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1940 Act — Section 2(a)(32)
1940 Act — Section 5(a)(1)
1940 Act — Section 17(a)
1940 Act — Section 22(d)
1940 Act — Rule 22c-1

June 24, 2015

Dalia Blass, Esquire
Assistant Chief Counsel
Division of Investment Management
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Dear Ms. Blass:

We are writing on behalf of SPDR Series Trust and SPDR Index Shares Funds (each a “**Trust**” and, together, the “**Trusts**”), as well as any existing or future registered open-end management investment company or series thereof that is advised by SSgA Funds Management, Inc. (“**SSgA FM**”), or any entity controlling, controlled by or under common control with SSgA FM (the “**Adviser**”), and relies on the Order, as defined below. Each Trust is registered with the Securities and Exchange Commission (the “**Commission**”) as an open-end management investment company under the Investment Company Act of 1940, as amended (the “**1940 Act**”). Each Trust consists of individual series (each, a “**Fund**” and collectively, the “**Funds**”) that are operated as exchange-traded funds (“**ETFs**”) pursuant to a number of exemptive orders issued by the Commission applicable to one or more of the Funds.¹ We are also writing on behalf of SSgA FM, an investment adviser registered with the Commission under the Investment Advisers Act of 1940, as amended. SSgA FM serves as investment adviser to each of the Funds.

¹ See notes 2-4, *infra*.

We are seeking your assurance that you would not recommend that the Commission take any enforcement action under Sections 2(a)(32), 5(a)(1), 17(a), and 22(d) of the 1940 Act or Rule 22c-1 thereunder, against the Trusts or SSgA FM, if, as described below, the definition of "Index," as defined in the Order, includes securities indexes composed of both long and short positions ("**Long/Short Indexes**"), including indexes that use a 130/30 or similar investment strategy. We will not rely on the Order or the assurances requested herein to offer, and we are not asking you to take any position with respect to, any index-based Fund that operates in a manner that is similar to funds that are currently known as "leveraged," "inverse," "inverse leveraged," or "geared" funds.

I. BACKGROUND

In 2000, the Adviser received, subject to certain conditions, the relief necessary to operate index-based ETFs that invest in domestic equity securities (the "**Initial Order**").² The Initial Order was subsequently amended in 2006,³ primarily to permit the creation of index-based ETFs that invest in foreign equity securities and to permit, subject to certain conditions, the domestic and foreign ETFs to sell their shares ("**Shares**") to other investment companies in amounts beyond the limits of Sections 12(d)(1)(A) and 12(d)(1)(B) of the 1940 Act. The Initial Order was further amended in 2007 to permit the creation of index-based ETFs that invest in fixed-income securities.⁴

² State Street Bank and Trust Company, et al., Investment Company Act Release Nos. 24631 (Sept. 1, 2000) (notice) and 24666 (Sept. 24, 2000) (order) (superseding The Select Sector SPDR Trust, Investment Company Act Release Nos. 23492 (Oct. 20, 1998) (notice) and 23534 (Nov. 13, 1998) (order)) (the "**Initial Order**").

³ SSgA Funds Management, Inc., et al., Investment Company Act Release Nos. 27511 (Oct. 6, 2006) (notice) and 27543 (Nov. 1, 2006) (order) ("**2006 Order**"). Funds that track Underlying Indexes that include foreign securities are referred to as "**Foreign Funds**."

⁴ SSgA Funds Management, Inc., et al., Investment Company Act Release Nos. 27809 (Apr. 30, 2007) (notice) and 27839 (May 25, 2007) (order). ("**2007 Order**"). The Initial Order, as amended by the 2006 Order and 2007 Order, is referred to as the "**Order**."

II. LONG/SHORT FUNDS

A. Discussion

The applications related to the Order specifically discuss indexes based on domestic equity securities, foreign equity securities and fixed-income securities. While such an index could arguably include both long and short positions in such securities, the applications do not specifically discuss the possibility of Funds tracking indexes that include both long and short positions in securities.⁵ Consequently, the Adviser and the Trusts are seeking assurance that the staff of the Commission (the “Staff”) would not recommend enforcement action if Funds relying on the Order tracked Long/Short Indexes, subject to the representations and conditions described in Section II.B. below.

The Long/Short Indexes will employ a rules-based approach to determine the component securities, and the weightings of the component securities, in the long portion and the short portion of the Long/Short Index. The Long/Short Indexes will have a well-developed, specified methodology, and have fully transparent component securities and weightings. Each Long/Short Index may consist of any combination of equity securities and/or fixed income securities issued by foreign or domestic issuers.

Each Fund that tracks a Long/Short Index (a “**Long/Short Fund**”) will establish (i) exposures equal to approximately 100% of the long positions specified by the Long/Short Index and (ii) exposures equal to approximately 100% of the short positions specified by the Long/Short Index. The net investment exposure of each of the Long/Short Funds will equal its net assets.

The most significant difference between the Order and Long/Short ETF Orders is that the applicants that received the Long/Short ETF Orders have each agreed to disclose the

⁵ We note that in recent years, the Commission has issued multiple orders permitting ETFs to track Long/Short Indexes (the “**Prior Long/Short ETFs**”). See In the matter of WisdomTree Trust, et al., Investment Company Act Release Nos. 30790 (November 20, 2013) (notice) and 30826 (December 11, 2013) (order); In the matter of Market Vectors ETF Trust, et al., Investment Company Act Release Nos. 30409 (February 27, 2013) (notice) and 30433 (March 21, 2013) (order); In the Matter of Fidelity Commonwealth Trust, et al., Investment Company Act Release Nos. 30341 (January 7, 2013) (notice) and 30375 (February 1, 2013) (order); In the Matter of Factor Advisors, LLC, et al., Investment Company Act Release Nos. 30204 (September 17, 2012)(notice) and 30230 (October 10, 2012) (order); and In the Matter of FQF Trust, et al., Investment Company Act Release Nos. 29720 (July 11, 2011) (notice) and 29747 (August 5, 2011) (order) (collectively referred to herein as the “**Long/Short ETF Orders**”).

composition of each Prior Long/Short ETF's current portfolio on the fund's website each day. In addition, although not exclusive to relief granted to Prior Long/Short ETFs, the applications for the Long/Short ETF Orders have included specific representations on the composition of a Prior Long/Short ETF's creation basket or redemption basket. The representations and conditions described in Section II.B below are designed to align the Long/Short Funds with the analogous provisions applicable to the Prior Long/Short ETFs.

B. Conditions

The Trusts and SSgA FM agree that, notwithstanding anything to the contrary in the applications relating to the Order, the relief related to Long/Short Funds will be subject to the following conditions:

1. Except as expressly provided in this letter, each Long/Short Fund will comply with the representations and conditions set forth in the application relating to the Order on which the Long/Short Fund relies.
2. Each Long/Short Fund will be fully "transparent," meaning that each Long/Short Fund will post on its website ("**Website**") on each Business Day,⁶ before commencement of trading of Shares on the Exchange, the identities and quantities of the portfolio securities, assets and other positions held by the Fund that will form the basis for the Fund's calculation of net asset value per share ("**NAV**") at the end of the Business Day ("**Portfolio Holdings**").
3. On each Business Day, each Long/Short Fund will post on its Website the names and quantities of the instruments comprising the Deposit Instruments and the Redemption Instruments, and the estimated Cash Amount (each defined below) for that day. The information provided on the Website will be formatted to be reader-friendly.
4. Each Long/Short Fund will be subject to the following representations:

In order to keep costs low and, potentially, permit closer tracking of each Fund's Underlying Index, Shares will be purchased and redeemed in Creation Units and generally on an in-kind basis. Accordingly, except where the purchase or redemption

⁶ "**Business Day**" means each day that the New York Stock Exchange, the national securities exchange as defined in Section 2(a)(26) of the 1940 Act (an "**Exchange**") on which Shares are primarily listed ("**Listing Exchange**"), and the Trusts are open for business, including any day that a Fund is required to be open under Section 22(e) of the 1940 Act.

will include cash under the limited circumstances specified below, purchasers will be required to purchase Creation Units by making an in-kind deposit of specified instruments (“**Deposit Instruments**”), and shareholders redeeming their Shares will receive an in-kind transfer of specified instruments (“**Redemption Instruments**”).⁷

On any given Business Day, the names and quantities of the instruments that constitute the Deposit Instruments and the names and quantities of the instruments that constitute the Redemption Instruments will be identical, unless the Fund is Rebalancing (as defined below). In addition, the Deposit Instruments and the Redemption Instruments will each correspond *pro rata* to the positions in the Fund’s portfolio (including cash positions),⁸ except:

- (a) in the case of bonds, for minor differences when it is impossible to break up bonds beyond certain minimum sizes needed for transfer and settlement;
- (b) for minor differences when rounding is necessary to eliminate fractional shares or lots that are not tradable round lots;⁹
- (c) TBA Transactions, as defined below, short positions, derivatives and other positions that cannot be transferred in-kind¹⁰ will be excluded from the Deposit Instruments and the Redemption Instruments;¹¹

⁷ The Funds must comply with the federal securities laws in accepting Deposit Instruments and satisfying redemptions with Redemption Instruments, including that the Deposit Instruments and Redemption Instruments are sold in transactions that would be exempt from registration under the Securities Act of 1933 (the “**Securities Act**”). In accepting Deposit Instruments and satisfying redemptions with Redemption Instruments that are restricted securities eligible for resale pursuant to Rule 144A under the Securities Act, the Funds will comply with the conditions of Rule 144A.

⁸ The portfolio used for this purpose will be the same portfolio used to calculate the Fund’s NAV for that Business Day.

⁹ A tradable round lot for a security will be the standard unit of trading in that particular type of security in its primary market.

¹⁰ This includes instruments that can be transferred in-kind only with the consent of the original counterparty to the extent the Fund does not intend to seek such consents.

¹¹ Because these instruments will be excluded from the Deposit Instruments and the Redemption Instruments, their value will be reflected in the determination of the Cash Amount (defined below).

(d) to the extent the Fund determines, on a given Business Day, to use a representative sampling of the Fund's portfolio;¹² or

(e) for temporary periods, to effect changes in the Fund's portfolio as a result of the rebalancing of its Underlying Index (any such change, a "**Rebalancing**").

If there is a difference between the net asset value attributable to a Creation Unit and the aggregate market value of the Deposit Instruments or Redemption Instruments exchanged for the Creation Unit, the party conveying instruments with the lower value will also pay to the other an amount in cash equal to that difference (the "**Cash Amount**"). A difference may occur where the market value of the Deposit Instruments or Redemption Instruments, as applicable, changes relative to the net asset value of the Fund for the reasons identified in clauses (a) through (e) above.

Purchases and redemptions of Creation Units may be made in whole or in part on a cash basis, rather than in-kind, solely under the following circumstances:

- (a) to the extent there is a Cash Amount, as described above;
- (b) if, on a given Business Day, the Fund announces before the open of trading that all purchases, all redemptions or all purchases and redemptions on that day will be made entirely in cash;
- (c) if, upon receiving a purchase or redemption order from an Authorized Participant, the Fund determines to require the purchase or redemption, as applicable, to be made entirely in cash;¹³

¹² A Fund may only use sampling for this purpose if the sample: (i) is designed to generate performance that is highly correlated to the performance of the Fund's portfolio; (ii) consists entirely of instruments that are already included in the Fund's portfolio; and (iii) is the same for all Authorized Participants on a given Business Day.

¹³ In determining whether a particular Fund will sell or redeem Creation Units entirely on a cash or in-kind basis (whether for a given day or a given order), the key consideration will be the benefit that would accrue to the Fund and its investors. For instance, in bond transactions, an Adviser may be able to obtain better execution than Share purchasers because of the Adviser's size, experience and potentially stronger relationships in the fixed income markets. Purchases of Creation Units either on an all cash basis or in-kind are expected to be neutral to the Funds from a tax perspective. In contrast, cash redemptions typically require selling portfolio holdings, which may result in adverse tax consequences for the remaining Fund shareholders that would not occur with an in-kind redemption. As a result, tax considerations may warrant in-kind redemptions.

- (d) if, on a given Business Day, the Fund requires all Authorized Participants purchasing or redeeming Shares on that day to deposit or receive (as applicable) cash in lieu of some or all of the Deposit Instruments or Redemption Instruments, respectively, solely because: (i) such instruments are not eligible for transfer either through the NSCC or DTC or (ii) in the case of Foreign Funds holding non-U.S. investments, such instruments are not eligible for trading due to local trading restrictions, local restrictions on securities transfers or other similar circumstances; or
- (e) if the Fund permits an Authorized Participant to deposit or receive (as applicable) cash in lieu of some or all of the Deposit Instruments or Redemption Instruments, respectively, solely because: (i) such instruments are, in the case of the purchase of a Creation Unit, not available in sufficient quantity; (ii) such instruments are not eligible for trading by an Authorized Participant or the investor on whose behalf the Authorized Participant is acting; or (iii) a holder of Shares of a Foreign Fund holding non-U.S. investments would be subject to unfavorable income tax treatment if the holder receives redemption proceeds in-kind.¹⁴

Each Business Day, before the open of trading on the Listing Exchange, the Fund will cause to be published through the NSCC the names and quantities of the instruments comprising the Deposit Instruments and the Redemption Instruments, as well as the estimated Cash Amount (if any), for that day.¹⁵ The list of Deposit Instruments and Redemption Instruments will apply until a new list is announced on the following Business Day, and there will be no intra-day changes to the list except to correct errors in the published list.

A “to-be-announced transaction” or “**TBA Transaction**” is a method of trading mortgage-backed securities. In a TBA Transaction, the buyer and seller agree upon general trade parameters such as agency, settlement date, paramount and price. The actual pools delivered generally are determined two days prior to settlement date.

¹⁴ A “custom order” is any purchase or redemption of Shares made in whole or in part on a cash basis in reliance on clause (e)(i) or (e)(ii).

¹⁵ If the Fund is Rebalancing, it may need to announce two estimated Cash Amounts for that day, one for deposits and one for redemptions.

Dalia Blass, Esquire

June 24, 2015

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III. Size of Creation Units

In the applications relating to the Order, the Trusts and the Adviser stated that, as a matter of fact and not as a condition to relief, the Funds would issue Shares in large aggregations (“Creation Units”) of at least 50,000 Shares. We are not aware of any position taken by the Commission or its Staff that currently requires ETFs to issue Shares in Creation Units of any minimum number of Shares. Further, so long as the Trusts, the Adviser and the Funds continue to follow the other terms and conditions of the applications relating to the Order, we do not believe that a Fund issuing Creation Units consisting of less than 50,000 Shares presents any additional legal or policy concerns. Consequently, the Trusts and the Adviser seek confirmation that the Staff has no objection if the Trusts issue Shares in Creation Units that are smaller than the Creation Units described in the Order (i.e., Creation Units less than 50,000 Shares).

IV. Prospectus Disclosure

As a condition to the Order, the Trusts agreed to provide certain ETF-specific disclosures in the Trusts’ registration statements and/or annual reports. More recently, exemptive orders no longer contain a condition requiring such ETF-specific disclosure in an ETF’s registration statement or annual reports, except for disclosure related to relief from Section 22(e) of the 1940 Act, provided the ETF was complying with the amended Form N-1A. Consequently, we request that the Staff confirm that the Trusts may comply with the disclosure requirements of Form N-1A instead of the disclosure-related conditions in the Order, with the exception of representations related to relief from Section 22(e).

* * * * *

If you have any questions regarding this letter, please contact me at (202) 373-6799 or Beau Yanoshik at (202) 373-6133.

Sincerely,



W. John McGuire

cc: Joshua Weinberg, Esquire
State Street Global Advisors