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December 16, 2005

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Douglas J. Scheidt
Associate Director and Chief Counsel
Division of Investment Management
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 40549

Re: Pioneer Funds
Status of Stephen K. West as an Independent Trustee
under Rule 10A-3 of the Securities and Exchange Act of 1934 and Form N-CSR

Dear Mr. Scheidt:

Wilmer Cutler Pickering Hale and Dorr LLP acts as counsel for each of the Pioneer Funds¹. We are writing this letter on behalf of the Pioneer Funds to confirm our view that Stephen K. West, who is a trustee of the Pioneer Funds, is “independent” within the meaning of Rule 10A-3(b)(iii) under the Securities Exchange Act of 1934, as amended (the “1934 Act”), and Item 3 of Form N-CSR and Sub-Item 102P3(b)(2) of Form N-SAR under the Investment Company Act of 1940, as amended (the “1940 Act”).

Facts

Mr. West has served as an independent Trustee of each of the Pioneer Funds since 1993. As currently composed, the Board of Trustees of each of the Pioneer Funds includes two members who are affiliated with Pioneer Investment Management, Inc. (“Pioneer”), the investment adviser to the Pioneer Funds, and six members, including Mr. West, who are not interested persons of Pioneer or the Pioneer Funds (as such term is defined in Section 2(a)(19) of the 1940 Act).² Mr. West was selected and nominated to the Boards of the Pioneer Funds which are listed, closed-end investment companies by the non-interested Trustees at the same time he was selected and nominated to the Boards of the open-end funds in the Pioneer complex or upon the later organization of such funds. As a result and as required by various 1940 Act Rules that apply to open-end and closed-end funds (e.g., Rule 17(e)-1(c)(1)), his nomination and selection were

¹ The Pioneer Funds include a family of registered open-end investment companies with respect to which Pioneer Investment Management, Inc. serves as investment adviser and five closed-end investment companies the common shares of which are listed on the New York Stock Exchange. Mr. West does not currently serve as Trustee for all the open-end funds managed by Pioneer. References in this letter to the Pioneer Funds refer to the funds managed by Pioneer for which Mr. West serves as Trustee.

² The other five non-interested Trustees are “independent” within the meaning of Rule 10A-3(b)(1)(iii) under the 1934 Act.

made by the non-interested Trustees and he was subsequently appointed as Trustee unanimously by the Boards. In subsequent shareholder elections of the closed-end funds and open-end funds, he was nominated for election by the same process and elected by shareholders.

At the same time as Mr. West's initial nomination as a Trustee, the non-interested Trustees of the Pioneer Funds engaged Sullivan & Cromwell LLP as their independent counsel. Each of the other non-interested Trustees is "independent" within the meaning of Rule 10A-3(b)(1)(iii) under the 1934 Act. In representing the non-interested Trustees, Sullivan & Cromwell LLP has generally acted through Mr. West. At the time of the engagement, Mr. West was a partner in and currently is Senior Counsel to Sullivan & Cromwell LLP. The Audit Committees of the Pioneer Funds, which are composed entirely of non-interested Trustees, has also engaged Sullivan & Cromwell LLP to advise it on legal matters. Sullivan & Cromwell LLP does not have an attorney-client relationship with Pioneer Funds. The Pioneer Funds have not asked Sullivan & Cromwell LLP to provide legal services to the Funds and do not view Sullivan & Cromwell LLP as their attorneys. The non-interested Trustees have determined that Sullivan & Cromwell LLP qualifies as an independent counsel for the non-interested Trustees under Rule 0-1(a)(6). Since his initial appointment, Mr. West, in his capacity as Trustee, has recused, and in the future will recuse, himself with respect to any deliberations or vote regarding the hiring, retention or compensation of Sullivan & Cromwell LLP or its status as independent counsel.

Most significantly, the non-interested Trustees (excluding Mr. West) negotiated the compensation arrangements with Sullivan & Cromwell LLP as a firm. Neither the Boards of Trustees as a whole, representing the Pioneer Funds as the issuers and listed companies, nor Pioneer has had any role in selecting or setting the compensation of Sullivan & Cromwell LLP as a legal adviser to the independent Trustees or the Audit Committees. Rather, the selection and compensation of Sullivan & Cromwell LLP was and is entirely in the discretion of the independent Trustees and their representatives on the Audit Committees as contemplated by the Sarbanes-Oxley Act and paragraphs (b)(4) and (b)(5)(ii) of Rule 10A-3. Sullivan & Cromwell LLP submits invoices directly to the Funds for all of the legal services that it provides to the non-interested Trustees and Audit Committees, and that those invoices are clearly marked to show that they are for services rendered to the Funds' non-interested Trustees and Audit Committees. The Funds then pay Sullivan & Cromwell LLP for these services at the direction of the non-interested Trustees and their representatives on the Funds' Audit Committees. Mr. West receives no direct payments from the Funds, other than for his service as a Trustee for the Funds.

Since the initial engagement of Sullivan & Cromwell LLP, Mr. West has been the primary attorney from Sullivan & Cromwell LLP responsible for the firm's representation of the independent Trustees and Audit Committees. In addition to being a Trustee, Mr. West served until 2004 as one of three members of the Audit Committee of each Pioneer Fund. Until the issue presented by this letter is resolved, another independent Trustee has temporarily replaced Mr. West on the Audit Committees. Each Audit Committee also includes two other independent Trustees. The independent Trustees have advised us that they wish to reappoint Mr. West to each Audit Committee as soon as possible.

Since reaching retirement age and becoming Senior Counsel to Sullivan & Cromwell LLP, Mr. West has not directly shared in the profits of that firm. As Senior Counsel, he is not a partner,

member or officer of Sullivan & Cromwell LLP. However, in accordance with Sullivan & Cromwell LLP's practice with respect to retired partners serving in a "Senior Counsel" role, Mr. West does continue to receive compensation from the firm for his services to the firm's clients at a fixed hourly rate. Mr. West receives no direct payment from the Pioneer Funds, other than for his service as Trustee of the Pioneer Funds.

The independent Trustees review Sullivan & Cromwell LLP's status as independent legal counsel annually. Sullivan & Cromwell LLP has advised the independent Trustees that the firm does not provide any legal services to Pioneer or any of its affiliates, including any subsidiaries of Pioneer's parent company, UniCredito Italiano S.p.A. Sullivan & Cromwell LLP also does not render any legal services to the Pioneer Funds. The services provided by Sullivan & Cromwell LLP are to the independent Trustees and the Audit Committees as distinguished from the Funds themselves. For its services as counsel to the independent Trustees, Sullivan & Cromwell LLP receives its compensation solely from the Pioneer Funds in an amount and on a basis as determined by the independent Trustees and the Pioneer Funds' Audit Committees.

Mr. West's Status as "Independent" for Purpose of Rule 10A-3

We believe that the factual situation of Mr. West presents both a policy question under the 1940 Act as well as a technical question whether the compensation paid to Mr. West by Sullivan & Cromwell LLP is an indirect payment causing Mr. West to be ineligible as independent. Under either analysis, we believe that Mr. West is independent for purposes of Rule 10A-3(b)(iii), Item 3 of Form N-CSR and Sub-Item 102P3(b)(2) of Form N-SAR because he does not receive any direct payment from the Pioneer Funds, other than payment for his service on the Funds' Boards of Trustees and their Audit Committees. For the reasons described below, we believe that Mr. West should not be deemed to indirectly accept payments from the Pioneer Funds through the Funds' payments to Sullivan & Cromwell LLP for legal services that Sullivan & Cromwell LLP provides to the Pioneer Funds' non-interested Trustees and Audit Committees, and Sullivan & Cromwell LLP's subsequent payments to Mr. West for his contribution to those services.

Policy Issue – Accepting a Compensatory Fee from the "Issuer"

The staff of the Commission has accepted that a trustee who is a partner or associate of a law firm that (i) represents the non-interested trustees and (ii) is an independent counsel under Rule 0-1(a)(b) is a non-interested trustee under Section 2(a)(19)³. Thus although Mr. West's and Sullivan & Cromwell LLP's association with the Pioneer Funds permit Mr. West to be a disinterested person of the Pioneer Funds, Rule 10A-3(b)(iii), Item 3 of Form N-CSR and Sub-Item 102P3(b)(2) are drafted broadly. A broad application of Rule 10A-3, Item 3 of Form N-CSR and Sub-Item 102P3(b)(2) of Form N-SAR could jeopardize Mr. West's status as an independent member of the Audit Committees of the Pioneer Funds because Sullivan &

³ Ballard Spahr Andrews & Ingersoll, LLP, March 8, 2002. In the staff reply, the staff stated that "[W]e agree that a person would not be an interested person of a fund under Section 2(a)(19)(A)(iv) of the Act solely because that person acts as legal counsel for the fund's independent directors. ... In addition, we note that the fact that a fund pays the legal expenses of the independent directors' legal counsel, incurred by the independent directors in their official capacity for the fund, would not, by itself, mean that such counsel is acting as the fund's legal counsel for purposes of Section 2(a)(19)(A)(iv)."

Cromwell LLP is compensated by the Pioneer Funds and Mr. West's compensation by Sullivan & Cromwell LLP is tied to his services to the Pioneer Funds, non-interested Trustees and Audit Committees.

Both Rule 10A-3(b)(iii), Item 3 of Form N-CSR and Sub-Item 102P3(b)(2) of Form N-SAR provide that an independent member of an audit committee may not "accept directly or indirectly any consulting, advisory or other compensatory fee from the issuer." The Sarbanes-Oxley Act and paragraphs (b)(4) and (b)(5)(ii) of Rule 10A-3 address the issue of an audit committee engaging and compensating independent counsel. Paragraph (b)(4) requires that "each audit committee must have the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties." Paragraph (b)(5)(ii) requires each listed issuer to provide appropriate funding for payment of "compensation to any advisors employed by the audit committee under Paragraph (b)(4)." In this case, the law firm and individual involved as a legal adviser are selected by, compensated by and responsible to the independent Trustees and the Audit Committee and not a Pioneer Fund as the issuer or Pioneer. This approval process has been implemented not only to comply with the requirements of the Sarbanes-Oxley Act but also in accordance with the unique role of independent Trustees and independent counsel in the governance structure of investment companies registered under the 1940 Act. In light of the governance structure required by the 1940 Act, we believe that it would be appropriate to view the compensation to Sullivan & Cromwell LLP as coming not from the Pioneer Funds as the issuer for purposes of Rule 10A-3, Item 3 of Form N-CSR and Sub-Item 102P3(b)(2), but rather from the distinct group, the independent Trustees and the Audit Committees. The Pioneer Funds' payment of Sullivan & Cromwell LLP's legal bills for services rendered to the Pioneer Funds' non-interested Trustees and Audit Committees would not permit the Pioneer Funds to influence Mr. West, or other members of the Funds' Audit Committees. Rather, this arrangement aligns Mr. West's interests with those of the other non-interested Trustees, whose interests in turn are aligned with those of the Pioneer Funds' shareholders.

Even if the staff were to view the payments to Sullivan & Cromwell LLP as indirect compensation from the Pioneer Funds to Mr. West for legal services, we believe that to advance the role of independent Trustees and their counsel under the 1940 Act it is critical to distinguish payments for legal services to the Pioneer Funds from payments that are technically made out of the assets of the Pioneer Funds but which are compensation for services rendered to and determined by the independent Trustees and Audit Committees of the Pioneer Funds. Rule 10A-3, Form N-CSR and Form N-SAR apply to compensation from the issuer. The clear purpose of these provisions is to reflect the potential conflict of interest faced by a trustee who is acting as counsel to an issuer, or whose law firm is acting in that capacity, while at the same time being deemed independent of the persons who are retaining their services. The rules under both the 1940 Act and the 1934 Act strongly encourage the independent Trustees and the Audit Committees to retain their own counsel. The purposes of the Acts would not be served if such services to the independent Trustees were deemed to result in their counsel not being considered to be independent of the investment company. The treatment of counsel under Section 2(a)(19) under the 1940 Act is illustrative. Section 2(a)(19) provides that a person who has performed legal services for the investment company (or its adviser) during the two preceding years is an interested person of the investment company. However, the staff has granted no-action positions with respect to the disinterested status of directors who serve both as a director of the investment

company and legal counsel to the independent directors⁴. The same basis on which the staff distinguished the role of counsel for the investment company and the independent trustees in the context of Section 2(a)(19) of the 1940 Act applies with equal validity in the context of Rule 10A-3, Form N-CSR and Form N-SAR. We do not believe that the policy objectives of the 1940 Act or the 1934 Act would be served if the phrase “from the issuer” as used in Rule 10A-3, Form N-CSR and Form N-SAR were converted merely into a question of payment mechanics. The important roles placed upon the independent Trustees and Audit Committees make it essential that the independent Trustees be free to select counsel to advise them separately from counsel to the Pioneer Funds and that such counsel’s independence not be drawn into question by a literal application of Rule 10A-3, Form N-CSR and Form N-SAR.

Technical Issue – Receipt of Indirect Compensation from Law Firm

Although we believe this policy argument satisfies the purpose and intent of the Sarbanes-Oxley Act and Rule 10A-3(e), there is also a technical argument that applies to these particular facts. In the adopting release for Rule 10A-3, the Commission stated that compensatory fees from an issuer include payment for services to a law firm and that a trustee or director who is a partner of a law firm or holds a similar position may be deemed to receive indirect fees from the issuer, making the director or trustee ineligible to be independent⁵. Rule 10A-3(e) defines indirect as:

“The term indirect acceptance by a member of an audit committee of any consulting, advisory or other compensatory fee includes acceptance of such a fee by a spouse, a minor child or stepchild or a child or stepchild sharing a home with the member or by an entity in which such member is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary of the issuer.”

The treatment of the role of a “senior counsel” is ambiguous under the Rule. Mr. West is no longer a partner or officer of Sullivan & Cromwell LLP. The adopting release is clear that the reference to executive officers is intended to provide coverage to persons exerting similar control in entities that do not have partners or members. He therefore does not fit into any of the positions expressly identified in the Rule. The definition, however, includes someone who occupies a similar position. The similarity required is to partners, members or executive officers, that is to positions that reflect ownership or management control. As of counsel, Mr. West does not occupy a similar position with Sullivan & Cromwell LLP in the sense of either ownership or control. He has no interest in the firm’s general profits and does not occupy a policy making or voting position with the firm. The release indicates that the Rule is not intended to bring within

⁴ Id.

⁵ “In addition, we believe that payments for services to law firms, accounting firms, consulting firms, investment banks or financial advisory firms in which audit committee members are partners, members, executive officers or hold similar positions, as discussed in more detail below, are the kinds of compensatory payments that were intended to be precluded by Exchange Act Section 10A(m).” **STANDARDS RELATING TO LISTED COMPANY AUDIT COMMITTEES, RELEASE NOS. 33-8220; 34-47654; IC-26001.**

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the scope of “indirect” persons who are merely employees⁶. We believe that the role of an “of counsel” as used by Sullivan & Cromwell LLP is similar to that of an employee rather than an owner or controlling person of the firm. The fact that as an employee Mr. West has an active role in providing the services to the independent Trustees of the Pioneer Funds is not relevant to his independence. Similarly, the means by which Mr. West is compensated by Sullivan & Cromwell LLP, based on the number of hours billed, is qualitatively different from ownership of a law firm.

Conclusion

Accordingly, on behalf of the independent and non-interested Trustees of the Pioneer Funds, we respectfully request that the staff of the Commission concur in our view that Mr. West is “independent” within the meaning of Rule 10A-3(b)(1)(iii) under the 1934 Act, and Item 3 of Form N-CSR and Sub-Item 102P3(b)(2) of Form N-SAR under the 1940 Act.

Sincerely,

David C. Phelan

cc: Stephen K. West, Esq.
Dorothy E. Bourassa, Esq.

⁶ “We believe extending the prohibition to any employee of an associated entity, as requested by some commentators, would be overly broad for purposes of Exchange Act Rule 10A-3, although SROs may require such an extension in their implementing rules.” Id.