UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940
Release No. 27754 / March 20, 2007

In the Matter of

RYDEX ETF TRUST;
RYDEX DISTRIBUTORS, INC. and
PADCO ADVISORS II, INC.
9601 Blackwell Road, Suite 500
Rockville, MD 20850
(812-13337)

ORDER UNDER SECTIONS 6(c) AND 17(b) OF THE INVESTMENT COMPANY ACT OF 1940

Rydex ETF Trust (“Trust”), Rydex Distributors, Inc. and PADCO Advisors II, Inc. filed an application on October 27, 2006, and an amendment to the application on March 16, 2007 requesting an order under section 6(c) of the Investment Company Act of 1940 (“Act”) for an exemption from sections 2(a)(32), 5(a)(1), 22(d) and 24(d) of the Act and rule 22c-1 under the Act, and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (a)(2) of the Act.¹

The order permits series of the Trust, an open-end management investment company, to issue additional series of shares of limited redeemability that trade in the secondary market at negotiated prices. The order allows dealers to sell shares of the new series to purchasers in the secondary market unaccompanied by a prospectus, when the Securities Act of 1933 (“Securities Act”) does not require prospectus delivery. The order also permits certain affiliated persons of the new series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of aggregations of the series’ shares.

On February 20, 2007, a notice of the filing of the application was issued (Investment Company Act Release No. 27703). The notice gave interested persons an opportunity to request a hearing

¹ The Trust currently operates pursuant to an order that grants such relief to offer series that match the performance of equity securities indices. In the Matter of Rydex ETF Trust, et al., Investment Company Act Release Nos. 25948 (Feb. 27, 2003) (notice) and 25970 (Mar. 25, 2003) (order), amended by Investment Company Act Release Nos. 27183 (Dec. 8, 2005) (notice) and 27202 (Jan. 4, 2006) (order). Applicants seek relief to offer additional series with different types of investment objectives, as described in the application.
and stated that an order disposing of the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, as amended, that granting the requested exemptions is 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.

In addition, it is found that the terms of the proposed transactions, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transactions are consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

Accordingly, in the matter of Rydex ETF Trust, et al. (File No. 812-13337),

IT IS ORDERED, under section 6(c) of the Act, that the requested exemption from sections 2(a)(32), 5(a)(1), 22(d) and 24(d) of the Act and rule 22c-1 under the Act are granted, effective immediately, subject to the conditions contained in the application, as amended.

IT IS FURTHER ORDERED, under sections 6(c) and 17(b) of the Act, that the requested exemption from sections 17(a)(1) and (a)(2) of the Act are granted, effective immediately, subject to the conditions contained in the application, as amended.

The exemption from section 24(d) of the Act does not affect a purchaser’s rights under the civil liability and anti-fraud provisions of the Securities Act. Thus, rights under section 11 and section 12(a)(2) of the Securities Act extend to all purchasers who can trace their securities to a registration statement filed with the Commission, whether or not they were delivered a prospectus in connection with their purchase.

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

Florence E. Harmon
Deputy Secretary