purchasing Shares from a Fund for resale to investors will deliver a prospectus to such investors. The Information Bulletin will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. In addition, the Information Bulletin will reference that a Fund is subject to various fees and expenses described in the Registration Statement. The Information Bulletin will also reference that the CFTC has regulatory jurisdiction over the trading of Oil Futures Contracts traded on U.S. markets.

The Information Bulletin will also disclose the trading hours of the Shares and that the NAV for the Shares will be calculated after 4:00 p.m. E.T. each trading day. The Information Bulletin will disclose that information about the Shares will be publicly available on the Funds’ Web site.

#### 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>13</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will

be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.200. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares of the Funds in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, and certain Oil Futures Contracts with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares and certain Oil Futures Contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and certain Oil Futures Contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. Not more than 10% of the net assets of a Fund in the aggregate invested in futures contracts shall consist of futures contracts whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. The Exchange will make available on its Web site daily trading volume of each of the Shares, closing prices of such Shares, and number of Shares outstanding. The intraday, closing prices, and settlement prices of the Oil Futures Contracts will be readily available from the applicable exchange Web site, automated quotation systems, published or other public sources, or on-line information services.

Complete real-time data for the Oil Futures Contracts is available by subscription from on-line information services. ICE Futures U.S. and NYMEX also provide delayed futures information on current and past trading sessions and market news free of charge on their Web sites. Information regarding exchange-traded cash-settled options and cleared swap contracts will be available from the applicable exchanges and major market data vendors. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. In addition, the Funds’ Web site, will display the applicable end of day closing NAV. Each Fund’s total portfolio composition will be disclosed each business day that the NYSE Arca is open for trading, on the Funds’ Web site. The Web site disclosure of portfolio

<sup>12</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org). The Exchange notes that not all components of the Funds may trade on markets that are members of ISG or with which the Exchange has in place a CSSA.

<sup>13</sup> 15 U.S.C. 78f(b)(5).

holdings will be made daily and will include, as applicable, (i) the composite value of the total portfolio, (ii) the name, percentage weighting, and value of each Benchmark Oil Futures Contract, (iii) the name and value of each Treasury security and cash equivalent, and (iv) the amount of cash held in each Fund's portfolio.

Moreover, prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of a Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of additional types of Trust Issued Receipts based on oil prices that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

#### *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 purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of additional types of Trust Issued Receipts based on oil prices and that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may

designate 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 or disapprove such proposed rule change; or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

### **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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2016-173 on the subject line.

#### *Paper Comments*

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

All submissions should refer to File Number SR-NYSEArca-2016-173. This file number should be included on the subject line if email 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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also 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-NYSEArca-2016-173 and should be submitted on or before February 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2017-00366 Filed 1-10-17; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-79746; File No. SR-DTC-2016-014]

### **Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, as Modified by Amendment No. 1, Regarding the Update of Its Corporate Action Service for the Processing of Redemptions Events and the Transition to International Organization for Standardization 20022 Messaging for Corporate Action Announcements**

January 5, 2017.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act") and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on December 22, 2016, The Depository Trust Company ("DTC") 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 prepared by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> On January 4, 2017, DTC filed Amendment No. 1 to the proposed rule change.<sup>5</sup> The proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(4).

<sup>5</sup> In Amendment No. 1, DTC modified the Implementation Date section to correctly describe the effective date of the filing as January 1, 2017. DTC did not propose any other changes to the filing in Amendment No. 1.