



**Information Circular 08-025**

Date: March 25, 2008  
To: ETP Holders  
From: James C. Yong  
Chief Regulatory Officer  
Re: USL TO BEGIN TRADING ON NSX

Pursuant to Regulatory Circular 08-005, we are issuing this Information Circular to advise you that the following security has been approved for trading on the National Stock Exchange, Inc. ("NSX" or the "Exchange") as a UTP Derivative Securities pursuant to Exchange Rule 15.9:

<b>Security:</b>	<b>Symbol:</b>
United States 12 Month Oil Fund, L.P. (the "Shares" or "Securities")	<b>USL</b>

**Commencement of Trading:** March 26, 2008

**General Description of Underlying Instrument or Index<sup>1</sup>:** the performance, in percentage terms, of the price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by changes in the average prices of 12 crude oil futures contracts (the "Oil Benchmark Futures Contracts") traded on the New York Mercantile Exchange ("NYMEX")

**Issuer:** United States 12 Month Oil Fund, L.P.

**Issuer Website:** <http://www.unitedstates12monthoilfund.com>

**Primary Listing Exchange:** American Stock Exchange ("Amex")

**Primary Exchange Circular:** ETF 07-065 (December 12, 2007)

**Issuer Registration Statement:** No. 333-144348

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Shares. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin

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<sup>1</sup> As stated *supra*, for a more complete description, please see the "Issuer Disclosure Materials", as defined below.

issued by the Primary Listing Exchange (which as of the date hereof is set forth above as the "Primary Exchange Circular"). The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the "Issuer Disclosure Materials."

We understand that markets trading this product have issued information bulletins containing the following information:

### **Background Information on the Fund**

As more fully explained in the Registration Statement (No. 333-144348) for the Fund, the Fund is designed to track the performance, in percentage terms, of the price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by changes in the average prices of 12 crude oil futures contracts (the "Oil Benchmark Futures Contracts") traded on the New York Mercantile Exchange ("NYMEX"). Each Unit of the Fund represents a fractional undivided unit of a beneficial interest in the net assets of USL.

The Fund is a Delaware limited partnership, formed in June 2007, that is operated by Victoria Bay Asset Management, LLC, a single member Delaware limited liability company (the "General Partner" or "Victoria Bay"). The General Partner is wholly owned by Wainwright Holdings, Inc., a Delaware corporation.

The General Partner is a registered commodity pool operator ("CPO") with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA"). Brown Brothers Harriman & Co. (the "Administrator") is the administrator and custodian for the Fund and ALPS Distributors, Inc. (the "Marketing Agent") is the marketing agent for the Units of the Fund. UBS Securities LLC, a CFTC-registered futures commission merchant (the "Clearing Broker") is the clearing broker for the execution and clearing of the futures contracts of the Fund. The Fund is not registered as an investment company under the Investment Company Act of 1940.

### **Investment Objective**

The investment objective of the Fund is for changes, in percentage terms, of a Unit's 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 changes in the average prices of the Oil Benchmark Futures Contracts, less USL's expenses. The average price is determined by summing up the twelve (12) individual monthly prices and dividing them by twelve (12), and comparing that result to the prior day's average price determined in the same fashion. The Oil Benchmark Futures Contracts consist of the near month contract to expire and the contracts for the following eleven (11) months, for a total of twelve (12) consecutive months' contracts, except when the near month contract is within two (2) 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 (11) consecutive months following that contract. The composition of the Oil Benchmark Futures Contracts will be changed or "rolled" over a one (1) day period by selling the near month contract and buying the contract which, at the time, is the thirteenth month contract on the same day. When calculating the daily movement of the average price of the twelve (12) futures contracts, each contract month will be equally weighted.

## **Investment Policy**

The assets of the Fund will predominantly consist of investments in futures contracts for crude oil, but may also include futures contracts based on heating oil, gasoline, natural gas and other petroleum-based fuels traded on the NYMEX, Intercontinental Exchange (“ICE Futures”) and other U.S. and foreign exchanges (the “Futures Contracts”). The 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, such as “swaps,” that are based on the price of crude oil, heating oil, gasoline, natural gas, other petroleum-based fuels, as well as Futures Contracts and indices based on the foregoing (collectively, “Other Crude Oil-Related Investments”). OTC transactions typically are structured on cash-settled forward contracts or swaps. Futures Contracts and Other Crude Oil-Related Investments collectively are referred to as “Crude Oil Interests.”

The Fund will also hold short-term U. S. Treasury securities (“Treasuries”), cash and cash equivalents to satisfy current and future margin and collateral obligations and to otherwise satisfy its obligations with respect to its investments in Crude Oil Interests.

The Fund will pursue its investment objective by investing its assets in Crude Oil Interests without leverage. Additionally, the Fund will manage its investments so that its NAV closely tracks the price of the Oil Benchmark Futures Contracts that the General Partner believes have historically exhibited a close price correlation with the spot price of light, sweet crude oil.

## **Information About Other Crude Oil-Related Investments**

In addition to listed options, there also exists an active OTC market in derivatives linked to crude oil. These OTC derivative transactions are privately-negotiated agreements between two (2) 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.

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 predetermined formulas tied to the price of crude oil as determined by the spot, forward or futures markets. The Fund may enter into OTC derivative contracts, the value of which will be tied to changes in the difference between the crude oil spot price, the price of Futures Contracts traded on the NYMEX, and the prices of non-NYMEX Futures Contracts that may be invested in by the Fund.

## **Other Information**

As described more fully in the prospectus and the registration statement for the Fund, a minimum of 100,000 Units will be required to be outstanding at the start of trading. Once trading has commenced, the Fund will issue Units on a continuous basis. There will be two markets for investors to purchase and sell Units. New issuances of the Fund’s Units will be made only in

blocks of 100,000 Units, called a "Basket," or multiples thereof (see section entitled, "Creation and Redemptions of the Fund's Units," below).

The Fund's Units will be offered to the public at prices that will reflect, among other things, the price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the Oil Benchmark Futures Contracts traded on the NYMEX and the trading price of the Units on the Amex at the time of the offer. Market prices for the Funds' Units may differ from the NAV per Share.

The Administrator will calculate the Fund's NAV by subtracting the Fund's expenses and liabilities on any day from the value of the Fund's assets on that day. The NAV will be calculated shortly after the close of trading on the Amex using: (i) the closing settlement prices of the Futures Contracts quoted on the relevant commodities and futures exchange, such as NYMEX, as of the close open-outcry of trading on the NYMEX at 2:30 p.m. ET, or obtained from major market data vendors such as Bloomberg or Reuters because there is no regulated source of last sale information regarding physical commodities; and (ii) the value of other Crude Oil Interests and Treasuries and cash equivalents as of the earlier of 4:00 p.m. ET, or the close of trading on the New York Stock Exchange ("NYSE"). The NAV is calculated by including any unrealized profit or loss on Futures Contracts and Other Crude Oil-Related Investments and any other credit or debit accruing to the Fund, but unpaid or not received. The NAV per Unit is calculated by the Administrator by dividing the Fund's NAV on a given day by the number of the Fund's Units outstanding on that date. The most recently reported NAV for the Units will also be available on the Amex website.

However, if, on any trading day, a Futures Contract cannot be liquidated due to the operation of daily limits or other rules of an exchange upon which such Futures Contract is traded, the closing settlement price on the most recent trading day on which such Futures Contract could have been liquidated will be used in determining NAV. The value of the Other Crude Oil-Related Investments, for the purposes of determining NAV, will be based upon a determination of the Administrator as to their fair market value.

The Depository Trust Company ("DTC") serves as the securities depository for the Units, which may be held only in book-entry form; stock certificates will not be issued. Cede & Co., as nominee for DTC, is the record or registered owner of all outstanding Units of the Fund.

The Fund's expense ratio, in the absence of any extraordinary expenses and liabilities, is expected to be approximately 0.66% of the net assets of the Fund.

### **Creation and Redemption of the Fund's Units**

The Fund will issue and redeem Units on a continuous basis only in Baskets of 100,000 Units, or multiples thereof, to Authorized Purchasers. Authorized Purchasers are registered broker-dealers or other securities market participants, such as banks and other financial institutions that are exempt from broker dealer registration, that enter into an Authorized Purchaser Agreement with the General Partner. Only Authorized Purchasers may purchase or redeem Baskets directly from the Fund.

Creation of Units. Baskets will be issued to Authorized Purchasers in exchange for Treasuries and/or cash in an amount equal to the NAV per Unit times 100,000 Units (the "Basket

Amount”). Authorized Purchasers that wish to purchase a Basket must transfer the Basket Amount, for each Basket Purchased, to the Custodian (the “Deposit Amount”). The initial Deposit Amount for the Fund will be approximately \$5 million. 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 Fund NAV and accrued expenses. Authorized Purchasers that wish to purchase a Basket must transfer the Deposit Amount, plus a transaction fee of \$1,000, to the Custodian in exchange for a Basket. Upon the Custodian’s receipt of the Deposit Amount, the Administrator will direct DTC to credit the number of Baskets ordered to the Authorized Purchaser’s DTC account on the third business day following the purchase order date.

The Administrator will provide an Estimated Deposit Amount for the next business day. Authorized Purchasers may use the Estimated Deposit Amount as guidance regarding the amount of Treasuries and cash expected to be deposited with the Administrator. Before 4:00 p.m. ET, the Authorized Purchasers may use the Estimated Deposit amount as guidance in respect of the Deposit Amount that they may expect to be required to deposit in connection with the issuance of Units. Delivery of the Deposit Amount must occur by the third business day following the purchase order date (T+3).

Redemption of Units. Except when aggregated in Baskets, Units are not redeemable securities. Authorized Purchasers that wish to redeem a Basket will receive Treasuries and cash in exchange for each Basket surrendered in an amount equal to the NAV per Basket (the “Redemption Amount”). Authorized Purchasers will receive the Redemption Amount in exchange for each Basket surrendered less the transaction fee of \$1,000. The Redemption Amount will be delivered to the Authorized Purchaser by 3:00 p.m. ET on the third business day following the redemption order date upon confirmation that the Fund’s DTC Account has received the Basket.

The prospectus and registration statement describe additional procedures and requirements that apply to the creation and redemptions of Units. Members and member organizations interested in becoming an Authorized Purchaser, or obtaining a list of Authorized Purchasers, should contact the Marketing Agent at [www.alpsinc.com](http://www.alpsinc.com) for more information.

### **Indicative Partnership Value**

In order to provide updated information relating to the Fund for use by investors, professionals and persons wishing to create or redeem Units, the Amex will disseminate, through the facilities of Consolidated Tape Association (“CTA”), an updated Indicative Partnership Value (the “Indicative Partnership Value”) for the Fund. The Indicative Partnership Value will be disseminated on a per Unit basis every 15 seconds during regular Amex trading hours of 9:30 a.m. to 4:15 p.m. ET under the index symbol “USL.IV.” 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 Units) adjusted to reflect the price changes of the current Oil Benchmark Futures Contracts. The Indicative Partnership Value is based on open-outcry trading of the Oil 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® (“Globex”) electronic trading platform on a twenty-four (24) hour basis. Electronic trading on Globex is conducted from 6:00 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. and 6:00 p.m. After the close of open-outcry on NYMEX at 2:30 p.m., the Indicative

Partnership Value will reflect changes to the Oil Benchmark Futures Contracts as provided for through Globex. The Indicative Partnership Value, on a per Unit basis disseminated during the primary listing exchanges trading hours, should not be viewed as a real time update of the Fund's NAV, which is calculated only once daily by the Administrator.

### **Continuous Offering**

The method by which Basket aggregations of Units are created and traded may raise certain issues under applicable securities laws. Because new Units may be issued by the Fund on an ongoing basis, at any point a distribution may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus-delivery requirement and liability provisions of the Securities Act of 1933 ("Securities Act").

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it purchases Basket aggregations, breaks them down into constituent Units, and sells such Units directly to customers, or if it chooses to couple the creation of a supply of new Units with an active selling effort involving solicitation of secondary market demand for the Units. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a categorization as an underwriter.

Dealers who are not "underwriters," but are participating in a distribution (as opposed to engaging in ordinary secondary-market transactions), and thus dealing with the Units as part of an "unsold allotment" within the meaning of Section 4(3)(C) of the Securities Act, will be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act.

### **Impact of Speculative Position Limits**

The CFTC and U.S. futures exchanges such as the NYMEX have established accountability levels and position limits (*i.e.*, speculative 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 (other than a hedger) may hold, own or control. These speculative position limits are applicable to the Fund. Speculative 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. Speculative position limits will impact the mix of investments by the Fund with such mix varying depending on the accumulation of assets. 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. Once the speculative position limit for the current Oil Benchmark Futures Contracts is reached, the Fund will be required to invest in other Futures Contracts or Other Crude Oil-Related Investments.

### **Daily Price Limits**

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 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.

## **Investment Risks**

ETP Holders are referred to the Fund's prospectus and registration statement for a description of risks associated with an investment in the Units of the Fund. Because the Units are created to reflect the performance, in percentage terms, of the price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the Oil Benchmark Futures Contracts, these risks include the risk that the market price of the Units will be subject to fluctuations similar to those affecting the current Oil Benchmark Futures Contracts. Owners of the Units will not have the protections normally associated with ownership of shares in an investment company registered under the Investment Company Act of 1940 but will have the protections afforded by the Commodity Exchange Act to investors in CFTC-regulated commodity pools. If, at any time, certain events occur with respect to the Fund, the General Partner will be required to terminate the Fund, otherwise the Fund will continue in perpetuity. In addition, as noted in the prospectus, Units may trade in the secondary market at prices that are lower or higher relative to the NAV per Unit. The NAV of the Units will fluctuate with changes in the market value of that Fund's assets. The trading prices of the Units will fluctuate in accordance with changes in the NAV as well as market supply and demand. The amount of the discount or premium in the trading price relative to the NAV per Unit may be influenced by various factors, including market supply and demand, the liquidity of the crude oil futures contract market, and the market for Other Crude Oil-Related Investments.

There is no direct regulation of the market in physical oil-based commodities and no SEC jurisdiction over the trading of light, sweet crude oil and other petroleum-based fuels as a physical commodity. The CFTC has regulatory jurisdiction over the trading of crude oil-based futures contracts and related options. Trading in certain OTC commodity-based derivatives is not within the jurisdiction of the CFTC and may therefore be effectively unregulated.

## **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Units must receive a prospectus prior to, or concurrently with, the confirmation of a transaction. Investors purchasing Units directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Marketing Agent or on the Fund's website at <http://www.unitedstates12monthoilfund.com>. The prospectus does not contain all of the information set forth in the Fund's registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the respective registration statements.

**INTERESTED PARTIES SHOULD CONSULT THEIR ADVISORS WITH RESPECT TO THE ABOVE.**

## **Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations**

The SEC's Division of Market Regulation (the "Division") issued a letter dated June 21, 2006 ("No-Action Letter") granting exemptive or no-action relief from certain rules under the Securities Exchange Act of 1934 (the "1934 Act") to the Fund.

### **Regulation M Exemptions**

Under the No-Action Letter, the Fund is exempted under paragraph (d) of Rule 101, permitting persons who may be deemed to be participating in a distribution of the Units to bid for or purchase Units during their participation in such distribution. The No-Action Letter also exempted the Fund under paragraph (e) of Rule 102, permitting the Fund and its affiliated purchasers to redeem Units in Baskets during the continuous offering of the Units.

The exemptions from Rules 101 and 102 of Regulation M are subject to the condition that such transactions in Units or any related securities are not made for the purpose of creating actual, or apparent, active trading in or raising or otherwise affecting the price of such securities. ETP Holders are referred to the full text of the No-Action Letter for additional information.

**AS THE ABOVE IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN VARIOUS NO-ACTION LETTERS, INTERESTED PARTIES ARE ADVISED TO CONSULT THE NO-ACTION LETTERS FOR MORE COMPLETE INFORMATION REGARDING THE MATTERS COVERED THEREIN AND THE APPLICABILITY OF THE RELIEF GRANTED IN RESPECT OF TRADING IN SECURITIES, INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS FOR MORE INFORMATION.**

### **Exchange Rules Applicable to Trading in the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. The Shares are also a UTP Derivative Securities as specified in Exchange Rule 15.9, and as such are subject to the additional provisions specific to that Rule. In particular, ETP Holders are reminded of their obligations under the following NSX Rules:

1. Trading Hours: This product will trade during the regular trading hours of the Exchange (between 9:30 am to 4:00 pm Eastern Time ("ET"), during pre-market hours (8:00 am to 9:29:59 am ET) and during post-market hours (4:00:01 pm to 6:30 pm ET). Please note that trading in the Shares during the Exchange's pre-market and post-market hours may result in additional trading risks which include: (1) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (2) higher volatility in the Opening or Late Trading Sessions may impact pricing, (3) wider spreads may occur in the Opening or Late Trading Sessions. The minimum trading increment is in accordance with NSX Rule 11.3.

2. Recommendations To Customers: Rule 3.7 provides that the ETP Holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an investment in the Shares is suitable for the customer.

3. Trading Halts. Rule 15.9B(4) provides that, in addition to the Exchange's authority to suspend or halt trading under Rules 11.20 (Trading Halts Due To Extraordinary Market Volatility), 12.11 (Trading Suspensions) and 15.7 (Suspension and/or Delisting By Exchange), if a temporary interruption occurs in the calculation or wide dissemination of the intraday indicative value (or similar value) or the value of the underlying index or instrument and the listing market halts trading in the product, the Exchange, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in that product on the Exchange. The Shares will be traded following a trading halt in accordance with Interpretations and Policy .03 of NSX Rule 11.20.

In addition, for a UTP Derivative Securities product where a net asset value is disseminated, if the primary listing exchange notifies the Exchange that the net asset value is not being disseminated to all market participants at the same time, the Exchange will immediately halt trading in such security. The Exchange may resume trading in the UTP Derivative Security only when the net asset value is disseminated to all market participants at the same time or trading in the UTP Derivative Security resumes on the listing market.

**THIS INFORMATION CIRCULAR IS NOT A STATUTORY PROSPECTUS. ETP HOLDERS SHOULD CONSULT THE ISSUER DISCLOSURE MATERIALS (AS DEFINED ABOVE) FOR ALL RELEVANT INFORMATION RESPECTING THE SHARES.**

Inquiries regarding this Information Circular should be directed to James C. Yong, Chief Regulatory Officer, at (312) 786-8893.