Sections 17(a)(1) and (2) of the Act

11. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, from selling any security to or purchasing any security from the company. Section 2(a)(3) of the Act defines ''affiliated person'' to include any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person and any person directly or indirectly controlling, controlled by, or under common control with, the other person. Section 2(a)(9) of the Act provides that a control relationship will be presumed where one person owns 25% or more of another person's voting securities. Applicants state that one or more holders of Creation Units could own more than 5% of a Fund, or in excess of 25% of that Fund, and could be deemed affiliated with the Trust or such Fund under section 2(a)(3)(A) or 2(a)(3)(C) of the Act. Also, an Exchange specialist or market maker for ETS of any Fund might accumulate, from time to time, more than 5% or in excess of 25% of that Fund's ETS. Applicants request an exemption from section 17(a) of the Act under sections 6(c) and 17(b) of the Act, to permit persons that are affiliated persons of the Funds solely by virtue of a 5% or 25% ownership interest (or affiliated persons of such affiliated persons that are not otherwise affiliated with the Fund) to purchase and redeem Creation Units through ''in-kind'' transactions.

12. Section 17(b) of the Act authorizes the Commission to exempt a proposed transaction from section 17(a) of the Act if evidence establishes that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the proposed transaction is consistent with the policies of the registered investment company and the general provisions of the Act. Applicants contend that no useful purpose would be served by prohibiting the affiliated persons of a Fund described above from purchasing or redeeming Creation Units through ''in-kind'' transactions. The deposit and redemption procedures for ''in-kind'' purchases and redemptions of Creations Units will be effected in exactly the same manner for all purchases and redemptions. The securities contained in the ''in-kind'' transactions will be valued in the same manner and according to the same standards as the securities held by the relevant Fund. Therefore, applicants state that ''in-kind'' purchases and redemptions will afford no opportunity for the affiliated persons described above to effect a transaction detrimental to the other holders of its ETS. Applicants also believe that ''in-kind'' purchases and redemptions will not result in abusive self-dealing or overreaching by affiliated persons of the Funds.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Applicants will not register a series of the Trust not identified herein, by means of filing a post-effective amendment to the Trust's registration statement or by any other means, unless applicants have requested and received with respect to such series, either (a) exemptive relief from the Commission, or (b) a no-action letter from the Division of Investment Management of the Commission.

2. The Prospectus and the Product Description will clearly disclose that, for purposes of the Act, ETS are issued by the Funds and that the acquisition of ETS by investment companies is subject to the restrictions of section 12(d)(1) of the Act, except as permitted by an exemptive order that permits registered investment companies to invest in a Fund beyond the limits in section 12(d)(1), subject to certain terms and conditions, including that the registered investment company enter into an agreement with the Fund regarding the terms of the investment.

3. As long as the Trust operates in reliance on the requested order, the ETS will be listed on an Exchange.

4. Neither the Trust nor any Fund will be advertised or marketed as an open-end fund or a mutual fund. The Prospectus will prominently disclose that ETS are not individually redeemable shares and will disclose that the owners of the ETS may acquire those ETS from the Trust and tender those ETS for redemption to the Trust in Creation Units only. Any advertising material that describes the purchase or sale of Creation Units or refers to redeemability will prominently disclose that ETS are not individually redeemable and that owners of ETS may acquire those ETS from the Trust and tender those ETS for redemption to the Trust in Creation Units only.

5. Before a Fund may rely on the order, the Commission will have approved, pursuant to rule 19b-4 under the Exchange Act, an Exchange rule or an amendment thereto, requiring Exchange members and member organizations effecting transactions in ETS to deliver a Product Description to purchasers of ETS.

6. The Web site for the Trust, which will be publicly accessible at no charge, will contain the following information, on a per ETS basis, for each Fund: (a) The prior Business Day's NAV and the reported closing price, and a calculation of the premium or discount of such price against such NAV; and (b) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price against the NAV, within appropriate ranges, for each of the four previous calendar quarters (or the life of the Fund, if shorter). In addition, the Product Description for each Fund will state that the Trust's Web site has information about the premiums and discounts at which the ETS have traded.

7. The Prospectus and annual report for each Fund will also include: (a) The information listed in condition 6(b), (i) in the case of the Prospectus, for the most recently completed year (and the most recently completed quarter or quarters, as applicable), and (ii) in the case of the annual report, for the immediately preceding five years (or the life of the Fund, if shorter); and (b) the following data, calculated on a per ETS basis for one, five and ten year periods (or life of the Fund, if shorter), (i) the cumulative total return and the average annual total return based on NAV and closing price, and (ii) the cumulative total return of the relevant Underlying Index.

By the Commission.

J. Lynn Taylor,

Assistant Secretary.

[FR Doc. E6–7913 Filed 5–23–06; 8:45 am]

BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27324; 812–13280]

WisdomTree Investments, Inc. et al.; Notice of Application

May 18, 2006.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (''Act'') for an exemption from sections 2(a)(32), 5(a)(1), 22(d), 22(e), and 24(d) of the Act and rule 22c–1 under the Act, and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(2) of the Act, and under section 12(d)(1)(J) for an

exemption from sections 12(d)(1)(A) and 12(d)(1)(B) of the Act.

SUMMARY OF APPLICATION: Applicants request an order granting relief (''ETF Relief'') to permit (a) open-end management investment companies, the series of which consist of the component securities of certain domestic and international equity securities indexes, to issue shares (''Shares'') that can be redeemed only in large aggregations (''Creation Units''), (b) secondary market transactions in Shares to occur at negotiated prices on a national securities exchange, as defined in section 2(a)(26) of the Act (''Exchange''), (c) dealers to sell Shares to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 (''Securities Act''), (d) certain series to pay redemption proceeds, under certain circumstances, more than seven days after the tender of a Creation Unit for redemption, and (e) certain affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of Creation Units. Applicants request that the order also grant relief (''12(d)(1) Relief'') to permit certain registered management investment companies and unit investment trusts (''UITs'') outside of the same group of investment companies as the series to acquire Shares.

APPLICANTS: WisdomTree Investments, Inc. (''WTI''), WisdomTree Asset Management, Inc. (''WTA'' or ''Advisor''), and WisdomTree Trust (''Trust'').

FILING DATES: The application was filed on April 19, 2006, and amended on May 8, 2006. Applicants have agreed to file an additional amendment during the notice period, the substance of which is reflected herein.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on June 9, 2006, and should be accompanied by proof of service on applicants, in the form of an affidavit, or for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090; Applicants, 48 Wall Street, Suite 1100, New York, NY 10005.

FOR FURTHER INFORMATION CONTACT: Keith A. Gregory, Senior Counsel, at (202) 551–6815, or Stacy L. Fuller, Branch Chief, at (202) 551–6821 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the Public Reference Desk, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–0102 (telephone (202) 551–5850).

Applicants' Representations

1. The Trust, a Delaware business trust, is registered under the Act as an open-end series management investment company. Applicants currently intend to introduce 20 series (''Initial Funds'') of the Trust and may establish additional series in the future (''Future Funds,'' and together with the Initial Funds, ''Funds'').[1] The Advisor, a subsidiary of WTI, is registered as an investment adviser under the Investment Advisers Act of 1940 (''Advisers Act'') and will serve as the investment adviser to each Fund.[2] Each Fund may also be subadvised by a separate investment adviser within the meaning of section 2(a)(20)(B) of the Act that is not otherwise an affiliated person of the Advisor or the Funds and is registered as an investment adviser under the Advisers Act (''Subadvisor'').[3] ALPS Distributors, Inc., a broker-dealer registered under the Securities Exchange Act of 1934 (''Exchange Act''), will serve as principal underwriter for the Funds (''Distributor'').

2. Certain Funds (''Domestic Funds'') will invest in a portfolio of equity securities (''Portfolio Securities'') selected to correspond generally to the price and yield performance of a specified domestic equity securities index (''Domestic Index''), while other Funds (''International Funds'') will invest in Portfolio Securities selected to correspond generally to the price and yield performance of an international equity securities index (''International Index,'' and together with Domestic Indexes, ''Indexes'').[4] The Indexes are based on a proprietary, rules-based methodology developed by WTI to define the dividend-paying segments of the domestic and international markets (''Methodology''). The Methodology, including the rules which govern the inclusion and weighting of securities in the Indexes, will be publicly available, including on the Funds' Web site (''Web site''), along with the identities and weightings of the component securities of each Index (''Component Securities'') and the Portfolio Securities of each Fund.[5] While WTI may change the rules of the Methodology in the future, WTI does not intend to do so. Any change to the Methodology would not take effect until WTI had given the public at least 60 days advance notice of the change and had given reasonable notice of the change to the Calculation Agent. The ''Calculation Agent'' is the entity that, pursuant to an agreement with WTI, is solely responsible for all Index calculation, maintenance, dissemination and reconstitution activities.[6] The Calculation Agent is not, and will not be, an affiliated person, or an affiliated person of an affiliated person, of the Funds, Advisor, Subadvisor, Distributor or promoter of the Funds.[7]

3. Applicants state that the Index Provider will not have any responsibility for the management of the Funds. In addition, applicants have adopted policies and procedures that, among other things, are designed to limit or prohibit communications between the Index Provider and other employees of WTI and WTA (''Firewalls''). Among other things, the Firewalls prohibit the Index Provider from disseminating non-public information about the Indexes,

[1] All parties that currently intend to rely on the requested order are named as applicants. Any other party that relies on the order in the future will comply with the terms and conditions of the application.

[2] Neither WTI or WTA nor any affiliated person of WTI or WTA is or will be a broker or dealer.

[3] BNY Investment Advisors will serve as Subadvisor to the Initial Funds.

[4] Sixteen of the Initial Funds are Domestic Funds. The other Initial Funds are International Funds.

[5] WTI will license the Indexes to the Advisor for use in connection with the Funds. The license will specifically state that the Advisor must provide the use of the Indexes to the Funds at no cost.

[6] The Calculation Agent will determine the number, type and weight of securities that comprise each Index and perform, or cause to be performed, all other calculations that are necessary to determine the proper constitution of each Index. The Calculation Agent will not disclose any information about any Index's constitution to WTI, WTA, the Subadvisor or Funds prior to the publication of such information on the Web site. However, an employee of WTI and/or WTA will monitor the Methodology and the Indexes (''Index Administrator''), and other employees of WTI and/or WTA may be appointed to assist the Index Administrator (''Index Staff,'' and together with the Index Administrator, ''Index Provider'').

[7] Bloomberg L.P. will serve as Calculation Agent for the Initial Funds.

including potential changes to the Methodology, to, among others, the employees of WTA and the Subadvisor responsible for managing the Funds (''advisory personnel''). The Firewalls also prohibit WTA advisory personnel from sharing any non-public information about the Funds with the Index Provider. Further, WTA and the Subadvisor have, pursuant to rule 206(4)–7 under the Advisers Act, written policies and procedures designed to prevent violations of the Advisers Act and the rules under the Advisers Act. WTI, WTA, the Subadvisor and Distributor also have adopted or will adopt a Code of Ethics as required under rule 17j–1 under the Act, which contains provisions reasonably necessary to prevent Access Persons (as defined in rule 17j–1) from engaging in any conduct prohibited in rule 17j–1. In addition, WTI, WTA and the Subadvisor have adopted or will adopt policies and procedures to detect and prevent insider trading as required under section 204A of the Advisers Act, which are reasonably designed taking into account the nature of their business, to prevent the misuse in violation of the Advisers Act, Exchange Act, or rules and regulations under the Advisers Act and Exchange Act, of material non-public information.

4. Any Future Fund will be advised by the Advisor or an entity controlling, controlled by or under common control with the Advisor and be in the same ''group of investment companies,'' as defined in section 12(d)(1)(G)(ii) of the Act, as the Initial Funds. Applicants will not offer a Future Fund unless either they have requested and received with respect to such Future Fund exemptive relief from the Commission or a no-action position from the staff of the Commission, or the Future Funds will be listed on an Exchange without the need for a filing under rule 19b–4 under the Exchange Act. In addition, any Future Fund that relies on any order granted pursuant to this application will comply with the terms and conditions of the application, including the following: (a) The Methodology will be publicly available, including on the Web site; (b) once the rules of the Methodology are established, applicants may change them only after giving the public at least 60 days advance notice of any change on the Web site; (c) applicants have Firewalls; (d) the Calculation Agent will not be an affiliated person, or an affiliated person of an affiliated person, of the Funds, Advisor, Subadvisor, Distributor or promoter of the Funds; and (e) the Indexes will be reconstituted on a fixed periodic basis no more frequently than quarterly.

5. The investment objective of each Fund will be to provide investment results that generally correspond, before fees and expenses, to the price and yield performance of the relevant Index. The intra-day value of each Index will be disseminated every 15 seconds throughout the trading day over the Consolidated Tape on each day that the Funds are open, which includes any day that the Funds are required by to be open under section 22(e) of the Act (''Business Day''). In seeking to achieve its investment objective, each Fund will utilize either a replication or a representative sampling strategy. A Fund using a replication strategy generally will invest in the Component Securities of the relevant Index in the same approximate proportions as in the relevant Index. In certain circumstances, such as when a Component Security is illiquid or there are practical difficulties or substantial costs involved in holding every security in an Index, a Fund may use a representative sampling strategy pursuant to which it will invest in some but not all of the Component Securities.[8] Applicants anticipate that a Fund that utilizes a representative sampling strategy will not track the performance of its Index with the same degree of accuracy as an investment vehicle that invests in every Component Security in the same weighting as the Index. Applicants expect that each Fund will have a tracking error relative to the performance of its Index of no more than 5%.

6. Shares of the Funds will be sold at a price of between $25 and $250 per Share in Creation Units of between 25,000 and 200,000 Shares. All orders to purchase Creation Units must be placed with the Distributor by or through an ''Authorized Participant,'' an entity that has entered into an agreement with the Distributor and that is either (a) a participant in the continuous net settlement system of the National Securities Clearing Corporation, a clearing agency registered with the Commission or (b) a participant in the Depository Trust Company (''DTC,'' and such participant, ''DTC Participant''). Creation Units generally will be issued in exchange for an in-kind deposit of securities and cash, though a Fund may sell Creation Units on a cash-only basis in limited circumstances. An investor wishing to purchase a Creation Unit from a Fund will have to transfer to the Fund a ''Creation Deposit'' consisting of: (a) A portfolio of securities that has been selected by the Advisor or Subadvisor to correspond generally to the performance of the relevant Index (''Deposit Securities''), and (b) a cash payment to equalize any differences between the market value of the Deposit Securities per Creation Unit and the net asset value (''NAV'') per Creation Unit (''Cash Requirement'').[9] An investor purchasing a Creation Unit from a Fund will be charged a fee (''Transaction Fee'') to prevent the dilution of the interests of the remaining shareholders resulting from the Fund incurring costs in connection with the purchase of the Creation Units.[10] Each Fund will disclose the maximum Transaction Fee in its prospectus (''Prospectus'') and the method of calculating the Transaction Fee in its statement of additional information (''SAI''). None of the Funds will impose a sales load, sales charge or fee under rule 12b–1 under the Act.

[8] Each Fund will invest at least 95% of its assets in Component Securities. Each Fund may invest up to 5% of its assets in securities, which are not Component Securities but which the Advisor or Subadvisor believes will help the Fund track its Underlying Index, including futures, options and swap contracts, cash and cash equivalents, and other investment companies, including other exchange-traded funds within the limits of section 12(d)(1) of the Act. International Funds will have no less than 90% of their assets in Component Securities and may invest up to 10% of their assets in securities that are not Component Securities. In order to reduce any potential for tracking error, the Advisor or Subadvisor will invest such assets in securities that have aggregate investment characteristics (such as market capitalization) and fundamental characteristics (such as return variability, earnings valuation and yield) similar to those of the relevant Index. None of the Indexes will include depository receipts (*e.g.,* American Depository Receipts) as Component Securities. However, the Advisor or Subadvisor may include depository receipts on the list of Deposit Securities (as defined below) when holding the depository receipt will improve liquidity, tradability or settlement for an International Fund and may treat the depository receipt of a Component Security as a Component Security for purposes of applicants' representations related to the percentage of assets of an International Fund that will be invested in Component Securities.

[9] On each Business Day, prior to the opening of trading on the Exchange where the Fund's Shares are listed (''Listing Exchange''), the Advisor or Subadvisor will make available the list of the names and the required number of shares of each Deposit Security required for the Creation Deposit for the Fund. That Creation Deposit will apply to all purchases of Creation Units until a new Creation Deposit for the Fund is announced. Each Fund reserves the right to permit or require the substitution of an amount of cash in lieu of depositing some or all of the Deposit Securities. The Listing Exchange will disseminate every 15 seconds throughout the trading day over the Consolidated Tape an amount representing, on a per Share basis, the sum of the current value of the Deposit Securities and the estimated Cash Requirement.

[10] When a Fund permits a purchaser to substitute cash for Deposit Securities, the purchaser may be assessed a higher Transaction Fee to offset the brokerage and other transaction costs incurred by the Fund to purchase the requisite Deposit Securities.

7. Orders to purchase Creation Units of a Fund will be placed with the Distributor who will be responsible for transmitting orders to the Funds. The Distributor will maintain a record of Creation Unit purchases. The Distributor will be responsible for issuing confirmations of acceptance and furnishing Prospectuses to purchasers of Creation Units.

8. Persons purchasing Creation Units from a Fund may hold the Shares or sell some or all of them in the secondary market. Shares of the Funds will be listed on a Listing Exchange, such as the American Stock Exchange LLC, New York Stock Exchange and Nasdaq Stock Market, Inc. (''Nasdaq''), and traded in the secondary market in the same manner as other equity securities. It is expected that one or more members of the Listing Exchange will act, with respect to Nasdaq,[11] as a market maker (''Market Maker'') or, with respect to any other Exchange, as a specialist (''Specialist''), and maintain a market on the Exchange for the Shares. The price of Shares traded on an Exchange will be based on a current bid/offer market. Purchases and sales of Shares in the secondary market will be subject to customary brokerage commissions and charges.

9. Applicants expect that purchasers of Creation Units will include institutional investors and arbitrageurs. The Market Maker or Specialist, in providing for a fair and orderly secondary market for Shares, also may purchase Creation Units for use in its market-making activities. Applicants expect that secondary market purchasers of Shares will include both institutional and retail investors.[12] Applicants expect that the price at which the Shares trade will be disciplined by arbitrage opportunities created by the ability to continually purchase or redeem Creation Units at their NAV, which should ensure that the Shares will not trade at a material discount or premium in relation to their NAV.

10. Shares will not be individually redeemable. Shares will only be redeemable in Creation Units from a Fund. To redeem, an investor will have to accumulate enough Shares to constitute a Creation Unit. Redemption orders must be placed by or through an Authorized Participant. An investor redeeming a Creation Unit generally will receive (a) a portfolio of securities designated to be delivered for Creation Unit redemptions on the date that the request for redemption is submitted (''Redemption Securities''), which may not be identical to the Deposit Securities required to purchase Creation Units on that date, and (b) a ''Cash Redemption Payment,'' consisting of an amount calculated in the same manner as the Cash Requirement. An investor may receive the cash equivalent of a Redemption Security in certain circumstances, such as if the investor is constrained from effecting transactions in the security by regulation or policy. A redeeming investor will pay a Transaction Fee, which is calculated in the same manner as a Transaction Fee payable in connection with purchases of Creation Units.

11. Applicants state that neither the Trust nor any Fund will be marketed or otherwise held out as a traditional open-end investment company or mutual fund. Rather, applicants state that each Fund will be marketed as an ''exchange-traded fund,'' ''investment company,'' ''fund'' and ''trust.'' All marketing materials that refer to redeemability or describe the method of obtaining, buying or selling Shares will prominently disclose that Shares are not individually redeemable and that Shares may be acquired or redeemed from the Fund in Creation Units only. The same type of disclosure will be provided in the Prospectus, SAI, shareholder reports and investor educational materials issued or circulated in connection with Shares. The Funds will provide copies of their annual and semi-annual shareholder reports to DTC Participants for distribution to beneficial owners of Shares.

Applicants' Legal Analysis

1. Applicants request an order under section 6(c) of the Act granting an exemption from sections 2(a)(32), 5(a)(1), 22(d), 22(e), and 24(d) of the Act and rule 22c–1 under the Act, under section 12(d)(1)(J) granting an exemption from sections 12(d)(1)(A) and 12(d)(1)(B) of the Act, and under sections 6(c) and 17(b) of the Act granting an exemption from sections 17(a)(1) and 17(a)(2) of the Act.

2. Section 6(c) of the Act provides that the Commission may exempt any person, security or transaction, or any class of persons, securities or transactions, from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security or transaction, or any class or classes thereof, from any of the provisions of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Section 17(b) of the Act authorizes the Commission to exempt a proposed transaction from section 17(a) if evidence establishes that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the proposed transaction is consistent with the policies of the registered investment company and the general provisions of the Act.

Sections 5(a)(1) and 2(a)(32) of the Act

3. Section 5(a)(1) of the Act defines an ''open-end company'' as a management investment company that is offering for sale or has outstanding any redeemable security of which it is the issuer. Section 2(a)(32) of the Act defines a redeemable security as any security, other than short-term paper, under the terms of which the holder, upon its presentation to the issuer, is entitled to receive approximately his proportionate share of the issuer's current net assets, or the cash equivalent. Because Shares will not be individually redeemable, applicants request an order that would permit the Trust to register as an open-end management investment company and issue Shares that are redeemable in Creation Units only. Applicants state that investors may purchase Shares in Creation Units and redeem Creation Units from each Fund. Applicants further state that because the market price of Shares will be disciplined by arbitrage opportunities, investors should be able to sell Shares in the secondary market at prices that do not vary substantially from their NAV.

Section 22(d) of the Act and Rule 22c–1 Under the Act

4. Section 22(d) of the Act, among other things, prohibits a dealer from selling a redeemable security, which is currently being offered to the public by or through a principal underwriter, except at a current public offering price described in the prospectus. Rule 22c–1 under the Act generally requires that a dealer selling, redeeming or repurchasing a redeemable security do so only at a price based on its NAV. Applicants state that secondary market trading in Shares will take place at

[11] The listing requirements established by Nasdaq require that at least two Market Makers be registered in Shares in order for the Shares to maintain a listing on Nasdaq. Registered Market Makers must make a continuous two-sided market in a listing or face regulatory sanctions.

[12] Shares will be registered in book-entry form only. DTC or its nominee will be the registered owner of all outstanding Shares. DTC or DTC Participants will maintain records reflecting the beneficial owners of Shares.

negotiated prices, not at a current offering price described in the Prospectus, and not at a price based on NAV. Thus, purchases and sales of Shares in the secondary market will not comply with section 22(d) of the Act and rule 22c–1 under the Act. Applicants request an exemption under section 6(c) from these provisions.

5. Applicants assert that the concerns sought to be addressed by section 22(d) of the Act and rule 22c–1 under the Act with respect to pricing are equally satisfied by the proposed method of pricing Shares. Applicants maintain that the provisions of section 22(d), as well as those of rule 22c–1, appear to have been designed to (a) prevent dilution caused by certain riskless trading schemes by principal underwriters and contract dealers, (b) prevent unjust discrimination or preferential treatment among buyers, and (c) ensure an orderly distribution of investment company shares by eliminating price competition from dealers offering shares at less than the published sales price and repurchasing shares at more than the published redemption price.

6. Applicants believe that none of these purposes will be thwarted by permitting Shares to trade in the secondary market at negotiated prices. Applicants state that (a) secondary market trading in Shares does not involve the Funds as parties and cannot result in dilution of an investment in Shares, and (b) to the extent different prices exist during a given trading day, or from day to day, such variances occur as a result of third-party market forces, such as supply and demand. Therefore, applicants assert that secondary market transactions in Shares will not lead to discrimination or preferential treatment among purchasers. Finally, applicants contend that the proposed distribution system will be orderly because arbitrage activity will ensure that the difference between the market price of Shares and their NAV remains narrow.

Section 22(e) of the Act

7. Section 22(e) generally prohibits a registered investment company from suspending the right of redemption or postponing the date of payment of redemption proceeds for more than seven days after the tender of a security for redemption. The principal reason for the requested exemption is that settlement of redemptions for the International Funds is contingent not only on the settlement cycle of the United States market, but also on currently practicable delivery cycles in local markets for underlying foreign securities held by the International Funds. Applicants state that local market delivery cycles for transferring certain foreign securities to investors redeeming Creation Units, together with local market holiday schedules, will under certain circumstances require a delivery process in excess of seven calendar days for the International Funds. Applicants request relief under section 6(c) of the Act from section 22(e) to allow the International Funds to pay redemption proceeds up to 12 calendar days after the tender of a Creation Unit for redemption. At all other times and except as disclosed in the relevant Prospectus and/or SAI, applicants expect that each International Fund will be able to deliver redemption proceeds within seven days.[13] With respect to Future Funds based on an International Index, applicants seek the same relief from section 22(e) only to the extent that circumstances similar to those described in the application exist.

8. Applicants state that section 22(e) was designed to prevent unreasonable, undisclosed and unforeseen delays in the payment of redemption proceeds. Applicants assert that the requested relief will not lead to the problems that section 22(e) was designed to prevent. Applicants state that the SAI will disclose those local holidays (over the period of at least one year following the date of the SAI), if any, that are expected to prevent the delivery of redemption proceeds in seven calendar days, and the maximum number of days needed to deliver the proceeds for the relevant International Fund.

Section 24(d) of the Act

9. Section 24(d) of the Act provides, in relevant part, that the prospectus delivery exemption provided to dealer transactions by section 4(3) of the Securities Act does not apply to any transaction in a redeemable security issued by an open-end investment company. Applicants request an exemption from section 24(d) to permit dealers selling Shares to rely on the prospectus delivery exemption provided by section 4(3) of the Securities Act.[14]

10. Applicants state that Shares will be listed on a Listing Exchange and will be traded in a manner similar to other equity securities, including the shares of closed-end investment companies. Applicants note that dealers selling shares of closed-end investment companies in the secondary market generally are not required to deliver a prospectus to the purchaser. Applicants contend that Shares, as a listed security, merit a reduction in the compliance costs and regulatory burdens resulting from the imposition of prospectus delivery obligations in the secondary market. Because Shares will be exchange-listed, prospective investors will have access to several types of market information about Shares. Applicants state that information regarding market price and volume will be continually available on a real-time basis throughout the day on computer screens of brokers and other electronic services. The previous day's closing price and volume information for Shares also will be published daily in the financial section of newspapers. In addition, the Web site will include, for each Fund, the prior Business Day's NAV, the reported closing price of a Share, and a calculation of the premium or discount of the closing price against such NAV, as well as data in chart format displaying the frequency distribution of discounts and premiums of the closing price against the NAV, within appropriate ranges, for each of the four previous calendar quarters.

11. Investors also will receive a short product description (''Product Description''), describing a Fund and its Shares. Applicants state that, while not intended as a substitute for a Prospectus, the Product Description will contain information about Shares that is tailored to meet the needs of investors purchasing Shares in the secondary market. The Product Description will prominently disclose that the Indexes are created and sponsored by an affiliated person of the Advisor.

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[13] Rule 15c6–1 under the Exchange Act requires that most securities transactions be settled within three business days of the trade. Applicants acknowledge that no relief obtained from the requirements of section 22(e) will affect any obligations applicants may have under rule 15c6–1.

[14] Applicants state that they do not seek relief from the prospectus delivery requirement for non-secondary market transactions, such as purchases of Shares from the Funds or an underwriter. Applicants state that the Prospectus will caution persons purchasing Creation Units that some activities on their part, depending on the circumstances, may result in their being deemed statutory underwriters and subject them to the prospectus delivery and liability provisions of the Securities Act. For example, a broker-dealer firm and/or its client may be deemed a statutory underwriter if it takes Creation Units after placing an order with the Distributor, breaks them down into the constituent Shares and sells them directly to its customers, or if it chooses to couple the creation of new Shares with an active selling effort involving solicitation of secondary market demand for Shares. The Prospectus will state that whether a person is an underwriter depends upon all the facts and circumstances pertaining to that person's activities. The Prospectus also will state that dealers who are not ''underwriters'' but are participating in a distribution (as contrasted to ordinary secondary market trading transactions), and thus dealing with Shares that are part of an ''unsold allotment'' within the meaning of section 4(3)(C) of the Securities Act, would be unable to take advantage of the prospectus delivery exemption provided by section 4(3) of the Securities Act.

Section 12(d)(1) of the Act

12. Section 12(d)(1)(A) of the Act prohibits a registered investment company from acquiring securities of an investment company if such securities represent more than 3% of the total outstanding voting stock of the acquired company, more than 5% of the total assets of the acquiring company, or, together with the securities of any other investment companies, more than 10% of the total assets of the acquiring company. Section 12(d)(1)(B) of the Act prohibits a registered open-end investment company, its principal underwriter or any broker or dealer (''Broker'') that is registered under the Exchange Act from knowingly selling the investment company's shares to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company's voting stock, or if the sale will cause more than 10% of the acquired company's voting stock to be owned by investment companies generally.

13. Applicants request an exemption to permit registered management investment companies (''Acquiring Management Companies'') and unit investment trusts (''Acquiring Trusts,'' and together with the Acquiring Management Companies, ''Acquiring Funds'') that are not advised or sponsored by the Advisor or an entity controlling, controlled by or under common control with the Advisor, and not part of the same ''group of investment companies,'' as defined in section 12(d)(1)(G)(ii), as the Funds, to acquire Shares beyond the limits of section 12(d)(1)(A). Acquiring Funds exclude registered investment companies that are, or in the future may be, part of the same group of investment companies within the meaning of section 12(d)(1)(G)(ii) of the Act as the Funds. The requested exemption would also permit the Funds, their principal underwriters and any Broker knowingly to sell shares of the Funds to an Acquiring Fund in excess of the limits of section 12(d)(1)(B). Applicants request that the relief sought apply to (a) each Fund, (b) each Acquiring Fund that enters into a written agreement with a Fund (''Acquiring Fund Agreement''), and (c) any Broker.[15]

14. Each Acquiring Management Company will be advised by an investment adviser within the meaning of section 2(a)(20)(A) of the Act (the ''Acquiring Fund Advisor'') and may be advised by one or more investment advisers within the meaning of section 2(a)(20)(B) of the Act (each, an ''Acquiring Fund Subadvisor''). Any investment adviser to an Acquiring Fund will be registered or exempt from registration under the Advisers Act. Each Acquiring Trust will be sponsored by a sponsor (''Sponsor'').

15. Applicants submit that the proposed conditions to the requested relief adequately address the concerns underlying the limits in section 12(d)(1), which include concerns about undue influence, excessive layering of fees and overly complex structures. Applicants believe that the requested exemption is consistent with the public interest and the protection of investors.

16. Applicants believe that neither the Acquiring Funds nor an Acquiring Fund Affiliate would be able to exert undue influence over the Funds.[16] To limit the control that an Acquiring Fund may have over a Fund, applicants propose a condition prohibiting the Acquiring Fund Advisor, Sponsor, any person controlling, controlled by or under common control with the Acquiring Fund Advisor or Sponsor, and any investment company or issuer that would be an investment company but for section 3(c)(1) or 3(c)(7) of the Act that is advised or sponsored by the Acquiring Fund Advisor, Sponsor, or any person controlling, controlled by or under common control with an Acquiring Fund Advisor or Sponsor (''Acquiring Fund's Advisory Group'') from controlling (individually or in the aggregate) a Fund within the meaning of section 2(a)(9) of the Act. The same prohibition would apply to any Acquiring Fund Subadvisor, any person controlling, controlled by or under common control with the Acquiring Fund Subadvisor, and any investment company or issuer that would be an investment company but for section 3(c)(1) or 3(c)(7) of the Act (or portion of such investment company or issuer) advised or sponsored by the Acquiring Fund Subadvisor or any person controlling, controlled by or under common control with the Acquiring Fund Subadvisor (''Acquiring Fund's Subadvisory Group'').

17. Applicants also propose conditions 9–14, stated below, to limit the potential for undue influence by an Acquiring Fund over a Fund. Condition 9 precludes an Acquiring Fund and Acquiring Fund Affiliates from causing any potential investment by the Acquiring Fund in a Fund to influence the terms of any services or transactions between the Acquiring Fund or an Acquiring Fund Affiliate and the Fund or a Fund Affiliate.[17] Condition 12 precludes an Acquiring Fund or Acquiring Fund Affiliate (except to the extent it is acting in its capacity as an investment adviser to a Fund) from causing a Fund to purchase a security in any offering of securities during the existence of any underwriting or selling syndicate of which a principal underwriter is an Underwriting Affiliate (''Affiliated Underwriting'').[18]

18. Applicants represent that as an additional assurance that Acquiring Funds understand the implications of an investment in a Fund under the requested order, any Acquiring Fund that intends to invest in a Fund in reliance on the requested order will be required to enter into an Acquiring Fund Agreement with the Fund. The Acquiring Fund Agreement will ensure that the Acquiring Fund understands and agrees to comply with the terms and conditions of the requested order. The Acquiring Fund Agreement also will include an acknowledgement from the Acquiring Fund that it may rely on the order only to invest in the Funds and not in any other investment company. Applicants note that a Fund may choose to reject any direct purchase of Creation Units by an Acquiring Fund.[19]

19. Applicants do not believe the proposed arrangement will involve excessive layering of fees. The board of directors or trustees of any Acquiring Management Company, including a majority of the disinterested directors or trustees, will find that the advisory fees charged to the Acquiring Management Company are based on services provided that will be in addition to, rather than duplicative of, services provided under the advisory contract(s) of any Fund in which the Acquiring Management Company may invest. In

[15] An Acquiring Fund may rely on the requested order only to invest in the Funds and not in any other investment company.

[16] The ''Acquiring Fund Affiliates'' are the Acquiring Fund Advisor, Acquiring Fund Subadvisor(s), Sponsor, promoter or principal underwriter of an Acquiring Fund, and any person controlling, controlled by or under common control with any of these entities.

[17] The ''Fund Affiliates'' are the Advisor, Subadvisor(s), promoter and principal underwriter of a Fund, and any person controlling, controlled by or under common control with any of these entities.

[18] An ''Underwriting Affiliate'' is a principal underwriter in any underwriting or selling syndicate that is an officer, director, member of an advisory board, Acquiring Fund Advisor, Acquiring Fund Subadvisor, Sponsor, or employee of the Acquiring Fund, or a person which any such officer, director, member of an advisory board, Acquiring Fund Advisor, Acquiring Fund Subadvisor, Sponsor, or employee is an affiliated person, except any person whose relationship to the Fund is covered by section 10(f) of the Act is not an Underwriting Affiliate.

[19] A Fund would retain its right to reject any initial investment by an Acquiring Fund in excess of the limit in section 12(d)(1)(A)(i) by declining to execute the Acquiring Fund Agreement with the Acquiring Fund.

addition, an Acquiring Fund Advisor or a Sponsor or trustee of an Acquiring Trust (''Trustee'') will waive fees otherwise payable to it by the Acquiring Fund in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by a Fund under rule 12b–1 under the Act) received from the Fund by the Acquiring Fund Advisor, Sponsor or Trustee or an affiliated person of the Acquiring Fund Advisor, Sponsor or Trustee, in connection with the investment by the Acquiring Fund in the Fund (other than advisory fees). Applicants state that any sales charges or service fees charged with respect to shares of an Acquiring Fund will not exceed the limits applicable to a fund of funds set forth in Conduct Rule 2830 of the NASD (''Rule 2830'').

20. Applicants submit that the proposed arrangement will not create an overly complex structure. Applicants note that no Fund may acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A). Applicants also represent that the Acquiring Fund Agreement will require any Acquiring Fund that exceeds the 5% or 10% limitations in section 12(d)(1)(A)(ii) and (iii) to disclose in its prospectus that it may invest in Funds, and to disclose in ''plain English'' in its prospectus the unique characteristics of the Acquiring Funds investing in Funds, including but not limited to the expense structure and any additional expenses of investing in the Funds.

Sections 17(a)(1) and (2) of the Act

21. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, from selling any security to or purchasing any security from the company. Section 2(a)(3) of the Act defines ''affiliated person'' to include any person directly or indirectly owning, controlling or holding with power to vote 5% or more of the outstanding voting securities of the other person, any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with the power to vote by the other person, and any person directly or indirectly controlling, controlled by or under common control with the other person. Section 2(a)(9) of the Act provides that a control relationship will be presumed where one person owns more than 25% of another person's voting securities. Applicants request two exemptions under sections 6(c) and 17(b) from section 17(a).

22. First, applicants request an exemption from 17(a) to permit (a) persons who are affiliated persons of a Fund solely by virtue of holding with the power to vote 5% or more, or more than 25%, of a Fund's, or two or more Funds', Shares (''First-Tier Affiliates'') and (b) affiliated persons of First-Tier Affiliates who are not otherwise affiliated with the Fund, and persons who are affiliated persons of a Fund solely by virtue of holding with the power to vote 5% or more, or more than 25%, of the outstanding voting securities of other registered investment companies (or series thereof), which are not Funds, advised by the Advisor (''Second-Tier Affiliates'') to purchase and redeem Creation Units through in-kind transactions. Applicants contend that no useful purpose would be served by prohibiting the First- and Second-Tier Affiliates from purchasing or redeeming Creation Units through in-kind transactions. The deposit procedure for in-kind purchases and the redemption procedure for in-kind redemptions will be the same for all purchases and redemptions. Deposit Securities and Redemption Securities will be valued in the same manner as the Portfolio Securities. Therefore, applicants state, the in-kind purchases and redemptions for which relief is requested will afford no opportunity for the affiliated persons of a Fund, or the affiliated persons of such affiliated persons, described above, to effect a transaction detrimental to other holders of Shares. Applicants also believe that these in-kind purchases and redemptions will not result in self-dealing or overreaching of the Fund.

23. Second, applicants request an exemption from section 17(a) to permit a Fund, which is an affiliated person of an Acquiring Fund because the Acquiring Fund holds 5% or more of the Fund's Shares, to sell its Shares to, and redeem its Shares from, the Acquiring Fund.[20] Applicants state that any consideration paid for Shares in transactions with a Fund will be based on the Fund's NAV. Applicants also state that any transactions directly between the Funds and the Acquiring Funds will be consistent with the policies of each Acquiring Fund. Applicants further state that the purchase of Creation Units by an Acquiring Fund will be accomplished in accordance with the investment restrictions of the Acquiring Fund and will be consistent with the investment policies set forth in the Acquiring Fund's registration statement. Applicants note that the Acquiring Fund Agreement will require each Acquiring Fund to represent that any purchase of Creation Units will be accomplished in compliance with the investment restrictions of the Acquiring Fund and will be consistent with the investment policies set forth in the Acquiring Fund's registration statement.

[20] Applicants expect that most Acquiring Funds will purchase Shares in the secondary market and will not transact in Creation Units with a Fund.

Applicants' Conditions

Applicants agree that any order granting the ETF Relief will be subject to the following conditions:

1. Applicants will not register a Future Fund by means of filing a post-effective amendment to the Trust's registration statement or by any other means, unless either (a) applicants have requested and received with respect to such Future Fund, either exemptive relief from the Commission or a no-action letter from the Division of Investment Management of the Commission; or (b) the Future Fund will be listed on an Exchange without the need for a filing pursuant to rule 19b–4 under the Exchange Act.

2. As long as the Trust operates in reliance on the requested order, the Shares will be listed on a Listing Exchange.

3. Neither the Trust (with respect to any Fund) nor any Fund will be advertised or marketed as an open-end investment company or a mutual fund. Each Fund's Prospectus will prominently disclose that Shares are not individually redeemable shares and will disclose that the owners of Shares may acquire those Shares from a Fund and tender those Shares for redemption to a Fund in Creation Units only. Any advertising material that describes the purchase or sale of Creation Units or refers to redeemability will prominently disclose that Shares are not individually redeemable and that owners of Shares may acquire those Shares from a Fund and tender those Shares for redemption to a Fund in Creation Units only.

4. The Web site for each Fund, which will be publicly accessible at no charge, will contain the following information, on a per Share basis, for each Fund: (a) The prior Business Day's NAV and the reported closing price, and a calculation of the premium or discount of such price against such NAV; and (b) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. In addition, the Product Description for each Fund will state that the Web site for the Fund has information about the premiums and

discounts at which the Fund's Shares have traded.

5. The Prospectus and annual report for each Fund will also include: (a) The information listed in condition 4(b), (i) in the case of the Prospectus, for the most recently completed year (and the most recently completed quarter or quarters, as applicable) and (ii) in the case of the annual report, for the immediately preceding five years, as applicable; and (b) the following data, calculated on a per Share basis for one, five and ten year periods (or life of the Fund), (i) the cumulative total return and the average annual total return based on NAV and closing price, and (ii) the cumulative total return of the relevant Index.

6. Before a Fund may rely on the order, the Commission will have approved, pursuant to rule 19b–4 under the Exchange Act, a Listing Exchange rule requiring Listing Exchange members and member organizations effecting transactions in Shares to deliver a Product Description to purchasers of Shares.

7. Each Fund's Prospectus and Product Description will clearly disclose that, for purposes of the Act, Shares are issued by the Funds and that the acquisition of Shares by investment companies is subject to the restrictions of section 12(d)(1) of the Act, except as permitted by an exemptive order that permits registered investment companies to invest in a Fund beyond the limits of section 12(d)(1), subject to certain terms and conditions, including that the registered investment company enter into an agreement with the Fund regarding the terms of the investment.

Applicants agree that any order of the Commission granting the 12(d)(1) Relief will be subject to the following conditions:

8. The members of an Acquiring Fund's Advisory Group will not control (individually or in the aggregate) a Fund within the meaning of section 2(a)(9) of the Act. The members of an Acquiring Fund's Subadvisory Group will not control (individually or in the aggregate) a Fund within the meaning of section 2(a)(9) of the Act. If, as a result of a decrease in the outstanding Shares of a Fund, an Acquiring Fund's Advisory Group or an Acquiring Fund's Subadvisory Group, each in the aggregate, becomes a holder of more than 25% of the outstanding Shares of the Fund, it will vote its Shares in the same proportion as the vote of all other Shareholders of the Fund's Shares. This condition will not apply to the Acquiring Fund's Subadvisory Group with respect to a Fund for which the Acquiring Fund Subadvisor or a person controlling, controlled by or under common control with the Acquiring Fund Subadvisor acts as the investment adviser within the meaning of section 2(a)(20)(A) of the Act.

9. No Acquiring Fund or Acquiring Fund Affiliate will cause any existing or potential investment by the Acquiring Fund in a Fund to influence the terms of any services or transactions between the Acquiring Fund or an Acquiring Fund Affiliate and the Fund or a Fund Affiliate.

10. The board of directors or trustees of an Acquiring Management Company, including a majority of the independent directors or trustees, will adopt procedures reasonably designed to assure that the Acquiring Fund Advisor and any Acquiring Fund Subadvisor are conducting the investment program of the Acquiring Management Company without taking into account any consideration received by the Acquiring Management Company or an Acquiring Fund Affiliate from a Fund or a Fund Affiliate in connection with any services or transactions.

11. Once an investment by an Acquiring Fund in the securities of a Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, the board of trustees of the Funds (''Board''), including a majority of the independent trustees, will determine that any consideration paid by the Fund to the Acquiring Fund or an Acquiring Fund Affiliate in connection with any services or transactions: (a) Is fair and reasonable in relation to the nature and quality of the services and benefits received by the Fund; (b) is within the range of consideration that the Fund would be required to pay to another unaffiliated entity in connection with the same services or transactions; and (c) does not involve overreaching on the part of any person concerned. This condition does not apply with respect to any services or transactions between a Fund and its investment adviser(s), or any person controlling, controlled by or under common control with such investment adviser(s).

12. No Acquiring Fund or Acquiring Fund Affiliate (except to the extent it is acting in its capacity as an investment adviser to a Fund) will cause a Fund to purchase a security in any Affiliated Underwriting.

13. The Board, including a majority of the independent trustees, will adopt procedures reasonably designed to monitor any purchases of securities by the Fund in an Affiliated Underwriting once an investment by an Acquiring Fund in the securities of the Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, including any purchases made directly from an Underwriting Affiliate. The Board will review these purchases periodically, but no less frequently than annually, to determine whether the purchases were influenced by the investment by the Acquiring Fund in the Fund. The Board will consider, among other things: (a) Whether the purchases were consistent with the investment objectives and policies of the Fund; (b) how the performance of securities purchased in an Affiliated Underwriting compares to the performance of comparable securities purchased during a comparable period of time in underwritings other than Affiliated Underwritings or to a benchmark such as a comparable market index; and (c) whether the amount of securities purchased by the Fund in Affiliated Underwritings and the amount purchased directly from an Underwriting Affiliate have changed significantly from prior years. The Board will take any appropriate actions based on its review, including, if appropriate, the institution of procedures designed to assure that purchases of securities in Affiliated Underwritings are in the best interests of the Fund's shareholders.

14. The Fund will maintain and preserve permanently in an easily accessible place a written copy of the procedures described in the preceding condition, and any modifications to such procedures, and will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any purchase in an Affiliated Underwriting occurred, the first two years in an easily accessible place, a written record of each purchase of securities in Affiliated Underwritings once an investment by an Acquiring Fund in the securities of the Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, setting forth from whom the securities were acquired, the identity of the underwriting syndicate's members, the terms of the purchase, and the information or materials upon which the determinations of the Board were made.

15. Before investing in a Fund in excess of the limits in section 12(d)(1)(A), each Acquiring Fund and the Fund will execute an Acquiring Fund Agreement stating, without limitation, that their boards of directors or trustees and their investment advisers, or Sponsor and Trustee, as applicable, understand the terms and conditions of the order, and agree to fulfill their responsibilities under the order. At the time of its investment in Shares of a Fund in excess of the limit

in section 12(d)(1)(A)(i), an Acquiring Fund will notify the Fund of the investment. At such time, the Acquiring Fund will also transmit to the Fund a list of the names of each Acquiring Fund Affiliate and Underwriting Affiliate. The Acquiring Fund will notify the Fund of any changes to the list of the names as soon as reasonably practicable after a change occurs. The Fund and the Acquiring Fund will maintain and preserve a copy of the order, the agreement, and the list with any updated information for the duration of the investment and for a period of not less than six years thereafter, the first two years in an easily accessible place.

16. The Acquiring Fund Advisor, Sponsor or Trustee, as applicable, will waive fees otherwise payable to it by the Acquiring Fund in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by a Fund under rule 12b–1 under the Act) received from a Fund by the Acquiring Fund Advisor, Sponsor or Trustee, or an affiliated person of the Acquiring Fund Advisor, Sponsor or Trustee, other than any advisory fees paid to the Acquiring Fund Advisor, Sponsor or Trustee, or its affiliated person by the Fund, in connection with the investment by the Acquiring Fund in the Fund. Any Acquiring Fund Subadvisor will waive fees otherwise payable to the Acquiring Fund Subadvisor, directly or indirectly, by the Acquiring Management Company in an amount at least equal to any compensation received from a Fund by the Acquiring Fund Subadvisor, or an affiliated person of the Acquiring Fund Subadvisor, other than any advisory fees paid to the Acquiring Fund Subadvisor or its affiliated person by the Fund, in connection with the investment by the Acquiring Management Company in the Fund made at the direction of the Acquiring Fund Subadvisor. In the event that the Acquiring Fund Subadvisor waives fees, the benefit of the waiver will be passed through to the Acquiring Management Company.

17. Any sales charges and/or service fees charged with respect to shares of an Acquiring Fund will not exceed the limits applicable to a fund of funds as set forth in Rule 2830.

18. No Fund will acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act.

19. Before approving any investment advisory contract under section 15 of the Act, the board of directors or trustees of each Acquiring Management Company, including a majority of the independent directors or trustees, will find that the advisory fees charged under the advisory contract are based on services provided that will be in addition to, rather than duplicative of, services provided under the advisory contract(s) of any Fund in which the Acquiring Management Company may invest. These findings and the basis upon which they are made will be recorded fully in the minute books of the appropriate Acquiring Management Company.

For the Commission, by the Division of Investment Management, under delegated authority.

Nancy M. Morris,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–53824; File No. SR–Amex–2006–43]

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To List for Trading Options on the iShares MSCI Emerging Markets Index Fund

May 17, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on May 2, 2006, the American Stock Exchange LLC (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Amex has filed the proposed rule change, pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(6) thereunder,[4] which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade options on the iShares MSCI Emerging Markets Index Fund (''Fund Options''). The Exchange has designated this proposal as non-controversial and has requested that the Commission waive both the five-day pre-filing requirement and the 30-day pre-operative waiting period contained in Rule 19b–4(f)(6)(iii) under the Act.[5] The text of the proposed rule change is available on the Amex's Web site at *http://www.amex.com,* the Office of the Secretary, Amex and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange seeks approval to list for trading on the Exchange options on the iShares MSCI Emerging Markets Index Fund (''Fund''). Commentary .06 to Amex Rule 915 and Commentary .07 to Amex Rule 916, respectively (the ''Listing Standards'') establish the Exchange's initial listing and maintenance standards. The Listing Standards permit the Exchange to list funds structured as open-end investment companies, such as the Fund, without having to file for approval with the Commission to list for trading options on such funds.[6] The Exchange submits that the Fund meets substantially all of the Listing Standard requirements, and for the requirements that are not met, sufficient mechanisms exist that would provide the Exchange with adequate surveillance and regulatory information with respect to the Fund.

The Fund is an open-end investment company designed to hold a portfolio of securities that tracks the MSCI Emerging

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(6).

[5] 17 CFR 240.19–4(f)(6)(iii).

[6] Commentary .06 to Amex Rule 915 sets forth the initial listing and maintenance standards for shares or other securities (''Exchange-Traded Fund Shares'') that are principally traded on a national securities exchange or through the facilities of a national securities exchange and reported as a national market security, and that represent an interest in a registered investment company organized as an open-end management investment company, a unit investment trust, or other similar entity.