



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject: United States Commodity Index Fund**

**Background Information on the Fund**

According to the Registration Statement (No. 333-164024), the investment objective of USCI is for the daily changes in percentage terms of its Units' net asset value to reflect the daily changes in percentage terms of the SummerHaven Dynamic Commodity Index Total Return (the "Index"), less USCI's expenses. The Index is designed to reflect the performance of a diversified group of commodities. The Index is owned and maintained by SummerHaven Index Management, LLC, and calculated and published by Bloomberg, L.P.

USCI is a commodity pool that will issue Units that may be purchased and sold on the Exchange. USCI is a series of the United States Commodity Index Funds Trust ("Trust"), a Delaware statutory trust company. Wilmington Trust Company, a Delaware banking corporation, is the Delaware trustee of the Trust. USCI and the Trust are managed and controlled by United States Commodity Funds LLC (the "Sponsor"). The Sponsor is a limited liability company that 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"). USCI's trading advisor is SummerHaven Investment Management, LLC ("SummerHaven"), a Delaware limited liability company that is registered as a commodity trading advisor and CPO with the CFTC and is a member of the NFA. SummerHaven provides advisory services to the Sponsor with respect to the Index and the investment decisions of USCI.

*Index Methodology*

According to the Registration Statement, the Index is designed to reflect the performance of a fully margined or collateralized portfolio of 14 commodity futures contracts with equal weights, selected each month from a universe of 27 eligible commodity futures contracts. The Index is rules-based and rebalanced monthly based on observable price signals. The overall return on the Index is generated by two components: (i) uncollateralized returns from the commodity futures contracts comprising the Index and (ii) a daily fixed income return reflecting the interest earned on a hypothetical 3-month U.S. Treasury Bill collateral portfolio, calculated using the weekly auction rate for the 3-month U.S. Treasury Bills published by the U.S. Department of the Treasury. SummerHaven Indexing is the owner of the Index.

The Index is composed of physical non-financial commodity futures contracts with active and liquid markets traded upon futures exchanges in major industrialized countries. The futures contracts are denominated in U.S. dollars and weighted equally by notional amount. The commodity sectors for the Index include grains (e.g., wheat, corn, soybeans, etc.), precious metals (e.g., gold, silver, platinum), industrial metals (e.g., zinc, nickel, aluminum, copper, etc.),

livestock (e.g., live cattle, lean hogs, feeder cattle), softs (e.g., sugar, cotton, coffee, cocoa) and energy (e.g., crude oil, natural gas, heating oil, etc.).

#### *Administrator and Custodian*

Brown Brothers Harriman & Co. is the registrar and transfer agent for the Units. Brown Brothers Harriman & Co. is also the Custodian for USCI. In this capacity, Brown Brothers Harriman & Co. will hold USCI's Treasuries, cash and cash equivalents pursuant to a custodial agreement. In addition, Brown Brothers Harriman & Co. will perform certain administrative and accounting services for USCI and will prepare certain SEC and CFTC reports on behalf of USCI.

#### *Marketing Agent*

USCI employs ALPS Distributors, Inc. as the marketing agent. USCI, through its marketing agent, will continuously offer Creation Baskets to and redeem Redemption Baskets from Authorized Purchasers and will receive and process creation and redemption orders from Authorized Purchasers.

DTC serves as the securities depository for the Units, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Units of the Fund.

#### *Investment Strategy of USCI*

According to the USCI Registration Statement, the Sponsor employs a "neutral" investment strategy intended to track changes in the Index regardless of whether the Index goes up or goes down. USCI's "neutral" investment strategy is designed to permit investors generally to purchase and sell USCI's Units for the purpose of investing indirectly in the commodities market in a cost-effective manner, and/or to permit participants in the commodities or other industries to hedge the risk of losses in their commodity-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in the commodities market and/or the risks involved in hedging may exist. In addition, an investment in USCI involves the risk that the changes in the price of USCI's Units will not accurately track the changes in the Index, and that changes in the Index will not closely correlate with changes in the spot prices of the commodities underlying the Benchmark Component Futures Contracts.

### **Creation and Redemption of Units**

USCI creates and redeems Units from time to time, but only in one or more Creation Baskets or Redemption Baskets of 100,000 Units or aggregation thereof. The creation and redemption of baskets are only made in exchange for delivery to USCI or the distribution by USCI of the amount of Treasury Securities and/or cash equal to the combined NAV of the number of Units included in the baskets being created or redeemed determined as of 4:00 p.m. New York time on the day the order to create or redeem baskets is properly received.

Authorized Purchasers are the only persons that may place orders to create and redeem baskets. Authorized Purchasers must be (1) either 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 as described below, and (2) DTC Participants. To become an Authorized Purchaser, a person must enter into an Authorized Purchaser Agreement with the Sponsor. The Authorized Purchaser Agreement provides the procedures for the creation and redemption of baskets and for the delivery of the Treasury Securities and/or cash required for such creations and redemptions. Authorized Purchasers pay

a transaction fee of \$1,000 to the Sponsor for each order they place to create or redeem one or more baskets.

### **Calculation of NAV**

USCI's NAV is calculated by: taking the current market value of its total assets and subtracting any liabilities. The Administrator will calculate the NAV of USCI once each trading day. The NAV for a particular trading day will be released after 4:00 p.m. New York time. Trading during the Core Trading Session on the Exchange typically closes at 4:00 p.m. New York time. The Administrator will use the closing prices on the relevant Futures Exchanges of the Benchmark Component Futures Contracts (determined at the earlier of the close of such exchange or 2:30 p.m. New York time) for the contracts traded on the Futures Exchanges, but will calculate or determine the value of all other USCI investments 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 Exchange or 4:00 p.m. New York time in accordance with the current Administrative Agency Agreement among Brown Brothers Harriman & Co., Inc., USCI and the Sponsor. "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 the Registrant in the regular course of its 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.

### **Dissemination and Availability of Information**

#### *Portfolio Disclosure*

USCI's total portfolio composition will be disclosed each business day that the Exchange is open for trading on USCI's Web site [www.unitedstatescommodityindexfund.com](http://www.unitedstatescommodityindexfund.com). The Web site disclosure of portfolio holdings will be made available daily and will include, as applicable, the name and value of each Crude Oil Interest, the specific types of Other Crude Oil-Related Investments, Treasuries, and the amount of cash and cash equivalents held in USCI's portfolio. USCI's Web site is publicly accessible at no charge.

#### *Indicative Fund Value*

In order to provide updated information relating to USCI for use by investors and market professionals, the NYSE Arca, the primary exchange, will calculate and disseminate throughout the core trading session on each trading day an updated Indicative Fund Value. The Indicative Fund Value will be calculated by using the prior day's closing NAV per unit of USCI as a base and updating that value throughout the trading day to reflect changes in the most recently reported price level of the Index as reported by Bloomberg or other reporting service.

The Indicative Fund Value unit basis disseminated during NYSE Arca Core Trading Session 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 based upon the relevant end of day values of USCI's investments.

The Indicative Fund Value will be disseminated on a per unit basis every 15 seconds during regular NYSE Arca core trading session hours of 9:30 a.m. New York time to 4:00 p.m. New York time. The normal trading hours of the Futures Exchanges vary, with some Futures Exchanges ending their trading hours before the close of the core trading session on NYSE Arca (for example, the normal trading hours of the NYMEX are 10:00 a.m. New York time to 2:30 p.m. New York time). When USCI holds Benchmark Component Futures Contracts from Futures Exchanges with different trading hours than the NYSE Arca there will be a gap in time at the beginning and/or the end of each day during which USCI's units will be traded on the NYSE Arca, but real-time Futures Exchange trading prices for Benchmark Component Futures Contracts traded on such Futures Exchanges will not be available. As a result, during those gaps there will be no update to the Indicative Fund Value.

The NYSE Arca will disseminate the Indicative Fund Value through the facilities of CTA/CQ High Speed Lines. In addition, the Indicative Fund Value will be published on the NYSE Arca's website and will be available through on-line information services such as Bloomberg and Reuters.

### **Investment Risks**

An investment in USCI involves a degree of risk. Members 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. These risks include the risk that the market price of the Units will be subject to fluctuations similar to those affecting the current Benchmark Component 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. In addition, as noted in the prospectus, Units trade at market prices that may differ from NAV. The NAV of the Units will fluctuate with changes in the market value of the 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. Accountability levels, position limits, and daily price fluctuation limits set by the futures exchanges have the potential to cause a tracking error, which could cause the price of units to substantially vary from the price of the Index and prevent investors from being able to effectively use USCI as a way to hedge against commodity-related losses or as a way to indirectly invest in commodities.

The CFTC has regulatory jurisdiction over the trading of futures contracts traded on U.S. exchanges and related options.

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

The Units are considered equity securities, thus rendering trading in the Units subject to the Exchange's existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the shares on EDGA and EDGX Exchanges (the "Exchanges") is on a UTP basis and is subject to the Exchanges' equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or

publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

### **Suitability**

Trading in the Shares on the Exchanges will be subject to the provisions of EDGA and EDGX Exchange Rules 3.7. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the “know your customer” obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

### **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 Marketing Agent or on the Fund’s website at [www.unitedstatescommodityindexfund.com](http://www.unitedstatescommodityindexfund.com). 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 Commission. For further information about the Fund, please refer to the Registration Statement.

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

The Commission’s Division of Market Regulation (now the Division of Trading and Markets) issued a letter dated June 21, 2006 (the “No-Action Letter”) granting exemptive or no-action relief from certain rules under the Securities Exchange Act of 1934 for the Shares. Members are referred to the text of the No-Action letter available at [www.sec.gov](http://www.sec.gov).

### **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 affiliates 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.

**This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>Cusip</b>
USCI	United States Commodity Index Fund	911717106