

July 14, 2016

Via Email and Hand Delivery

Josephine J. Tao, Esq.
Assistant Director
Division of Trading and Markets
Securities and Exchange Commission
100 F. Street, N.E.
Washington, DC 20549

Re: Request of Janus Detroit Street Trust Regarding Relief from Rule 10b-17 and Regulation M of the Securities Exchange Act of 1934 with Respect to the Janus Velocity Tail Risk Hedged Large Cap ETF, and the Janus Velocity Volatility Hedged Large Cap ETF

We are writing on behalf of the Janus Detroit Street Trust (the "Trust"). The Trust is an open-end management investment company organized as a Delaware Statutory Trust. The Trust and its series operate as exchange traded funds ("ETFs") in reliance on exemptive relief from the Securities Exchange Commission that was granted by the Division of Investment Management pursuant to delegated authority. The Trust's investment adviser is Janus Capital Management LLC, and its distributor is ALPS Distributors, Inc.

As described more fully below, the Trust would like to obtain no-action relief to permit it to rely on exemptive relief that was previously granted to the ALPS ETF Trust and two of its series (VelocityShares Tail Risk Hedged Large Cap ETF and VelocityShares Volatility Hedged Large Cap ETF) under Rule 10b-17 and Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934 (the "1934 Act").¹ In the alternative, the Trust would like to obtain exemptive relief identical to this relief that was previously granted to the ALPS ETF Trust. The need for the relief stems from a planned reorganization in which these two series of the ALPS ETF Trust will become series of the Trust.

I. Background

¹ SEC Release No. 34-69831 (June 21, 2013).

In late 2014, Janus Capital Group Inc. (the parent of Janus Capital Management LLC) announced the acquisition of VelocityShares, LLC (“VelocityShares”). Among its other business activities, VelocityShares served as the index provider and calculation agent for the VelocityShares Tail Risk Hedged Large Cap ETF and the VelocityShares Volatility Hedged Large Cap ETF, which were created as series of the ALPS ETF Trust, and which currently operate as such.

Subsequent to the acquisition, VelocityShares changed its name to Janus Index and Calculation Services, LLC, and the ALPS ETF Trust changed the name of the VelocityShares Tail Risk Hedged Large Cap ETF and the VelocityShares Volatility Hedged Large Cap ETF to the Janus Velocity Tail Risk Hedged Large Cap ETF and the Janus Velocity Volatility Hedged Large Cap ETF, respectively (each an “Existing Fund”). Each of the Existing Funds is an index tracking ETF that is operated as a fund of funds.

The Trust and the ALPS ETF Trust have entered into an Agreement and Plan of Reorganization and Termination (the “Reorganization Plan”), subject to the approval of the shareholders of the Existing Funds. Under the terms of the Reorganization Plan, two newly formed series of the Trust (the “New Funds”) will acquire all of the assets of their corresponding Existing Fund in exchange for shares of such New Fund (or cash in exchange for any fractional shares of an Existing Fund) and the assumption by each New Fund of all of the respective corresponding Existing Fund’s liabilities, if any, as of the closing date. In return, the Existing Funds will distribute the shares of the New Funds to the Existing Funds’ shareholders, and the Existing Funds will terminate. As a result, immediately after the reorganizations, each former shareholder of each Existing Fund will own shares of the corresponding New Fund that will be approximately equal to the value of that shareholder’s full shares of such Existing Fund as of the closing date. (The differences in value would be due to fractional shares, which will be delivered in cash.)

The New Funds are designed to be materially identical to each of their respective Existing Funds and to operate as such. The New Funds will have identical investment objectives and principal investment strategies and will seek to track the same indexes as the Existing Funds. The Existing Funds will be the accounting survivors, and will retain their investment performance. The reorganization of each Existing Fund is designed to be a tax free reorganization. Upon completion of the reorganizations, the shareholders of each New Fund will own shares in what is essentially a carbon-copy of the respective Existing Fund. The only material difference will be the identity of the trust in which the series reside, the funds’ investment adviser, and a different ALPS entity, ALPS Distributors, Inc., will serve as the distributor to the New Funds.²

² At the time of the Existing Relief, as defined *infra*, the distributor to the Existing Funds was ALPs Distributors, Inc. The distributor was subsequently switched to ALPS Portfolio Solutions Distributor, Inc.

II. Relief Sought

The Staff has previously granted blanket relief to equity ETFs from certain provisions of Rule 10b-17 and Rules 101 and 102 of Regulation M of the 1934 Act under the 1934 Act.³ However, the Existing Funds were unable to rely on that relief because the Existing Funds could not meet some of the terms of this relief. In particular, the Existing Funds do not hold twenty (20) or more "Component Securities" (including swaps entered into by the Funds) and they may hold underlying ETFs in excess of 25% of their respective total portfolio value.⁴ The Division of Trading and Markets granted limited, conditional exemptive relief under Rule 10b-17 and Rules 101 and 102 of Regulation M of the 1934 Act to the Existing Funds and the ALPS ETF Trust, pursuant to delegated authority (the "Existing Relief").⁵

The staff based the Existing Relief on the representations and facts presented in the request letter dated June 21, 2013 (the "Original Request Letter") that the ALPS ETF Trust and the Existing Funds submitted to the staff.⁶ The staff granted relief under Rule 101 and 102 of Regulation M based on the representations and facts contained in the Original Request Letter, particularly that the ALPS ETF Trust was a registered open-end management investment company that would continuously redeem creation units of shares of the Existing Funds at net asset value, and that a close alignment between the market price of shares and the Existing Funds' net asset value was expected. The staff granted relief under Rule 10b-17 noting based on the representations and facts in the Original Request Letter, in particular that the concerns that the Commission raised in adopting Rule 10b-17 generally would not be implicated if exemptive relief, subject to the conditions in the order, was granted to the ALPS ETF Trust because market participants will receive timely notification of the existence and timing of a pending distribution. The relief under Rule 10b-17 was conditioned on the ALPS ETF Trust meeting two conditions:

- The ALPS ETF Trust would comply with Rule 10b-17 except for Rule 10b-17(b)(1)(v)(a) and (b); and
- The ALPS ETF Trust would provide the information required by Rule 10b-17(b)(1)(v)(a) and (b) to its listing exchange as soon as practicable before trading begins on the ex-dividend date, but in no event later than the time when the listing exchange last accepts information relating to distributions on the day before the ex-dividend date.

³ Letter from James A. Brigagliano, Acting Associate Director, Division of Market Regulation, to Stuart M. Strauss, Esq., Clifford Chance US LLP, dated October 24, 2006 (re: ETFs comprised of equity securities and incorporating relief from certain prior letters) ("Equity ETF Class Relief Letter")

⁴ Because the New Funds will continue the business of the Existing Funds and will thus be substantially identical in all material aspects, the New Funds will similarly be unable to rely on the prior class relief available to equity ETFs.

⁵ SEC Release No. 34-69831 (June 21, 2013).

⁶ Letter from Jeremy Senderowicz, Esq., dated Sept. June 21, 2013 to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation.

Although the New Funds will effectively be the continuation of the Existing Funds, and will be substantially identical in all material respects to the Existing Funds, it is not clear that they can rely on the terms of the Existing Relief because the Trust and the New Funds are legal entities different and distinct from the ALPS ETF Trust and the Existing Funds. As a result, the Trust and the New Funds are asking for that Existing Relief be extended to the Trust and the New Funds. In support of such relief, the New Funds hereby represent that all of the significant, material factual statements and representations contained in the Original Request Letter, which is attached as an exhibit to this request, are equally applicable to the Trust and the New Funds, and the Trusts adopts them as its own.⁷

III. Request for Relief

As discussed previously with members of your staff, given that the New Funds will be the continuation of the Existing Funds, and will be structured and will operate in a manner that is substantially identical in all material respects to the Existing Funds and that the form of relief requested by this letter is identical to the Existing Relief, and given that the Trust and the New Funds will comply with the conditions set forth in the Existing Relief, we are requesting that the Existing Relief be extended to cover the Trust and the New Funds by means of submitting this brief request letter, rather than a lengthy request letter restating and amending the Original Request Letter. The staff has permitted this method in analogous circumstances.⁸

IV. Conclusion

Based on the foregoing, the Trust respectfully requests that the Commission and the Division of Trading and Markets grant the requested no-action relief that would allow the Trust and the New Funds to rely on the Existing Relief, or to grant identical exemptive relief from Rule 10b-17 and Rules 101 and 102 under Regulation M as requested in this letter. The Rule 10b-17 and Regulation M relief requested in this letter is identical to the relief that the Commission and the Division of Trading and Markets granted in the Existing Relief.

⁷ For purposes of this request, the substantive, material factual statements and representations are all of the facts of the Original Request Letter, other than those facts and representations that relate to the substitution of the Trust for the ALPS ETF Trust, the change in identity of the investment adviser to the funds (i.e., substituting Janus Capital Management LLC for ALPS Advisors, Inc.), and all information related to these changes of these entities, such as addresses, regulatory history, etc.

⁸ See the letter from W. John McGuire, Esq., dated Sept. 22, 2010 to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation, and the response from Josephine J. Tao, Esq., dated Sept. 22, 2010 to W. John McGuire, Esq., the letter dated Aug. 20, 2009 to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation, and the response from Josephine J. Tao, Esq., dated Aug. 20, 2009; the letter from W. John McGuire, Esq., the letter dated April 24, 2008 to Josephine J. Tao, Esq., Assistant Director, Division of Market Regulation, and the response from Josephine J. Tao, Esq., dated April 24, 2008; the letter from Kathleen H. Moriarty, Esq., dated January 19, 2007 to James A. Brigagliano, Esq., Associate Director, Division of Market Regulation, and the response from James A. Brigagliano, Esq., to Kathleen H. Moriarty, dated January 24, 2007.

Should you have any questions, please call me at (202) 507-5154 or Nicole Trudeau at (202) 507-5155.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eric S. Purple". The signature is written in a cursive style with a large, sweeping initial "E" and a long horizontal stroke extending to the right.

Eric S. Purple

Exhibit A: Original Request Letter



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June 21, 2013

Josephine J. Tao
Assistant Director
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Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Request of ALPS ETF Trust for Exemptive, Interpretive or No-Action Relief from Rule 10b-17 and Rules 101 and 102 of Regulation M promulgated under the Securities Exchange Act of 1934 for Index-Based ETF of ETFs

Dear Ms. Tao:

SUMMARY OF REQUEST FOR RELIEF

I am writing on behalf of ALPS ETF Trust (the "Trust"), an open-end investment company, and the VelocityShares Tail Risk Hedged Large Cap ETF and the VelocityShares Volatility Hedged Large Cap ETF (the "Funds"), series of the Trust described herein ("Applicants"). The Trust, on behalf of itself, any national securities exchange or national securities association on or through which shares of the Funds ("Shares")¹ are listed (each, a "Listing Exchange") and/or may subsequently trade (with each such market referred to herein as a "Market")², ALPS Distributors, Inc. ("Distributor") and persons or entities engaging in transactions in Shares, including Authorized Participants (as defined below), hereby requests, as applicable, from the staff of the Division of Trading and Markets ("Staff") of the Securities and Exchange Commission ("Commission"), or from the Commission, exemptions, interpretive or no-action advice regarding

¹ The Trust intends to list the Shares of the Fund described herein on the NYSE Arca. In addition, the Commission has issued an exemptive order to the Trust permitting registered investment companies to invest in exchange-traded funds offered by the Trust beyond the limits of Section 12(d)(1) subject to certain terms and conditions, including that such registered investment companies enter into an agreement with the Trust.

² In the future, the Trust may determine to list Shares on a Market other than the Listing Exchange. If the Trust lists Shares on a Market other than the Listing Exchange, Shares will be listed in accordance with exchange listing standards that are, or will become, effective pursuant to Section 19(b) of the Exchange Act. If the Shares also trade on a Market pursuant to unlisted trading privileges, such trading will be conducted pursuant to self-regulatory organization rules that have become effective pursuant to Exchange Act Section 19(b).

Rule 10b-17 and Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Trust intends to offer Shares of the Funds. Each Fund is an exchange traded fund ("ETF") organized as a series of the Trust. Each Fund seeks to track the performance of an underlying index developed by VelocityShares Index and Calculation Services, a division of VelocityShares LLC. The Funds intend to operate primarily as "ETFs of ETFs." As such, each Fund will seek to track the performance of its underlying index by investing at least 80% of its assets in other ETFs included in its underlying index ("Underlying ETFs"). Each Fund also intends to enter into swap agreements designed to provide exposure to (a) certain Underlying ETFs which provide leveraged or inverse exposure to the S&P 500 VIX Short-Term Futures Index (the "Short-Term VIX Futures;" with such Underlying ETFs being the "Underlying Volatility ETFs"³) and/or (b) leveraged and/or inverse positions on the Short-Term VIX Futures directly. Except for the fact that the Funds will operate as ETFs of ETFs and intends to enter into swaps to obtain the leveraged and/or inverse exposure to the Underlying Volatility ETFs and/or the Short-Term VIX Futures, the Funds will operate in a manner identical to the underlying ETFs that have been granted relief by the Staff.

The Staff has issued in the past relief substantially identical to that requested herein to index-based and actively managed ETFs operating as ETFs of ETFs (the "Prior ETFs of ETFs").⁴ The Staff has previously issued substantially similar relief to index-based ETFs⁵ and other actively

³ Each Fund may also invest directly in the Underlying Volatility ETFs, which are exchange-traded commodity pools ("ETPs").

⁴ See Letter from Josephine J. Tao, Assistant Director Division of Trading and Markets, to Kathleen H. Moriarty of Katten Muchin Rosenman LLP dated March 25, 2009 with respect to Index IQ index-based ETFs of ETFs; Letter from Josephine J. Tao, Assistant Director Division of Trading and Markets, to W. John McGuire of Morgan Lewis & Bockius, LLP dated September 14, 2009 with respect to AdvisorShares Trust actively managed ETFs of ETFs; Letter from Josephine J. Tao, Assistant Director Division of Trading and Markets, to Richard F. Morris of WisdomTree Asset Management, Inc. dated December 23, 2009 with respect to WisdomTree Trust Index-Based ETF of ETFs; Letter to W. John McGuire of Morgan Lewis & Bockius, LLP from Joseph Furey, Acting Co-Chief Counsel Division of Trading and Markets, dated June 16, 2011 with respect to the Meidell Tactical Advantage ETF and Madrona Forward Global Bond ETF, dated February 8, 2011 with respect to AdvisorShares SIM Dynamic Allocation Diversified Income ETF and SIM Dynamic Allocation Growth Income ETF, dated January 19, 2011 with respect to AdvisorShares Active Bear ETF, from Josephine J. Tao, Assistant Director Division of Trading and Markets, dated July 2, 2010 with respect to AdvisorShares Mars Hill ETF and from James A. Brigagliano, Deputy Director Division of Trading and Markets, dated May 4, 2010 with respect to U.S. One Trust ETF.

⁵ See Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation, to Jack P. Drogin of Morgan Lewis & Bockius, LLP, dated August 4, 2005 with respect to iShares MSCI EAFE Growth Index Fund and iShares MSCI EAFE Value Index Fund; Letter from James Brigagliano, Assistant Director, Division of Market Regulation, to Jack P. Drogin, Morgan, Lewis & Bockius LLP, dated October 14, 2004

managed ETFs⁶ that invest directly in securities, as well as substantially similar relief to various ETPs (collectively, the "Prior ETPs").⁷ The only ETPs in which the Funds invest will be organized in the United States, registered under the Investment Company Act of 1940, as amended ("1940 Act"), and listed on a Market. The ETPs in which the Funds invest will issue equity securities and be listed on a Market. The Funds will operate in a manner substantially identical to the Prior ETPs of ETPs. Except for the fact that they will operate as ETPs of ETPs, the Funds will operate in a manner substantially identical to the Prior ETPs. For example, each Fund will disclose its portfolio holdings on a daily basis and information about the prices of the securities and other instruments held by the Funds will be readily available from a variety of sources.

Applicants do not believe the Funds raise any significant new regulatory issues that have not already been addressed by the Commission and Staff.

with respect to iShares FTSE/Xinhua China 25 Index Fund; Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation, to Stuart Strauss, Mayer, Brown Rowe & Maw, dated October 21, 2002 with respect to the Fresco Index Shares Fund; Letters from James A. Brigagliano, Assistant Director, Division of Market Regulation, to W. John McGuire, Morgan, Lewis & Bockius LLP, dated July 25, 2002, to Mary Joan Hoene, Carter, Ledyard & Milburn, dated December 1, 2000, and September 5, 2000, and to Kathleen H. Moriarty, Carter, Ledyard & Milburn, dated May 16, 2000 with respect to various series of iShares Trust; Letter from James A. Brigagliano, Associate Director of the Division of Market Regulation, to Kathleen Moriarty, Carter, Ledyard & Milburn, dated May 21, 2001 with respect to Vanguard Index Funds; Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation to Barry A. Mendelson, The Vanguard Group, dated October 20, 2004 with respect to Division of Market Regulation, to Barry A. Mendelson, The Vanguard Group, dated October 20, 2004 with respect to Vanguard Index Funds and Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation, to Kathleen Moriarty, Carter, Ledyard & Milburn, dated March 9, 2005 with respect to Vanguard Index Funds.

⁶ See Letter from Josephine Tao, Assistant Director Division of Trading and Markets, to PIMCO ETF Trust Actively Managed Fixed Income Exchange Traded Fund, dated November 10, 2009; Letter from Josephine Tao, Assistant Director Division of Trading and Markets, to Grail Advisors ETF Trust, dated April 30, 2009, as revised May 6, 2009; Letter from James A. Brigagliano, Associate Director, Division of Trading and Markets, to Clifford Chance US LLP regarding PowerShares Actively Managed Exchange Traded Fund Trust, dated April 4, 2008; and Letter from Josephine J. Tao, Assistant Director Division of Trading and Markets, to Foley & Lardner LLP regarding Bear Stearns Active ETF Trust, dated March 24, 2008.

⁷ See for example, Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation, to Michael Schmidtberger, Esq., Sidley Austin Brown & Wood LLP dated January 19, 2006 with respect to DB Commodity Index Tracking Fund and DB Commodity Services LLC; Letter from Brian A. Bussey, Assistant Chief Counsel, Division of Market Regulation, to Kathleen H. Moriarty, Carter, Ledyard & Milburn, dated December 12, 2005, with respect to StreetTRACKS Gold Trust and Letter from James A. Brigagliano, Assistant Director, Division of Market Regulation to Kathleen H. Moriarty of Carter, Ledyard & Milburn LLP, dated November 17, 2004, with respect to the StreetTRACKS Gold Trust.

Nevertheless, because the Funds operate as ETFs of ETFs and invest in swaps as described above, Applicants are concerned that the "ETF Class Relief" previously issued by the Staff with respect to certain types of ETFs may not extend to the Funds.⁸ Specifically, the ETF Class Relief does not appear to extend to the Funds since the Funds do not meet the terms of Condition 2 and 3 of the Equity ETF Class Letter as discussed more fully in Part IV herein. In particular, the Funds do not expect to hold twenty (20) or more "Component Securities" (including swaps entered into by the Funds) and will hold Underlying ETFs in excess of 25% of its total portfolio value. Notwithstanding the foregoing, Applicants represent that all Underlying ETFs and ETPs in which a Fund invests will either meet all conditions set forth in one or more of the ETF Class Relief Letters or the ETV Class Relief Letter⁹, respectively, or will have received individual relief from the Commission, or will be able to rely on individual relief even though they are not named parties.

Applicants hereby request, as applicable, exemptions, interpretive or no-action advice regarding Rule 10b-17 and Rules 101 and 102 of Regulation M under the Exchange Act.

This Letter is divided into five parts. Part I is a description of the Trust and the Funds. Part II contains a discussion of the dissemination of information regarding Shares. Part III contains a

⁸ See Letter from James A. Brigagliano, Esq., Assistant Director, Division of Market Regulation, to Claire P. McGrath, Esq., Vice President and Special Counsel, The American Stock Exchange, dated August 17, 2001 (re: Exemptive Relief for Exchange Traded Index Funds) ("*2001 Class Letter*"); Letter from James A. Brigagliano, Esq., Assistant Director, Division of Market Regulation, to Ira Hammerman, Senior Vice President and General Counsel, Securities Industry Association, dated January 3, 2005 (re: No-action Relief From Rule 200(g) of Regulation SHO); Letter from Catherine McGuire, Esq., Chief Counsel, Division of Market Regulation, to the Securities Industry Association Derivative Products Committee, dated November 21, 2005 (re: Expanded Class Relief for ETFs with respect to Section 11(d)(1) of the 1934 Act and Rules 10b-10, 11d1-2, 15c1-5, and 15c1-6 under the 1943 Act) ("*SLA Letter*"); Letter from James A. Brigagliano, Acting Associate Director, Division of Market Regulation, to Stuart M. Strauss, Esq., Clifford Chance US LLP (October 24, 2006) (re: ETFs comprised of Equity Securities and incorporating relief from certain prior letters) ("*Equity ETF Class Letter*"); Letter from James A. Brigagliano, Associate Director, Division of Market Regulation, to Benjamin Haskin, Esq., Willkie, Farr & Gallagher LLP (April 9, 2007) ("*Fixed Income ETF Class Letter*") and Letter from Josephine Tao, Associate Director, Division of Trading and Markets, to Domenick Pugliese, Esq., Paul, Hastings, Janofsky and Walker LLP with respect to ETFs that are comprised of both equity as well as fixed-income securities ("*Combination ETF Class Letter*") (collectively, "*ETF Class Relief*" or "*ETF Class Relief Letters*").

⁹ Letter from Racquel L. Russell, Branch Chief, Office of Trading Practices and Processes, Division of Market Regulations, to George T. Simon, Esq., Foley & Lardner LLP, dated June 21, 2006 ("*ETV Class Relief Letter*").

discussion of the ETF Class Relief. Part IV contains the requests for relief and Part V is the conclusion.

PART I

A. The Trust and the Funds

The Trust is an investment company currently consisting of 14 separate exchange traded “index funds.” The Funds consist of the VelocityShares Tail Risk Hedged Large Cap ETF and the VelocityShares Volatility Hedged Large Cap ETF. The Funds seek investment results that correspond generally, before fees and expenses, to the performance of the VelocityShares Tail Risk Hedged Large Cap Index and the VelocityShares Volatility Hedged Large Cap Index, respectively.

Each Underlying Index reflects the performance of a portfolio providing exposure to:

- (1) A large cap equity portfolio, consisting of the three Underlying Index ETFs listed below which track the Standard & Poors’ 500 Index (the “S&P 500,” with the Underlying Index ETFs tracking the S&P 500 being the “Underlying Large-Cap ETFs”); and
- (2) A volatility strategy to hedge “tail risk” events (which are market events that occur rarely but may result in severe negative market performance when they do occur) in the S&P 500, consisting of the two Underlying Index ETFs listed below which utilize futures contracts, swap agreements and other financial investments to gain leveraged or inverse positions on the S&P 500 VIX Short-Term Futures Index (the “Short-Term VIX Futures;” with such Underlying Index ETFs being the “Underlying Volatility ETFs”). The “VIX” refers to the Chicago Board Options Exchange, Incorporated (“CBOE”) Volatility Index. The VIX is designed to measure the market’s expectation of 30-day volatility in the S&P 500. The Short-Term VIX Futures measures the movements of a combination of VIX futures contracts and is designed to track changes for the VIX one month in the future.

Each Underlying Index consists of an 85% allocation to the Underlying Large-Cap ETFs (split evenly between each Underlying Large-Cap ETF) and a 15% allocation to the Underlying Volatility ETFs (such allocation being the “Volatility Component”). Each Underlying Index is rebalanced monthly to reset the allocations to the Underlying Large-Cap ETFs and the Volatility Component to 85% and 15%, respectively. Each Underlying Index’s allocation between Underlying Index ETFs is designed to reflect the performance of the S&P 500 while also providing a hedging exposure against “tail risk” events on the S&P 500. The only difference between each Underlying Index is in the manner each Underlying Index allocates its exposure

within the Volatility Component. The Volatility Component in the VelocityShares Tail Risk Hedged Large Cap Index seeks to replicate long/short exposure- to short-dated VIX futures, with a targeted net long exposure of 35% as set forth in the table below under "Volatility Component Target Allocation." The Volatility Component in the VelocityShares Volatility Hedged Large Cap Index seeks to replicate long/short exposure to short-dated VIX futures, with a targeted neutral exposure as set forth in the table below under "Volatility Component Target Allocation."

The Underlying Index ETFs included in each Underlying Index and their investment exposure are set forth below:

Underlying Index ETFs

Name	Investment Adviser	Ticker Symbol	Underlying Index	Investment exposure (before fees and expenses)
<u>Underlying Large-Cap ETFs</u>				
SPDR S&P 500 ETF Trust	PDR Services, LLC, as Sponsor of the Trust ("Sponsor"), and State Street Bank and Trust Company, as Trustee of the Trust ("Trustee")	SPY	S&P 500 Index	Tracking of S&P 500 Index
Vanguard S&P 500 ETF	The Vanguard Group, Inc.	VOO	S&P 500 Index	Tracking of S&P 500 Index
iShares Core S&P 500 ETF	BlackRock Fund Advisors	IVV	S&P 500 Index	Tracking of S&P 500 Index
<u>Underlying Volatility ETFs</u>				
Ultra VIX Short-Term Futures ETF (the "Ultra Fund")	ProShare Capital Management LLC	UVXY	S&P 500 VIX Short-Term Futures Index	Twice the return of Short-Term VIX Futures on a daily basis
Short VIX Short-Term Futures ETF (the "Short Fund")	ProShare Capital Management LLC	SVXY	S&P 500 VIX Short-Term Futures Index	Inverse of the return of Short-Term VIX Futures on a daily basis

Each Underlying Index's Volatility Component's long/short exposure may be described as "straddle like" as over longer time periods, in that its intended return has certain features which are similar to a "straddle." A "straddle" exposure is designed to benefit an investor who believes a particular instrument or index may move sharply, but is unsure about which direction such sharp movement may take. By replicating a "straddle-like" exposure to Short-Term VIX Futures

with a target net long exposure of 35%, the Volatility Component of the VelocityShares Tail Risk Hedged Large Cap Index seeks to benefit from a sharp movements in either direction by short-dated VIX futures, but will likely benefit more from a sharp upward movement in such futures than a sharp downward movement. Conversely, if short-dated VIX futures only move slightly in either direction, the VelocityShares Tail Risk Hedged Large Cap, and thus the VelocityShares Tail Risk Hedged Large Cap ETF, may experience an overall loss on the Volatility Component. Generally, a longer volatility bias (such as that included in the VelocityShares Tail Risk Hedged Large Cap Index as compared to the VelocityShares Volatility Hedged Large Cap Index) correlates to increased performance during events where equity markets go down, but decreased performance during other market conditions.

Each Underlying Index's volatility allocation will be divided into 13 separate portions (each, a "sub-portfolio"), each reflecting a position in the Ultra VIX Short-Term Futures ETF ("Ultra Fund") with a two-times (2X) leveraged exposure to Short-Term VIX Futures and the Short VIX Short-Term Futures ETF ("Short Fund") with an inverse (-1X) exposure to the same short-term VIX futures index. The target allocation between the leveraged and inverse exposures for the volatility strategy for each index is presented in the following table:

Volatility Component Target Allocation

Index	Target Allocation	Target Net Allocation
VelocityShares Tail Risk Hedged Large Cap Index	45% (Ultra Fund, with 2x exposure); 55% (Short Fund, with -1x exposure)	35% long
VelocityShares Volatility Hedged Large Cap Index	1/3 (Ultra Fund, with 2x exposure), 2/3 (Short Fund, with -1x exposure)	Neutral

On a weekly basis the exposures one of the 13 sub-portfolios is rebalanced to its target allocation, such that during a quarter each of the sub-portfolios is rebalanced.

On a monthly basis, each Underlying Index's overall portfolio is rebalanced such that the large cap equity market positions represent 85% of the portfolio value and the Volatility Component represents 15% of the portfolio value.

On a quarterly basis, each Underlying Index's exposures to the three large-cap ETFs will be rebalanced such that each will have an equal weighting and each Underlying Index's exposures to the 13 volatility strategy sub-portfolios will be rebalanced such that each sub-portfolio has an equal weighting.

Each Fund will attempt to correspond generally, before fees and expenses, to the performance of its respective underlying index by investing in (a) shares of the Underlying Large-Cap ETFs and (b) one or more derivative instruments (primarily swaps) designed to provide exposure to the performance of the Underlying Volatility ETFs and/or the leveraged or inverse exposure to the Short-Term VIX Futures directly. Each Fund may also invest directly in shares of the Underlying Volatility ETFs, though neither currently intends to do so.

The Shares are listed on the NYSE Arca. Each Fund's Shares will trade at market prices that may differ to some degree from the net asset value ("NAV") of the Shares. Unlike conventional mutual funds, the Funds will issue and redeem Shares on a continuous basis, at NAV, only in large specified blocks of 50,000 Shares, each of which is called a "Creation Unit."

B. The Adviser, Distributor and Authorized Participants

1. Adviser

ALPS Advisors, Inc. (the "Adviser") acts as each Fund's investment adviser pursuant to an advisory agreement with the Trust on behalf of the Funds (the "Advisory Agreement"). The Adviser, located at 1290 Broadway, Suite 1100, Denver, Colorado 80203, is registered with the Securities and Exchange Commission as an investment adviser. The Adviser currently employs four investment professionals with more than 70 years combined industry experience. As of December 31, 2012, the Adviser provided supervisory and management services on approximately \$8.25 billion in assets through closed-end funds, mutual funds and exchange-traded funds. Pursuant to the Advisory Agreement, the Adviser manages the investment and reinvestment of the Fund's assets and administers the affairs of the Fund to the extent requested by the Board of Trustees.

2. Distributor and Authorized Participants

The Trust has appointed ALPS Distributors, Inc., a broker-dealer registered under the Exchange Act and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), to act as the distributor and principal underwriter of the Creation Units of Shares. The Distributor will distribute Shares on an agency basis. The Trust may appoint a different Distributor in the future.

Entities that have entered into an agreement with the Distributor to become "Authorized Participants" ("APs") may place orders with the Distributor to purchase or redeem Creation Units, as described in Part I D. below. APs are not affiliated (within the meaning of Section 2(a)(3) of the 1940 Act) with the Adviser, NYSE Arca or any other Market.

C. Shares

As described in subparts I.D. through I.F. below, the Fund will issue and redeem its Shares in aggregations of 50,000 Shares or multiples thereof ("Creation Units"). Shares will not be individually redeemable. The Trust intends that the initial net asset value ("NAV") of Shares will be established at a level convenient for trading purposes." Purchasers of Creation Units will be able to unbundle the Creation Units into the individual Shares comprising such Creation Unit.

D. Purchasing Shares

The Trust will issue and redeem Shares at NAV only in a large specified number of Shares called a "Creation Unit" or multiples thereof. A Creation Unit consists of 50,000 Shares. Creation Unit transactions are typically conducted in exchange for the deposit or delivery of in-kind securities and/or cash constituting a substantial replication, or a representation, of the securities included in each Fund's benchmark Index.

Individual Shares of a Fund may only be purchased and sold in secondary market transactions through brokers. Shares of the Funds are listed for trading on NYSE Arca and because Shares will trade at market prices rather than NAV, Shares of the Fund may trade at a price greater than or less than NAV.

E. Procedures Applicable To Purchases of the Fund

In order to purchase Creation Units of a Fund, an investor must generally deposit a designated portfolio of equity securities and/or cash constituting a substantial replication, or a representation, of the Underlying Index ETFs representing the securities included in the Index (the "Deposit Securities") and generally make a cash payment referred to as the "Cash Component." For those APs that are not eligible for trading a Deposit Security, custom orders are available. The list of the names and the numbers of shares of the Deposit Securities (as well as the Cash Component) is made available by the Funds' custodian through the facilities of the NSCC, immediately prior to the opening of business each day of the NYSE Arca. The Cash Component represents the difference between the NAV of a Creation Unit and the market value of the Deposit Securities. In the case of custom orders, cash in lieu may be added to the Cash Component to replace any Deposit Securities that the AP may not be eligible to trade. To the extent a Fund holds swaps with respect to Underlying Volatility ETFs and/or the Short-Term VIX Futures rather than

holding Underlying Volatility ETFs directly, an AP will deposit cash in lieu of shares of such Underlying Volatility ETFs.

Orders must be placed in proper form by or through either (i) a "Participating Party" i.e., a broker-dealer or other participant in the Clearing Process of the Continuous Net Settlement System of the NSCC (the "Clearing Process") or (ii) a participant of the DTC ("DTC Participant") that has entered into an agreement with the Trust, the Distributor and the transfer agent, with respect to purchases and redemptions of Creation Units. All standard orders must be placed for one or more whole Creation Units of Shares of a Fund and must be received by the Distributor in proper form no later than the close of regular trading on the NYSE (ordinarily 4:00 p.m. Eastern time) ("Closing Time") in order to receive that day's closing NAV per Share. In the case of custom orders, the order must be received by the Distributor no later than one hour prior to Closing Time in order to receive that day's closing NAV per Share. A custom order may be placed by an AP in the event that the Trust permits or requires the substitution of an amount of cash to be added to the Cash Component to replace any Deposit Security which may not be available in sufficient quantity for delivery or which may not be eligible for trading by such AP or the investor for which it is acting or any other relevant reason.

A fixed creation transaction fee of \$500 per transaction (the "Creation Transaction Fee") is applicable to each transaction regardless of the number of Creation Units purchased in the transaction. An additional charge of up to four times the Creation Transaction Fee may be imposed on transactions effected outside of the Clearing Process (through a DTC Participant) or to the extent that cash is used in lieu of securities to purchase Creation Units. The price for each Creation Unit will equal the daily NAV per Share times the number of Shares in a Creation Unit plus the fees described above and, if applicable, any transfer taxes. Shares of a Fund may be issued in advance of receipt of all Deposit Securities subject to various conditions, including a requirement to maintain cash at least equal to 115% of the market value of the missing Deposit Securities on deposit with the Trust.

F. Procedures Applicable To Redemptions of the Fund

Shares may be redeemed only in Creation Units at their NAV and only on a day the NYSE Arca is open for business. The Funds' custodian makes available immediately prior to the opening of business each day of the NYSE Arca, through the facilities of the NSCC, the list of the names and the numbers of shares of each Fund's portfolio securities (as well as the Cash Redemption Amount, defined below) that will be applicable that day to redemption requests in proper form ("Fund Securities"). Fund Securities received on redemption may not be identical to Deposit Securities which are applicable to purchases of Creation Units. Unless cash redemptions are available or specified for a Fund, the redemption proceeds consist of the Fund Securities, plus cash in an amount equal to the difference between the NAV of Shares being redeemed as next

determined after receipt by the transfer agent of a redemption request in proper form, and the value of the Fund Securities (the "Cash Redemption Amount"), less the applicable redemption fee and, if applicable, any transfer taxes. To the extent a Fund holds swaps with respect to Underlying Volatility ETFs and/or the Short-Term VIX Futures rather than holding Underlying Volatility ETFs directly, an AP will receive cash in lieu of shares of such Underlying Volatility ETFs (which will be included in the Cash Redemption Amount). Should the Fund Securities have a value greater than the NAV of Shares being redeemed, a compensating cash payment to the applicable Fund equal to the differential, plus the applicable redemption fee and, if applicable, any transfer taxes will be required to be arranged for, by or on behalf of the redeeming shareholder.

An order to redeem Creation Units of a Fund may only be effected by or through an AP. An order to redeem must be placed for one or more whole Creation Units and must be received by the transfer agent in proper form no later than the close of regular trading on the NYSE Arca (normally 4:00 p.m. Eastern time) ("Closing Time") in order to receive that day's closing NAV per Share. In the case of custom orders, the order must be received by the transfer agent no later than one hour prior to the Closing Time.

A fixed redemption transaction fee of \$500 per transaction (the "Redemption Transaction Fee") is applicable to each redemption transaction regardless of the number of Creation Units redeemed in the transaction. An additional charge of up to four times the Redemption Transaction Fee may be charged to approximate additional expenses incurred by a Fund with respect to redemptions effected outside of the Clearing Process or to the extent that redemptions are for cash. Each Fund reserves the right to effect redemptions in cash. A shareholder may request a cash redemption in lieu of securities, however, each Fund may, in its discretion, reject any such request.

PART II

A. Dissemination of Information about Creation and Redemption Baskets

As discussed above, the names and required number of shares of each component in the Creation Basket and Redemption Basket, as well as the Cash Component and Cash Redemption Amount, to be tendered in connection with the issuance or redemption, respectively, of Shares of Creation Units will be made available through NSCC, DTC or the Distributor on each Business Day, prior to the opening of trading on NYSE Arca.

B. Dissemination of Information About the Fund's Portfolio Securities

The prices of the Fund's portfolio securities ("Portfolio Securities") are readily available from, as applicable, automated quotation systems, public sources, such as newspapers and other

publications, and from a variety of on-line information services, such as Quotron, Bloomberg or Reuters, and other pricing services.

The NSCC's system for the receipt and dissemination to its participants of the portfolio composition file ("PCF") was designed for portfolios consisting entirely of equity securities (or debt securities) and cash and money market instruments. As a result, it is not currently capable of processing information with respect to swaps held by a Fund, although it may become so in the future. Therefore, the Adviser has developed what it calls an "IIV File", which it will use to disclose Funds' holdings of swaps and other derivatives until such time (or perhaps longer, if the Trust deems it advisable) as the NSCC's PCF system can process such information regarding such instruments. The Trust, or the Adviser on the Trust's behalf, will post the IIV File to a password-protected website before the opening of business on each Business Day, and all Authorized Participants will have access to the password and the website containing the IIV File.¹⁰ The IIV File will contain, for each Fund (to the extent that it holds swaps or other derivatives), information sufficient by itself or in connection with the PCF for market participants to calculate a Fund's IIV and effectively arbitrage the Fund. For example, the following information would be provided in the IIV File for a Fund holding swaps and equity securities of the Underlying ETFs: (A) the total value of the equity securities of the Underlying ETFs held by such Fund, (B) the notional value of the swaps held by such Fund (together with an indication that such swap is based on an Underlying Volatility ETF or the Short-Term FIX Futures and whether the Fund's position is long, leveraged or short), (C) the most recent valuation of the swaps held by the Fund, (D) the Fund's total assets and total shares outstanding, and (E) a "net other assets" figure reflecting expenses and income of the Fund to be accrued during and through the following Business Day and accumulated gains or losses on the Fund's swaps through the end of the Business Day immediately preceding the publication of the IIV File. To the extent that any Fund holds cash or cash equivalents about which information is not available in a PCF, information regarding such Fund's cash and cash equivalents positions will be disclosed in the IIV File for such Fund.

The information in the IIV File, together with the information on equity securities contained in the PCF, will be sufficient for participants in the NSCC system to calculate the IIV for the Funds during such next Business Day. The IIV File, together with the applicable information in the PCF, will also be the basis for the next Business Day's NAV calculation.

C. Dissemination of Information about Shares

¹⁰ Authorized Participants that are not also NSCC members may have to either join NSCC or pay a third-party data vendor to obtain PCF information made available through the facilities of NSCC. Applicants understand that the listing Exchange receives PCF files from NSCC.

In order to provide current Share pricing information for the Funds for use by investors, professionals and persons wishing to create or redeem Shares, the Listing Exchange will disseminate continuously every 15 seconds throughout the trading day, through the facilities of the consolidated tape, (i) the market value of a Share, and (ii) a calculation of the IIV of a Share. Comparing these two figures allows an investor to determine whether, and to what extent, Shares are selling at a premium or a discount to NAV.

The Website will also contain the following information on a per Share basis, for the Fund: (i) the prior business day's closing NAV and closing market price (based on the mid-point of the bid-asked spread at the time the Fund's NAV is calculated or the close of ETF trading on the Listing Exchange ("Bid-Asked Price")), and a calculation of the premium or discount of the Bid-Asked Price in relation to the closing NAV; and (2) data for a period covering at least the four previous calendar quarters (or life of the Fund, if shorter) indicating how frequently each Fund's Shares traded at a premium or discount to NAV based on the daily Bid-Asked Price and closing NAV, and the magnitude of such premiums and discounts. The Website will also display the Prospectus, and additional quantitative information that is updated on a daily basis.

PART III

A. Comparison of the Funds to the Other ETFs Which Have Sought Similar Commission Action and Received Similar Relief

Applicants believe that the relief requested herein is identical to the relief granted by the Commission to the Prior ETFs of ETFs and is virtually identical to that granted in the ETF Class Relief Letters.

B. Applicability of the ETF Class Relief to the Funds

The ETF Class Relief provides exemptive and/or no-action or interpretive relief with respect to Rule 10b-17, as well as Rules 101 and 102 of Regulation M, to any ETF that meets the criteria set forth in the Equity ETF Class Relief Letter. The Equity ETF Class Relief Letter sets forth five criteria that an ETF must meet in order to rely upon the ETF Class Relief. These are:

- “1. The ETF Shares are issued by an open-end investment company or unit investment trust registered with the Commission under the 1940 Act;
2. The ETF consists of a basket of twenty or more Component Securities: with no one Component Security constituting more than 25% of the total value of the ETF;

3. At least 70% of the ETF must be comprised of Component Securities that meet the minimum public float and minimum average daily trading volume thresholds under the 'actively-traded securities' definition found in Regulation M for excepted securities during each of the previous two months of trading prior to the formation of the relevant ETF; provided, however, that if the ETF has 200 or more Component Securities then 50% of the Component Securities must meet the actively-traded securities thresholds;
4. ETF shares are to be issued and redeemed in Creation Unit aggregations of 50,000 shares or such other amount where the value of a Creation Unit is at least \$1 million at the time of issuance; and
5. The ETF must be managed to track a particular index all the components of which have public available last sale trade information. The infra-day proxy value of the ETF per share and the value of the "benchmark" index must be publicly disseminated by a major market data vendor throughout the trading day."¹¹

The Funds will meet all of the criteria of the Equity ETF Class Relief Letter set forth above, with the exception of Conditions 2 and 3. The Funds do not intend to hold "a basket of twenty or more" Index Constituents (including any swaps entered into by the Funds) and may hold Underlying ETFs in excess of 25% of the total value of its portfolio. All Underlying ETFs and ETPs in which a Fund invests will either meet all conditions set forth in one or more of the ETF Class Relief Letters or the ETV Class Relief Letter, respectively, or will have received individual relief from the Commission, or will be able to rely on individual relief even though they are not named parties. Further, Applicants hereby represent that: (a) the arbitrage mechanism will be facilitated by the transparency of the Funds' portfolio and the availability of the intra-day indicative value, the liquidity of securities and other assets held by the Funds, ability to acquire such securities, as well as the arbitrageurs' ability to create workable hedges; (b) the Funds will invest solely in liquid securities; (c) the Funds will invest in securities that will facilitate an effective and efficient arbitrage mechanism and the ability to create workable hedges; (d) the Applicants believe that arbitrageurs are expected to take advantage of price variations between each Fund's market price and its NAV; and (e) a close alignment between the market price of Shares and each Fund's NAV is expected. Therefore, Applicants hereby request that the Commission grant exemptive, interpretive or no-action relief from Rule 10b-17 and Rules 101 and 102 of Regulation M as discussed below. As noted above, this relief is identical to the relief granted to the Prior ETFs of ETFs.

¹¹ See, Equity ETF Class Relief Letter at 2.

PART IV**A. Requests For Relief -Introduction**

The Trust, on behalf of itself, the Listing Exchange, other Markets, APs and persons or entities engaging in transactions in the Shares, requests that the Commission grant exemptions, interpretive or no-action advice regarding Rules 10b-17 and Rules 101 and 102 of Regulation M under the Exchange Act.

I. Rule 10b-17

Rule 10b-17 requires an issuer of a class of publicly-traded securities to give notice of certain specified actions (e.g., dividends, stock splits, rights offerings) relating to such class of securities in accordance with Rule 10b-17(b). Specifically, Rule 10b-17(b)(1)(v)(a-b) requires such advance notice to specify (a) for cash distributions, the amount of cash to be paid or distributed per share¹², and (b) for in-kind distributions, the amount of the security outstanding immediately prior to and immediately following the dividend or distribution and the rate of such dividend or distribution. Paragraph (c) of the Rule, however, states that the Rule shall not apply to redeemable securities issued by open-end investment companies and unit investment trusts registered under the 1940 Act. Except for the fact that redemption is subject to the minimum condition of tendering at least 50,000 shares (or such higher minimum amount as set forth in the registration statement), each Fund is intended to function like any other open-end fund continuously offering its shares. It is in recognition of the foregoing that the Division of Investment Management issued an order permitting the Trust to issue shares with limited redeemability while still treating the Trust like any other open-end investment company.

In addition, compliance with Rule 10b-17(b)(1)(v)(a-b) would be impractical in light of the nature of each Fund. This is because it is not possible for each Fund to accurately project ten days in advance what dividend, if any, would be paid on a particular record date. Because of this inability to project the amount of any dividend ten days in advance of a record date, applying the timing requirements of 10b-17(b)(1)(v)(a-b) to each Fund would increase the chances that each Fund would mis-estimate the amount of any such dividend.¹³

¹² The rule permits a reasonable approximation of the per share distribution to be provided if exact amounts cannot be given because of existing conversion rights which may be exercised during the notice period and may affect the per share cash distribution, as long as the actual per share distribution is subsequently provided on the record date.

¹³ As an investment company, each Fund is required by the Internal Revenue Code to distribute at least 98% of its ordinary income and capital gains during the calendar year. If a Fund declares too small a dividend, it will

We respectfully submit that none of these concerns raised by the Commission in the Proposing Release¹⁵ will be implicated if the requested relief is granted. As set forth above, each Fund will comply with the requirements of Rule 10b-17 except for the timing requirements for notification of the actual amounts of the distributions under Rule 10b-17(b)(1)(v)(a-b). Accordingly, market participants will receive timely notification of the existence and timing of a pending distribution, and will be able to plan their transactions in Additional Fund shares accordingly. As a result, there should be no confusion or opportunity for manipulation regarding parties' rights to receive distributions, which concerns inspired the Commission to propose and adopt Rule 10b-17. Therefore, the requested relief concerning the timing requirements of Rule 10b-17(b)(1)(v)(a-b) is consistent with the purposes underlying the adoption of Rule 10b-17 as outlined in the Proposing Release and Adopting Release. The exemption under paragraph (c) of Rule 10b-17, which covers open-end investment companies with fully redeemable shares, thus should be applicable to each Fund with respect to the timing requirements of Rule 10b-17(b)(1)(v)(a-b).¹⁶

2. Rule 101 of Regulation M

Applicants respectfully requests that the Commission grant interpretive relief from Rule 101, as discussed below, to permit persons participating in a distribution of Shares of the Funds to bid for or purchase, redeem or engage in other secondary market transactions in such Shares.

Generally, Rule 101 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits any "distribution participant" and "its affiliated purchasers" from bidding for, purchasing from, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of Rule 101 apply to underwriters and prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in such distribution.

We understand that while broker-dealers that: (i) tender Portfolio Deposits to the Trust in return for Shares of the Funds in Creation Units; or (ii) redeem Shares of the Funds in Creation Units for

¹⁵ The foregoing concerns were largely reiterated by the Commission in the release adopting Rule 10b-17. See Exchange Act Release No. 9192 (June 7, 1971) (the "Adopting Release").

¹⁶ The relief being requested is analytically consistent with the Division of Market Regulation Staff Legal Bulletin No. 9, as revised on September 10, 2010, which stated that, subject to certain conditions, actively managed exchange traded funds ("Active ETFs"), such as the Funds, could rely on the exceptions in Rules 101(c)(4) and 102(d)(4) of Regulation M under the Exchange Act which are only available to open-end investment companies, notwithstanding the fact that shares of Active ETFs are redeemable only in Creation Units.

receipt of Redemption Securities and cash (or cash only) held by the Funds generally will not be part of a syndicate or selling group, and while no broker-dealer will receive fees, commissions or other remuneration from the Trust for the sale of Shares of the Funds in Creation Units, under certain circumstances such broker-dealers could be deemed to be "underwriters" or "distribution participants" as such terms are defined in Rule 100(b).

Paragraph (c)(4) of Rule 101 exempts from its application, *inter alia*, redeemable securities issued by an open-end management investment company (as such terms are used in the 1940 Act). The Trust is registered as an open-end management investment company under the 1940 Act. However, as discussed above, individual Shares are not redeemable except in Creation Units. Due to the redeemability of the Shares in Creation Units, there should be little disparity between the Shares' market price and their net asset value per Share. Accordingly, the rationale for exempting redeemable securities of open-end management investment companies from the application of Rule 101 is equally applicable to the Shares. Although redemption is subject to the condition of tendering the appropriate number of Shares of Creation Units, the Trust otherwise will continue to function as an open-end fund continuously offering its Shares.

It is in recognition of the special nature of such offerings that open-end management investment company and unit investment trust securities are exempted under paragraph (c)(4). Without such an exemption, they could not operate as intended. In view of the foregoing, the Trust requests that the Commission confirm that as a result of registration of the Trust as an open-end management investment company and the redeemable nature of the Shares in Creation Units, transactions in the Shares would be exempted from Rule 101 on the basis of the exception contained in (c)(4) of such Rule.

The purpose of Rule 101 is to prevent persons from conditioning the market to facilitate a distribution. Creation Units of Shares may be created and redeemed, in kind (or in cash in certain cases) at net asset value, on any Business Day. Holders of Shares also have the benefit of intra-day secondary market liquidity by virtue of their Market listing. Thus, the secondary market price of Shares should not vary substantially from the net asset value of such Shares. Because of the redeemability of Shares in Creation Units, coupled with the open-end nature of the Trust, any significant disparity between the market price of the Shares and their net asset value should be eliminated by arbitrage activity. Because the net asset value of Shares is largely based on the market value of the relevant Fund holdings, transactions involving Shares (creations from and redemptions with the Trust, as well as purchases and sales in the secondary market) will not affect net asset value. Similarly, such transactions should not have a significant effect on the market price of Shares.

Applicants request that the Commission clarify that the tender of the Shares to each Fund for redemption and the receipt of Redemption Securities upon redemption does not constitute a bid

for or purchase of any of such securities, or an "attempt to induce any person to bid for or purchase a covered security, during the applicable restricted period" for the purposes of Rule 101. Redemption entails no separate bid for any of the Redemption Securities. As described above, following notice of redemption, the Funds will deliver the specified Redemption Securities after the redemption request is received in proper form, except in those cases where redemption proceeds are paid entirely in cash. Absent unusual circumstances, the Funds will not purchase Redemption Securities in the secondary market to fulfill a redemption request. Therefore, redemptions of Shares cannot be expected to affect the market price of the Redemption Securities. The Distributor will not engage in any secondary market transactions in Shares, either for its own account or for investors.

In view of the lack of any special financial incentive to create Creation Units of Shares, combined with a predictable lack of any meaningful potential for the issuance and the secondary market trading of Shares to affect significantly Shares pricing, application of Rule 101 to a broker-dealer or other person who may be participating in a distribution of Shares or securities held by the Funds is unnecessary and inappropriate, and could unnecessarily hinder broker-dealers or other persons in their creation and redemption activities, in their day-to-day ordinary business of buying and selling Shares and thus undermine the potential beneficial market effects of Shares trading discussed throughout this Letter.

3. Rule 102 of Regulation M

Applicants respectfully request that the Commission confirm that, as a result of registration of the Trust as an open-end management investment company and the redeemable nature of the Shares in Creation Units, for the reasons previously stated under our request for relief under Rule 101(c)(4), transactions in Shares would be exempted from Rule 102 on the basis of the exception contained in paragraph (d)(4) of such Rule. Application of Rule 102 in this context would not further the anti-manipulative purposes of the Rule. Alternatively, the Trust requests that the Commission grant an exemption under paragraph (e) of Rule 102 to such effect. Application of Rule 102 in this context would not further the anti-manipulative purpose of this Rule.

The purpose of Rule 102 is to prevent persons from manipulating the price of a security during a distribution and to protect the integrity of the offering process by prohibiting activities that could artificially influence the market for that particular security.

For the reasons described in connection with the requested Rule 101 relief, redemption transactions and secondary market transactions in the Shares are not viable means to manipulate the price of a portfolio security held by the Funds during a distribution of such security. The Trust will redeem the Creation Units of Shares at the NAV of the Shares. Although Shares are traded on the secondary market, Shares may only be redeemed in Creation Units. Thus, the Trust

believes that the redemption by the Trust of the Shares of the Funds at NAV in consideration principally for Portfolio Securities held by the Funds does not involve the abuses that Rule 102 was intended to prevent.

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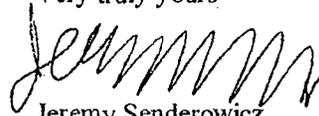
PART V

A. Conclusion

Based on the foregoing, the Trust respectfully requests that the Commission and the Division of Trading and Markets grant the relief requested herein. The forms of relief requested are virtually identical to those actions which the Commission and the Division of Trading and Markets have taken in similar circumstances.

Thank you for your consideration of this request. Should you have any questions or require additional information, please do not hesitate to call the undersigned at 212.641.5669.

Very truly yours



Jeremy Senderowicz
Dechert LLP