

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

Jill M. Peterson

Assistant Secretary

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-27318; 812-13291]

Morgan Stanley and Co. Incorporated, et al.; Notice of Application and Temporary Order

May 15, 2006.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Temporary order and notice of application for a permanent order under section 9(c) of the Investment Company Act of 1940 ("Act").

SUMMARY OF APPLICATION: Applicants have received a temporary order exempting them and any other company of which Morgan Stanley & Co. Incorporated ("MS&Co.") is or in the future becomes an affiliated person ("Covered Persons") from section 9(a) of the Act with respect to an injunction entered against MS&Co. on May 12, 2006 by the U.S. District Court for the District of Columbia (the "Injunction"), until the Commission takes final action on an application for a permanent order. Applicants also have applied for a permanent order with respect to the Injunction.

APPLICANTS: MS&Co., Morgan Stanley AIP GP LP, Morgan Stanley Asset & Investment Trust Management Co., Limited, Morgan Stanley Investment Advisors Inc., Morgan Stanley Investment Management Company, Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Van Kampen Advisors Inc., and Van Kampen Asset Management (together, the "Advisers"); Morgan Stanley Distribution, Inc., Morgan Stanley Distributors Inc., and Van Kampen Funds Inc. (together, the "Underwriters"); Morgan Stanley Capital Partners III, Inc., Morgan Stanley Global Emerging Markets, Inc., Morgan Stanley Private Equity Asia, Inc., Morgan Stanley Venture Capital III, Inc., MSDW Capital Partners IV, Inc., MSDW OIP Investors, Inc., MSDW Real Estate Special Situations II Manager, L.L.C., MSDW Venture Partners IV, Inc., MSREF II, Inc., MSREF III, Inc., MSREF IV, L.L.C., MSREF V, L.L.C. and MSVP 2002, Inc. (together, "ESC Managers")

and, with the Advisers and Underwriters, the "Applicants").

FILING DATES: The application was filed on May 10, 2006. 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 June 9, 2006, 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, c/o Barry Fink, Esq., Morgan Stanley, 1221 Avenue of the Americas, 22nd Floor, New York, NY 10020.

FOR FURTHER INFORMATION CONTACT: John Yoder, Senior Counsel, at (202) 551-6878, 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 for a fee at the Public Reference Desk, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington DC 20549-0102, (telephone (202) 551-5850).

Applicants' Representations

1. Each Applicant is a direct or indirect subsidiary of Morgan Stanley, a Delaware corporation. Morgan Stanley is a publicly held global financial services company that, through its subsidiaries and affiliates, provides investment, financing, advisory, insurance, banking and related products and services. MS&Co., a Delaware corporation, is a global financial services firm and is registered as a broker-dealer under the Securities Exchange Act of 1934 (the "Exchange Act") and as an investment adviser under the Investment Advisers Act of 1940. MS&Co. serves as principal underwriter for, and the other Applicants serve as investment adviser,

subadviser, depositor or principal underwriter for, numerous registered investment companies ("Funds"). The ESC Managers serve as the general partner or investment adviser to certain employees' securities companies operating pursuant to Commission orders (included in the term "Funds").¹

2. On May 12, 2006, the U.S. District Court for the District of Columbia entered the Injunction against MS&Co. in a matter brought by the Commission.² The Commission alleged in the complaint ("Complaint") that MS&Co. violated section 17(b) of the Exchange Act and rule 17a-4(j) thereunder of the Exchange Act by failing to produce e-mails to the Commission staff pursuant to Commission subpoenas and requests in the Commission's investigation into MS&Co.'s practices in allocating shares of stock in initial public offerings and an investigation into conflicts of interest between the firm's research and investment banking practices. Without admitting or denying any of the allegations in the Complaint, except as to jurisdiction, MS&Co. consented to the entry of the Injunction as well as the payment of a civil penalty of \$15 million.³

Applicants' Legal Analysis

1. Section 9(a)(2) of the Act, in relevant part, prohibits a person who has been enjoined from engaging in or continuing any conduct or practice in connection with the purchase or sale of a security from acting, among other things, as an investment adviser or depositor of any registered investment company or a principal underwriter for any registered open-end investment company, registered unit investment trust or registered face-amount certificate company. Section 9(a)(3) of the Act makes the prohibition in section 9(a)(2) applicable to a company, any affiliated person of which has been disqualified under the provisions of section 9(a)(2). Section 2(a)(3) of the Act defines "affiliated person" to include any person directly or indirectly controlling, controlled by, or under common control with, the other person.

¹ Morgan Stanley Capital Investors, L.P., Investment Company Act Release Nos. 24340 (Mar. 17, 2000) (notice) and 24389 (Apr. 12, 2000) (order); Morgan Stanley Venture Investors, L.P., Investment Company Act Release Nos. 20206 (Apr. 8, 1994) (notice) and 20276 (May 4, 1994) (order).

² *U.S. Securities and Exchange Commission v. Morgan Stanley & Co. Incorporated*, Final Judgment Against Morgan Stanley & Co. Incorporated, 06-CV-00882 (RCL) (D.D.C., filed May 12, 2006).

³ The civil penalty would be reduced by any amounts up to \$5,000,000 paid by MS&Co. pursuant to its agreements with NASD and the New York Stock Exchange to pay a total of \$5,000,000 in penalties in related proceedings.

Applicants state that MS&Co. is an affiliated person of each of the other Applicants within the meaning of section 2(a)(3) of the Act. Applicants state that, as a result of the Injunction, they would be subject to the prohibitions of section 9(a).

2. Section 9(c) of the Act provides that the Commission shall grant an application for exemption from the disqualification provisions of section 9(a) if it is established that these provisions, as applied to the applicants, are unduly or disproportionately severe or that the applicants' conduct has been such as not to make it against the public interest or the protection of investors to grant the application. Applicants have filed an application pursuant to section 9(c) seeking a temporary and permanent order exempting them from the disqualification provisions of section 9(a) of the Act.

3. Applicants believe they meet the standards for exemption specified in section 9(c). Applicants state that the prohibitions of section 9(a) as applied to them would be unduly and disproportionately severe and that the conduct of Applicants has been such as not to make it against the public interest or the protection of investors to grant the exemption from section 9(a).

4. Applicants state that none of the persons who had any involvement in the conduct underlying the Injunction are current or former officers, directors or employees of the Covered Persons engaged in the provision of investment advisory, underwriting or depositor services to the Funds. Applicants further state that the alleged conduct underlying the Injunction did not involve any Funds.

5. Applicants state that the inability to continue providing advisory services to the Funds and the inability to continue serving as principal underwriter or depositor to the Funds would result in potentially severe hardships for the Funds and their shareholders. Applicants also state that they will distribute as soon as is reasonably practical written materials, including an offer to meet in person to discuss the materials, to the boards of directors or trustees of the Funds (the "Boards"), including the directors or trustees who are not "interested persons," as defined in section 2(a)(19) of the Act, of the Funds and their independent legal counsel, as defined in rule 0-1(a)(6) under the Act, if any, regarding the Injunction, any impact on the Funds, and this application.⁴ Applicants will

provide the Boards with all information concerning the Injunction and this application that is necessary for the Funds to fulfill their disclosure and other obligations under the federal securities laws.

6. Applicants also assert that, if they were barred from providing services to the Funds, the effect on their businesses and employees would be severe. Applicants state that they have committed substantial resources over more than thirty years to establish an expertise in advising and underwriting Funds. Applicants recently applied for and received an exemption pursuant to section 9(c) of the Act for conduct relating to certain practices in allocating shares of stock in initial public offerings.⁵ Applicants also applied for an exemption for conduct relating to certain research analysts' conflicts of interest.⁶ In addition, Dean Witter Reynolds Inc., the predecessor of Morgan Stanley DW Inc., previously sought and received an exemption under section 9(c) of the Act.⁷

Applicants' Condition

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

Any temporary exemption granted pursuant to the application shall be without prejudice to, and shall not limit the Commission's rights in any manner with respect to, any Commission investigation of, or administrative proceedings involving or against, Covered Persons, including without limitation, the consideration by the Commission of a permanent exemption from section 9(a) of the Act requested pursuant to the application or the revocation or removal of any temporary exemptions granted under the Act in connection with the application.

Temporary Order

The Commission has considered the matter and finds that Applicants have made the necessary showing to justify granting a temporary exemption.

Accordingly, *it is hereby ordered*, pursuant to section 9(c) of the Act, that

concerning the Injunction, any impact on the UITs, and the application, and will provide any other related information that may be requested by the trustee.

⁵ Morgan Stanley AIP GP LP, Investment Company Act Release Nos. 26749 (Feb. 4, 2005) (notice and temporary order) and 26779 (Mar. 2, 2005) (permanent order).

⁶ Morgan Stanley Investment Advisers Inc., Investment Company Act Release Nos. 26236 (Oct. 31, 2003) (notice and temporary order) and 26824 (Mar. 29, 2005) (permanent order).

⁷ Dean Witter Reynolds Inc., Investment Company Act Release Nos. 17887 (Nov. 29, 1990) (notice and temporary order) and 18119 (Apr. 29, 1991) (permanent order).

Covered Persons are granted a temporary exemption from the provisions of section 9(a), effective as of the date of the Injunction, solely with respect to the Injunction, subject to the condition in the application, until the date the Commission takes final action on an application for a permanent order.

By the Commission.

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27321; 812-13027]

WT Mutual Fund, et al.; Notice of Application

May 15, 2006.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act.

SUMMARY OF THE APPLICATION: The requested order would permit certain registered open-end management investment companies to enter into and materially amend sub-advisory agreements without shareholder approval.

APPLICANTS: WT Mutual Fund (the "Fund"), Rodney Square Management Corporation ("RSMC"), and Roxbury Capital Management, LLC ("Roxbury") (each of RSMC and Roxbury, an "Adviser" and collectively, the "Advisers").

FILING DATES: The application was filed on September 30, 2003 and amended on May 10, 2006.

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 June 12, 2006, 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

⁴ With respect to Funds that are unit investment trusts ("UITs"), Applicants will provide written notification to the trustee for each of the UITs