

NW, Washington, DC 20549-0609, facts bearing upon whether the application has been made in accordance with the rules of the BSE and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁵

Jonathan G. Katz,
Secretary.

[FR Doc. 03-5771 Filed 3-10-03; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25961; 812-12911]

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

March 4, 2003.

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 (the "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.

SUMMARY OF APPLICATION: Applicants request an order that would permit (a) series of an open-end management investment company, whose portfolios will consist of the component securities of certain domestic equity securities indexes, to issue shares of limited redeemability; (b) secondary market transactions in the shares of the series to occur at negotiated prices on the American Stock Exchange LLC ("AMEX") or other national securities exchange; (c) dealers to sell shares of the series of the Trust to purchasers in the secondary market unaccompanied by a prospectus, when prospectus delivery is not required by the Securities Act of 1933 (the "Securities Act"); and (d) affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of aggregations of the series' shares.

APPLICANTS: PowerShares Exchange-Traded Fund Trust; (the "Trust"), PowerShares Capital Management LLC (the "Adviser"), and ALPS Distributors, Inc. (the "Distributor").

FILING DATES: The application was filed on December 16, 2002, and amended on January 24, 2003. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

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 March 27, 2003, 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, Commission, 450 Fifth Street NW., Washington, DC 20549-0609. Applicants: Trust and Adviser, 855 West Prairie Avenue, Wheaton, IL 60187; Distributor, 1625 Broadway, Suite 2200, Denver, CO 80202.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Senior Counsel, at (202) 942-0634, or Michael W. Mundt, Senior Special Counsel, at (202) 942-0564 (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 for a fee at the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

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 intends to offer two series (each a "Fund," which term includes "Future Funds" as defined below). The Adviser is registered as an investment adviser under the Investment Advisers Act of 1940 and will serve as the investment adviser to each Fund. The Distributor, a broker-dealer registered under the Securities Exchange Act of 1934 (the "Exchange Act"), will serve as the

principal underwriter for each Index Fund. The Adviser may in the future retain one or more sub-advisers for managing one or more of the Funds for which it will act as the investment adviser.

2. Each Fund will invest in a portfolio of equity securities ("Portfolio Securities") generally consisting of the component securities of a specified domestic equity securities index (the "Underlying Indexes").¹ In the future, applicants may offer additional Funds based on other Underlying Indexes ("Future Funds"). Any Future Fund will (a) be advised by the Adviser or an entity controlled by or under common control with the Adviser and (b) comply with the terms and conditions of the order. No entity that creates, compiles, sponsors or maintains an Underlying Index is or will be an affiliated person, as defined in section 2(a)(3) of the Act, or an affiliated person of an affiliated person, of the Trust, the Adviser, any sub-adviser to a Fund, the Distributor, or a promoter of a Fund.

3. The investment objective of each Fund will be to provide investment results that generally correspond, before fees and expenses, to the total return of the relevant Underlying Index.² Intraday values of each Underlying Index will be disseminated every 15 seconds throughout the trading day. Each Fund will utilize as an investment approach either a replication strategy or a representative sampling strategy. An Index Fund using a replication strategy generally will hold most of the component securities of the Underlying Index in the same approximate proportions as the Underlying Index, but may not hold all of the securities that comprise the Underlying Index in certain instances. This may be the case when, for example, a potential component security is illiquid or when there are practical difficulties or substantial costs involved in holding every security in an Underlying Index. An Index Fund using a representative sampling strategy seeks to hold a representative sample of the component securities of the Underlying Index and will invest in some but not all of the component securities of its Underlying Index.³ Applicants anticipate that a

¹ Dynamic Market Portfolio Intellidex and Dynamic OTC Portfolio Intellidex are the Underlying Indexes for the initial Funds.

² A Fund will invest at least 90% of its assets in the component securities of its Underlying Index. A Fund may invest up to 10% of its assets in securities, options and futures not included in the Underlying Index but which the Adviser believes will help the Fund track the Underlying Index.

³ The stocks selected for inclusion in an Index Fund by the Advisor will have aggregate investment characteristics (based on market capitalization and

⁵ 17 CFR 200.30-3(a)(1).