

United States Brent Oil Fund, LP  
Form POS AM  
April 02, 2012  
[Table of Contents](#)

As filed with the Securities and Exchange Commission on April 2, 2012

Registration No. 333-162015

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**POST-EFFECTIVE AMENDMENT NO. 2**

**TO**

**FORM S-1**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**United States Brent Oil Fund, LP**

(Exact Name of Registrant as Specified in Its Charter)

Edgar Filing: United States Brent Oil Fund, LP - Form POS AM

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**6770**  
(Primary Standard Industrial  
Classification Code Number)

**27-0925904**  
(I.R.S. Employer  
Identification Number)

**United States Commodity Funds LLC**  
**1320 Harbor Bay Parkway, Suite 145**  
**Alameda, California 94502**  
**510.522.9600**  
(Address, Including Zip Code, and Telephone Number, Including  
Area Code, of Registrant's Principal Executive Offices)

**Nicholas D. Gerber**  
**1320 Harbor Bay Parkway, Suite 145**  
**Alameda, California 94502**  
**510.522.9600**  
(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)

*Copies to:*

**W. Thomas Conner, Esq. Reed Smith LLP**

**1301 K. Street, N.W.**

**Washington, DC 20005-3317**

**202.414.9208**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Commission, acting pursuant to said Section 8(a), may determine.

**Table of Contents**

**PROSPECTUS**

# **United States Brent Oil Fund, LP**

**49,800,000 Units**

United States Brent Oil Fund, LP, a Delaware limited partnership, is a commodity pool that issues units that may be purchased and sold on the NYSE Arca, Inc. ( NYSE Arca ). United States Brent Oil Fund, LP is referred to as USBO throughout this document. The investment objective of USBO is for the daily changes in percentage terms of its units' net asset value to reflect the daily changes in percentage terms of the spot price of Brent crude oil as measured by the daily changes in the price of the futures contract on Brent crude oil as traded on the ICE Futures Exchange that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case the futures contract will be the next month contract to expire, less USBO's expenses.

The units may be purchased from USBO only in one or more blocks of 50,000 units as described in Creation and Redemption of Units. A block of 50,000 units is called a Basket. USBO issues and redeems Baskets called creation baskets or redemption baskets, as the case may be, from certain authorized purchasers as described in Plan of Distribution. The price of a creation basket or a redemption basket is equal to the net asset value of 50,000 units on the day that the order to create the creation basket or redeem the redemption basket is accepted by the marketing agent.

Authorized purchasers that purchase creation baskets may offer and sell units from these baskets to the public at prices that are expected to reflect, among other factors, the trading price of units on the NYSE Area, the net asset value of USBO and the supply and demand for units at the time of sale. The difference between the price paid by authorized purchasers as underwriters and the price paid to such authorized purchasers by investors will be deemed underwriting compensation. Authorized purchasers will not receive from USBO or any of its affiliates, any fee or other compensation in connection with the sale of units. USBO will continuously offer creation baskets consisting of 50,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. A list of USBO's current authorized purchasers is available from the marketing agent. Authorized Purchasers will pay a transaction fee of \$350 through December 31, 2012 for each order placed to create one or more baskets; on January 1, 2013 and after the transaction fee will be \$1,000. The units are listed on the NYSE Arca under the symbol BNO.

**USBO is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act.**

Some of the risks of investing in USBO include:

Investing in crude oil interests subjects USBO to the risks of the crude oil industry which could result in large fluctuations in the price of USBO's units.

If certain correlations do not exist, then investors may not be able to use USBO as a cost-effective way to invest indirectly in crude oil or as a hedge against the risk of loss in crude oil-related transactions.

USBO does not expect to make cash distributions.

## Edgar Filing: United States Brent Oil Fund, LP - Form POS AM

USBO and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.

This is a best efforts offering; the marketing agent is not required to sell any specific number or dollar amount of units, but will use its best efforts to sell units. An authorized purchaser is under no obligation to purchase units. This is intended to be a continuous offering and is not expected to terminate until all of the registered units have been sold or three years from the date of the prospectus, whichever is earlier, although the offering may be temporarily suspended if and when no suitable investments for USBO are available or practicable.

**Investing in USBO involves other significant risks. See What Are the Risk Factors Involved with an Investment in USBO? beginning on page 10.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION ( SEC ) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED IN THIS PROSPECTUS, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS POOL NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.**

**This prospectus is in two parts: a disclosure document and a statement of additional information. These parts are bound together, and both contain important information.**

Price of the units*	\$ 87.90	\$ 4,395,000
---------------------	----------	--------------

\*Based on closing net asset value on March 23, 2012. The price may vary based on the net asset value on a particular day.

**The date of this prospectus is May 1, 2012.**

**Table of Contents**

**COMMODITY FUTURES TRADING COMMISSION**

**RISK DISCLOSURE STATEMENT**

**YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT COMMODITY INTEREST TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.**

**FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, AND ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH EXPENSE TO BE CHARGED THIS POOL AT PAGE 52 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, AT PAGE 6.**

**THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 10.**

**YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED.**

**Table of Contents**

**UNITED STATES BRENT OIL FUND, LP**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PROSPECTUS SUMMARY</u></b>	1
<u>Overview of USBO</u>	1
<u>Principal Offices of USBO and the General Partner</u>	3
<u>Principal Investment Risks of an Investment in USBO</u>	4
<u>Financial Condition of USBO</u>	6
<u>Defined Terms</u>	6
<u>Breakeven Analysis</u>	6
<b><u>THE OFFERING</u></b>	7
<b><u>WHAT ARE THE RISK FACTORS INVOLVED WITH AN INVESTMENT IN USBO?</u></b>	10
<u>Risks Associated With Investing Directly or Indirectly in Crude Oil</u>	10
<u>USBO's Operating Risks</u>	15
<u>Risk of Leverage and Volatility</u>	21
<u>Over-the-Counter Contract Risk</u>	22
<u>Risk of Trading in International Markets</u>	22
<u>Tax Risk</u>	23
<b><u>THE OFFERING</u></b>	25
<u>What is USBO?</u>	25
<u>Who is the General Partner?</u>	25
<u>Compensation to the General Partner and Other Compensation</u>	29
<u>Director Compensation</u>	30
<u>Market Price of Units</u>	30
<u>Prior Performance of USBO</u>	30
<u>Performance of the Related Public Funds</u>	31
<u>Compensation to the General Partner and Other Compensation:</u>	32
<u>Other Related Commodity Trading and Investment Management Experience</u>	33
<u>How Does USBO Operate?</u>	34
<u>What Is USBO's Investment Strategy?</u>	41
<u>What are Futures Contracts?</u>	42
<u>What is the Crude Oil Market and the Petroleum-Based Fuel Market?</u>	45
<u>Why Does USBO Purchase and Sell Futures Contracts?</u>	47
<u>What is the Flow of Units?</u>	48
<u>What are the Trading Policies of USBO?</u>	48
<u>Who are the Service Providers?</u>	50
<u>Fees of USBO</u>	52
<u>Form of Units</u>	53
<u>Transfer of Units</u>	54
<u>Withdrawal of Limited Partners</u>	55
<u>What is the Plan of Distribution?</u>	56
<u>Calculating NAV</u>	57
<u>Creation and Redemption of Units</u>	58
<u>Use of Proceeds</u>	63
<u>Limited Partnership Agreement</u>	64
<u>The General Partner Has Conflicts of Interest</u>	66
<u>The General Partner's Responsibilities and Remedies</u>	67
<u>Liability and Indemnification</u>	68
<u>Provisions of Law</u>	69
<u>Books and Records</u>	69

**Table of Contents**

	<b>Page</b>
<u>Analysis of Critical Accounting Policies</u>	69
<u>Statements, Filings, and Reports</u>	70
<u>Reports to Limited Partners</u>	70
<u>Fiscal Year</u>	71
<u>Governing Law: Consent to Delaware Jurisdiction</u>	71
<u>Security Ownership of Principal Unitholders and Management</u>	71
<u>Legal Matters</u>	71
<u>Experts</u>	71
<u>Privacy Policy</u>	72
<u>U.S. Federal Income Tax Considerations</u>	72
<u>Backup Withholding</u>	81
<u>Other Tax Considerations</u>	81
<u>Investment by ERISA Accounts</u>	82
<u>INFORMATION YOU SHOULD KNOW</u>	84
<u>STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	85
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	85
<u>INCORPORATION BY REFERENCE OF CERTAIN INFORMATION</u>	85
<u>SUMMARY OF PROMOTIONAL AND SALES MATERIAL</u>	86
<u>INTELLECTUAL PROPERTY</u>	86
<u>APPENDIX A Glossary of Defined Terms</u>	A-1
<u>APPENDIX B UNITED STATES BRENT OIL FUND, LP SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP</u>	B-1
<u>STATEMENT OF ADDITIONAL INFORMATION</u>	SAI-1

Until May 26, 2012 (25 days after the date of this prospectus), all dealers effecting transactions in the offered units, whether or not participating in this distribution, may be required to deliver a prospectus. This requirement is in addition to the obligations of dealers to deliver a prospectus when acting as underwriters and with respect to unsold allotments or subscriptions.

---

**Table of Contents**

**PROSPECTUS SUMMARY**

*This is only a summary of the prospectus and, while it contains material information about USBO and its units, it does not contain or summarize all of the information about USBO and the units contained in this prospectus that is material and/or which may be important to you. You should read this entire prospectus, including "What Are the Risk Factors Involved with an Investment in USBO?" beginning on page 10, before making an investment decision about the units.*

**Overview of USBO**

United States Brent Oil Fund, LP, a Delaware limited partnership ( USBO or Us or We ), is a commodity pool that issues units that may be purchased and sold on the NYSE Arca. USBO is managed and controlled by its general partner, United States Commodity Funds LLC (formerly known as Victoria Bay Asset Management, LLC) ( General Partner ). The General Partner is a single member limited liability company formed in Delaware on May 10, 2005, 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 ).

The net assets of USBO consist primarily of investments in futures contracts for crude oil, heating oil, gasoline, natural gas and other petroleum-based fuels that are traded on the ICE Futures Exchange, New York Mercantile Exchange (the NYMEX ), or other U.S. and foreign exchanges (collectively, Futures Contracts ), and to a lesser extent, in order to comply with regulatory requirements or in view of market conditions, other crude oil-related investments such as cash-settled options on Futures Contracts, forward contracts for crude oil, cleared swap contracts and over-the-counter transactions that are based on the price of crude oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, Other Crude Oil-Related Investments ). Market conditions that the General Partner currently anticipates could cause USBO to invest in Other Crude Oil-Related Investments include those allowing USBO to obtain greater liquidity or to execute transactions with more favorable pricing. For convenience and unless otherwise specified, Futures Contracts and Other Crude Oil-Related Investments collectively are referred to as Crude Oil Interests in this prospectus.

The investment objective of USBO is for the daily changes in percentage terms of its units' net asset value ( NAV ) to reflect the daily changes in percentage terms of the spot price of Brent crude oil as measured by the daily changes in the price of the futures contract on Brent crude oil as traded on ICE Futures Exchange that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case the futures contract will be the next month contract to expire (the Benchmark Futures Contract ), less USBO's expenses. It is not the intent of USBO to be operated in a fashion such that its NAV will equal, in dollar terms, the dollar price of spot crude oil or any particular futures contract based on crude oil. It is not the intent of USBO to be operated in a fashion such that its NAV will reflect the percentage change of the price of any particular futures contract as measured over a time period greater than any day. The General Partner believes that it is not practical to manage the portfolio to achieve such an investment goal when investing in Futures Contracts and other Crude-Oil Related Investments. USBO may invest in interests other than the Benchmark Futures Contract to comply with accountability levels and position limits. For a detailed discussion of accountability levels and position limits, see "What are Futures Contracts?"

In order for a hypothetical investment in units to break even over the next 12 months, assuming a selling price of \$85.58 per unit, the investment would have to generate a 0.79% return. For more information, see "Breakeven Analysis."



**Table of Contents**

The General Partner endeavors to place USBO's trades in Futures Contracts and Other Crude Oil-Related-Investments and otherwise manage USBO's investments so that  $A$  will be within plus/minus 10 percent of  $B$ , where:

$A$  is the average daily change in USBO's NAV for any period of 30 successive valuation days, *i.e.*, any NYSE Arca trading day as of which USBO calculates its NAV; and

$B$  is the average daily change in the price of the Benchmark Futures Contract over the same period.

The General Partner believes that market arbitrage opportunities cause daily changes in USBO's unit price on the NYSE Arca to closely track daily changes in USBO's NAV per unit. The General Partner further believes that the daily changes in prices of the Benchmark Future Contract have historically tracked the daily changes in the spot price of Brent crude oil. The General Partner believes that the net effect of these two expected relationships and the relationships described above between USBO's NAV and the Benchmark Futures Contract will be the daily changes in the price of USBO's units on NYSE Arca will closely track, in percentage terms, the daily changes in the spot price of Brent crude oil, less USBO's expenses.

The General Partner employs a neutral investment strategy intended to track the changes in the price of the Benchmark Futures Contract regardless of whether the price goes up or goes down. USBO's neutral investment strategy is designed to permit investors generally to purchase and sell USBO's units for the purpose of investing indirectly in Brent crude oil in a cost-effective manner, and/or to permit participants in the crude oil or other industries to hedge the risk of losses in their Brent crude oil-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in Brent crude oil and/or the risks involved in hedging may exist. In addition, an investment in USBO involves the risk that the changes in the price of USBO's units will not accurately track the changes in the price of the Benchmark Futures Contract, and that changes in the Benchmark Futures Contract will not closely correlate with changes in the spot price of Brent crude oil. If the Benchmark Futures Contract does not correlate with the spot price of Brent crude oil, this could cause changes in the price of USBO's units to substantially vary from the changes in the spot price of Brent crude oil. If this were to occur, then investors may not be able to effectively use USBO as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil. In addition, the price relationship between the near month contract and the next month contract that compose the Benchmark Futures Contract will vary and may impact both the total return over time of USBO's NAV, as well as the degree to which its total return tracks other crude oil price indices' total returns.

The Benchmark Futures Contract is changed from the near month contract to the next month contract over a four-day period. Each month the Benchmark Futures Contract changes starting at the end of the day on the date two weeks prior to expiration of the near month contract for that month. The anticipated dates that the monthly four-day roll period will commence are posted on USBO's website at [www.unitedstatesbrentoilfund.com](http://www.unitedstatesbrentoilfund.com), and are subject to change without notice. During the first three days of the period, the applicable value of the Benchmark Futures Contract is based on a combination of the near month contract and the next month contract as follows: (1) day 1 consists of 75% of the then near month contract's price plus 25% of the price of the next month contract, divided by 75% of the near month contract's prior day's price plus 25% of the price of the next month contract, (2) day 2 consists of 50% of the then near month contract's price plus 50% of the price of the next month contract, divided by 50% of the near month contract's prior day's price plus 50% of the price of the next month contract, and (3) day 3 consists of 25% of the then near month contract's price plus 75% of the price of the next month contract, divided by 25% of the near month contract's prior day's price plus 75% of the price of the next month contract. On day 4, the Benchmark Futures Contract is the next month contract to expire at that time and that contract remains the Benchmark Futures Contract until the beginning of the following month's change in the Benchmark Futures Contract over a four-day period. On each day during the four-day period, USCF anticipates it will roll USBO's positions in Crude Oil Interests by closing, or selling, a percentage of

USBO's positions in Crude Oil Interests and reinvesting the proceeds from closing those positions in new Crude Oil Interests that reflect the change in the Benchmark Futures Contract.

## **Table of Contents**

USBO issues units only in blocks of 50,000 units called Creation Baskets and redeems units only in blocks of 50,000 units called Redemption Baskets. Only Authorized Purchasers may purchase or redeem Creation Baskets or Redemption Baskets, respectively. An Authorized Purchaser is under no obligation to create or redeem baskets, and an Authorized Purchaser is under no obligation to offer to the public units of any baskets it does create. Baskets are generally created when there is a demand for units, including, but not limited to, when the market price per unit is at a premium to the NAV per unit. Authorized Purchasers will then sell such units, which will be listed on the NYSE Arca, to the public at per unit offering prices that are expected to reflect, among other factors, the trading price of the units on the NYSE Arca, the NAV of USBO at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the Futures Contracts market and the market for Other Crude Oil-Related Investments. The prices of units offered by Authorized Purchasers are expected to fall between USBO's NAV and the trading price of the units on the NYSE Arca at the time of sale. Similarly, Baskets are generally redeemed when the market price per unit is at a discount to the NAV per unit. Retail investors seeking to purchase or sell units on any day will effect such transactions in the secondary market, on the NYSE Arca, at the market price per unit, rather than in connection with the creation or redemption of Baskets.

There is no specified limit on the maximum amount of Creation Baskets that can be sold. At some point, accountability levels and position limits on certain of the Futures Contracts in which USBO intends to invest may practically limit the number of Creation Baskets that will be sold if the General Partner determines that the other investment alternatives available to USBO at that time will not enable it to meet its stated investment objective.

In managing USBO's assets, the General Partner does not use a technical trading system that automatically issues buy and sell orders. The General Partner instead employs quantitative methodologies whereby each time one or more baskets are purchased or redeemed, the General Partner will purchase or sell Futures Contracts and Other Crude Oil-Related Investments with an aggregate market value that approximates the amount of Treasuries and/or cash received or paid upon the purchase or redemption of the Basket(s).

**Note to Secondary Market Investors:** The units can be directly purchased from or redeemed by USBO only in Creation Baskets or Redemption Baskets, respectively, and only by Authorized Purchasers. Each Creation Basket and Redemption Basket consists of 50,000 units and is expected to be worth millions of dollars. Individual investors, therefore, will not be able to directly purchase units from or redeem units with USBO. Some of the information contained in this prospectus, including information about buying and redeeming units directly from and to USBO is only relevant to Authorized Purchasers. Units are listed and traded on the NYSE Arca and may be purchased and sold as individual units. Individuals interested in purchasing units in the secondary market should contact their broker. Units purchased or sold through a broker may be subject to commissions.

**Except when aggregated in Redemption Baskets, units are not redeemable securities. There is no guarantee that units will trade at or near the per-unit NAV.**

### **Principal Offices of USBO and the General Partner**

USBO's principal office is located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The General Partner's principal office is also located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The telephone number for each of USBO and the General Partner is 510.522.9600.

---

**Table of Contents**

**Principal Investment Risks of an Investment in USBO**

An investment in USBO involves a degree of risk. Some of the risks you may face are summarized below. A more extensive discussion of these risks appears beginning on page 10.

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 USBO's NAV, as well as the degree to which its total return tracks the Benchmark Futures Contract. In cases in which the near month contract's price is lower than the next month contract's price (a situation known as "contango" in the futures market), then absent the impact of the overall movement in Brent crude oil prices the value of the Benchmark Futures Contract would tend to decline as it approaches expiration. In cases in which the near month contract's price is higher than the next month contract's price (a situation known as "backwardation" in the futures market), then absent the impact of the overall movement in Brent crude oil prices the value of the Benchmark Futures Contract would tend to rise as it approaches expiration. Assuming that spot crude oil prices remain unchanged, and ignoring the impact of transaction costs, taxes, or other fees and expenses, USBO's total returns would tend to see a negative impact from the crude oil futures market being in contango and would tend to see a positive impact from the market being in backwardation.

Unlike mutual funds, commodity pools or other investment pools that manage their investments in an attempt to realize income and gains and distribute such income and gains to their investors, USBO generally does not distribute cash to limited partners or other unitholders. You should not invest in USBO if you will need cash distributions from USBO to pay taxes on your share of income and gains of USBO, if any, or for any other reason.

Investors may choose to use USBO as a means of investing indirectly in Brent crude oil and there are risks involved in such investments. The risks and hazards that are inherent in the crude oil industry may cause the price of crude oil to widely fluctuate.

To the extent that investors use USBO as a means of investing indirectly in Brent crude oil, there is the risk that the daily changes in the price of USBO's units on NYSE Arca will not closely track the daily changes in the spot price of Brent crude oil. This could happen if the price of units traded on the NYSE Arca does not correlate closely with USBO's NAV; the changes in USBO's NAV do not correlate closely with the changes in the price of the Benchmark Futures Contract; or the changes in the price of the Benchmark Futures Contract do not closely correlate with the changes in the cash or spot price of Brent crude oil. This is a risk because if these correlations do not exist, then investors may not be able to use USBO as a cost-effective way to invest indirectly in Brent crude oil or as a hedge against the risk of loss in crude oil-related transactions.

The structure and operation of USBO may involve conflicts of interest. For example, a conflict may arise because the General Partner and its principals and affiliates may trade for themselves. In addition, the General Partner has sole current authority to manage the investments and operations of USBO, which may create a conflict with the unitholders' 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 the United States Oil Fund, LP (USOF), the United States Natural Gas Fund, LP (USNG), the United States 12 Month Oil Fund, LP (US12OF), the United States Gasoline Fund, LP (UGA), the United States Heating Oil Fund, LP (USHO), the United States Short Oil Fund, LP (USSO), the United States 12 Month Natural Gas Fund (US12NG), the United States Commodity Index Fund (USCI), the United States Metals Index Fund (USMI), the United States Agriculture Index Fund (USAG) and the United States Copper Index Fund (CPER), or any other commodity pool the General Partner may form and manage in the future. USOF, USNG, US12OF, UGA, USHO, USSO, US12NG, USCI, USMI, USAG and CPER are referred to herein as the "Related Public Funds."

## Table of Contents

USBO invests primarily in Futures Contracts, and particularly in Futures Contracts traded on the ICE Futures Exchange, which involves certain risks including that changes in its NAV may not correlate with changes in the Benchmark Futures Contract.

USBO invests primarily in Futures Contracts that are traded 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 USBO to credit risk. Trading in non-U.S. markets also leaves USBO susceptible to fluctuations in the value of the local currency against the U.S. dollar. However, Futures Contracts traded on the ICE Futures Exchange, including the Benchmark Futures Contract, are backed by the ICE Futures Exchange and do not expose USBO to the risks of some other non-U.S. exchanges or clearing corporations. Trading in non-U.S. markets also leaves USBO susceptible to fluctuations in the value of the local currency against the U.S. dollar for contracts not traded in U.S. dollars. The Benchmark Futures Contract, however, is traded in U.S. dollars and does not expose USBO to the risk of currency fluctuations.

You will have no rights to participate in the management of USBO and will have to rely on the duties and judgment of the General Partner to manage USBO.

USBO pays fees and expenses that are incurred regardless of whether it is profitable.

USBO seeks to have the daily changes in its units' NAV in percentage terms track the daily changes in the price of Brent crude oil in percentage terms rather than profit from speculative trading of Crude Oil Interests. The General Partner therefore endeavors to manage USBO's positions in Crude Oil Interests so that USBO's assets are, unlike those of other commodity pools, not leveraged (i.e., so that the aggregate value of USBO's unrealized losses from its investments in such Crude Oil Interests at any time will not exceed the value of USBO's assets). There is no assurance that the General Partner will successfully implement this investment strategy. If the General Partner permits USBO to become leveraged, and if USBO's trading positions suddenly turn unprofitable, you could lose all or substantially all of your investment. These movements in price may be the result of factors outside of the General Partner's control and may not be anticipated by the General Partner.

USBO may also invest in Other Crude Oil-Related Investments, many of which are negotiated contracts that are not as liquid as Futures Contracts and expose USBO to credit risk that its counterparty may not be able to satisfy its obligations to USBO.

Regulation of the commodity interest and energy markets is extensive and constantly changing. On July 21, 2010, a broad financial regulatory reform bill, The Dodd-Frank Wall Street Reform and Consumer Protection Act, was signed into law that includes provisions altering the regulation of commodity interests. The CFTC, the SEC and other federal regulators, have been tasked with developing the rules and regulations enacting the provisions noted above. The new law and the rules currently being promulgated thereunder may negatively impact USBO's ability to meet its investment objective, either through limits or requirements imposed on it or upon its counterparties.

Cash or property will be distributed at the sole discretion of the General Partner, and the General Partner currently does not intend to make cash or other distributions with respect to units. You will be required to pay U.S. federal income tax and, in some cases, state, local or foreign income tax on your allocable share of USBO's taxable income, without regard to whether you receive distributions or the amount of any distributions. Therefore, your tax liability with respect to your units may exceed the amount of cash or value of property (if any) distributed.

For additional risks, see [What Are the Risk Factors Involved with an Investment in USBO?](#)



**Table of Contents****Financial Condition of USBO**

USBO's NAV is calculated shortly after the close of the core trading session on the NYSE Arca.

**Defined Terms**

For a glossary of defined terms, see Appendix A.

**Breakeven Analysis**

The breakeven analysis below indicates the approximate dollar returns and percentage required for the redemption value of a hypothetical investment in a single unit to equal the amount invested twelve months after the investment was made. For purposes of this breakeven analysis, we have assumed an initial selling price per unit of \$85.58, which equals the net asset value per unit on February 29, 2012. This breakeven analysis refers to the redemption of baskets by Authorized Purchasers and is not related to any gains an individual investor would have to achieve in order to break even. The breakeven analysis is an approximation only.

Assumed initial selling price per unit	\$ 85.58
Management Fee (0.75%) <sup>(1)</sup>	\$ 0.65
Creation Basket Fee <sup>(2)</sup>	\$ (0.01)
Estimated Brokerage Fee (0.07%) <sup>(3)</sup>	\$ 0.01
Interest Income (0.08%) <sup>(4)</sup>	\$ (0.07)
Independent Directors and Officers' Fees <sup>(5)</sup>	\$ 0.01
Fees and expenses associated with tax accounting and reporting <sup>(6)</sup>	\$ 0.09
Amount of trading income (loss) required for the redemption value at the end of one year to equal the initial selling price of the unit	\$ 0.68
Percentage of initial selling price per unit	0.79%

- (1) USBO is contractually obligated to pay the General Partner a management fee based on daily net assets and paid monthly of 0.75% per annum on average net assets.
- (2) Authorized Purchasers are required to pay a Creation or Redemption Basket fee of \$350 for each order they place to create or redeem one or more baskets. An order must be at least one basket, which is 50,000 units. This breakeven analysis assumes a hypothetical investment in a single unit so the Creation Basket fee is \$.01 (350/50,000).
- (3) This amount is based on the actual brokerage fees for USBO calculated on an annualized basis.
- (4) USBO earns interest on funds it deposits with the futures commission merchant and the custodian and it estimates that the interest rate will be 0.08% based on the current interest rate on three-month Treasury Bills as of February 29, 2012. The actual rate may vary.
- (5) The foregoing assumes that the assets of USBO are aggregated with those of USOF, USNG, US12OF, UGA, USHO, USSO, US12NG, USMI, USAG and CPER, that the aggregate fees paid to the independent directors in 2011 was \$320,000, that the allocable portion of the fees borne by USBO equals \$1,122, and that USBO has \$77,019,894 million in assets, which is the amount of assets as of February 29, 2012.
- (6) USBO assumed the aggregate costs attributable to tax accounting and reporting for 2011 was \$45,000. The number in the break-even table assumes USBO has \$77,019,894 million in assets which is the amount of assets as of February 29, 2012.

**Table of Contents**

**THE OFFERING**

Offering:	USBO is offering Creation Baskets consisting of 50,000 units through ALPS Distributors, Inc. ( Marketing Agent ) as marketing agent to Authorized Purchasers. Authorized Purchasers may purchase Creation Baskets consisting of 50,000 units at USBO 's NAV. This is a continuous offering under Rule 415 of the Securities Act of 1933 ( 1933 Act ) and is not expected to terminate until all of the registered units have been sold or three years from the date of the prospectus, whichever is earlier, although the offering may be temporarily suspended during such period when suitable investments for USBO are not available or practicable. It is anticipated that when all registered units have been sold pursuant to this registration statement, additional units will be registered in subsequent registration statements.
Use of Proceeds:	The General Partner applies substantially all of USBO 's assets toward trading in Futures Contracts and Other Crude Oil-Related Investments, and investing in Treasuries, cash and/or cash equivalents. The General Partner deposits a portion of USBO 's net assets with the futures commission merchant, UBS Securities LLC, or other custodian to be used to meet its current or potential margin or collateral requirements in connection with its investment in Futures Contracts and Other Crude Oil-Related Investments. USBO uses only Treasuries, cash and/or cash equivalents to satisfy these requirements. The General Partner believes that all entities that hold or trade USBO 's assets are based in the United States and are subject to United States regulations. Approximately 5% to 30% of USBO 's assets will be committed as margin for Futures Contracts and collateral for Other Crude Oil-Related Investments. However, from time to time, the percentage of assets committed as margin/collateral may be substantially more, or less, than such range. The remaining portion of USBO 's assets is held in Treasuries, cash and/or cash equivalents by its custodian, Brown Brothers Harriman & Co. (the Custodian ). All interest income earned on these investments is retained for USBO 's benefit.
NYSE Arca Symbol:	BNO
Creation and Redemption:	Currently, and through December 31, 2012, Authorized Purchasers pay a \$350 fee for each order to create or redeem one or more Creation Baskets or Redemption Baskets; on and after January 1, 2013, the fee is \$1,000. Authorized Purchasers are not required to sell any specific number or dollar amount of units. The per unit price of units offered in Creation Baskets on any day is the total NAV of USBO calculated shortly after the close of the core trading session of the NYSE Arca on that day divided by the number of issued and outstanding units. The General Partner shall notify the Depository Trust Company ( DTC ) of any change in the transaction fee and will not implement any increase in the fee for Creation or Redemption Baskets until 30 days after the date of notice.

**Table of Contents**

Registration, Clearance and Settlement:

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 Custodian with the DTC and registered in the name of Cede & Co., as nominee for DTC.

The administrator, Brown Brothers Harriman & Co. ( Administrator ), has been appointed registrar and transfer agent for the purpose of registering and transferring units. The General Partner will recognize transfer of units only if such transfer is done in accordance with the LP Agreement, including the delivery of a transfer application.

Net Asset Value:

The NAV is calculated by taking the current market value of USBO's total assets, subtracting any liabilities and dividing that number by the total number of outstanding units. Under USBO's current operational procedures, the Administrator calculates the NAV of USBO once each NYSE Arca trading day. The NAV for a particular trading day is released after 4:00 p.m. New York time. Trading during the core trading session of the NYSE Arca typically closes at 4:00 p.m. New York time. The Administrator uses the ICE Futures Exchange settlement price (a weighted average price of trades during a three minute settlement period from 2:27 p.m. to 2:30 p.m. New York time) for the contracts traded on the ICE Futures Exchange, but calculates or determines the value of all other USBO investments as of the earlier of the close of the NYSE Arca or 4:00 p.m. New York time.

Fund Expenses:

USBO pays the General Partner a management fee of 0.75% of NAV on its average net assets. Brokerage fees for Treasuries, Futures Contracts, and Other Crude Oil-Related Investments 0.08% of average net assets on an annualized basis through February 29, 2012 and were paid to unaffiliated brokers. USBO also pays any licensing fees for the use of intellectual property. Registration fees paid to the SEC, FINRA, or other regulatory agency in connection with the initial offers and sales of the units and the legal, printing, accounting and other expenses associated with such registrations were paid by the General Partner, but the fees and expenses associated with subsequent SEC registrations of units are borne by USBO. USBO also is responsible for the fees and expenses, which may include directors and officers liability insurance, of the independent directors of the General Partner in connection with their activities with respect to USBO. These director fees and expenses may be shared with other funds managed by the General Partner. These fees and expenses, in total amounted to \$320,000 for all funds for 2011, and USBO's portion of such fees and expenses was \$1,122, although this amount may change in future years. The General Partner, and not USBO, is responsible for payment of the fees of USBO's Marketing Agent, Administrator and Custodian. USBO and/or the General Partner may be required to indemnify the Marketing Agent, Administrator or Custodian under certain circumstances. USBO also pays the fees and expenses associated with its tax accounting and reporting



**Table of Contents**

requirements with the exception of certain initial implementation services fees and base services fees which were paid by the General Partner. The General Partner, though under no obligation to do so, agreed to pay certain expenses, including those relating to audit expenses and tax accounting and reporting requirements normally borne by USBO to the extent that such expenses exceeded 0.15% (15 basis points) of USBO's NAV, on an annualized basis. The General Partner has no obligation to continue such payment into subsequent years. The total amount of expense waiver was \$104,431 for the year ended December 31, 2011.

**Termination Events:**

USBO shall continue in effect from the date of its formation in perpetuity, unless sooner terminated upon the occurrence of any one or more of the following events: the death, adjudication of incompetence, bankruptcy, dissolution, withdrawal, or removal of a General Partner who is the sole remaining General Partner, unless a majority in interest of limited partners within ninety (90) days after such event elects to continue the partnership and appoints a successor general partner or the affirmative vote of a majority in interest of the limited partners subject to certain conditions. Upon termination of the partnership, the affairs of the partnership shall be wound up and all of its debts and liabilities discharged or otherwise provided for in the order of priority as provided by law. The fair market value of the remaining assets of the partnership shall then be determined by the General Partner. Thereupon, the assets of the partnership shall be distributed pro rata to the partners in accordance with their units.

**Withdrawal:**

As discussed in the LP Agreement, if the General Partner gives at least fifteen (15) days written notice to a limited partner, then the General Partner may for any reason, in its sole discretion, require any such limited partner to withdraw entirely from the partnership or to withdraw a portion of its partner capital account. If the General Partner does not give at least fifteen (15) days written notice to a limited partner, then it may only require withdrawal of all or any portion of the capital account of any limited partner in the