

an amount at least equal to any compensation received from a Fund by the Acquiring Fund SubAdviser, or an affiliated person of the Acquiring Fund Sub-Adviser, other than any advisory fees paid to the Acquiring Fund Sub-Adviser or its affiliated person by the Fund, in connection with any investment by the Acquiring Management Company in the Fund made at the direction of the Acquiring Fund SubAdviser. In the event that the Acquiring Fund SubAdviser waives fees, the benefit of the waiver will be passed through to the Acquiring Management Company.

14. Any sales charges and/or service fees charged with respect to shares of an Acquiring Fund will not exceed the limits applicable to a fund of funds as set forth in NASD Conduct Rule 2830.

15. No Fund will acquire securities of any other 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, except to the extent permitted by exemptive relief from the Commission permitting the Fund to purchase shares of other investment companies for short-term cash management purposes.

16. Before approving any advisory contract under section 15 of the Act, the board of directors or trustees of each Acquiring 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 Fund in which the Acquiring Management Company may invest. These findings and their basis will be recorded fully in the minute books of the appropriate Acquiring Management Company.

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

Florence E. Harmon,
Deputy Secretary.

[FR Doc. 2010-29589 Filed 11-23-10; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 29499; 812-13487]

SSgA Funds Management, Inc., et al.; Notice of Application

November 17, 2010.

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

ACTION: Notice of an application for 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 22(e) of the Act and rule 22c-1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (a)(2) of the Act, and under section 12(d)(1)(J) of the Act for an exemption from sections 12(d)(1)(A) and (B) of the Act.

APPLICANTS: SSgA Funds Management, Inc. (the “Adviser”), State Street Global Markets, LLC (the “Distributor”), SPDR Series Trust and SPDR Index Shares Funds (each a “Trust” and together the “Trusts”).

SUMMARY OF APPLICATION: Applicants request an order that permits: (a) Series of certain open-end management investment companies to issue shares (“Shares”) redeemable in large aggregations only (“Creation Units”); (b) secondary market transactions in Shares to occur at negotiated market prices; (c) certain series to pay redemption proceeds, under certain circumstances, more than seven days from the tender of Shares for redemption; (d) certain affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of Creation Units; (e) certain registered management investment companies and unit investment trusts outside of the same group of investment companies as the series to acquire Shares; and (f) certain series to perform creations and redemptions of Shares in-kind in a master-feeder structure.

FILING DATES: The application was filed on January 31, 2008, and amended on May 21, 2008, December 2, 2008, September 3, 2009, July 16, 2010, and November 17, 2010.

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 December 10, 2010, 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.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090. Applicants, State Street Financial Center, One Lincoln Street, Boston, MA 02111.

FOR FURTHER INFORMATION CONTACT: Christine Y. Greenlees, Senior Counsel, at (202) 551-6879 or Mary Kay Frech, Branch Chief, at (202) 551-6821 (Division of Investment Management, Office of Investment Company Regulation).

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

Applicants’ Representations:

1. Each Trust is a business trust organized under the laws of the Commonwealth of Massachusetts and registered under the Act as an open-end management investment company. Each Trust is organized as a series fund with multiple series.

2. The Adviser, a Massachusetts corporation, is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”) and will be the investment adviser to the Funds. The Adviser may retain sub-advisers (“Sub-Advisers”). Any Sub-Adviser will be registered under the Advisers Act. The Distributor, a broker-dealer registered under the Securities Exchange Act of 1934 (the “Exchange Act”), will serve as the principal underwriter and distributor of each of the Funds.

3. Applicants are requesting relief to permit the Trusts to create and operate certain actively managed investment portfolios of the Trusts (“New Funds”) that offer Shares with limited redeemability (“ETF Relief”) and to operate in a master-feeder structure. Applicants request that the ETF Relief apply to future series of the Trusts or of other open-end management companies that (a) Utilize active management investment strategies, (b) are advised by the Adviser or an entity controlling, controlled by, or under common control with the Adviser, and (c) comply with the terms and condition of the order (“Future Funds”). The New Funds and Future Funds together are the “Funds.” Each Fund will operate as an exchanged-traded fund (“ETF”).¹

¹ All entities that currently intend to rely on the order are named as applicants. Any other entity that relies on the order in the future will comply with *Continued*

4. Applicants also request that the order permit certain investment companies registered under the Act to acquire Shares of Funds beyond the limitations in section 12(d)(1)(A) and permit certain Funds, and any principal underwriter for the Funds, and any broker or dealer registered under the Exchange Act (“Brokers”) to sell Shares beyond the limitations in section 12(d)(1)(B) (“Fund of Funds Relief”). Applicants request that any exemption under section 12(d)(1)(J) from sections 12(d)(1)(A) and (B) for Fund of Funds Relief apply to: (i) Any registered investment company or unit investment trust that is currently or subsequently part of the same “group of investment companies” as the Funds within the meaning of section 12(d)(1)(G)(ii) of the Act as well as any principal underwriter for the Funds and any Brokers selling Shares of a Fund to a Purchasing Fund (as defined below); and (ii) each management investment company or unit investment trust registered under the Act that is not part of the same “group of investment companies” as the Funds within the meaning of section 12(d)(1)(G)(ii) of the Act and that enters into a FOF Participation Agreement (as defined below) with a Fund (such management investment companies are referred to as “Purchasing Management Companies,” such unit investment trusts are referred to as “Purchasing Trusts,” and Purchasing Management Companies and Purchasing Trusts are collectively referred to as “Purchasing Funds”). Purchasing Funds do not include the Funds. This relief would not apply to any Fund that is, either directly or through a master-feeder structure, acquiring 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 in section 12(d)(1)(A) of the Act.²

5. Applicants further request that the order permit the Funds to acquire shares of other registered investment companies managed by the Adviser having substantially the same investment objectives as the Fund (“Master Funds”) beyond the limitation in section 12(d)(1)(A) and permit the Master Funds, and any principal underwriter for the Master Fund, to sell shares of the Master Funds to the Funds

the terms and conditions of the application. A Purchasing Fund (as defined below) may rely on the requested order only to invest in the Funds and not in any other registered investment company.

² Applicants expect that the New Funds may rely on section 12(d)(1)(F) or (G) of the Act and, thus, would not be able to rely on the Fund of Funds Relief. Nonetheless, it is anticipated that certain Future Funds would rely on the requested Fund of Funds Relief.

beyond the limitations in section 12(d)(1)(B) (“Master-Feeder Relief”).

6. Each New Fund will attempt to achieve a specified investment objective utilizing an active management strategy, rather than attempting to replicate the performance of an index. It is currently anticipated that the investment strategies of the New Funds will be similar to existing “target date” mutual funds, and the New Funds will seek to achieve their investment objectives by investing in ETFs and other exchange traded products that are not registered under the Act, which may or may not be sponsored or advised by the Adviser or one of its affiliates (“Underlying ETPs”). The New Funds may invest in Underlying ETPs either directly or through investment in a Master Fund.³ Each Fund, or its respective Master Fund, may invest in foreign and domestic equity securities, including depositary receipts (“Depositary Receipts”) and shares of other investment companies, and in foreign and domestic fixed income securities, including TBA transactions, as described herein. Neither the New Funds nor any Future Fund (or its respective Master Fund, if any) will invest in options contracts, futures contracts or swap agreements.

7. It is currently anticipated that each New Fund will invest in a Master Fund with a portfolio of Underlying ETPs instead of directly holding Underlying ETP shares. Applicants have designed this master-feeder structure because it is anticipated that, in addition to the New Funds, other feeder funds will be created in the future and hold shares of each respective Master Fund. Such other feeder funds could be traditional mutual funds, the shares of which would be individually redeemable, other exchange-traded funds, or other pooled investment vehicles. Any traditional mutual fund feeder funds would also be series of a separate and distinct registered investment company.⁴

8. The Future Funds may invest, either directly or through a Master Fund, in equity securities (“Equity Funds”) or fixed income securities (“Fixed Income Funds”) traded in the U.S. or non-U.S. markets. Funds that invest, either directly or through a Master Fund, in foreign equity and/or fixed income securities are “Foreign Funds.” Funds that invest, either directly or through a Master Fund, in

³ Each Underlying ETP will trade on a Stock Exchange (as defined below) and will calculate its net asset value per share (“NAV”) each day.

⁴ There would be no ability to exchange Shares of the New Funds for shares of any other feeder fund.

foreign and domestic equity securities are “Global Equity Funds.” Funds that invest in foreign and domestic fixed income securities, either directly or through a Master Fund, are “Global Fixed Income Funds” (and together with the “Global Equity Funds, “Global Funds”). The term “Domestic Funds” includes any Equity Fund or Fixed Income Fund that invests, either directly or through a Master Fund, in domestic equity and/or fixed income securities.

9. Applicants anticipate that many, if not all of the Foreign Funds will invest a significant portion of their assets in Depositary Receipts representing foreign securities in which they seek to invest, including American Depository Receipts (“ADRs”) and Global Depository Receipts (“GDRs”). Depositary Receipts are typically issued by a financial institution (“Depository”) and evidence ownership interests in a security or a pool of securities (“Underlying Securities”) that have been deposited with the Depository.⁵ A Fund will not invest in any Depositary Receipts that the Adviser or Sub-Adviser deems to be illiquid or for which pricing information is not readily available.

10. Shares of each Fund will be purchased from the Trusts only in Creation Units. Creation Units will be separable upon issue into individual Shares, which will be listed and traded at negotiated prices on a national securities exchange as defined in section 2(a)(26) of the Act (“Stock Exchange”). The Funds will issue Shares in Creation Units of at least 50,000 Shares. Orders to purchase Creation Units may be placed by or through an “Authorized Participant,” which is either (i) a broker-dealer or other participant in the continuous net settlement system of the National Securities Clearing Corporation, a clearing agency registered with the Commission, or (ii) a participant in the Depository Trust Company (“DTC”), which in either case has executed an agreement with the Trust and the Distributor with respect to creations and

⁵ With respect to ADRs, the Depository is typically a U.S. financial institution and the Underlying Securities are issued by a foreign issuer. The ADR is registered under the Securities Act of 1933 (“Securities Act”) on Form F-6. ADR trades occur either on a Stock Exchange (as defined below) or off-exchange. FINRA Rule 6620 requires all off-exchange transactions in ADRs to be reported within 90 seconds and ADR trade reports to be disseminated on a real-time basis. With respect to GDRs, the Depository may be a foreign or a U.S. entity, and the Underlying Securities may have a foreign or a U.S. issuer. All GDRs are sponsored and trade on a foreign exchange. No affiliated persons of applicants or any Sub-Adviser will serve as the depositary bank for any Depositary Receipts held by a Fund.

redemptions of Creation Units (“Participant Agreement”). Shares of each New Fund will be purchased in Creation Units in exchange for an in-kind deposit by the purchaser of a particular portfolio of securities (“Deposit Securities”) designated by the Adviser, together with the deposit of a specified cash payment (“Cash Component,” collectively with the Deposit Securities, “Fund Deposit”). The Cash Component is an amount equal to the difference between the NAV of a Creation Unit and the total aggregate market value per Creation Unit of the Deposit Securities.⁶ A Fund may also permit, under certain circumstances, an in-kind purchaser to substitute cash in lieu of depositing some or all of the Deposit Securities.

11. Each Fund may impose a purchase or redemption transaction fee (“Transaction Fee”) to protect existing shareholders from the dilutive costs associated with the purchase or redemption of Creation Units.⁷ The Distributor will deliver a confirmation and prospectus (“Prospectus”) to the purchaser.

12. Purchasers of Shares in Creation Units may hold such Shares or may sell such Shares into the secondary market. Shares will be listed on the Stock Exchange and traded in the secondary market in the same manner as other equity securities. One or more Market Makers (as defined below) will be assigned to make continuous markets in Shares. The price of Shares trading on a Stock Exchange will be based on a current bid/offer market. Transactions involving the sale of Shares on a Stock Exchange will be subject to customary brokerage commissions and charges.

13. Applicants expect that purchasers of Creation Units will include arbitrageurs and the lead market makers (“LMMs”) and/or designated liquidity providers (together with LMMs, “Market Makers”). Applicants expect that secondary market purchasers of Shares

⁶ On each day that a Fund is open, including as required by section 22(e) of the Act (“Business Day”), the Adviser will make available prior to the opening of trading on the Stock Exchange a list of the names and the required number of shares of each Deposit Security to be included in the Fund Deposit for each Fund, along with the prior day’s Cash Component. The Stock Exchange will disseminate, every 15 seconds during its regular trading hours, through the facilities of the Consolidated Tape Association, the estimated NAV of the Funds, which is an amount per Share representing the sum of the estimated Cash Component effective through and including the previous Business Day, plus the current value of the Deposit Securities, on a per Share basis.

⁷ Where a Fund permits a purchaser to substitute cash in lieu of depositing a portion of the requisite Deposit Securities, the purchaser may be assessed a higher Transaction Fee to offset the cost to the Fund of purchasing such Deposit Securities.

will include both institutional and retail investors.⁸ Applicants state that arbitrage opportunities created by the ability to continually purchase or redeem Creation Units at their NAV should ensure that the Shares will not trade at a material discount or premium in relation to their NAV.

14. Beneficial owners of Shares may sell their Shares in the secondary market, but must accumulate enough Shares to constitute a Creation Unit in order to redeem through a Fund. Creation Units will be redeemed in exchange for a portfolio of securities (“Redemption Securities”) and specified cash amount⁹ as published in the redemption basket. While Shares generally will be redeemed in Creation Units in exchange for Redemption Securities, each Fund will have the right to make redemption payments in cash, in kind or a combination of each, provided the value of its redemption payments equals the NAV.¹⁰ To the extent that the Redemption Securities have a value greater than the NAV of the Shares being redeemed, a cash payment equal to the differential will be paid by the redeeming shareholder to the Trust. Redemption of Shares in Creation Units will be subject to a Transaction Fee.

15. Applicants state that each Fund must comply with the federal securities laws in accepting Deposit Securities and satisfying redemptions with Redemption Securities, including that the Redemption Securities are sold in transactions that would be exempt from registration under the Securities Act.¹¹ The Deposit Securities and Redemption Securities will consist of a pro rata

⁸ Shares will be registered in book-entry form only. DTC or its nominee will be the registered owner of all outstanding Shares. Beneficial ownership of Shares will be shown on the records of DTC or DTC participants (“DTC Participants”).

⁹ In the case of a Fund that is part of a master-feeder structure, the Fund will redeem shares from the appropriate master portfolio and then deliver to the redeeming shareholder a portfolio of Redemption Securities and specified cash amount as published in the redemption basket.

¹⁰ The Funds may substitute a cash-in-lieu amount to replace any Deposit Security or Redemption Security that is a to-be-announced transaction (“TBA Transaction”). A TBA Transaction is a method of trading mortgage-backed securities. In a TBA Transaction, the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount and price. The actual pools delivered generally are determined two days prior to the settlement date. The amount of substituted cash in the case of TBA Transactions will be equivalent to the value of the TBA Transaction listed as a Deposit Security or Redemption Security.

¹¹ In accepting Deposit Securities and satisfying redemptions with Redemption Securities that are restricted securities eligible for resale pursuant to rule 144A under the Securities Act, each Fund will comply with the conditions of rule 144A, including in satisfying redemptions with such rule 144A eligible restricted Redemption Securities.

basket of the portfolio securities held by a Fund (“Fund Securities”), except for certain minor differences that may exist for certain Fixed Income Funds because it is impossible to break up bonds beyond certain minimum sizes needed for transfer and settlement.

16. Neither the Trust nor any Fund will be advertised or marketed or otherwise held out as a traditional open-end investment company or a mutual fund. Instead, each Fund will be marketed as an “actively-managed exchange-traded fund.”¹² All marketing materials that describe the features or method of obtaining, buying or selling Creation Units, or Shares traded on the Stock Exchange, or refer to redeemability, will prominently disclose that Shares are not individually redeemable shares and will disclose that the owners of Shares may acquire those Shares from the Fund, or tender those Shares for redemption to the Fund in Creation Units only. The same approach will be followed in connection with shareholder reports and investor educational materials issued or circulated in connection with the Shares. The Funds will provide copies of its semi-annual and annual shareholder reports to DTC Participants for distribution to beneficial owners of Shares.

17. The Trust will maintain a Web site that will include each Fund’s Prospectus and other information about each Fund that is updated on a daily basis, including the prior Business Day’s NAV, closing market price, reported midpoint of “bid and ask” at the time of calculation of such NAV (“Bid/Ask Price”), and a calculation of the premium or discount of such price against such NAV. Prior to the opening of the Stock Exchange on each Business Day, a Trust will disclose on its Web site the identities and quantities of the securities and other assets held by each Fund, or its respective Master Fund,¹³

¹² As noted above, the Funds may operate in a master-feeder structure. Under such circumstances, the Funds would operate, and would be marketed, as ETFs. The respective Master Funds would operate as mutual funds, but would not be publicly offered or marketed. Applicants do not believe the master-feeder structure would be confusing to investors because any additional feeder fund that is a traditional mutual fund or other pooled investment vehicle would be marketed separately. Applicants state that they will take steps to ensure that investors will understand the differences between the Funds and any feeder funds.

¹³ For Funds that are part of a master-feeder structure, the Fund will disclose information about the securities and other assets held by the Master Fund.

that will form the basis of each Fund's NAV at the end of such Business Day.¹⁴

Applicants' Legal Analysis:

1. Applicants request an order under section 6(c) of the Act for an exemption from sections 2(a)(32), 5(a)(1), 22(d) and 22(e) of the Act and rule 22c-1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(2) of the Act, and under section 12(d)(1)(J) of the Act for an exemption from sections 12(d)(1)(A) and 12(d)(1)(B) of the Act.

2. Section 6(c) of the Act provides that the Commission may exempt any person, security or transaction, or any class of persons, securities or transactions, from any provision of the Act, if and to the extent that 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. Section 17(b) of the Act authorizes the Commission to exempt a proposed transaction from section 17(a) of the Act if evidence establishes that the terms of the transaction, 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 the proposed transaction is consistent with the policies of the registered investment company and the general provisions of the Act. 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.

Sections 5(a)(1) and 2(a)(32) of the Act

3. Section 5(a)(1) of the Act defines an "open-end company" as a management investment company that is offering for sale or has outstanding any redeemable security of which it is the issuer. Section 2(a)(32) of the Act defines a redeemable security as any security, other than short-term paper, under the terms of which the holder, upon its presentation to the issuer, is entitled to receive approximately a proportionate share of the issuer's current net assets, or the cash equivalent. Because Shares will not be individually redeemable, applicants request an order to permit the Trust to register as an open-end

management investment company and redeem Shares in Creation Units only.¹⁵ Applicants state that investors may purchase Shares in Creation Units and redeem Creation Units from each Fund. Applicants further state that because the market price of Creation Units will be disciplined by arbitrage opportunities, investors should be able to sell Shares in the secondary market at prices that do vary substantially from their NAV.

Section 22(d) of the Act and Rule 22c-1 Under the Act

4. Section 22(d) of the Act, among other things, prohibits a dealer from selling a redeemable security, which is currently being offered to the public by or through a principal underwriter, except at a current public offering price described in the prospectus. Rule 22c-1 under the Act generally requires that a dealer selling, redeeming, or repurchasing a redeemable security do so only at a price based on its NAV. Applicants state that secondary market trading in Shares will take place at negotiated prices, rather than at the current offering price described in the Prospectus, and not at a price based on NAV. Thus, purchases and sales of Shares in the secondary market will not comply with section 22(d) of the Act and rule 22c-1 under the Act.

Applicants request an exemption under section 6(c) from these provisions.

5. Applicants assert that the concerns sought to be addressed by section 22(d) of the Act and rule 22c-1 under the Act with respect to pricing are equally satisfied by the proposed method of pricing Shares. Applicants maintain that while there is little legislative history regarding section 22(d), its provisions, as well as those of rule 22c-1, appear to have been designed to (a) Prevent dilution caused by certain riskless-trading schemes by principal underwriters and contract dealers, (b) prevent unjust discrimination or preferential treatment among buyers resulting from sales at different prices, and (c) assure an orderly distribution of investment company shares by eliminating price competition from Brokers offering shares at less than the published sales price and repurchasing shares at more than the published redemption price.

6. Applicants believe that none of these purposes will be thwarted by permitting Shares to trade in the secondary market at negotiated prices. Applicants state that (a) secondary

market trading in Shares would not cause dilution of an investment in Shares because such transactions do not involve the Funds as parties, and (b) to the extent different prices exist during a given trading day, or from day to day, such variances occur as a result of third-party market forces, such as supply and demand. Therefore, applicants assert that secondary market transactions in Shares will not lead to discrimination or preferential treatment among purchasers. Finally, applicants contend that the proposed distribution system will be orderly because arbitrage activity should ensure that the difference between NAV and the market price of Shares remains low.

Section 22(e)

7. Section 22(e) of the Act generally prohibits a registered investment company from suspending the right of redemption or postponing the date of payment of redemption proceeds for more than seven days after the tender of a security for redemption. Applicants observe that the settlement of redemptions of Creation Units of the Foreign Funds is contingent not only on the settlement cycle of the U.S. securities markets but also on the delivery cycles present in foreign markets in which Foreign Funds, or their respective Master Funds, may invest. Applicants have been advised that, under certain circumstances, the delivery cycles for transferring Redemption Securities to redeeming investors, coupled with local market holiday schedules, will require a delivery process of up to 14 calendar days. Applicants therefore request relief from section 22(e) in order to provide payment or satisfaction of redemptions within the maximum number of calendar days required for such payment or satisfaction in the principal local markets where transactions in the Fund Securities of each Foreign Fund, and any respective Master Fund, customarily clear and settle, but in all cases no later than 14 days following the tender of a Creation Unit.¹⁶

8. Applicants submit that Congress adopted section 22(e) to prevent unreasonable, undisclosed or unforeseen delays in the actual payment of redemption proceeds. Applicants state that allowing in-kind redemption payments for Creation Units of a Foreign Fund, and any respective Master Fund, to be made within the number of days

¹⁴ Under accounting procedures followed by the Funds, trades made on the prior Business Day ("T") will be booked and reflected in NAV on the current Business Day ("T+1"). Accordingly, the Funds will be able to disclose at the beginning of the Business Day the portfolio that will form the basis for the NAV calculation at the end of the Business Day.

¹⁵ The Master Funds will not require relief from sections 2(a)(32) and 5(a)(1) because the Master Funds will issue individually redeemable securities.

¹⁶ Applicants acknowledge that no relief obtained from the requirements of section 22(e) will affect any obligations that applicants may otherwise have under rule 15c6-1 under the Exchange Act. Rule 15c6-1 requires that most securities transactions be settled within three business days of the trade date.

indicated above would not be inconsistent with the spirit and intent of section 22(e). Applicants state that each Foreign Fund's SAI will disclose those local holidays (over the period of at least one year following the date of the SAI), if any, that are expected to prevent the delivery of in-kind redemption proceeds in seven calendar days and the maximum number of days needed to deliver the proceeds for each affected Foreign Fund. Applicants are not seeking relief from section 22(e) with respect to Foreign Funds effecting redemptions on a cash basis.

9. If using a master-feeder structure, applicants will operate in substantially the same manner. In the case of an in-kind redemption from a Fund, the Fund would make a corresponding redemption from the Master Fund. Applicants do not believe the master-feeder structure would have any impact on the delivery cycle.

Section 12(d)(1)

10. 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.

11. Applicants request relief to permit Purchasing Management Companies and Purchasing Trusts registered under the Act that are not sponsored or advised by the Adviser or any entity controlling, controlled by, or under common control with the Adviser and are not part of the same "group of investment companies," as defined in section 12(d)(1)(G)(ii) of the Act, as the Trusts, to acquire Shares of a Fund beyond the limits of section 12(d)(1)(A) of the Act. Applicants also seek an exemption to permit the Funds and/or a Broker to sell Shares to Purchasing Funds beyond the limits of section 12(d)(1)(B). Pursuant to the terms and conditions of the requested order, each Purchasing Fund will enter

into a FOF Participation Agreement (as defined below) with the relevant Fund.

12. 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 or exempt from registration under the Advisers Act. Each Purchasing Trust will have a sponsor ("Sponsor").

13. 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.

14. Applicants submit that their proposed conditions address any concerns regarding the potential for undue influence. A Purchasing Fund or Purchasing Fund Affiliate¹⁷ will not cause an investment in a Fund to influence the terms of services or transactions between a Purchasing Fund or a Purchasing Fund Affiliate and the Fund or Fund Affiliate.¹⁸ A Purchasing Fund's Advisory Group or a Purchasing Fund's Sub-Advisory Group will not control a Fund within the meaning of section 2(a)(9) of the Act. A "Purchasing Fund's Advisory Group" is the Purchasing Fund Adviser, or Sponsor, any person controlling, controlled by or under common control with the Purchasing Fund Adviser or Sponsor, 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, that is advised or sponsored by the Purchasing Fund Adviser, the Sponsor, or any person controlling, controlled by or under common control with the Purchasing Fund Adviser or Sponsor. A "Purchasing Fund's Sub-Advisory Group" is any Purchasing Fund Sub-Adviser, any person controlling, controlled by, or under common control

with the Purchasing Fund Sub-Adviser, 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 Sub-Adviser or any person controlling, controlled by or under common control with the Purchasing Fund Sub-Adviser.

15. Applicants also propose a condition to ensure that no Purchasing Fund or Purchasing Fund Affiliate will cause a Fund to purchase a security from an Affiliated Underwriting. An "Affiliated Underwriting" is an offering of securities during the existence of an underwriting or selling syndicate of which a principal underwriter is an Underwriting Affiliate. An "Underwriting Affiliate" is a principal underwriter in any underwriting or selling syndicate that is an officer, director, member of an advisory board, Purchasing Fund Adviser, Purchasing Fund Sub-Adviser, employee or 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 Sponsor is an affiliated person, except any person whose relationship to the Fund is covered by section 10(f) of the Act is not an Underwriting Affiliate.

16. Applicants propose several conditions to address the potential for layering of fees. Applicants note that the board of directors or trustees of a Purchasing Management Company, including a majority of the directors or trustees who are not "interested persons" within the meaning of section 2(a)(19) of the Act ("disinterested directors or trustees"), will be required to find that the advisory fees charged under the contract are based on services provided that will be in addition to, rather than duplicative of, services provided under the advisory contract of any Fund in which the Purchasing Management Company may invest. Applicants 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 NASD Conduct Rule 2830.¹⁹

17. Applicants submit that the proposed arrangement will not create an overly complex fund structure. Applicants note that a Fund (and its respective Master Fund) will be prohibited from acquiring securities of

¹⁷ A "Purchasing Fund Affiliate" is defined as the Purchasing Fund Adviser, Purchasing Fund Sub-Adviser, Sponsor, promoter and principal underwriter of a Purchasing Fund and any person controlling, controlled by or under common control with any of these entities.

¹⁸ A "Fund Affiliate" is defined as an investment adviser, promoter or principal underwriter of a Fund, or its respective Master Fund, and any person controlling, controlled by or under common control with any of these entities.

¹⁹ Any references to NASD Conduct Rule 2830 include any successor or replacement rule that may be adopted by the Financial Industry Regulatory Authority.

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, except to the extent that (i) the Fund (or its respective Master Fund) acquires securities of another investment company pursuant to certain exemptive relief from the Commission, or (ii) the Fund acquires shares of its respective Master Fund.

18. To ensure that a Purchasing Fund is aware of the terms and conditions of the requested order, the Purchasing Fund must enter into an agreement with the respective Fund ("FOF Participation Agreement"). The FOF Participation Agreement will include an acknowledgment from the Purchasing Fund that it may rely on the order only to invest in the Funds (or other series of the Trusts) and not in any other investment company.

19. Applicants also are seeking relief from sections 12(d)(1)(A) and (B) of the Act to permit the Funds to perform creations and redemptions of Shares in-kind in a master-feeder structure. Applicants assert that this structure is substantially identical to traditional master-feeder structures permitted pursuant to the exception provided in section 12(d)(1)(E) of the Act. Section 12(d)(1)(E) provides that the percentage limitations of sections 12(d)(1)(A) and (B) will not apply to a security issued by an investment company (in this case, the shares of the applicable master portfolio) if, among other things, that security is the only investment security held by the Fund. Applicants believe the proposed master-feeder structure complies with section 12(d)(1)(E) because each Fund will hold only investment securities issued by its corresponding Master Fund; however, the Funds may receive securities other than securities of its corresponding Master Fund if a Fund accepts an in-kind creation. To the extent that a Fund may be deemed to be holding both shares of the master portfolio and other securities, applicants request relief from sections 12(d)(1)(A) and (B). The Funds would operate in compliance with all other provisions of section 12(d)(1)(E).

Sections 17(a)(1) and (2) of the Act

20. Sections 17(a)(1) and (2) of the Act generally prohibit an affiliated person of a registered investment company, or an affiliated person of such a person ("second tier affiliate"), from selling any security to or purchasing any security from the company. Section 2(a)(3) of the Act defines "affiliated person" to include any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the

outstanding voting securities of the other person and any person directly or indirectly controlling, controlled by, or under common control with, the other person. Section 2(a)(9) of the Act provides that a control relationship will be presumed where one person owns more than 25% of another person's voting securities. The 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 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").

21. Applicants request an exemption from section 17(a) under sections 6(c) and 17(b) to permit in-kind purchases and redemptions by persons that are affiliated persons or second tier affiliates of the Funds solely by virtue of one or more of the following: (i) Holding 5% or more, or more than 25%, of the Shares of the Trust or one or more Funds; (ii) an affiliation with a person with an ownership interest described in (i); or (iii) holding 5% or more, or more than 25%, of the shares of one or more Affiliated Funds. Applicants also request an exemption in order to permit each Fund to sell Shares to and redeem Shares from, and engage in the in-kind transactions that would accompany such sales and redemptions with, any Purchasing Fund of which the Fund is an affiliated person or a second tier affiliate.²⁰

22. Applicants contend that no useful purpose would be served by prohibiting the affiliated persons described above from making in-kind purchases or in-kind redemptions of Shares of a Fund in Creation Units. The value of a Fund Deposit made by a purchaser or Redemption Securities and corresponding Cash Component given to a redeeming investor will be the same regardless of the investor's identity, and will be valued under the same objective standards applied to valuing the Fund Securities. The method of valuing Fund Securities held by a Fund is the same as that used for calculating in-kind purchase or redemption values. Therefore, applicants state that the in-kind purchases and redemptions will afford no opportunity for the specified affiliated persons of a Fund to effect a transaction detrimental to other holders

²⁰ Applicants state that although they believe that a Purchasing Fund generally will purchase Shares in the secondary market, a Purchasing Fund might seek to transact in Creation Units directly with a Fund.

of Shares. Applicants do not believe that in-kind purchases and redemptions will result in abusive self-dealing or overreaching of the Fund.

23. Applicants also submit that the sale of Shares to and redemption of Shares from a Purchasing Fund satisfies the standards for relief under sections 17(b) and 6(c) of the Act. Any consideration paid for the purchase or redemption of Shares directly from a Fund will be based on the NAV of the Fund.²¹ The FOF Participation Agreement will require any Purchasing Fund that purchases Shares directly from a Fund to represent that its purchases are permitted under its investment restrictions and consistent with the investment policies described in its registration statement.

24. To the extent that a Fund operates in a master-feeder structure, applicants also request relief permitting the Funds to engage in in-kind creations and redemptions with the applicable master portfolio. Applicants state that the customary section 17(a)(1) and 17(a)(2) relief would not be sufficient to permit such transactions because the Funds and the applicable master portfolio could also be affiliated by virtue of having the same investment adviser. However, applicants believe that in-kind creations and redemptions between a Fund and a master portfolio advised by the same investment adviser do not involve "overreaching" by an affiliated person. Such transactions will occur only at the Fund's proportionate share of the master portfolio's net assets, and the distributed securities will be valued in the same manner as they are valued for the purposes of calculating the applicable master portfolio's NAV. Further, all such transactions will be effected with respect to pre-determined securities and on the same terms with respect to all investors. Finally, such transactions would only occur as a result of, and to effectuate, a creation or redemption transaction between the Fund and a third-party investor. Applicants believe that the terms of the proposed transactions are reasonable and fair and do not involve overreaching on the part of any person concerned and that the transactions are consistent with the general purposes of the Act.

Applicants' Conditions:

²¹ Applicants acknowledge that the receipt of compensation by (a) an affiliated person of a Purchasing Fund, or an affiliated person of such person, for the purchase by the Purchasing Fund of Shares or (b) an affiliated person of a Fund, or an affiliated person of such person, for the sale by the Fund of its Shares to a Purchasing Fund, may be prohibited by section 17(e)(1) of the Act. The FOF Participation Agreement also will include this acknowledgment.

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

ETF Relief

1. As long as the Funds operate in reliance on the requested order, the Shares of the Funds will be listed on a Stock Exchange.
2. Neither the Trust nor any Fund will be advertised or marketed as an open-end investment company or a mutual fund. Any advertising material that describes the purchase or sale of Creation Units or refers to redeemability will prominently disclose that the Shares are not individually redeemable and that owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Units only.

3. The Web site for the Funds, which is and will be publicly accessible at no charge, will contain, on a per Share basis for each Fund the prior Business Day's NAV and the market closing price or Bid/Ask Price of the Shares, and a calculation of the premium or discount of the market closing price or Bid/Ask Price of the Shares against such NAV.

4. On each Business Day, before commencement of trading in Shares on the Stock Exchange, the Fund (or its respective Master Fund) will disclose on its Web site the identities and quantities of the Fund Securities and other assets held by each Fund that will form the basis for each Fund's calculation of NAV at the end of such Business Day.

5. The Adviser or Sub-Adviser, directly or indirectly, will not cause any Authorized Participant (or any investor on whose behalf an Authorized Participant may transact with the Fund) to acquire any Deposit Security for the Fund through a transaction in which the Fund could not engage directly.

6. The requested relief, other than the section 12(d)(1) relief and the section 17 relief related to a master-feeder structure, will expire on the effective date of any Commission rule under the Act that provides relief permitting the operation of actively-managed exchange-traded funds.

Fund of Funds Relief

7. The members of the Purchasing Fund's Advisory Group will not control (individually or in the aggregate) a Fund (or its respective Master Fund) within the meaning of section 2(a)(9) of the Act. The members of the Purchasing Fund's Sub-Advisory Group will not control (individually or in the aggregate) a Fund (or its respective Master Fund) within the meaning of section 2(a)(9) of the Act. If, as a result of a decrease in the

outstanding voting securities of a 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 voting securities of a Fund, it will vote its Shares of the Fund in the same proportion as the vote of all other holders of the Fund's Shares. This condition does not apply to the Purchasing Fund's Sub-Advisory Group with respect to a Fund (or its respective Master 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.

8. No Purchasing Fund or Purchasing Fund Affiliate will cause any existing or potential investment by the Purchasing Fund in a Fund to influence the terms of any services or transactions between the Purchasing Fund or a Purchasing Fund Affiliate and the Fund (or its respective Master Fund) or a Fund Affiliate.

9. 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 assure 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 a Fund (or its respective Master Fund) or a Fund Affiliate in connection with any services or transactions.

10. Once an investment by a Purchasing Fund in the securities of a Fund exceeds the limit in section 12(d)(1)(A)(i) of the Act, the board of trustees of a Fund ("Board") (or of its respective Master Fund), including a majority of the disinterested Board members, will determine that any consideration paid by the Fund (or its respective Master 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 Fund (or its respective Master Fund); (ii) is within the range of consideration that the Fund (or its respective Master 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 a Fund (or its respective Master Fund) and its investment adviser(s), or any person controlling, controlled by or under common control with such investment adviser(s).

11. The Purchasing Fund Adviser, or trustee ("Trustee") or Sponsor, as applicable, will waive fees otherwise payable to it by the Purchasing Fund in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by a Fund (or its respective Master Fund) under rule 12b-1 under the Act) received from a Fund (or its respective Master Fund) by the Purchasing Fund Adviser, or Trustee or Sponsor, or an affiliated person of the Purchasing Fund Adviser, or Trustee or Sponsor, other than any advisory fees paid to the Purchasing Fund Adviser, or Trustee, or Sponsor, or its affiliated person by the Fund (or its respective Master Fund), in connection with the investment by the Purchasing Fund in the 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 a Fund (or its respective Master 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 Fund (or its respective Master Fund), in connection with any investment by the Purchasing Management Company in the 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.

12. No Purchasing Fund or Purchasing Fund Affiliate (except to the extent it is acting in its capacity as an investment adviser to a Fund (or its respective Master Fund)) will cause a Fund (or its respective Master Fund) to purchase a security in an Affiliated Underwriting.

13. The Board of the Fund (or of its respective Master Fund), including a majority of the disinterested Board members, will adopt procedures reasonably designed to monitor any purchases of securities by the Fund (or its respective Master Fund) in an Affiliated Underwriting, once an investment by a Purchasing Fund in the securities of the 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 Fund. The Board will consider, among other things: (i) Whether the purchases were consistent with the investment objectives and policies of the Fund (or its respective Master 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 Fund (or its respective Master 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, if appropriate, the institution of procedures designed to assure that purchases of securities in Affiliated Underwritings are in the best interest of shareholders.

14. Each Fund (or its respective Master 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 securities of the 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.

15. Before investing in a Fund in excess of the limit in section 12(d)(1)(A), a Purchasing Fund will execute a FOF Participation Agreement with the Fund stating that their respective boards of directors or trustees and their investment advisers, or trustee and Sponsor, 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 a Fund in excess of the limit in section 12(d)(1)(A)(i), a Purchasing Fund will notify the Fund of

the investment. At such time, the Purchasing Fund will also transmit to the Fund a list of the names of each Purchasing Fund Affiliate and Underwriting Affiliate. The Purchasing Fund will notify the Fund of any changes to the list of the names as soon as reasonably practicable after a change occurs. The Fund and the Purchasing Fund will maintain and preserve a copy of the order, the FOF Participation Agreement, and 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.

16. 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 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 Fund (or its respective Master 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.

17. 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 NASD Conduct Rule 2830.

18. No Fund (or its respective Master 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, except to the extent that (i) the Fund (or its respective Master Fund) acquires securities of another investment company pursuant to exemptive relief from the Commission permitting the Fund (or its respective Master Fund) to acquire securities of one or more investment companies for short-term cash management purposes, or (ii) the Fund acquires securities of the Master Fund pursuant to the Master-Feeder Relief.

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

Florence E. Harmon,

Deputy Secretary.

[FR Doc. 2010-29588 Filed 11-23-10; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63329; File No. SR-NYSEArca-2010-86]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change Relating to the Listing and Trading of Shares of the Peritus High Yield ETF

November 17, 2010.

I. Introduction

On September 23, 2010, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade shares ("Shares") of the Peritus High Yield ETF ("Fund"). The proposed rule change was published for comment in the **Federal Register** on October 13, 2010.³ The Commission received no comments on the proposal. This order grants approval of the proposed rule change.

II. Description of the Proposal

The Exchange proposes to list and trade the Shares pursuant to NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares.⁴ The Shares will be offered by AdvisorShares Trust ("Trust"), a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.⁵ The investment advisor to the Fund is AdvisorShares Investments, LLC ("Advisor"), and Peritus I Asset Management, LLC is the Fund's sub-advisor ("Peritus" or "Sub-Advisor").⁶

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 63041 (October 5, 2010), 75 FR 62905 ("Notice").

⁴ A Managed Fund Share is a security that, among other things, represents an interest in an investment company registered under the Investment Company Act of 1940 ("1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment advisor consistent with its investment objectives and policies. See NYSE Arca Equities Rule 8.600(c)(1).

⁵ The Trust is registered under the 1940 Act. On May 11, 2010, the Trust filed with the Commission Post-Effective Amendment No. 6 to Form N-1A relating to the Fund (File Nos. 333-157876 and 811-22110) ("Registration Statement").

⁶ The Exchange represents that the Advisor and Sub-Advisor are not affiliated with a broker-dealer. See Commentary .06 to NYSE Arca Equities Rule 8.600 (requiring that, if the investment adviser is affiliated with a broker-dealer, the investment adviser erect a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to the portfolio).