



RULE
ADOPTION
NOTICE

RAN-06-27
June 8, 2006

TO: ETP Holders and Sponsored Participants

FROM: Department of Regulatory Policy

**SUBJECT: UTP Trading of Partnership Units of US Oil Fund, LP
(File No. SR-NYSEArca-2006-11)**

On April 26, 2006, NYSE Arca, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposal to adopt new NYSE Arca Equities Rule 8.300 to permit trading, either by listing or pursuant to unlisted trading privileges (“UTP”), units in a partnership that is a commodity pool under the Commodity Exchange Act that is designed to track a specified commodity or index of commodities by holding any combination of investments (i) comprised of or based on futures contracts, options on futures contracts, forward contracts, swaps, and over-the-counter contracts for commodities or based on price changes in commodities, and (ii) in securities that may be required to satisfy margin or collateral requirements associated with investments in the financial instruments listed in item (i) above. Pursuant to this rule, the Exchange further proposed to trade, pursuant to UTP, units of the United States Oil Fund, LP.

On May 25, 2006, the Commission approved the Exchange’s proposal on an accelerated basis. On June 2, 2006, Commission’s approval order was published in the Federal Register. *See* Release No. 34-53875; 71 FR 32164 (June 2, 2006).

The following is the text of the rule change. Questions regarding this bulletin may be directed to Mike Cavalier at 212-656-2474.

Text of the Proposed Rule Change:¹

Rules of NYSE Arca Equities, Inc.

Rule 8.300

Partnership Units

(a) The Corporation will consider for trading, whether by listing or pursuant to unlisted trading privileges, Partnership Units that meet the criteria of this Rule.

(b) Definitions. The following terms as used in the Rule shall, unless the context otherwise requires, have the meanings herein specified:

(1) Commodity. The term "commodity" is defined in Section 1(a)(4) of the Commodity Exchange Act.

(2) Partnership Units. The term "Partnership Units" for purposes of this Rule means a security (a) that is 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 is issued and redeemed daily in specified aggregate amounts at net asset value.

(c) Designation. The Corporation may list and trade Partnership Units based on an underlying asset, commodity or security. Each issue of a Partnership Unit shall be designated as a separate series and shall be identified by a unique symbol.

(d) Initial and Continued Listing. Partnership Units will be listed and/or traded on the Corporation subject to application of the following criteria:

(1) Initial Listing--The Corporation will establish a minimum number of Partnership Units required to be outstanding at the time of commencement of trading on the Corporation.

(2) Continued Listing—The Corporation will consider removing from listing Partnership Units under any of the following circumstances:

(i) if following the initial twelve month period following the commencement of trading of Partnership Units, (A) the partnership has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Partnership Units for 30 or more consecutive trading days; (B) if the partnership has fewer than 50,000 Partnership Units issued and

¹ New text is underscored and deleted text is in brackets.

outstanding; or (C) if the market value of all Partnership Units issued and outstanding is less than \$1,000,000;

(ii) if the value of the underlying benchmark investment, commodity or asset is no longer calculated or available on at least a 15-second delayed basis or the Corporation stops providing a hyperlink on its website to any such investment, commodity, or asset value;

(iii) if the Indicative Partnership Value is no longer made available on at least a 15-second delayed basis; or

(iv) if such other event shall occur or condition exists which in the opinion of the Corporation makes further dealings on the Corporation inadvisable.

Upon termination of a partnership, the Corporation requires that Partnership Units issued in connection with such partnership be removed from Corporation listing. A partnership will terminate in accordance with the provisions of the partnership prospectus.

(3) Term -- The stated term of the partnership shall be as stated in the prospectus. However, such entity may be terminated under such earlier circumstances as may be specified in the Partnership prospectus.

(4) General Partner--The following requirements apply:

(i) The general partner of a partnership must be an entity having substantial capital and surplus and the experience and facilities for handling partnership business. In cases where, for any reason, an individual has been appointed as general partner, a qualified entity must also be appointed as general partner.

(ii) No change is to be made in the general partner of a listed issue without prior notice to and approval of the Corporation.

(5) Voting--Voting rights shall be as set forth in the applicable partnership prospectus.

(e) Market Maker Accounts.

(1) An ETP Holder acting as a registered Market Maker in Partnership Units is obligated to comply with Rule 7.26 pertaining to limitations on dealings when such Market Maker, or affiliate of such Market Maker, engages in Other Business Activities. For purposes of Partnership Units, Other Business Activities shall include acting as a Market Maker or functioning in any capacity involving market-making responsibilities in the underlying asset or commodity, related futures or options on futures, or any other

related derivatives. However, an approved person of an ETP Holder acting as a registered Market Maker in Partnership Units that has established and obtained Corporation approval of procedures restricting the flow of material, non-public market information between itself and the ETP Holder pursuant to Rule 7.26, and any member, officer or employee associated therewith, may act in a market making capacity, other than as a Market Maker in the Partnership Units on another market center, in the underlying asset or commodity, related futures or options on futures, or any other related derivatives.

(2) The ETP Holder acting as a registered Market Maker in Partnership Units must file, with the Corporation, in a manner prescribed by the Corporation, and keep current a list identifying all accounts for trading the underlying asset or commodity, related futures or options on futures, or any other related derivatives, which the ETP Holder acting as registered Market Maker may have or over which it may exercise investment discretion. No ETP Holder acting as registered Market Maker in the Partnership Units shall trade in the underlying asset or commodity, related futures or options on futures, or any other related derivatives, in an account in which an ETP Holder acting as a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Corporation as required by this Rule.

(3) In addition to the existing obligations under Corporation rules regarding the production of books and records (See, e.g. Rule 4.4), the ETP Holder acting as a registered Market Maker in Partnership Units shall make available to the Corporation such books, records or other information pertaining to transactions by such entity or any limited partner, officer or approved person thereof, registered or non-registered employee affiliated with such entity for its or their own accounts in the underlying asset or commodity, related futures or options on futures, or any other related derivatives, as may be requested by the Corporation.

(4) In connection with trading the underlying asset or commodity, related futures or options on futures or any other related derivative (including Partnership Units), the ETP Holder acting as a registered Market Maker in Partnership Units shall not use any material nonpublic information received from any person associated with an ETP Holder or employee of such person regarding trading by such person or employee in the physical asset or commodity, futures or options on futures, or any other related derivatives.

(f) Limitation of Corporation Liability. Neither the Corporation nor any agent of the Corporation shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying asset or commodity value, the current value of the underlying asset or commodity if required to be deposited to the partnership in connection with issuance of Partnership Units; net asset value; or other information relating to the purchase, redemption or trading of Partnership Units, resulting from any negligent act or omission by the Corporation or any agent of the

Corporation, or any act, condition or cause beyond the reasonable control of the Corporation or its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying asset or commodity.

(g) The Corporation will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing and trading separate and distinct Partnership Units designated on different underlying investments, commodities and/or assets.

Commentary

.01 The Exchange requires that Equity Trading Permit holders provide to all purchasers of newly issued Partnership Units a prospectus for the series of Partnership Units.