

(2) Any officer, director, employee or relative of such person, or partner of any such person; and

(3) Any corporation or partnership of which such person is an officer, director, partner or employee.

(c) The term "control" means the power to exercise a controlling influence over the management or policies of a person other than an individual.

(d) A "Client Plan" refers to an employee benefit plan as described in section 3(3) with respect to which Deutsche Bank AG acts as a trustee or custodian.

(e) A "Bank Plan" means a plan sponsored or maintained by:

(1) Deutsche Bank AG or any person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Deutsche Bank AG or;

(2) Any entity in which Deutsche Bank AG holds more than a ten percent equity interest.

(f) A "reasonable" rate of interest means a rate of interest determinable by reference to short-term rates available to other customers of the bank, those offered by other banks, those available from money market funds, those applicable to short-term instruments such as repurchase agreements, or by reference to a benchmark such as sovereign short term debt (e.g., in the U.S., treasury bills), all in the jurisdiction where the rate is being evaluated. The requirement that an interest rate be "reasonable" does not preclude the payment of no interest in situations where the deposit is with a branch or subsidiary of Deutsche Bank AG that acts as a local subcustodian and no interest is paid to similarly situated custody clients of the global custodian so long as, prior any investment in deposits that pays no interest, Deutsche Bank AG discloses to the appropriate Plan fiduciary that no interest may be paid with respect to an arrangement described above. Notwithstanding the foregoing, if local law is changed to preclude the payment of interest, and Deutsche Bank AG discloses such fact to the appropriate Plan fiduciary as soon as reasonably possible.

(g) An "independent fiduciary" means a fiduciary independent of Deutsche Bank AG and its affiliates who has the authority to make the investments described herein, or to instruct the trustee or other fiduciary with respect to such investments, and who has no interest in the transaction which may affect the exercise of such authorizing fiduciary's best judgment as a fiduciary so as to cause such

authorization to constitute an act described in section 406(b) of the Act.

Summary of Facts and Representations

1. Deutsche Bank AG (hereinafter, Deutsche Bank or the Applicant) is a German banking corporation and commercial bank that provides a wide range of services to various types of entities worldwide. Deutsche Bank is one of the largest financial institutions in the world in terms of assets held, managing over \$585 billion in assets either through collective trusts, separately, managed accounts, or mutual funds.

Deutsche Bank Trust Company Americas (DBTCA) ³ is a wholly-owned indirect subsidiary of Deutsche Bank. DBTCA is a commercial bank that provides a wide range of services to various types of entities worldwide.

2. In general terms, the transactions contained in this proposed exemption involve the investment of "idle" foreign currency in bank deposits, either directly or through a cash management program. In this regard, the Applicant states that, for various reasons, a portfolio manager may seek to hold foreign currency "idle" for short periods of time. For example, the Applicant states that an investment manager may hold "idle" the foreign currency a portfolio has received from the liquidation of foreign securities while determining how to reinvest such currency.

3. According to the Applicant, there are limited options with respect to the investment of "idle" foreign currency. In this regard, the Applicant states that most short-term investment vehicles are denominated in U.S. dollars. As a result, to invest foreign currency in such vehicles, an investment manager would have to convert the foreign currency to U.S. dollars (and, thereafter, convert the U.S. dollars back to foreign currency). Due to the costs associated with such conversion(s), the Applicant states, it is often not economically viable to invest "idle" foreign currency in most of the financial vehicles available for short-term investments.

Given this and for the reasons stated below, the Applicant states that investment managers and plan sponsors often seek to invest "idle" currency in bank deposits. In this regard, the Applicant represents that most global banks take deposits in many different foreign currencies. Accordingly, an investment manager may invest the currency of a particular foreign nation in the same-currency deposits of a bank without incurring the costs associated

with converting the currency from/to U.S. dollars.⁴ The Applicant additionally represents that an investment in bank deposits may be made for short periods of time, rendering such investments vehicles essential in foreign markets where collective investment funds are not available to invest short-term cash balances. Finally, the Applicant states that an investment in bank deposits provides a competitive rate of return on currency being held "idle" pending reinvestment, making such an investment attractive with respect to portfolios investing globally.

4. The Applicant states that the investment of "idle" foreign currency in bank deposits may be achieved either directly or through cash management programs. According to the Applicant, the arrangement by which foreign currency is invested often is determined by the amount of time an investment manager anticipates the assets being invested will remain in such an investment vehicle. In this regard, the Applicant represents that an investment manager who seeks to invest plan assets in bank deposits on a day-to-day basis will likely allow such assets to be "swept" into the bank deposits of the plan's global custodian through a cash management program. Pursuant to such a program, uninvested cash balances left with any subcustodian are placed on an overnight basis into the same currency deposits of the global custodian or the subcustodian (which may or may not be a branch or an affiliate of the global custodian).⁵

By comparison, the Applicant represents that to the extent an investment manager expects "idle" foreign currency will remain in bank deposits on a short-term basis of fixed duration (*i.e.*, 30 days, 60 days, etc.), the manager may choose to invest the currency directly in bank deposits. Unlike a cash management program, this method of investing in bank deposits involves an investment manager's affirmative act of investing in the deposits of a particular bank (upon taking into consideration, among other things, the interest rates and credit ratings of various banks).

5. The Applicant states that global custodians often provide cash

⁴ For example, when a portfolio that uses the EAFE index as a benchmark (and has assets invested primarily in Europe, Asia and the Far East) holds "idle" foreign currency, the portfolio will generally allow such assets to remain in a foreign currency until the next investment in that country sector occurs.

⁵ The Applicant notes, however, that in certain instances (*i.e.*, late trades) uninvested balances may have to remain with the subcustodian without being placed into the global custodian's deposits.

³ Formerly, Bankers Trust Company.