

made the necessary showing to justify granting a temporary exemption.

Accordingly,

*It is hereby ordered*, pursuant to section 9(c) of the Act, that the Applicants and the other Covered Persons are granted a temporary exemption from the provisions of section 9(a), effective forthwith, solely with respect to the Injunction, subject to the condition in the application, until the date the Commission takes final action on their application for a permanent order.

By the Commission.

Nancy M. Morris,  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27977; 812-13413]

### MMA Praxis Mutual Funds, et al.; Notice of Application

September 24, 2007.

**AGENCY:** Securities and Exchange Commission ("Commission").

**ACTION:** Notice of an application under section 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

**SUMMARY OF APPLICATION:** Applicants request an order to permit certain entities excluded from the definition of investment company under section 3(c)(10) or 3(c)(11) of the Act to transfer certain classes of assets held in separate accounts to a series of a registered open-end management investment company in exchange for shares of that series.

**APPLICANTS:** MMA Praxis Mutual Funds ("Trust"), The Mennonite Foundation, Inc. ("MF"), Mennonite Retirement Trust ("MRT") and Mennonite Insurance Services Inc. d/b/a MMA Capital Management ("MMA").

**FILING DATES:** The application was filed on August 7, 2007. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

**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 October 19, 2007 and

should be accompanied by proof of service on the 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, Commission, 100 F Street, NE., Washington, DC 20549-0102; Applicants, c/o MMA Praxis Mutual Funds, 303 Broadway, Suite 1100, Cincinnati, OH 45202.

**FOR FURTHER INFORMATION, CONTACT:** Lewis Reich, Senior Counsel, at (202) 551-6919, or Nadya Roytblat, Assistant Director, 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 Commission's Public Reference Branch, 100 F Street, NE., Washington, DC 20549-0102 (telephone (202) 551-5850).

#### Applicants' Representations

1. The Trust, a Delaware statutory trust, is registered under the Act as an open-end management investment company. The Trust is organized as a series investment company consisting of 6 series, one of which is the MMA Praxis Growth Index Fund ("Growth Index Fund" or "Fund"). The Growth Index Fund invests in equity securities intended to parallel the investment performance of the U.S. large cap growth equities market, while incorporating socially responsible investing criteria. MMA, an Indiana corporation, is an investment adviser registered under the Investment Advisers Act of 1940 and serves as investment adviser to the Fund pursuant to an investment advisory agreement with the Trust.

2. MF, a not-for-profit corporation organized under the laws of Indiana, is excluded from the definition of investment company under the Act pursuant to Section 3(c)(10) of the Act. MF's board of directors manages and controls the business of MF. MF's portfolio securities are segregated by asset class and are held in separate accounts. Each separate account is a sub-account of MF and is not a legal entity separate from MF. One of these sub-accounts, MF Large Cap Growth Index Fund, is managed by MMA.

3. MRT, a qualified retirement plan, is excluded from the definition of investment company under the Act pursuant to Section 3(c)(11) of the Act.

MRT's board of trustees manages its investment activities. MRT's portfolio securities are segregated by asset class and are held in separate accounts. Each separate account is a sub-account of MRT and is not a legal entity separate from MRT. One of these sub-accounts, MRT Large Cap Growth Index Fund, is managed by MMA. The directors/trustees of MRT and MF (MRT and MF are referred to collectively as the "Unregistered Funds") also serve as directors of Mennonite Mutual Aid, Inc., the controlling company of MMA.

4. Applicants seek relief to permit MF and MRT to transfer substantially all of the assets in MF's Growth Index Fund and MRT's Large Cap Growth Index Fund, respectively, (the "Assets") to the Growth Index Fund in exchange for shares ("Shares") of that Fund. That proposed transfer is referred to as the "Exchange".

5. The Assets of the Unregistered Funds contemplated for transfer to the Fund in the Exchange will consist of individual securities that are substantially similar to those held as investments by the Fund. The Assets will be valued by the Fund at the time of acquisition at the independent "current market price" of the securities as defined in rule 17a-7 under the Act, the same valuation procedures set forth in the Fund's registration statement. The Shares of the Growth Index Fund received in the Exchange will have an aggregate net asset value ("NAV") equal to the NAV of the Assets transferred by MF and MRT to the Fund. The Unregistered Funds and the Fund will each pay their own expenses incurred in connection with the Exchange. After the Exchange, MF's Growth Index Fund and MRT's Large Cap Growth Index Fund each will not make any investments other than investments in shares of the Fund.

#### Applicants' Legal Analysis

1. Section 17(a) of the Act, in relevant part, prohibits an affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from selling to or purchasing from that investment company any security or other property.

2. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person directly or indirectly controlling, controlled by, or under common control with the other person and (b) if the other person is an investment company, any investment adviser of that company. Applicants state that the Unregistered Funds and MMA may be considered to be under common control because a majority of the directors/trustees serving on the

Unregistered Funds' boards of directors/trustees also serve as directors of MMA. Applicants also state that the Unregistered Funds and the Fund may be considered to be under common control and therefore may be considered affiliated persons of each other under Section 2(a)(3) of the Act. Thus, Applicants state that the proposed Exchange may be prohibited under Section 17(a) of the Act.

3. Rule 17a-7 exempts certain purchase and sale transactions otherwise prohibited by Section 17(a) of the Act if an affiliation exists solely by reason of having a common investment adviser, investment advisers that are affiliated persons of each other, common directors, and/or common officers, provided, among other requirements, that the transaction is for no consideration other than cash. Applicants state that the relief provided by Rule 17a-7 may not be available for the Exchange because the Exchange will involve consideration other than cash (*i.e.*, Shares of the Fund). Applicants also state that the Unregistered Funds may be deemed to be affiliated with the Fund for reasons other than those set forth in Rule 17a-7.

4. Rule 17a-8 exempts certain transactions (including mergers, consolidations or purchases or sales of substantially all of the assets of a company) between registered investment companies and eligible unregistered funds, as defined in rule 17a-8 ("Eligible Unregistered Fund"). Applicants state that the relief provided by rule 17a-8 is not available for the Exchange because the Unregistered Funds are not registered investment companies or Eligible Unregistered Funds, and the Exchange does not involve substantially all of the assets of the Unregistered Funds.<sup>1</sup>

5. Section 17(b) of the Act provides that the Commission may exempt a transaction from the provisions of section 17(a) of the Act if the evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

6. Applicants submit that the terms of the Exchange satisfy the standards set forth in Section 17(b) of the Act.

Applicants state that the board of the Trust, including a majority of the trustees who are not interested persons as defined in Section 2(a)(19) of the Act, found that participation in the Exchange is in the best interests of the Fund and that the interests of the existing shareholders of the Fund will not be diluted as a result of the Exchange. Applicants state that the Exchange will comply with the terms of paragraphs (a) (other than the cash payment requirement) through (g) of Rule 17a-7 and the provisions of Rule 17a-8 (as those provisions apply to the merger of an Eligible Unregistered Fund with a registered investment company). No brokerage commissions, fees (except for customary transfer fees, if any) or other remuneration will be paid by the Fund or the Unregistered Funds in connection with the Exchange.

#### Applicants' Condition

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

The Exchange will comply with the terms of paragraphs (a) (other than the cash payment requirement) through (g) of rule 17a-7 and the provisions of rule 17a-8 (as those provisions apply to the merger of an Eligible Unregistered Fund with a registered investment 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. 34-56517; File No. PCAOB-2006-03]

#### Public Company Accounting Oversight Board; Notice of Filing of Proposed Rule Change and Amendment No. 1 Thereto Relating to Inspections

September 25, 2007.

Pursuant to Section 107(b) of the Sarbanes-Oxley Act of 2002 (the "Act"), notice is hereby given that on December 20, 2006, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Securities and Exchange Commission (the "SEC" or "Commission") the proposed rule changes described in Items I and II below, which items have been prepared by the Board. On May 31, 2007, the Board amended its filing because certain of the information described in the original filing had

changed. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

#### I. Board's Statement of the Terms of Substance of the Proposed Rule

On December 19, 2006, the Board adopted amendments to its rules related to inspections. The proposed amendments include a new paragraph (d) added to existing Rule 4003 and include technical amendments to nonsubstantive points in existing rules 4006 and 4009. The text of the proposed amendments are set out below. Language added by these amendments is in italics. Deleted paragraph references are in brackets. Other text in Section 4 of the Board's Rules, including notes to the Rules, remains unchanged and is indicated by " \* \* \* \* " in the text below.

#### SECTION 4. INSPECTIONS

\* \* \* \* \*

##### Rule 4003. Frequency of Inspections

\* \* \* \* \*

*(d) Notwithstanding paragraph (b) of this Rule, with respect to any registered public accounting firm that became registered in 2003 or 2004—*

*(1) this Rule does not require the first inspection of the firm sooner than the fourth calendar year following the first calendar year in which the firm, while registered, issued an audit report or played a substantial role in the preparation or furnishing of an audit report; and*

*(2) this Rule does not require the second inspection of the firm sooner than the fifth calendar year following the first calendar year in which the firm, while registered, issued an audit report or played a substantial role in the preparation or furnishing of an audit report.*

\* \* \* \* \*

##### Rule 4006. Duty to Cooperate With Inspectors

Every registered public accounting firm, and every associated person of a registered public accounting firm, shall cooperate with the Board in the performance of any Board inspection. Cooperation shall include, but is not limited to, cooperating and complying with any request, made in furtherance of the Board's authority and responsibilities under the Act, to—

*[(1)a] provide access to, and the ability to copy, any record in the possession, custody, or control of such firm or person, and*

<sup>1</sup> Although the Exchange will involve substantially all of the assets of MF's Large Cap Growth Index Fund and MRT's Large Cap Growth Index Fund, these entities do not have an existence separate from the Unregistered Funds.