



Investors Exchange Product Information Circular 2016 – 0907

Date: September 2, 2016

Re: United States Natural Gas Fund, LP

Investors Exchange LLC commenced operating as a national securities exchange on August 19, 2016 followed by a two-week security-by-security phase-in period. This Information Circular is being issued to advise you that the following security has been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Exchange as UTP Derivative Securities pursuant to IEX Rule 16.160, and will begin trading on IEX during the phase-in period. See [the Exchange’s Website](#) for the phase-in schedule.

<u>Exchange Traded Fund</u>	<u>Symbol</u>
United States Natural Gas Fund, LP	UNG

Background Information on the Fund

As more fully explained in the Registration Statement (No. 333-137871) for the United States Natural Gas Fund, L.P. (the “Fund”), the Fund is designed to track the performance of the price of natural gas delivered at the Henry Hub in Louisiana. Each Unit of the Fund (the “Unit” or “Units”) represents a fractional undivided beneficial interest in the net assets of the Fund. The Fund is not registered as an investment company under the Investment Company Act of 1940.

The Fund is a Delaware limited partnership that was formed in September 2006 and operated by Victoria Bay Asset Management, LLC, a single member Delaware limited liability company (the “General Partner”). The General Partner is wholly owned by Wainwright Holdings, Inc. The General Partner is a registered commodity pool operator with the Commodity Futures Trading Commission (“CFTC”) and a member of the National Futures Association. 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 is the clearing broker for the execution and clearing of the futures contracts of the Fund.

The investment objective of the Fund is to have the changes in percentage terms of the Unit’s net asset value (“NAV”) 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 price of the futures contract on natural gas traded



on the New York Mercantile Exchange (the “Benchmark Futures Contract”) 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, less the Fund’s expenses. It is not the intent of the Fund to be operated in a fashion such that its NAV will equal, in dollar terms, the dollar price of spot natural gas or any particular futures contract based on natural gas. The Fund invests in interests other than the Benchmark Futures Contract to comply with accountability levels and position limits.

The net assets of the Fund will consist primarily of investments in futures contracts for natural gas, crude oil, heating oil, gasoline, and other petroleum-based fuels that are traded on the New York Mercantile Exchange (“NYMEX”), ICE Futures or other U.S. and foreign exchanges (collectively, “Futures Contracts”). The Fund may also invest in other natural gas-related investments such as cash-settled options on Futures Contracts, forward contracts for natural gas, and over-the-counter transactions that are based on the price of natural gas, oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, “Other Natural Gas-Related Investments”).

The Fund will invest in Natural Gas Interests to the fullest extent possible without being leveraged or unable to satisfy its current or potential margin or collateral obligations with respect to its investments in Futures Contracts and Other Natural Gas-Related Investments. The primary focus of the 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”), cash and cash equivalents for margining purposes and as collateral.

The General Partner will employ a “neutral” investment strategy intended to track changes in the price of natural gas regardless of whether the price of natural gas goes up or goes down. The Fund’s “neutral” investment strategy is designed to permit investors generally to purchase and sell the Fund’s Units for the purpose of investing indirectly in natural gas in a cost-effective manner, and/or to permit participants in the natural gas or other industries to hedge the risk of losses in their natural gas-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in natural gas and/or the risks involved in hedging may exist. In addition, an investment in the Fund involves the risk that the changes in the price of the Fund’s Units will not accurately track the changes in the Benchmark Futures Contract.

As described more fully in the prospectus and the registration statement for the Fund, the Fund issues Units on a continuous basis. The Fund issues and redeems Units only in blocks of 100,000 Units or integral multiples thereof to Authorized Participants. A block of 100,000 Units is called a “Basket” or “Creation Basket.” Authorized Participants will pay a \$1,000 fee for each order to create or redeem one or more Creation Baskets. Authorized Purchasers will not be required to sell any specific number or dollar amount of Units. The per-unit price of Units offered in Creation Baskets on any day after the effective date will be the NAV of the Fund calculated shortly after the close of the NYSE Arca on that



day divided by the number of issued and outstanding Units.

The NAV is calculated by taking the current market value of the Fund's total assets and subtracting any liabilities. Under the Fund's current operational procedures, the Administrator calculates the NAV of the Fund's Units as of the earlier of 4:00 p.m. Eastern Time (ET) or the close of the Exchange each day. The NYSE Amex currently calculates an approximate net asset value every 15 seconds throughout each day the Fund's Units are traded on the NYSE Arca for as long as the NYMEX's main pricing mechanism is open.

The Fund will provide information to its unit holders to the extent required by applicable SEC, CFTC, and NYSE Arca requirements. An issuer, such as the Fund, of exchange-traded securities may not always readily know the identities of the investors who own those securities. The Fund will post the same information that would otherwise be provided in the Fund's reports to limited partners, including its monthly account statements, which will include, without limitation, the Fund's NAV, on the Fund's website at www.unitedstatesnaturalgasfund.com.

The Fund's expense ratio, in the absence of any extraordinary expenses and liabilities, is expected to be 0.63% of the net assets of the Fund.

Individual certificates will not be issued for the Units. Instead, Units will be represented by one or more global certificates, which will be deposited by the Administrator with the Depository Trust Company (DTC) and registered in the name of Cede & Co., as nominee for DTC.

The registration statement for the Fund describes the various fees and expenses for the Units. For a complete description of the Fund, please refer to the [Fund's website](#).

Indicative Fund 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 NYSE Amex disseminates through the facilities of Consolidated Tape Association (CTA), an updated Indicative Fund Value (the IFV). The IFV is disseminated on a per Unit basis every 15 seconds during regular trading hours of 9:30 a.m. to 4:00 p.m. ET.

The IFV will be calculated by using the prior day's closing NAV per Unit of the 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 Futures Contract on the NYMEX. The prices reported for the active Futures Contract month will be adjusted based on the prior day's spread differential between settlement values for that contract and the spot month contract. In the event that the spot month contract is also the



active contract, the last sale price for the active contract will not be adjusted. The IFV per Unit basis disseminated during NYSE Amex's trading hours should not be viewed as an actual real time update of the NAV, because NAV is calculated only once at the end of each trading day. The normal trading hours of the NYMEX are 10:00 a.m. ET to 2:30 p.m. ET. This means that there will be a gap in time at the beginning and the end of each day during which the Fund's Units will be traded on the EDGA and EDGX Exchanges (the "Exchanges"), but real-time NYMEX trading prices for futures contracts traded on such Exchange will not be available. As a result, during those gaps there will be no update to the IFV.

Creation and Redemption of Units

The Fund issues and redeems Units on a continuous basis only in Baskets of 100,000 Units or multiples thereof, by or through Authorized Participants. Basket-sized Aggregations are issued in exchange for the corresponding Deposit Amount determined on each business day by the Administrator. The Deposit Amount necessary for the creation of a Basket will change from day to day. On each day that NYSE Arca 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. Authorized Participants 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"). These items are described in the Fund's prospectus and registration statement. Authorized Participants that wish to purchase a Basket must transfer the Deposit Amount plus a transaction fee of \$1,000 to the Fund in exchange for a Basket. No Units will be issued unless and until the Administrator has informed the Marketing Agent that it has allocated to the Fund's account the required funds necessary for the Deposit Amount plus transaction fee. Authorized Participants who wish to redeem a Basket 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 Participant upon confirmation that the Fund's DTC Account has received the Basket.

The total deposit required to create each basket ("Creation Basket Deposit") will be an amount of Treasuries and/or cash that is in the same proportion to the total assets of the Fund (net of estimated accrued but unpaid fees, expenses and other liabilities) on the date the order to purchase is accepted as the number of Units to be created under the purchase order is in proportion to the total number of Units outstanding on the date the order is received. The General Partner determines, directly in its sole discretion or in consultation with the Administrator, the requirements for Treasuries and the amount of cash, including the maximum permitted remaining maturity of a Treasury and proportions of Treasury and cash that may be included in deposits to create Baskets. The Marketing Agent will publish such requirements at the beginning of each business day. The amount of cash deposit required will be the difference between the aggregate market value of the Treasuries required to be included in a Creation



Basket Deposit as of 4:00 p.m. ET on the date the order to purchase is properly received and the total required deposit.

An Authorized Purchaser who places a purchase order is responsible for transferring to the Fund's account with the Custodian the required amount of Treasuries and cash by 3:00 p.m. ET 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 Purchaser's DTC account on the third business day following the purchase order date.

The Fund's prospectus and registration statement describe additional procedures and requirements that apply to the creation and redemptions of Units. Members interested in becoming an Authorized Participant, or obtaining a list of Authorized Participants, can contact the Marketing Agent at www.alpsinc.com for more information.

Futures Contracts

Futures Contracts are agreements between two parties. One party agrees to buy natural gas from the other party at a later date at a price and quantity agreed upon when the contract is made. Futures Contracts are traded on futures exchanges. For example, natural gas futures contracts traded on the NYMEX trade in units of 10,000 million British Thermal Units. The price of natural gas futures contracts traded on the NYMEX are priced by floor brokers and other exchange members both through an "open outcry" of offers to purchase or sell the contracts and through an electronic, screen-based system that determines the price by matching electronically offers to purchase and sell.

The Fund's investment objective is for the changes in percentage terms of the Units' NAV to reflect the changes in percentage terms of the Benchmark Futures Contract, less the Fund's expenses. The Fund expects to invest primarily in Futures Contracts. The Fund seeks to have its aggregate NAV approximate at all times the aggregate face amount of the Futures Contracts and Other Natural Gas-Related Investments it holds.

Other Investments

Other than investing in Futures Contracts and Other Natural Gas-Related Investments, the Fund will only invest in assets to support these investments in Natural Gas Interests. At any given time, a significant majority of the Fund's investments will be in Treasuries that serve as segregated assets



supporting the Fund's positions in Futures Contracts and Other Natural Gas-Related Investments. For example, the purchase of a Futures Contract with a stated value of \$10 million would not require the Fund to pay \$10 million upon entering into the contract; rather, only a margin deposit, generally of 5% to 10% of the stated value of the Futures Contract, would be required. To secure its Futures Contract obligations, the Fund would deposit the required margin with the futures commission merchant and hold, through its Custodian, Treasuries, cash and cash equivalents in an amount equal to the balance of the current market value of the contract, which at the contract's inception would be \$10 million minus the amount of the margin deposit, or \$9.5 million (assuming a 5% margin).

As a result of the foregoing, the Fund expects that 5% to 10% of its assets will be held as margin in segregated accounts with a futures commission merchant. In addition to the Treasuries it posts with the futures commission merchant for the Futures Contracts it owns, the Fund will hold through the Custodian, Treasuries, cash and cash equivalents that can be posted as margin or as collateral to support its over-the-counter contracts.

The Fund intends to earn interest income from the Treasuries, cash and cash equivalents that it will purchase, and on the cash it holds through the Custodian. It anticipates that the earned interest income will increase the NAV and limited partners' capital contribution accounts. The Fund plans to reinvest the earned interest income, hold it in cash, or use it to pay its expenses. If the Fund reinvests the earned interest income, it will make investments that are consistent with its investment objectives.

Investment Risks

Members are referred to the Fund's prospectus and registration statement for a more detailed description of risks associated with an investment in the Units of the Fund.

Some of the risks involved in an investment in the Fund include:

- Unlike mutual funds, commodity pools or other investment pools that actively manage their investments in an attempt to realize income and gains from their investing activities and distribute such income and gains to their investors, the Fund generally does not expect to distribute cash to limited partners or other unit-holders. You should not invest in the Fund if you will need cash distributions from the Fund to pay taxes on your share of income and gains of the Fund, if any, or for any other reason.
- There is the risk that the changes in the price of the Fund's Units on the Exchange will not closely



track the changes in the price of natural gas.

- There is no assurance that the General Partner will successfully implement the Fund's investment strategy. If the General Partner permits the Fund to become leveraged, you could lose all or substantially all of your investment in the Fund.
- The price relationship between the near month contract to expire and the next month contract to expire that compose the Benchmark Futures Contract will vary and may impact both the total return over time of the Fund's NAV, as well as the degree to which its total return tracks other natural gas price indices' total returns.
- Investors may choose to use the Fund as a means of investing indirectly in natural gas and there are risks involved in such investments. The risks and hazards that are inherent in the natural gas industry may cause the price of natural gas to widely fluctuate. The exploration for, and production of, natural gas is an uncertain process with many risks. The cost of drilling, completing and operating wells for natural gas is often uncertain, and a number of factors can delay or prevent drilling operations or production.
- Investors, including those who participate in the natural gas industry, may choose to use the Fund as a vehicle to hedge against the risk of loss and there are risks involved in hedging activities. While hedging can provide protection against an adverse movement in market prices, it can also preclude an investor's opportunity to benefit from a favorable market movement.
- The Fund expects to invest primarily in Futures Contracts that are traded in the United States. However, a portion of the Fund's trades may take place in markets and on exchanges outside the United States. Some non-U.S. markets present risks because they are not subject to the same degree of regulation as their U.S. counterparts. In some of these non-U.S. markets, the performance on a contract is the responsibility of the counterparty and is not backed by an exchange or clearing corporation and therefore exposes the Fund to credit risk. Trading in
- non-U.S. markets also leaves the Fund susceptible to fluctuations in the value of the local



currency against the U.S. dollar.

- The Fund may also invest in Other Natural Gas-Related Investments, many of which are negotiated contracts that are not as liquid as Futures Contracts and expose the Fund to credit risk that its counterparty may not be able to satisfy its obligations to the Fund.
- The Fund will pay fees and expenses that are incurred regardless of whether it is profitable.
- Investors will have no rights to participate in the management of the Fund and will have to rely on the duties and judgment of the General Partner to manage the Fund.
- The structure and operation of the Fund may involve conflicts of interest. For example, a conflict may arise because the General Partner and its principal and affiliates may trade for themselves. In addition, the General Partner has sole current authority to manage the investments and operations, which may create a conflict with the unit-holders' best interests. The General Partner may also have a conflict to the extent that its trading decisions may be influenced by the effect they would have on United States Oil Fund, L.P., the other commodity pool that it manages, or any other commodity pool the General Partner may form in the future.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchanges' existing rules governing the trading of equity securities.

Trading Hours

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during the Regular Trading Session.

The Shares will trade on IEX between 8:00 a.m. and 5:00 p.m. Please note that trading in the Shares



during the Exchange's Pre-Market and Post-Market Sessions ("Extended Market Sessions") may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, (3) higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals..

Trading Halts

The Exchange will halt trading in the Shares of a security in accordance with the Exchange's Rules. The grounds for a halt include a halt because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, a halt for other regulatory reasons or due to other conditions or circumstances deemed to be detrimental to the maintenance of a free and orderly market.

Delivery of a Prospectus

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus. Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the 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 Trust's registration statement.

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

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the "Act") regarding trading in the Units.

Rules 101 and 102 of Regulation M



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.

Section 11(d)(1): SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not Authorized Participants (and, therefore, do not create Baskets) that engage in both proprietary and customer transactions in Units in the secondary market. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Units to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(l)(5)(A), (B) or (C). The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Units, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Units that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

The SEC has also taken a no-action position under Section 11(d) of the Exchange Act if an Authorized Participant ("AP") extends or maintains or arranges for the extension or maintenance of credit on Units in reliance on the class exemption granted in the Letter re: Derivative Products Committee of the Securities Industry Association ("SIA") (November 21, 2005), provided (1) that the AP does not receive from the Trust, directly or indirectly, any payment, compensation or other economic incentive to promote or sell the Units to persons outside the Fund, other than non-cash compensation permitted under NASD Rule 2830(l)(5)(A), (B), or (C); and (2) the AP does not extend, maintain or arrange for the extension or maintenance of credit to or for a customer on Units before thirty days from the start of trading in the Units (except as otherwise permitted pursuant to Rule 11d1-1). (See letter from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

The exemptions from Rules 101 and 102 of Regulation M and Section 11(d)(1) and Rule 11d1-2 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. Members are referred to the full text of the No-Action Letter for additional information.

This Regulatory Information Circular is not a statutory prospectus. Members should consult the prospectus for a Trust and the Trusts' website at www.unitedstatesnaturalgasfund.com for relevant information.

Please contact IEX Regulation at 646-343-2000 with any inquiries regarding this Information Circular.