SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27693; 812-13343]

PowerShares Exchange-Traded Fund Trust, et al.; Notice of Application

January 31, 2007


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

Summary of the Application: The order would permit certain registered management investment companies and unit investment trusts to acquire shares of other registered open-end management investment companies and unit investment trusts that operate as exchange-traded funds and that are not part of the same group of investment companies. The order would also amend a condition in a prior order.

Applicants: PowerShares Exchange-Traded Fund Trust (the “Trust”), PowerShares Capital Management LLC (the “Adviser”) and AIM Distributors, Inc. (the “Distributor”).

Filing Dates: The application was filed on November 15, 2006 and amended on January 30, 2007.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on February 26, 2007, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer’s interest,
the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission’s Secretary.


For Further Information Contact: Marilyn Mann, Senior Counsel, at (202) 551-6813, and Mary Kay Frech, Branch Chief, at (202) 551-6821 (Office of Investment Company Regulation, Division of Investment Management).

Supplementary Information: The following is a summary of the application. The complete application may be obtained for a fee at the Commission’s Public Reference Branch, 100 F Street, NE, Washington, DC, 20549-0102 (tel. (202) 551-5850).

Applicants’ Representations:

1. The Trust is an open-end management investment company registered under the Act and organized as a Massachusetts business trust. The Trust currently offers 70 series (the “Current Index Funds”) in reliance on a prior exemptive order (the “Prior Order”).¹ The Trust intends to establish additional series in the future in reliance on the Prior Order (“Future Index Funds”). The Current Index Funds and Future Index Funds are together referred to as the “Index Funds.”² The Adviser is a Delaware limited liability company that is registered as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and provides advisory


² All entities that currently intend to rely on the requested order are named as applicants. Any other entity that relies on the order in the future will comply with the terms and conditions of the application. A Purchasing Fund, as defined below, may rely on the requested order only to invest in the Investee Funds, as defined below, and not in any other registered investment company.
services to each of the Index Funds. The Distributor is a Delaware corporation that is registered as a broker-dealer under the Securities Exchange Act of 1934. Each of the Adviser and the Distributor is an indirect wholly-owned subsidiary of AMVESCAP PLC, a public limited company organized in the United Kingdom.

2. Applicants request an exemption to permit: (i) management investment companies or series thereof (“Purchasing Management Companies”) and unit investment trusts or series thereof (“Purchasing Trusts,” and together with Purchasing Management Companies, “Purchasing Funds”) registered under the Act that are not sponsored or advised by the Adviser or an entity controlling, controlled by or under common control with the Adviser and not part of the same “group of investment companies,” as defined in section 12(d)(1)(G)(ii) of the Act, as the Index Funds, to acquire shares (“Fund Shares”) of (a) an Index Fund and (b) each open-end management investment company or series thereof or unit investment trust or series thereof registered under the Act that operates as an exchange-traded fund (an “ETF”), is currently or subsequently part of the same “group of investment companies” as each Index Fund and is advised or sponsored by the Adviser or an entity controlling, controlled by or under common control with the Adviser (such open-end ETFs, including the Index Funds, are referred to herein as “Open-end Funds” and such unit investment trust ETFs are referred to herein as “UIT Funds”) (collectively, the “Investee Funds”), beyond the limitations in section 12(d)(1)(A); and (ii) Open-end Funds, the Distributor and any broker or dealer to sell shares to the Purchasing Funds beyond the limits of section 12(d)(1)(B). Applicants also seek an exemption from section 17(a) of the Act to permit an Investee Fund to sell Fund Shares to, and redeem Fund Shares from, and engage in certain in-kind transactions with, a Purchasing Fund of which the Investee Fund is an affiliated person or an affiliated person of an affiliated person.
3. Each Purchasing Management Company will be advised by an investment adviser within the meaning of section 2(a)(20)(A) of the Act ("Purchasing Fund Adviser") and may be sub-advised by investment adviser(s) within the meaning of section 2(a)(20)(B) of the Act ("Purchasing Fund Sub-Adviser"). Any investment adviser to a Purchasing Management Company will be registered as an investment adviser under the Advisers Act. A sponsor to a Purchasing Trust is a "Purchasing Trust Sponsor."

4. Applicants state that the Investee Funds will offer the Purchasing Funds an easy way to gain instant exposure to a variety of markets, segments, sectors, geographic regions and groups of industries through a single, relatively low cost transaction.

Applicants’ Legal Analysis:

A. Section 12(d)(1)

1. Section 12(d)(1)(A) of the Act prohibits a registered investment company from acquiring shares of an investment company if the securities represent more than 3% of the total outstanding voting stock of the acquired company, more than 5% of the total assets of the acquiring company, or, together with the securities of any other investment companies, more than 10% of the total assets of the acquiring company. Section 12(d)(1)(B) of the Act prohibits a registered open-end investment company, its principal underwriter, or any other broker or dealer from selling its shares to another investment company if the sale will cause the acquiring company to own more than 3% of the acquired company’s voting stock, or if the sale will cause more than 10% of the acquired company’s voting stock to be owned by investment companies generally. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities or transactions, from any
provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors.

2. Applicants assert that the proposed transactions will not lead to any of the abuses that section 12(d)(1) was designed to prevent. Applicants submit that the proposed conditions to the requested relief address the concerns underlying the limits in section 12(d)(1), which include concerns about undue influence, excessive layering of fees and overly complex structures.

3. Applicants state that the proposed arrangement will not result in undue influence by a Purchasing Fund or its affiliates over an Investee Fund. To limit the control that a Purchasing Fund may have over an Investee Fund, applicants propose a condition prohibiting the Purchasing Fund Adviser or Purchasing Trust Sponsor; any person controlling, controlled by, or under common with the Purchasing Fund Adviser or Purchasing Trust Sponsor; and any investment company or issuer that would be an investment company but for sections 3(c)(1) or 3(c)(7) of the Act that is advised or sponsored by the Purchasing Fund Adviser or advised or sponsored by the Purchasing Trust Sponsor, or any person controlling, controlled by, or under common control with the Purchasing Fund Adviser or Purchasing Trust Sponsor (“Purchasing Fund’s Advisory Group”) from controlling (individually or in the aggregate) an Investee Fund within the meaning of section 2(a)(9) of the Act. The same prohibition would apply to any Purchasing Fund Subadviser; any person controlling, controlled by, or under common control with the Purchasing Fund Subadviser; and any investment company or issuer that would be an investment company but for section 3(c)(1) or 3(c)(7) of the Act (or portion of such investment company or issuer) advised or sponsored by the Purchasing Fund Subadviser or any person controlling, controlled by, or under common control with the Purchasing Fund Subadviser (“Purchasing Fund’s Sub-Advisory Group”).
4. To limit further the potential for undue influence by a Purchasing Fund over an Investee Fund, applicants propose conditions 2 through 7, stated below, to preclude a Purchasing Fund and certain of its affiliates from taking advantage of an Investee Fund and certain Investee Fund affiliates with respect to transactions between the entities and to ensure the transactions will be on an arm’s length basis.

5. Applicants do not believe that the proposed arrangement will involve excessive layering of fees. The board of directors or trustees of each Purchasing Management Company, including a majority of the disinterested directors or trustees, before approving any advisory contract under section 15 of the Act, will be required to determine that the advisory fees charged to the Purchasing Management Company are based on services provided that will be in addition to, rather than duplicative of, the services provided under the advisory contract(s) of any Open-end Fund in which the Purchasing Management Company may invest. In addition, the Purchasing Fund Adviser, trustee or Purchasing Trust Sponsor of a Purchasing Fund, as applicable, will waive fees otherwise payable to it by the Purchasing Fund in an amount at least equal to any compensation received from an Investee Fund by the Purchasing Fund Adviser, trustee or Purchasing Trust Sponsor, or an affiliated person of the Purchasing Fund Adviser, trustee or Purchasing Trust Sponsor (other than any advisory fees), in connection with the investment by the Purchasing Fund in the Investee Funds. Applicants also state that any sales charges and/or service fees charged with respect to shares of a Purchasing Fund will not exceed the limits applicable to a fund of funds set forth in Conduct Rule 2830 of the NASD (“Rule 2830”).

6. Applicants submit that the proposed arrangement will not create an overly complex fund structure. Applicants note that an Investee Fund will be prohibited from acquiring
securities of any investment company, or of any company relying on section 3(c)(1) or 3(c)(7) of the Act, in excess of the limits contained in section 12(d)(1)(A) of the Act.

7. To ensure that Purchasing Funds are aware of the terms and conditions of the requested order, the Purchasing Funds must enter into an agreement with the respective Investee Funds (“Purchasing Fund Agreement”). The Purchasing Fund Agreement will include an acknowledgement from the Purchasing Fund that it may rely on the order only to invest in the Investee Funds and not in any other investment company. The Purchasing Fund Agreement will further require any Purchasing Fund that exceeds the 5% or 10% limitations in section 12(d)(1)(A)(ii) and (iii) to disclose in its prospectus that it may invest in ETFs and disclose, in “plain English,” in its prospectus the unique characteristics of the Purchasing Funds investing in investment companies, including but not limited to the expense structure and any additional expenses of investing in investment companies. Each Purchasing Fund will comply with the disclosure requirements concerning the aggregate costs of investing in the Investee Funds set forth in Investment Company Act Release No. 27399.

B. Section 17(a)

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company or an affiliated person of such person (“second tier affiliate”), from selling any security to or purchasing any security from the company. Section 2(a)(3) of the Act defines an “affiliated person” of another person to include any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the other person, and any person directly or indirectly controlling, controlled by, or under common control with, the other person. The Investee Funds may be deemed to be controlled by the Adviser or an entity controlling, controlled by, or under common control with the Adviser and
hence affiliated persons of each other. In addition, the Investee Funds may be deemed to be under common control with any other registered investment company (or series thereof) advised by the Adviser or an entity controlling, controlled by or under common control with the Adviser (an “Affiliated Fund”).

2. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if evidence establishes that (a) the terms of the proposed transaction are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act. Section 6(c) of the Act permits the Commission to exempt any person or transactions from any provision of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

3. Applicants request an exemption under sections 6(c) and 17(b) of the Act from section 17(a) of the Act in order to permit each Investee Fund to sell Fund Shares to and redeem Fund Shares from, and engage in the in-kind transactions that would accompany such sales and redemptions with, any Purchasing Fund of which it is an affiliated person or second tier affiliate because of one or more of the following: (1) the Purchasing Fund holds 5% or more of the Fund Shares of the Trust or one or more Investee Funds; (2) a Purchasing Fund described in (1) is an

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3 Applicants acknowledge that the receipt of any compensation by (a) an affiliated person or second tier affiliate of a Purchasing Fund for the purchase by the Purchasing Fund of Fund Shares of an Investee Fund or (b) an affiliated person or second tier affiliate of an Investee Fund for the sale by the Investee Fund of Fund Shares to a Purchasing Fund, is subject to section 17(e) of the Act. The Purchasing Fund Agreement also will include this acknowledgment.
affiliated person of the Purchasing Fund; or (3) the Purchasing Fund holds 5% or more of the shares of one or more Affiliated Funds.\textsuperscript{4}

4. Applicants submit that the proposed arrangement satisfies the standards for relief under sections 17(b) and 6(c) of the Act. Applicants submit that the proposed transactions are appropriate in the public interest, consistent with the protection of investors, and do not involve overreaching. Applicants note that the consideration paid for the purchase or received for the redemption of Fund Shares directly from an Investee Fund by a Purchasing Fund (or any other investor) will be based on the net asset value of the Fund Shares. In addition, the securities received or transferred by the Investee Fund in connection with the purchase or redemption of Fund Shares will be valued in the same manner as the Investee Fund’s portfolio securities and thus the transactions will not be detrimental to the Purchasing Fund. Applicants also state that the proposed transactions will be consistent with the policies of each Purchasing Fund and Investee Fund and with the general purposes of the Act. Applicants state that the Purchasing Fund Agreement will require a Purchasing Fund to represent that its ownership of Fund Shares issued by an Investee Fund is consistent with the investment policies set forth in the Purchasing Fund’s registration statement.

C. Prior Order

Applicants also seek to amend a condition to the Prior Order so that the condition is consistent with the relief requested from section 12(d)(1). Condition 2 to the Prior Order currently

\textsuperscript{4} Although applicants believe that most Purchasing Funds will purchase and sell Fund Shares in the secondary market, a Purchasing Fund might seek to transact in Fund Shares directly with an Investee Fund. When transacting directly with an Investee Fund, a Purchasing Fund will generally be required to deposit securities into, or receive securities from, the Investee Fund in connection with the purchase and redemption of Fund Shares. With respect to these in-kind transactions, applicants are requesting relief for Investee Funds that are affiliated persons or second tier affiliates of a Purchasing Fund solely by virtue of one or more of the reasons described above.
provides that each Investee Fund prospectus and “Product Description”\(^5\) will clearly disclose that, for purposes of the Act, Fund Shares are issued by the Investee Fund and that the acquisition of Fund Shares by investment companies is subject to the restrictions of section 12(d)(1) of the Act. In light of the requested order to permit Purchasing Funds to invest in Investee Funds in excess of the limits of section 12(d)(1), applicants wish to replace this condition with condition 13, as stated below. Under the new condition, each Investee Fund prospectus and Product Description will disclose that Purchasing Funds may purchase shares of the Investee Funds in excess of the limits of section 12(d)(1) to the extent that they comply with the terms and conditions of the requested order granting relief from section 12(d)(1).\(^6\)

**Applicants’ Conditions:**

Applicants agree that the order of the Commission granting the requested relief will be subject to the following conditions:

1. The members of a Purchasing Fund’s Advisory Group will not control (individually or in the aggregate) an Investee Fund within the meaning of section 2(a)(9) of the Act. The members of a Purchasing Fund’s Sub-Advisory Group will not control (individually or in the aggregate) an Investee Fund within the meaning of section 2(a)(9) of the Act. If, as a result of a decrease in the outstanding Fund Shares of an Investee Fund, the Purchasing Fund’s Advisory Group or the Purchasing Fund’s Sub-Advisory Group, each in the aggregate, becomes a holder of more than 25 percent of the outstanding Fund Shares of an Investee Fund, it will vote

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\(^5\) A “Product Description” is a short document that describes, in plain English, the Fund Shares and the Investee Funds. The Product Description is delivered by broker-dealers to secondary market purchasers of Fund Shares.

\(^6\) The requested order would also amend the Prior Order to reflect that the Trust has replaced the prior distributor, ALPS Distributors, Inc. (“ALPS”), with the Distributor. The application for the Prior Order stated that ALPS was not an affiliated person of the Adviser. As described above, the Distributor is an affiliated person of the Adviser. The Distributor agrees to comply with all terms and conditions of the Prior Order, as amended.
its Fund Shares in the same proportion as the vote of all other holders of the Investee Fund’s Fund Shares. This condition does not apply to the Purchasing Fund Sub-Advisory Group with respect to an Investee Fund for which the Purchasing Fund Sub-Adviser or a person controlling, controlled by, or under common control with the Purchasing Fund Sub-Adviser acts as the investment adviser within the meaning of section 2(a)(20)(A) of the Act (in the case of an Open-end Fund) or as the sponsor (in the case of a UIT Fund).

2. No Purchasing Fund or Purchasing Fund Affiliate will cause any existing or potential investment by the Purchasing Fund in an Investee Fund to influence the terms of any services or transactions between the Purchasing Fund or a Purchasing Fund Affiliate and the Investee Fund or a Fund Affiliate. A “Purchasing Fund Affiliate” means a Purchasing Fund Adviser, Purchasing Fund Sub-Adviser, Purchasing Trust Sponsor, a promoter, or a principal underwriter of a Purchasing Fund and any person controlling, controlled by, or under common control with any of those entities. A “Fund Affiliate” means an investment adviser(s), promoter, sponsor or principal underwriter of an Investee Fund and any person controlling, controlled by or under common control with any of these entities.

3. The board of directors or trustees of a Purchasing Management Company, including a majority of the disinterested directors or trustees, will adopt procedures reasonably designed to ensure that the Purchasing Fund Adviser and any Purchasing Fund Sub-Adviser are conducting the investment program of the Purchasing Management Company without taking into account any consideration received by the Purchasing Management Company or a Purchasing Fund Affiliate from an Investee Fund or Fund Affiliate in connection with any services or transactions.
4. Once an investment by a Purchasing Fund in the securities of an Open-end Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, the board of directors or trustees of an Open-end Fund ("Board"), including a majority of the disinterested Board members, will determine that any consideration paid by the Open-end Fund to the Purchasing Fund or a Purchasing Fund Affiliate in connection with any services or transactions (i) is fair and reasonable in relation to the nature and quality of the services and benefits received by the Open-end Fund; (ii) is within the range of consideration that the Open-end Fund would be required to pay to another unaffiliated entity in connection with the same services or transactions; and (iii) does not involve overreaching on the part of any person concerned. This condition does not apply with respect to any services or transactions between an Open-end Fund and its investment adviser(s) or any person controlling, controlled by, or under common control with such investment adviser(s).

5. No Purchasing Fund or Purchasing Fund Affiliate (except to the extent it is acting in its capacity as an investment adviser to an Open-end Fund or sponsor to a UIT Fund) will cause an Investee Fund to purchase a security in an offering of securities during the existence of an underwriting or selling syndicate of which a principal underwriter is an officer, director, member of an advisory board, Purchasing Fund Adviser, Purchasing Fund Sub-Adviser, employee, or Purchasing Trust Sponsor of the Purchasing Fund, or a person of which any such officer, director, member of an advisory board, Purchasing Fund Adviser, Purchasing Fund Sub-Adviser, employee, or Purchasing Trust Sponsor is an affiliated person (each, an “Underwriting Affiliate,” except any person whose relationship to the Investee Fund is covered by section 10(f) of the Act is not an Underwriting Affiliate). An offering of securities during the existence of any
underwriting or selling syndicate of which a principal underwriter is an Underwriting Affiliate is an “Affiliated Underwriting.”

6. The Board of an Open-end Fund, including a majority of the disinterested Board members, will adopt procedures reasonably designed to monitor any purchases of securities by the Open-end Fund in an Affiliated Underwriting, once an investment by a Purchasing Fund in the securities of the Open-end Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, including any purchases made directly from an Underwriting Affiliate. The Board will review these purchases periodically, but no less frequently than annually, to determine whether the purchases were influenced by the investment by the Purchasing Fund in the Open-end Fund. The Board will consider, among other things: (i) whether the purchases were consistent with the investment objectives and policies of the Open-end Fund; (ii) how the performance of securities purchased in an Affiliated Underwriting compares to the performance of comparable securities purchased during a comparable period of time in underwritings other than Affiliated Underwritings or to a benchmark such as a comparable market index; and (iii) whether the amount of securities purchased by the Open-end Fund in Affiliated Underwritings and the amount purchased directly from an Underwriting Affiliate have changed significantly from prior years. The Board will take any appropriate actions based on its review, including the institution of procedures designed to assure that purchases of securities in Affiliated Underwritings are in the best interest of shareholders.

7. The Open-end Fund will maintain and preserve permanently in an easily accessible place a written copy of the procedures described in the preceding condition, and any modifications to such procedures, and will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any purchase in an Affiliated Underwriting
occurred, the first two years in an easily accessible place, a written record of each purchase of securities in Affiliated Underwritings once an investment by a Purchasing Fund in the shares of the Open-end Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, setting forth from whom the securities were acquired, the identity of the underwriting syndicate’s members, the terms of the purchase, and the information or materials upon which the Board’s determinations were made.

8. Before investing in an Investee Fund in excess of the limits of section 12(d)(1)(A), the Purchasing Fund and the Investee Fund will execute a Purchasing Fund Agreement stating, without limitation, that their boards of directors or trustees and their investment advisers or sponsors and trustees, as applicable, understand the terms and conditions of the order, and agree to fulfill their responsibilities under the order. At the time of its investment in shares of an Open-end Fund in excess of the limit of section 12(d)(1)(A)(i), a Purchasing Fund will notify the Open-end Fund of the investment. At such time, the Purchasing Fund will also transmit to the Open-end Fund a list of the names of each Purchasing Fund Affiliate and Underwriting Affiliate. The Purchasing Fund will notify the Open-end Fund of any changes to the list as soon as reasonably practicable after a change occurs. The Investee Fund and the Purchasing Fund will maintain and preserve a copy of the order, the Purchasing Fund Agreement and, in the case of an Open-end Fund, the list with any updated information for the duration of the investment and for a period of not less than six years thereafter, the first two years in an easily accessible place.

9. Before approving any advisory contract under section 15 of the Act, the board of directors or trustees of each Purchasing Management Company, including a majority of the disinterested directors or trustees, will find that the advisory fees charged under such advisory
contract are based on services provided that will be in addition to, rather than duplicative of, the services provided under the advisory contract(s) of any Open-end Fund in which the Purchasing Management Company may invest. These findings and their basis will be recorded fully in the minute books of the appropriate Purchasing Management Company.

10. A Purchasing Fund Adviser, trustee or Purchasing Trust Sponsor, as applicable, will waive fees otherwise payable to it by a Purchasing Fund, in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by an Open-end Fund under rule 12b-1 under the Act) received from an Investee Fund by the Purchasing Fund Adviser, trustee or Purchasing Trust Sponsor, or an affiliated person of the Purchasing Fund Adviser, trustee or Purchasing Trust Sponsor, other than any advisory fees paid to the Purchasing Fund Adviser, trustee or Purchasing Trust Sponsor or its affiliated person by an Open-end Fund, in connection with the investment by the Purchasing Fund in an Investee Fund. Any Purchasing Fund Sub-Adviser will waive fees otherwise payable to the Purchasing Fund Sub-Adviser, directly or indirectly, by the Purchasing Management Company in an amount at least equal to any compensation received from an Investee Fund by the Purchasing Fund Sub-Adviser, or an affiliated person of the Purchasing Fund Sub-Adviser, other than any advisory fees paid to the Purchasing Fund Sub-Adviser or its affiliated person by the Open-end Fund, in connection with the investment by the Purchasing Management Company in an Investee Fund made at the direction of the Purchasing Fund Sub-Adviser. In the event that the Purchasing Fund Sub-Adviser waives fees, the benefit of the waiver will be passed through to the Purchasing Management Company.
11. Any sales charges and/or service fees charged with respect to shares of a Purchasing Fund will not exceed the limits applicable to a fund of funds as set forth in Rule 2830.

12. No Investee Fund will acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act.

Amendment to Prior Order:

Applicants agree to replace condition 2 of the Prior Order with the following condition:

13. Each Investee Fund’s prospectus and Product Description will clearly disclose that, for purposes of the Act, the Fund Shares are issued by a registered investment company, and the acquisition of Fund Shares by investment companies is subject to the restrictions of section 12(d)(1) of the Act, except as permitted by an exemptive order that permits registered investment companies to invest in an Investee Fund beyond the limits in section 12(d)(1), subject to certain terms and conditions, including that the registered investment company enter into a Purchasing Fund Agreement with the Investee Fund regarding the terms of the investment.

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

Florence E. Harmon
Deputy Secretary