

MIAX Pearl Equities Exchange Product Circular 2023-3117

DATE: January 11, 2023

TO: MIAX Pearl Equities Members

FROM: MIAX Pearl Equities Listings Department

RE: USCF Sustainable Battery Metals Strategy Fund – ZSB

This Product 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 a UTP Derivative Security pursuant to Exchange Rule 2900.

<u>Security (the “Fund”)</u>	<u>Symbol</u>
USCF Sustainable Battery Metals Strategy Fund	ZSB

Issuer/Trust: USCF Advisers LLC

Issuer Website: <https://www.uscfinvestments.com>

Primary Listing Exchange: NYSE Arca

The purpose of this Product 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 issued by the Primary Listing Exchange. The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the “Issuer Disclosure Materials.”

Background Information on the Fund

The Fund seeks to achieve its investment objective by investing primarily in metals derivative instruments (“Metals Derivatives”) and, to a lesser extent in the equity securities of companies (“Metals Equities” and, together with Metals Derivatives, “Metals Investments”) that are economically tied to the metals that are necessary for “Electrification,” which is described below. The Adviser believes that demand for certain metals will increase as the global economy undergoes a process known as Electrification. During Electrification,

energy derived from sustainable sources such as wind, solar, and hydroelectric power will gradually replace energy generated by fossil fuels. The infrastructure needed to produce and store that energy as electricity in batteries (“Battery and Electrification Infrastructure”) will require substantial amounts of certain metals. As a result, Electrification may lead to rising prices for these metals over time.

As an important component of the Fund’s sustainable strategy, the Fund also seeks to achieve a “net-zero” carbon footprint by purchasing carbon offset investments (“Carbon Offset Investments”) in an amount equal to the estimated aggregate carbon emissions of the Fund’s holdings. The Fund’s goal of achieving a net-zero carbon footprint is treated by the Fund as equal to its investment objective to achieve total return.

Specifically, the Fund’s holdings will consist of instruments tied to industrial metals, precious metals, and rare earth metals (the “Metals” and each, a “Metal”) that are used in batteries, battery charging infrastructure, and sustainable energy generation and storage infrastructure. The Fund’s Metals Investments will initially include metals such as cobalt, copper, iron ore, lithium, nickel, and other metals currently used in Battery and Electrification Infrastructure. Specific metals may be added or removed as eligible metals when changes occur in the evolution of battery and electrification metals technology, and when exposure to these metals can be obtained. The Metals Derivatives in which the Fund will invest are futures and swaps and, to a lesser extent, options and forwards. The Metals Equities in which the Fund will invest are the common stock of companies located in both the United States and in foreign countries, including in emerging markets, which are economically tied to the Metals because they derive a substantial portion of their revenue from the mining, processing, production, refining, recycling, and other related activities of such Metals.

The Adviser uses a proprietary multi-factor quantitative methodology to select the Metals Investments. The proprietary methodology considers the use of a specific Metal in Battery and Electrification Infrastructure, the other uses of such Metal, and each Metal’s environmental impact, and attempts to provide exposure to the Metals used in Battery and Electrification Infrastructure in amounts that generally correspond to each Metal’s relative demand in connection with such use, meaning that the Fund will invest more heavily in those Metals whose price is expected to be more closely aligned with that Metal’s increased demand for use in Battery and Electrification Infrastructure. Because Metals Derivatives have the highest correlation to the prices of such Metals, the methodology selects Metals Derivatives when suitable derivatives are available. Suitable derivatives include exchange-traded and over-the-counter futures and swaps contracts on the Metals. If these contracts are traded on an exchange, liquidity relative to the Fund’s size and trading needs is also considered in determining if a Metals Derivative is suitable. Futures traded on U.S. or international exchanges with sufficient liquidity are prioritized. Swaps are used for any Metal that does not have a futures contract with sufficient liquidity. The Fund may also use options and forwards to supplement its futures and swaps positions or if adequate futures and swaps are not available. To the extent suitable Metals Derivatives are not available to provide exposure to a Metal that is used in Battery and Electrification Infrastructure, the Adviser’s methodology selects companies that are economically tied to the mining, processing, production, refining, recycling, and other related activities of that Metal or a group of Metals. In order to initially include a company for selection within the methodology, the Adviser considers a company to be “economically tied” if it generates at least 50% of its revenues from these activities or has projects that have the potential for the company to generate at least 50% of its revenues from these activities when developed. Once a company is selected for inclusion in the Fund by meeting the above criteria, it must continue to generate at least 25% of its revenues from these activities or have projects with the potential for the company to generate at least 25% of its revenues from these activities when developed, in order to remain in the Fund. The Fund may not have exposure to every Metal used in Battery and Electrification Infrastructure because there may not be a suitable derivative or equity security tied to each Metal. The Adviser’s proprietary methodology will also exclude

Metals that have only a de minimis connection to Battery and Electrification Infrastructure. The Adviser will assess each Metal Investment's inclusion in the methodology on an annual basis.

After all the Metals Investments have been selected, the Adviser estimates the carbon emissions associated with each of the Metals Derivatives and each of the Metals Equities chosen by the methodology. The Adviser relies on data published by governmental or multi-national organizations, scientific studies, investment bank/financial service companies, and internationally recognized ESG research firms to make such estimates. The Adviser then calculates the aggregate carbon emissions from all Metals Investments in the portfolio and the Fund purchases Carbon Offset Investments in the form of carbon credit futures contracts in an amount equal to the net emissions. The resulting portfolio will exhibit an approximate, net-zero carbon footprint. Carbon emissions estimates will be updated annually.

The Fund's investments are not restricted in terms of geography. As such, the Fund may invest in both U.S. and non-U.S. companies, including companies located in emerging markets, and in instruments denominated in both U.S. dollars and foreign currencies. There is no limit to the percentage of the Fund's equity investments that may be invested in emerging markets investments. In fact, a large percentage of the Fund's investments in equity securities will be issued by Chinese companies because China is the country with the largest universe of companies that derive their revenues from Metals that are used in Battery and Electrification Infrastructure. The Fund will invest in Metals Equities with a minimum capitalization of \$100 million at the time of initial investment. Because many of the companies that issue Metals Equities are smaller companies, it is expected that the Fund will invest in companies that would generally be classified as small- or mid-cap based on how such terms are defined by widely used indices.

Although the Fund may invest in Metals Derivatives directly, the Fund invests in Metals Derivatives primarily through a wholly-owned subsidiary of the Fund incorporated in the Cayman Islands, USCF Cayman Commodity 5 (the "Subsidiary"). The Subsidiary is advised by the Adviser and has the same investment objective as the Fund. The Fund may invest up to 25% of its assets in the Subsidiary.

The portion of the Fund's assets that are not invested in Metals Investments or Carbon Offset Investments, will be primarily invested, directly or indirectly through the Subsidiary, in cash, cash equivalents, money market funds, or short maturity fixed-income investments or a combination thereof. The primary purpose of such investments will be to meet coverage and collateral requirements associated with the Fund's Metals Derivatives.

The Fund is "non-diversified" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

Principal Risks

Interested persons are referred to the discussion in the prospectus for the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing a Fund's performance to not match the performance of its underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, concentration risk, equity securities risk, and passive investment risk.

Exchange Rules Applicable to Trading in the Shares

Trading in the Shares on MIAX PEARL is subject to MIAX PEARL trading rules.

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 MIAX PEARL between 9:30 a.m. and 4:00 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.

Dissemination of Data

The Consolidated Tape Association will disseminate real time trade and quote information for the Shares to Tape B.

USCF Sustainable Battery Metals Strategy Fund	NYSE Arca	ZSB	ZSB.IV	ZSB.NV

Delivery of a Prospectus

MIAX PEARL Equity Members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Fund. Prospectuses may be obtained through the Fund’s website. The prospectus for the Fund 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 its Registration Statement.

In the event that the Fund relies upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and in the future make available a written product description, MIAX PEARL Rules requires that MIAX PEARL Equity Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Issuer of the Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, MIAX PEARL Equity Members shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by an MIAX PEARL Equity Member to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: “A circular describing the terms and characteristics of [the UTP Exchange Traded Products]

has been prepared by the [open-ended management investment company name] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [the UTP Exchange Traded Products].”

A MIAX PEARL Equity Member carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to MIAX PEARL Equity Member under this rule. Upon request of a customer, MIAX PEARL Members also shall provide a copy of the Prospectus.

Suitability

Trading in the securities on the Exchange will be subject to the provisions of MIAX PEARL Rule 2107 and other applicable suitability rules. Equity Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

Trading Halts

MIAX PEARL will halt trading in the Shares of a security in accordance with MIAX PEARL Rules. The grounds for a halt under MIAX PEARL Rules include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, MIAX PEARL will stop trading the Shares of a security if the primary market de-lists the security.

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

The Securities and Exchange Commission (the “SEC”) has issued letters granting exemptive, interpretive and no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 for exchange-traded securities listed and traded on a registered national securities exchange that meet certain criteria. AS WHAT FOLLOWS IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN THE NO-ACTION LETTERS REFERENCED ABOVE, THE EXCHANGE ADVISES INTERESTED PARTIES 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.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any “distribution participant” and its “affiliated purchasers” from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Fund to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of Shares of the

above-mentioned Fund (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Fund for redemption does not constitute a bid for or purchase of any of the Fund's securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of Shares.

Rule 10b-10 (Customer Confirmations for Creation or Redemption of Fund Shares)

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing Creation Unit Aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust for the Fund to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day.

This exemptive relief under Rule 10b-10 with respect to creations and redemption is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c); and
- 3) Except for the identity, number, and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

Rule 10b-17 (Untimely Announcement of Record Dates)

The SEC has granted an exemption from the requirements of Rule 10b-17 that will cover transactions in the Shares.

Section 11(d)(1); Rule 11d1-2 (Customer Margin)

The SEC has taken a no-action position under Section 11(d)(1) that will permit broker-dealers that do not create Shares but engage in both proprietary and customer transactions in such Shares exclusively in the secondary market to extend or maintain or arrange for the extension or maintenance of credit on the Shares, in connection with such secondary market transactions. For broker-dealers that engage in the creation of Shares, the SEC has also taken a no-action position under Rule 11d1-2 that will cover the extension or maintenance or the arrangement for the extension or maintenance of credit on the Shares that have been owned by the persons to whom credit is provided for more than 30 days.

Rule 14e-5

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Fund (1) to redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase Fund Shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- 1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchase; or
- 2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- 3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

SEC Rule 15c1-5 and 15c1-6 (Disclosure of Control and interest in Distributions)

The SEC has taken a no-action position under Rule 15c1-5 that will permit a broker-dealer to execute transactions in Shares without disclosing any control relationship with an issuer of a component security. In addition, the SEC has taken a no-action position under Rule 15c1-6 that will permit a broker dealer to execute transactions in the Shares without disclosing its participation or interest in a primary or secondary distribution of a component security.

This Product Circular is not a statutory prospectus. MIAX PEARL Equity Members should consult the prospectus for a security and the security's website for relevant information.

Please direct product listing questions to MIAX PEARL Equities Listings at Listings@MIAXOptions.com or (609) 897-7308.

Please direct regulatory questions to the MIAX PEARL Regulatory Department at (609) 897-7309 or Regulatory@MIAXOptions.com.