

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 28139; 812-13436]

### MLIG Variable Insurance Trust and Roszel Advisors, LLC; Notice of Application

January 31, 2008.

**AGENCY:** Securities and Exchange Commission (“Commission”).

**ACTION:** Notice of application for an order under section 12(d)(1)(j) of the Investment Company Act of 1940 (“Act”) for an exemption from sections 12(d)(1)(A) and (B) of the Act, and under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.

#### SUMMARY OF THE APPLICATION:

Applicants request an order that would permit certain registered open-end management investment companies to acquire shares of other registered open-end management investment companies and unit investment trusts that are within and outside the same group of investment companies.

*Applicants:* MLIG Variable Insurance Trust (the “Trust”) and Roszel Advisors, LLC (“Roszel Advisors”) (together, the “Applicants”).

*Filing Dates:* The application was filed on October 9, 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 February 25, 2008, 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, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090; Applicants: c/o Barry G. Skolnick, Secretary, MLIG Variable Insurance Trust, 1700 Merrill Lynch Drive, Pennington, NJ 08534.

**FOR FURTHER INFORMATION CONTACT:** Deepak T. Pai, Senior Counsel, at (202)

551-6876, or Nadya Roytblat, Assistant Director, at (202) 551-6821 (Office of Investment Company Regulation, Division of Investment Management).

**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 Desk, 100 F Street, NE., Washington, DC 20549-0102 (telephone (202) 551-5850).

#### Applicants’ Representations

1. The Trust, organized as a Delaware statutory trust, is registered under the Act as an open-end management investment company. The Trust is currently comprised of twenty-four separate Portfolios (as defined below), each of which pursues a distinct investment objective(s).<sup>1</sup> The shares of the Portfolios currently are offered and sold through registered separate accounts (“Registered Separate Accounts”) of Merrill Lynch Life Insurance Company and ML Life Insurance Company of New York, both insurance companies that are unaffiliated with Roszel Advisors. In the future, shares of the Portfolios may be offered and sold through Registered Separate Accounts of insurance companies that are affiliates of Roszel Advisors and may be offered and sold through unregistered separate accounts of insurance companies that either are or are not affiliates of Roszel Advisors (“Unregistered Separate Accounts,” and together with the Registered Separate Accounts, the “Separate Accounts”).

2. Roszel Advisors is a Delaware limited liability company that is registered as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”). Roszel Advisors is a wholly-owned indirect subsidiary of Merrill Lynch & Co., Inc. Pursuant to an investment management agreement and subject to the authority of the Trust’s board of trustees, Roszel Advisors serves as the Trusts’ investment adviser and conducts the business and affairs of the Trust. Roszel Advisors has engaged at least one Subadviser for each Portfolio (each a “Subadviser”) to act as that

<sup>1</sup> Applicants request that the order also extend to any future series of the Trust, and any other existing or future registered open-end management investment companies and any series thereof that are part of the same group of investment companies, as defined in section 12(d)(1)(G)(ii) of the Act, as the Trust and are, or may in the future be, advised by Roszel Advisors or any other investment adviser controlling, controlled by, or under common control with Roszel Advisors (together with the existing series of the Trust, the “Portfolios”). The Trust is the only registered investment company that currently intends to rely on the requested order. Any other entity that relies on the order in the future will comply with the terms and conditions of the application.

Portfolio’s investment adviser to provide day-to-day portfolio management. Each Subadviser is and any future Subadviser will be registered under the Advisers Act.<sup>2</sup>

3. Applicants request relief to permit: (a) The Portfolios to acquire shares of registered open-end management investment companies that are not part of the same group of investment companies, as defined in Section 12(A)(i)(G)(ii) of the Act, as the Portfolios (the “Unaffiliated Underlying Funds”); (b) the Portfolios to acquire shares of unit investment trusts (“UITs”) that are not part of the same group of investment companies as the Portfolios (“Unaffiliated Underlying Trusts”); (c) the Unaffiliated Underlying Funds and Trusts (collectively, the “Unaffiliated Funds”) to sell their shares to the Portfolios; (d) the Portfolios to acquire shares of other registered open-end investment companies in the same group of investment companies as the Portfolios (the “Affiliated Funds,” and together with the Unaffiliated Funds, the “Underlying Funds”) and (e) the Affiliated Funds to sell their shares to the Portfolios. Unaffiliated Underlying Trusts or Unaffiliated Underlying Funds may be registered under the Act as either UITs or open-end management investment companies and that have obtained exemptions from the Commission necessary to permit their shares to be listed and traded on a national securities exchange at negotiated prices (“ETFs”). Currently, the Portfolios invest in various types of securities that are not issued by registered investment companies and other financial instruments. Applicants are seeking to provide the Portfolios with the ability to invest in Underlying Funds for broader diversification and the ability to gain exposure to types of securities in which they would otherwise be unable to invest because of inadequate trade size or lack of liquidity.

#### Applicants’ Legal Analysis

##### A. Section 12(d)(1)

1. Section 12(d)(1)(A) of the Act prohibits a registered investment company from acquiring shares of an investment company if the securities represent more than 3% of the total outstanding voting stock of the acquired company, more than 5% of the total

<sup>2</sup> Any investment adviser to the Portfolios that meets the definition of section 2(a)(20)(A) of the Act is referred to as Roszel Advisors. Any investment adviser to the Portfolios that meets the definition in section 2(a)(20)(B) of the Act is referred to as the Subadviser.

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 and any broker or dealer from selling the shares of the investment company 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.

2. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Applicants seek an exemption under section 12(d)(1)(J) of the Act from the limitations of sections 12(d)(1)(A) and (B) to the extent necessary to permit the Portfolios to acquire shares of the Underlying Funds in excess of the limits set forth in section 12(d)(1)(A) of the Act and to permit the Underlying Funds, their principal underwriters and any broker or dealer to sell their shares to the Portfolios in excess of the limits set forth in section 12(d)(1)(B) of the Act.

3. Applicants state that the proposed arrangement will not give rise to the policy concerns underlying sections 12(d)(1)(A) and (B) which include concerns about undue influence by a fund of funds or its affiliated persons over underlying funds, excessive layering of fees, and overly complex fund structures. Accordingly, Applicants believe that the requested exemptions are consistent with the public interest and the protection of investors.

4. Applicants state that the proposed arrangement will not result in undue influence by the Portfolios or their affiliated persons over the Underlying Funds. The concern about undue influence does not arise in connection with the Portfolios' investment in the Affiliated Funds, since they are part of the same group of investment companies. Applicants further propose condition 1 which provides that: (a) Roszel Advisors and any person controlling, controlled by or under common control with Roszel Advisors, any investment company and any issuer that would be an investment company but for section 3(c)(1) or section 3(c)(7) of the Act advised or sponsored by Roszel Advisors or any person

controlling, controlled by or under common control with Roszel Advisors (collectively, the "Group"), and (b) any Subadviser to the Portfolios and any person controlling, controlled by or under common control with the Subadviser, 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 by the Subadviser or any person and any person controlling, controlled by or under common control with the Subadviser (collectively, the "Subadviser Group") will not control (individually or in the aggregate) an Unaffiliated Fund within the meaning of section 2(a)(9) of the Act.

5. Applicants further state that condition 2 precludes the Portfolios or Roszel Advisors, any Subadviser, promoter or principal underwriter of the Portfolios, as well as any person controlling, controlled by or under common control with any of those entities (each, a "Portfolio Affiliate") from taking advantage of an Unaffiliated Fund, with respect to transactions between the Portfolios or a Portfolio Affiliate and the Unaffiliated Fund or the Unaffiliated Fund's investment adviser(s), sponsor, promoter, and principal underwriter and any person controlling, controlled by or under common control with any of those entities (each, an "Unaffiliated Fund Affiliate"). No Portfolio or Portfolio Affiliate (except to the extent it is acting in its capacity as an investment adviser to an Unaffiliated Underlying Fund or sponsor to an Unaffiliated Underlying Trust) will cause an Unaffiliated Fund to purchase a security in an offering of securities during the existence of any underwriting or selling syndicate of which a principal underwriter is an officer, director, trustee, advisory board member, investment adviser, Subadviser, or employee of the Portfolio, or a person of which any such officer, director, trustee, investment adviser, Subadviser, member of an advisory board, or employee is an affiliated person (each, an "Underwriting Affiliate," except any person whose relationship to the Unaffiliated Fund is covered by section 10(f) of the Act is not an Underwriting Affiliate). An offering of securities during the existence of any underwriting or selling syndicate of which a principal underwriter is an Underwriting Affiliate is an "Affiliated Underwriting."

6. To further assure that an Unaffiliated Underlying Fund understands the implications of an investment by a Portfolio under the

requested order, prior to the Portfolios' investment in the shares of an Unaffiliated Underlying Fund in excess of the limit in section 12(d)(1)(A)(i) of the Act, the Portfolio and the Unaffiliated Underlying Fund will execute an agreement stating, without limitation, that their boards of directors or trustees ("Boards") and their investment advisers understand the terms and conditions of the order and agree to fulfill their responsibilities under the order ("Participation Agreement"). Applicants note that an Unaffiliated Fund (other than an ETF whose shares are purchased by a Portfolio in the secondary market) will retain its right at all times to reject any investment by the Portfolio.<sup>3</sup>

7. Applicants do not believe that the proposed arrangement will involve excessive layering of fees. To assure that the investment advisory or management fees are not duplicative, Applicants state that, prior to the approval of any investment advisory or management contract under section 15 of the Act, the Board of each Portfolio, including a majority of the Disinterested Trustees will find that the management or advisory fees charged under the Portfolio's advisory contract are based on services provided that are in addition to, rather than duplicative of, services provided pursuant to any Underlying Fund's advisory contract(s). Applicants further state that Roszel Advisors will waive fees otherwise payable to them by a Portfolio in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by an Unaffiliated Underlying Fund pursuant to rule 12b-1 under the Act) received from an Unaffiliated Fund by Roszel Advisors, or an affiliated person of Roszel Advisors, other than any advisory fees paid to Roszel Advisors or an affiliated person of Roszel Advisors by the Unaffiliated Fund, in connection with the investment by the Portfolio in the Unaffiliated Fund.

8. Applicants state that with respect to Registered Separate Accounts that invest in the Portfolios, no sales load will be charged at the Portfolios' level or at the Underlying Fund level. Other sales charges and service fees, as defined in Rule 2830 of the Conduct Rules of the NASD ("NASD Conduct Rule 2830"), will only be charged at the Portfolio level or at the Underlying

<sup>3</sup> An Unaffiliated Fund, including an ETF, would retain its right to reject any initial investment by a Portfolio in excess of the limit in section 12(d)(1)(A)(i) of the Act by declining to execute the Participation Agreement with the Portfolio.

Fund level, not both.<sup>4</sup> With respect to other investments in the Portfolios, any sales charges and/or service fees charged with respect to shares of the Portfolios will not exceed the limits applicable to a fund of funds set forth in NASD Conduct Rule 2830.

9. Applicants state that the proposed arrangement will not create an overly complex fund structure because no Underlying Fund will acquire securities of any other 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, except to the extent that such Underlying Fund: (a) Receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading section 12(d)(1) of the Act); or (b) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the Commission permitting such Underlying Fund to: (i) Acquire securities of one or more affiliated investment companies for short-term cash management purposes, or (ii) engage in interfund borrowing and lending transactions. Applicants also represent that the Portfolios' prospectus and sales literature will contain clear, concise, "plain English" disclosure designed to inform investors about the unique characteristics of the proposed arrangement, including, but not limited to, the expense structure and the additional expenses of investing in Underlying Funds.

#### B. Section 17(a)

1. Section 17(a) of the Act generally prohibits sales or purchases of securities between a registered investment company and any affiliated persons of the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) 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; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power

<sup>4</sup> Applicants represent that each Portfolio will represent in the Participation Agreement that no insurance company sponsoring a Registered Separate Account funding variable insurance contracts will be permitted to invest in the Portfolio unless the insurance company has certified to the Portfolio that the aggregate of all fees and charges associated with each contract that invests in the Portfolio, including fees and charges at the separate account, Portfolio, and Underlying Fund levels, will be reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by the insurance company.

to vote by the other person; and (c) any person directly or indirectly controlling, controlled by, or under common control with the other person.

2. Applicants state that the Portfolios and the Affiliated Funds might be deemed to be under common control of Roszel Advisors and therefore affiliated persons of one another. Applicants also state that the Portfolios and the Underlying Funds might be deemed affiliated persons of one another if the Portfolios acquire 5% or more of an Underlying Fund's outstanding voting securities. In light of these possible affiliations, section 17(a) could prevent an Underlying Fund from selling shares to and redeeming shares from the Portfolios.

3. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act. Section 6(c) of the Act permits the Commission to exempt any person or transactions from any provision of the Act if 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.

4. Applicants believe that the proposed transactions satisfy the requirements for relief under sections 17(b) and 6(c) of the Act, as the terms are fair and reasonable and do not involve overreaching.<sup>5</sup> Applicants state that the terms upon which an Underlying Fund will sell its shares to or purchase its shares from the Portfolios will be based on the net asset value of each Underlying Fund.<sup>6</sup>

<sup>5</sup> Applicants acknowledge that receipt of compensation by (a) an affiliated person of the Portfolios, or an affiliated person of such person, for the purchase by the Portfolios of shares of an Underlying Fund or (b) an affiliated person of an Underlying Fund, or an affiliated person of such person, for the sale by the Underlying Fund of its shares to the Portfolios is subject to section 17(e)(1) of the Act. The Participation Agreement also will include this acknowledgement.

<sup>6</sup> Applicants note that the Portfolios generally would purchase and sell shares of an Underlying Fund that operates as an ETF through secondary market transactions at market prices rather than through principal transactions with the Underlying Fund at net asset value. Applicants would not rely on the requested relief from section 17(a) for such secondary market transactions. The Portfolios could seek to transact in "Creation Units" directly with

Applicants also state that the proposed transactions will be consistent with the policies of the Portfolios and Underlying Fund, and with the general purposes of the Act.

#### Applicants' Conditions

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

1. The members of the Group will not control (individually or in the aggregate) an Unaffiliated Fund within the meaning of section 2(a)(9) of the Act. The members of the Subadviser Group will not control (individually or in the aggregate) an Unaffiliated Fund within the meaning of section 2(a)(9) of the Act. If, as a result of a decrease in the outstanding voting securities of an Unaffiliated Fund, the Group or a Subadviser Group, each in the aggregate, becomes a holder of more than 25% of the outstanding voting securities of the Unaffiliated Fund, then the Group or the Subadviser Group (except for any member of the Group or the Subadviser Group that is a Separate Account) will vote its shares of the Unaffiliated Fund in the same proportion as the vote of all other holders of the Unaffiliated Fund's shares. This Condition 1 will not apply to a Subadviser Group with respect to an Unaffiliated Fund for which the Subadviser or a person controlling, controlled by, or under common control with the Subadviser acts as the investment adviser within the meaning section 2(a)(20)(A) of the Act (in the case of an Unaffiliated Underlying Fund) or as the sponsor (in the case of an Unaffiliated Trust).

A Registered Separate Account will seek voting instructions from its contract holders and will vote its shares of an Unaffiliated Fund in accordance with the instructions received and will vote those shares for which no instructions were received in the same proportion as the shares for which instructions were received. An Unregistered Separate Account will either: (i) Vote its shares of the Unaffiliated Fund in the same proportion as the vote of all other holders of the Unaffiliated Fund's shares; or (ii) seek voting instructions from its contract holders and vote its shares in accordance with the instructions received and vote those shares for which no instructions were received in the same proportion as the shares for which instructions were received.

2. No Portfolio or Portfolio Affiliate will cause any existing or potential

an ETF pursuant to the requested section 17(a) relief.

investment by the Portfolio in an Unaffiliated Fund to influence the terms of any services or transactions between the Portfolio or a Portfolio Affiliate and the Unaffiliated Fund or an Unaffiliated Fund Affiliate.

3. The Board of each Portfolio, including a majority of the Disinterested Trustees, will adopt procedures reasonably designed to assure that Roszel Advisors and any Subadviser are conducting the investment program of the Portfolio without taking into account any consideration received by the Portfolio or Portfolio Affiliate from an Unaffiliated Fund or an Unaffiliated Fund Affiliate in connection with any services or transactions.

4. Once an investment by a Portfolio in the securities of an Unaffiliated Underlying Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, the Board of the Unaffiliated Underlying Fund, including a majority of the Disinterested Trustees, will determine that any consideration paid by the Unaffiliated Underlying Fund to the Portfolio or a Portfolio 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 Unaffiliated Underlying Fund; (b) is within the range of consideration that the Unaffiliated Underlying 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 an Unaffiliated Underlying Fund and its investment adviser(s), or any person controlling, controlled by, or under common control with such investment adviser(s).

5. No Portfolio or Portfolio Affiliate (except to the extent it is acting in its capacity as an investment adviser to an Unaffiliated Underlying Fund or sponsor to an Unaffiliated Underlying Trust) will cause an Unaffiliated Fund to purchase a security in any Affiliated Underwriting.

6. The Board of an Unaffiliated Underlying Fund, including a majority of the Disinterested Trustees, will adopt procedures reasonably designed to monitor any purchases of securities by the Unaffiliated Underlying Fund in an Affiliated Underwriting once an investment by a Portfolio in the securities of the Unaffiliated Underlying 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 of the Unaffiliated Underlying Fund will

review these purchases periodically, but no less frequently than annually, to determine whether or not the purchases were influenced by the investment by the Portfolio in the Unaffiliated Underlying Fund. The Board of the Unaffiliated Underlying Fund will consider, among other things: (a) Whether or not the purchases were consistent with the investment objectives and policies of the Unaffiliated Underlying 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 or not the amount of securities purchased by the Unaffiliated Underlying Fund in Affiliated Underwritings and the amount purchased directly from an Underwriting Affiliate have changed significantly from prior years. The Board of an Unaffiliated Underlying Fund 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 shareholders.

7. Each Unaffiliated Underlying 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 from an Affiliated Underwriting occurred, the first two years in an easily accessible place, a written record of each purchase of securities in an Affiliated Underwriting once an investment by a Portfolio in the securities of an Unaffiliated Underlying Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, setting forth the: (a) Party from whom the securities were acquired, (b) identity of the underwriting syndicate's members, (c) terms of the purchase, and (d) information or materials upon which the determinations of the Board of the Unaffiliated Underlying Fund were made.

8. Prior to its investment in shares of an Unaffiliated Underlying Fund in excess of the limit in section 12(d)(1)(A)(i) of the Act, the Portfolio and the Unaffiliated Underlying Fund will execute a Participation Agreement stating, without limitation, that their Boards and their investment advisers

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 an Unaffiliated Underlying Fund in excess of the limit in section 12(d)(1)(A)(i), the Portfolio will notify the Unaffiliated Underlying Fund of the investment. At such time, the Portfolio will also transmit to the Unaffiliated Underlying Fund a list of the names of each Portfolio Affiliate and Underwriting Affiliate. The Portfolio will notify the Unaffiliated Underlying Fund of any changes to the list as soon as reasonably practicable after a change occurs. The Unaffiliated Underlying Fund and the Portfolio will maintain and preserve a copy of the order, the Participation 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.

9. Before approving any advisory contract under section 15 of the Act, the Board of each Portfolio, including a majority of the Disinterested Trustees, shall find that the advisory fees charged under the advisory contract are based on services provided that are in addition to, rather than duplicative of, services provided under the advisory contract(s) of any Underlying Fund in which the Portfolio may invest. Such finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the appropriate Portfolio.

10. Roszel Advisors will waive fees otherwise payable to it by a Portfolio in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by an Unaffiliated Underlying Fund pursuant to rule 12b-1 under the Act) received from an Unaffiliated Fund by Roszel Advisors, or an affiliated person of Roszel Advisors, other than any advisory fees paid to Roszel Advisors or its affiliated person by the Unaffiliated Fund, in connection with the investment by the Portfolio in the Unaffiliated Fund. Any Subadviser will waive fees otherwise payable to the Subadviser, directly or indirectly, by the Portfolio in an amount at least equal to any compensation received by the Subadviser, or an affiliated person of the Subadviser, from an Unaffiliated Fund, other than any advisory fees paid to the Subadviser or its affiliated person by the Unaffiliated Underlying Fund, in connection with the investment by the Portfolio in the Unaffiliated Underlying Fund made at the direction of the Subadviser. In the event that the Subadviser waives fees, the benefit of

the waiver will be passed through to the Portfolio.

11. With respect to Registered Separate Accounts that invest in a Portfolio, no sales load will be charged at the Portfolio level or at the Underlying Fund level. Other sales charges and service fees, as defined in NASD Conduct Rule 2830, if any, will only be charged at the Portfolio level or at the Underlying Fund level, not both. With respect to other investment in a Portfolio, any sales charges and/or service fees charged with respect to shares of the Portfolio will not exceed the limits applicable to a funds of funds set forth in NASD Conduct Rule 2830.

12. No Underlying Fund will acquire securities of any other 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, except to the extent that such Underlying Fund: (a) Receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading section 12(d)(1) of the Act); or (b) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the Commission permitting such Underlying Fund to: (i) Acquire securities of one or more affiliated investment companies for short-term cash management purposes, or (ii) engage in interfund borrowing and lending transactions.

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

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E8-2120 Filed 2-5-08; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57248; File No. SR-Amex-2007-25]

### Self-Regulatory Organizations; American Stock Exchange, LLC; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Allow Register Options Traders to Submit Electronic Quotations and Orders From Off the Amex's Trading Floor on a Limited Basis

January 31, 2008.

#### I. Introduction

On February 27, 2007, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission

("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposal to amend its rules to allow registered options traders to submit electronic quotations and orders from off the Amex's trading floor on a limited basis. The Amex filed Amendment No. 1 to the proposal on December 13, 2007.<sup>3</sup> The proposed rule change, as modified by Amendment No. 1, was published for comment in the **Federal Register** on December 28, 2007.<sup>4</sup> The Commission received no comments regarding the proposed rule change, as amended. This order approves the proposed rule change, as modified by Amendment No. 1.

#### II. Description of the Proposal

The Amex proposes to amend Amex Rule 958-ANTE, "Options Transactions of Registered Options Traders and Supplemental Registered Options Traders and Remote Registered Options Traders," to allow registered options traders to submit electronic quotations and orders from off the Amex's trading floor on a temporary basis for a maximum of 20 days during a calendar year.<sup>5</sup> According to the Amex, the proposal is designed to accommodate registered options traders when they are temporarily unable to be present on the Amex's physical trading floor. For purposes of the "in-person" requirements set forth in Amex Rule 958-ANTE, a registered options trader's transactions through this limited remote quoting program will be deemed to occur on the floor.

A registered options trader must notify the Amex's Division of Regulation and Compliance immediately following the day or days during which he or she submits quotes from off the floor.<sup>6</sup> The Amex notes that it has an independent means to monitor when a register options trader is off the floor because all members must scan in.

The Amex states that it will use its existing surveillance procedures to monitor registered options traders' temporary off-floor trading. In addition, the Amex represents that it will be able to monitor for compliance with the Amex's trading rules and the federal

securities laws and the rules and regulations thereunder.

#### III. Discussion

The Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>7</sup> In particular, the Commission finds that the proposal is consistent with section 6(b)(5) of the Act,<sup>8</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission believes that the proposal is designed to provide registered options traders with the flexibility to trade from off the Amex's floor on a limited basis when they are temporarily unable to be present on the floor. The Commission notes that the Amex has stated that it will use its existing surveillance procedures to monitor the off-floor trading permitted under the proposal, and that the Amex has represented that it will be able to monitor for compliance with the Amex's trading rules and the federal securities laws and the rules and regulations thereunder.

#### IV. Conclusion

*It is therefore ordered,* pursuant to section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-Amex-2007-25), as modified by Amendment No. 1, is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E8-2139 Filed 2-5-08; 8:45 am]

BILLING CODE 8011-01-P

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Amendment No. 1 supersedes and replaces the original filing in its entirety.

<sup>4</sup> See Securities Exchange Act Release No. 57011 (December 20, 2007), 72 FR 73910.

<sup>5</sup> See Amex Rule 958-ANTE, Commentary .01(c). Under the proposal, quoting and submitting orders from off the trading floor for less than an entire day would qualify as one day.

<sup>6</sup> See Amex Rule 958-ANTE, Commentary .01(c).

<sup>7</sup> In approving the proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).