

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. IC-31250; File No. 812-14293]

Evanston Alternative Opportunities Fund and Evanston Capital Management, LLC.; Notice of Application

September 15, 2014

Agency: Securities and Exchange Commission (“Commission”).

Action: Notice of an application under Section 6(c) of the Investment Company Act of 1940 (the “Act”) for an exemption from Sections 18(c) and 18(i) of the Act, and for an order pursuant to Section 17(d) of the Act and Rule 17d-1 under the Act.

Summary of Application: Applicants request an order to permit certain registered closed-end management investment companies to issue multiple classes of shares, units or interests (“Shares”) with varying sales loads and asset-based service and/or asset-based distribution fees.

Applicants: Evanston Alternative Opportunities Fund (“Fund”) and Evanston Capital Management, LLC (“Adviser”).

Filing Dates: The application was filed on March 31, 2014, and amended on July 16, 2014 and on August 7, 2014.

Hearing or Notification of Hearing: An order granting the requested relief 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 October 10, 2014 and should be accompanied by proof of service on the applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the

matter, 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.

Addresses: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; Applicants: Evanston Alternative Opportunities Fund and Evanston Capital Management, LLC, 1560 Sherman Avenue, Suite 960, Evanston, IL 60201.

For Further Information Contact: Rochelle Kauffman Plesset, Senior Counsel, at (202) 551-6840, or Nadya Roytblat, Assistant Chief Counsel at (202) 551-0825 (Division of Investment Management, Chief Counsel's Office).

Supplementary Information: The following is a summary of the application. The complete application may be obtained via the Commission's website by searching for the file number, or for an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551-8090.

Applicants' Representations:

1. The Fund is a Delaware statutory trust that is registered under the Act as a non-diversified, closed-end management investment company. The Fund's primary investment objective is to seek attractive long-term risk adjusted returns. The Fund is a "fund of funds" and seeks to achieve its objective by investing substantially all of its assets in investment vehicles, often referred to as "hedge funds," that are managed by independent investment managers.

2. The Adviser is a Delaware limited liability company and is registered as an investment adviser under the Investment Advisers Act of 1940. The Adviser serves as investment adviser to the Fund.

3. The Fund currently issues a single class of Shares ("Initial Class"). The Shares are continuously offered and are registered under the Securities Act of 1933. Shares of the Fund are

not listed on any securities exchange, nor quoted on any quotation medium. The Shares are not offered or traded on a secondary market. In order to provide a limited degree of liquidity, the Fund may from time to time offer to repurchase Shares at their then-current net asset value pursuant to Rule 13e-4 under the Securities Exchange Act of 1934 (“Exchange Act”).

Repurchases will be made at such times, in such amounts and on such terms as may be determined by the Fund’s board of directors (“Board”) in its sole discretion. The Adviser expects to recommend ordinarily that the Board authorize the Fund to offer to repurchase Shares from shareholders quarterly.

4. The Fund’s Initial Class is subject to a sales load, but is not subject to any service or distribution fee. Shareholders of the Initial Class are subject to a repurchase fee if the interval between the date of purchase of the Shares and the valuation date with respect to the repurchase of Shares is less than one year.

5. The Applicants seek an order to permit the Fund to issue multiple classes of Shares, with varying sales loads and asset-based service and/or asset-based distribution fees. Applicants request that the order also apply to any other continuously-offered registered closed-end management investment company existing now or in the future for which the Adviser or any entity controlling, controlled by, or under common control with the Adviser, acts as investment adviser, and which provides periodic liquidity to its Shares pursuant to Rule 13e-4 under the Exchange Act (together with the Fund, the “Funds”).¹

6. If the requested relief is granted, the Fund intends to offer multiple classes of Shares of the Fund. Each class would be offered at net asset value. Because of different class expenses, the net income attributable to, and any dividends payable on, each class of Shares may differ

¹ Any Fund relying on this relief in the future will do so in a manner consistent with the terms and conditions of the application. Applicants represent that each entity presently intending to rely on the requested relief is listed in the application as an Applicant.

from each other from time to time. As a result, the net asset value per Share of the classes may differ over time.

7. Applicants represent that each new class of Shares may charge a front-end sales load and an annual asset-based service and/or distribution fee. Applicants further represent that any distribution fee would be paid pursuant to a plan of distribution adopted by the Fund in compliance with the provisions of Rules 12b-1 and 17d-3 under the Act as if those rules applied to closed-end management investment companies. In addition, any asset-based service fee and distribution fee for each class of Shares will comply with the provisions of NASD Rule 2830 (“NASD Sales Charge Rule”).² Any repurchase fee will apply equally to all shareholders of the Fund, regardless of the class, consistent with Section 18 of the Act and Rule 18f-3 under the Act.

8. Applicants state that the Fund does not currently intend to impose a contingent deferred sales load (“CDSC”). In the event that the Fund does impose a CDSC, however, Applicants represent that it would only do so in compliance with Rule 6c-10 under the Act as if the rule applied to closed-end management investment companies. With respect to any waiver of, scheduled variation in, or elimination of the CDSC, the Fund will comply with Rule 22d-1 under the Act as if the Fund were an open-end investment company and will be applied uniformly to all shareholders of the Fund.

9. Applicants represent that all expenses incurred by the Fund will be allocated among the various classes of Shares based on the net assets of the Fund attributable to each class, except that the net asset value and expenses of each class will reflect distribution fees, service fees, and any other expenses of that class. Expenses of the Fund allocated to a particular class of Shares will be borne on a pro rata basis by each outstanding Share of that class. Applicants state that

² Any reference to the NASD Sales Charge Rule includes any successor or replacement rule that may be adopted by the Financial Industry Regulatory Authority (“FINRA”).

each Fund will comply with the provisions of Rule 18f-3 under the Act as if it were an open-end investment company.

10. Applicants state that, from time to time, the Fund may create and offer additional classes of Shares, the terms of which may differ, including in the following respects: (i) the amount of fees permitted by different distribution plans and/or different service fee arrangements; (ii) voting rights with respect to a distribution plan and/or service plan of a class; (iii) different class designations; (iv) the impact of any class expenses directly attributable to a particular class of Shares allocated on a class basis as described in this application; (v) any differences in dividends and net asset values per Share resulting from differences in fees under a distribution plan and/or service plan or in class expenses; (vi) any sales load structure; and (vii) any conversion features as permitted under the Act.

11. Applicants state that any repurchase offers made by the Fund will be made to all classes of Shares at the same time, in the same proportional amounts and on the same terms, except for differences in net asset values per Share resulting from differences in fees under a distribution plan and/or service plan or in class expenses.

12. Applicants represent that the Fund will disclose in its prospectus the fees, expenses and other characteristics of each class of Shares offered for sale by the prospectus, as is required for open-end multiple class investment companies under Form N-1A. As is required for open-end management investment companies, the Fund will disclose its expenses in shareholder reports, and disclose any arrangements that result in breakpoints in, or elimination of, sales loads

in its prospectus.³ In addition, Applicants will comply with applicable enhanced fee disclosure requirements for fund of funds, including registered funds of hedge funds.⁴

13. The Fund will comply with any requirements that the Commission or FINRA may adopt regarding disclosure at the point of sale and in transaction confirmations about the costs and conflicts of interest arising out of the distribution of open-end investment company shares, and regarding prospectus disclosure of sales loads and revenue sharing arrangements as if those requirements applied to the Fund. In addition, each Fund will contractually require that any distributor of the Fund's Shares comply with such requirements in connection with the distribution of such Shares.

Applicants' Legal Analysis:

Multiple Classes of Shares

1. Section 18(c) of the Act provides, in relevant part, that a closed-end investment company may not issue or sell any senior security if, immediately thereafter, the company has outstanding more than one class of senior security. Applicants state that the creation of multiple classes of shares of the Fund may be prohibited by Section 18(c), as a class may have priority over another class as to payment of dividends because shareholders of different classes would pay different fees and expenses.

2. Section 18(i) of the Act provides that each share of stock issued by a registered management investment company will be a voting stock and have equal voting rights with every other outstanding voting stock. Applicants state that multiple classes of Fund Shares may violate

³ See Shareholder Reports and Quarterly Portfolio Disclosure of Registered Management Investment Companies, Investment Company Act Release No. 26372 (Feb. 27, 2004) (adopting release); Disclosure of Breakpoint Discounts by Mutual Funds, Investment Company Act Release No. 26464 (June 7, 2004) (adopting release).

⁴ Fund of Funds Investments, Investment Company Act Rel. No. 27399 (Jun. 20, 2006) (adopting release). See also Rules 12d1-1, et seq. of the Act.

Section 18(i) of the Act because each class would be entitled to exclusive voting rights with respect to matters solely related to that class.

3. Section 6(c) 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 the Act, or from any rule thereunder, if and to the extent 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. Applicants request an exemption under Section 6(c) from Sections 18(c) and 18(i) to permit the Fund to issue multiple classes of shares.

4. Applicants submit that the proposed allocation of expenses and voting rights among multiple classes is equitable and will not discriminate against any group or class of shareholders. Applicants submit that the proposed arrangements would permit a Fund to facilitate the distribution of its shares and provide investors with a broader choice of shareholder services. Applicants assert that the proposed closed-end investment company multiple class structure does not raise the concerns underlying Section 18 of the Act to any greater degree than open-end investment companies' multiple class structures that are permitted by Rule 18f-3 under the Act. Applicants state that each Fund will comply with the provisions of Rule 18f-3 as if it were an open-end investment company.

CDSCs

1. Applicants believe that the requested relief meets the standards of Section 6(c) of the Act. Rule 6c-10 under the Act permits open-end investment companies to impose CDSCs, subject to certain conditions. Applicants state that any CDSC imposed by the Fund will comply with Rule 6c-10 under the Act as if the rule were applicable to closed-end investment companies. The Fund also will disclose CDSCs in accordance with the requirements of Form N-1A concerning CDSCs as if the Fund were an open-end investment company. Applicants further state that the Fund will apply the CDSC (and any waivers or scheduled variations of the CDSC) uniformly to all shareholders in a given class and consistently with the requirements of Rule 22d-1 under the Act.

Asset-Based Service and/or Distribution Fees

1. Section 17(d) of the Act and Rule 17d-1 under the Act prohibit an affiliated person of a registered investment company or an affiliated person of such person, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates unless the Commission issues an order permitting the transaction. In reviewing applications submitted under Section 17(d) and Rule 17d-1, the Commission considers whether the participation of the investment company in a joint enterprise or joint arrangement is consistent with the provisions, policies and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

2. Rule 17d-3 under the Act provides an exemption from Section 17(d) and Rule 17d-1 to permit open-end investment companies to enter into distribution arrangements pursuant to Rule 12b-1 under the Act. Applicants request an order under Section 17(d) and Rule 17d-1 under the Act to the extent necessary to permit the Fund to impose asset-based service and/or

distribution fees. Applicants have agreed to comply with Rules 12b-1 and 17d-3 as if those rules applied to closed-end investment companies.

Applicants' Condition:

Applicants agree that any order granting the requested relief will be subject to the following condition:

Each Fund relying on the order will comply with the provisions of Rules 6c-10, 12b-1, 17d-3, 18f-3 and 22d-1 under the Act, as amended from time to time, as if those rules applied to closed-end management investment companies, and will comply with the NASD Sales Charge Rule, as amended from time to time, as if that rule applied to all closed-end management investment companies.

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

Kevin M. O'Neill
Deputy Secretary