

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63753; File No. SR-NYSEArca-2010-110)

January 21, 2011

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change to List and Trade Shares of the Teucrium Natural Gas Fund

I. Introduction

On December 3, 2010, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade shares of the Teucrium Natural Gas Fund under NYSE Arca Equities Rule 8.200. The proposed rule change was published for comment in the Federal Register on December 15, 2010.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange proposes to list and trade shares (“Shares”) of the Teucrium Natural Gas Fund (“Fund”) pursuant to NYSE Arca Equities Rule 8.200. NYSE Arca Equities Rule 8.200, Commentary .02, permits the trading of Trust Issued Receipts either by listing or pursuant to unlisted trading privileges.⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 63493 (December 9, 2010), 75 FR 78290 (“Notice”).

⁴ Commentary .02 to NYSE Arca Equities Rule 8.200 applies to Trust Issued Receipts that invest in “Financial Instruments.” The term “Financial Instruments,” as defined in Commentary .02(b)(4) to NYSE Arca Equities Rule 8.200, means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars and floors; and swap agreements.

The Shares represent beneficial ownership interests in the Fund, which is a commodity pool that is a series of the Teucrium Commodity Trust (“Trust”), a Delaware statutory trust.⁵ The Fund is managed and controlled by Teucrium Trading, LLC (“Sponsor”). The Sponsor is a Delaware limited liability company that is registered as a commodity pool operator with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association.

The investment objective of the Fund is to have the daily changes in percentage terms of the Shares’ net asset value (“NAV”) reflect the daily changes in percentage terms of a weighted average of the following: the nearest to spot month March, April, October and November Henry Hub Natural Gas Futures Contracts (“Natural Gas Futures Contracts”) traded on the NYMEX, weighted 25% equally in each contract month, less the Fund’s expenses.⁶ The Sponsor employs a “neutral” investment strategy intended to track the changes in the Gas Benchmark regardless of whether the Gas Benchmark goes up or down.

The Fund seeks to achieve its investment objective by investing under normal market conditions in Gas Benchmark Component Futures Contracts or, in certain circumstances, in other Natural Gas Futures Contracts traded on the New York Mercantile Exchange (“NYMEX”), Intercontinental Exchange (“ICE”), and other foreign exchanges. In addition, and to a limited extent, the Fund will invest in natural gas-based swap agreements that are cleared through the ICE or its affiliated provider of clearing services (“Cleared Natural Gas Swaps”) to the extent

⁵ See Amendment No. 1 to registration statement on Form S-1 for Teucrium Commodity Trust, dated September 7, 2010 (File No. 333-167593) relating to the Teucrium Natural Gas Fund (“Registration Statement”).

⁶ This weighted average of the four referenced Natural Gas Futures Contracts is referred to herein as the “Gas Benchmark,” and the four Natural Gas Futures Contracts that at any given time make up the Gas Benchmark are referred to herein as the “Gas Benchmark Component Futures Contracts.”

permitted and appropriate in light of the liquidity in the Cleared Natural Gas Swap market. Once position limits in Natural Gas Futures Contracts are applicable, the Fund may also invest first in Cleared Natural Gas Swaps to the extent permitted by the position limits applicable to Cleared Natural Gas Swaps and appropriate in light of the liquidity in the Cleared Natural Gas Swaps market, and then in contracts and instruments such as cash-settled options on Natural Gas Futures Contracts and forward contracts, swaps other than Cleared Natural Gas Swaps, and other over-the-counter transactions that are based on the price of natural gas and Natural Gas Futures Contracts (collectively, “Other Natural Gas Interests” and together with Natural Gas Futures Contracts and Cleared Natural Gas Swaps, “Natural Gas Interests”).⁷

The Exchange represents that the Fund will meet the initial and continued listing requirements applicable to Trust Issued Receipts in NYSE Arca Equities Rule 8.200 and Commentary .02 thereto. With respect to application of Rule 10A-3 under the Act,⁸ the Trust will rely on the exception contained in Rule 10A-3(c)(7).⁹ A minimum of 100,000 Shares will be outstanding as of the start of trading on the Exchange.

Additional details regarding the trading policies of the Fund, creations and redemptions of the Shares, Natural Gas Interests and other aspects of the natural gas and Natural Gas Interest markets, investment risks, Benchmark performance, NAV calculation, the dissemination and availability of information about the underlying assets, trading halts, applicable trading rules,

⁷ The Fund will invest in Natural Gas Interests in a manner consistent with the Fund’s investment objective and not to achieve additional leverage.

⁸ 17 CFR 240.10A-3.

⁹ 17 CFR 240.10A-3(c)(7).

surveillance, and the Information Bulletin, among other things, can be found in the Notice and/or the Registration Statement, as applicable.¹⁰

III. Discussion and Commission's Findings

After careful consideration, the Commission finds that the proposed rule change to list and trade the Shares of the Fund is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹¹ In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act,¹² which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Commission finds that the proposal to list and trade the Shares on the Exchange is also consistent with Section 11A(a)(1)(C)(iii) of the Act,¹³ which sets forth Congress's finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA"), and the Benchmark will be disseminated by one or more major

¹⁰ See supra notes 3 and 5.

¹¹ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78k-1(a)(1)(C)(iii).

market data vendors every 15 seconds during the NYSE Arca Core Trading Session of 9:30 a.m. to 4:00 p.m. Eastern Time (“E.T.”). In addition, the Indicative Trust Value (“ITV”) will be disseminated on a per-Share basis by one or more major market data vendors every 15 seconds during the NYSE Arca Core Trading Session.¹⁴ The Fund will provide website disclosure of portfolio holdings daily and will include, as applicable, the names, quantity, price, and market value of Financial Instruments¹⁵ and the characteristics of such instruments and cash equivalents, and amount of cash held in the portfolio of the Fund. The closing price and settlement prices of the Natural Gas Futures Contracts are readily available from NYMEX, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters, and the spot price of natural gas also is available on a 24-hour basis from major market data vendors. The NAV for the Fund will be calculated by the Administrator once a day and will be disseminated daily to all market participants at the same time, and the website for the Fund (www.teucriumnaturalgasfund.com) and/or the Exchange will contain the prospectus and additional data relating to NAV and other applicable quantitative information.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. If the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until

¹⁴ The normal trading hours for Natural Gas Futures Contracts on NYMEX are 9:00 a.m. to 2:30 p.m. E.T. The ITV will not be updated, and, therefore, a static ITV will be disseminated, between the close of trading on NYMEX of Natural Gas Futures Contracts and the close of the NYSE Arca Core Trading Session. The value of a Share may be influenced by non-concurrent trading hours between NYSE Arca and the NYMEX and ICE when the Shares are traded on NYSE Arca after normal trading hours of Natural Gas Futures Contracts on NYMEX.

¹⁵ See supra note 4.

such time as the NAV is available to all market participants. Further, the Exchange represents that it may halt trading during the day in which an interruption to the dissemination of the ITV or the value of the underlying futures contracts occurs. If the interruption to the dissemination of the ITV or the value of the underlying futures contracts persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, the website disclosure of the portfolio composition of the Fund will occur at the same time as the disclosure by the Sponsor of the portfolio composition to Authorized Purchasers (as defined in the Registration Statement) so that all market participants are provided portfolio composition information at the same time. Therefore, the same portfolio information will be provided on the public Web site as well as in electronic files provided to Authorized Purchasers. Accordingly, each investor will have access to the current portfolio composition of the Fund through the Fund's Web site. Lastly, the trading of the Shares will be subject to NYSE Arca Equities Rule 8.200, Commentary .02(e), which sets forth certain restrictions on ETP Holders¹⁶ acting as registered Market Makers¹⁷ in Trust Issued Receipts to facilitate surveillance.

The Exchange has represented that the Shares are deemed equity securities subject to the Exchange's rules governing the trading of equity securities. In support of this proposal, the Exchange has made representations, including the following:

- (1) The Fund will meet the initial and continued listing requirements applicable to Trust Issued Receipts in NYSE Arca Equities Rule 8.200 and Commentary .02 thereto.

¹⁶ See NYSE Arca Equities Rule 1.1(n) (defining ETP Holder).

¹⁷ See NYSE Arca Equities Rule 1.1(u) (defining Market Maker).

- (2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.
- (3) The Exchange's surveillance procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.
- (4) With respect to Fund assets traded on exchanges, not more than 10% of the weight of such assets in the aggregate shall consist of components whose principal trading market is not a member of the Intermarket Surveillance Group or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.
- (5) Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (a) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated ITV will not be calculated or publicly disseminated; (b) the procedures for purchases and redemptions of Shares (and that Shares are not individually redeemable); (c) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (d) how information regarding the ITV is disseminated; (e) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

- (6) A minimum of 100,000 Shares will be outstanding as of the start of trading on the Exchange.
- (7) With respect to the application of Rule 10A-3 under the Act, the Trust will rely on the exception contained in Rule 10A-3(c)(7).¹⁸

This approval order is based on the Exchange's representations.¹⁹

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.

¹⁸ See supra notes 8 and 9 and accompanying text.

¹⁹ The Commission notes that it does not regulate the market for the futures in which the Fund plans to take positions, which is the responsibility of the CFTC. The CFTC has the authority to set limits on the positions that any person may take in futures on commodities. These limits may be directly set by the CFTC, or by the markets on which the futures are traded. The Commission has no role in establishing position limits on futures in commodities, even though such limits could impact a commodity-based exchange-traded product that is under the jurisdiction of the Commission.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,²⁰ that the proposed rule change (SR-NYSEArca-2010-110) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Elizabeth M. Murphy
Secretary

²⁰ 15 U.S.C. 78f(b)(2).

²¹ 17 CFR 200.30-3(a)(12).