

design value of stamped stationery are irrelevant. *Id.* at 11–12.

II. Proceedings

Based on a review of the pleadings, the Commission concludes that the facts, as alleged in the pleadings, do not warrant a summary dismissal of the Complaint. In light of this finding, and given the failure of informal procedures to resolve the Complaint, the Commission finds it appropriate, under rule 86 of the Rules of Practice, to conduct a formal proceeding pursuant to section 3624 of the Act in this docket. In noticing the proceeding pursuant to rule 17, the Commission has made no determination of whether or not to hold hearings in this docket. That determination will be made after submission of the statements discussed below.

Section 3662 provides that, in response to a complaint, the Commission may in its discretion hold a hearing. Generally, hearings are held only if genuine issues of material fact are presented. In this proceeding, the Commission is disinclined to rule on that issue based solely on the pleadings. Consequently, each participant shall be given an opportunity to address the question of whether or not genuine issues of material fact are presented in this case. Each participant addressing this issue should identify with specificity each issue of material fact, if any, it believes is presented along with the reason(s) it believes that issue is material. Such statements are due no later than April 27, 2006. Replies to such statements may be filed no later than May 4, 2006.

Intervention. Any interested person may file a notice of intervention, consistent with the Commission's Rules of Practice, as a full or limited participant. See 39 CFR 3001.20 and 39 CFR 3001.20a. The notice of intervention shall be filed using the Internet (Filing Online) at the Commission's Web site (www.prc.gov), unless a waiver is obtained for hardcopy filing. See 39 CFR 3001.9(a) and 39 CFR 3001.10(a). Notices of intervention are due no later than April 27, 2006.

Representation of the general public. Having noticed the proceeding, the Commission finds it appropriate that the interests of the general public be represented in this proceeding and thus the Commission designates Shelley S. Dreifuss, director of the Commission's Office of the Consumer Advocate, to represent those interests. Pursuant to this designation, Ms. Dreifuss will direct the activities of Commission personnel assigned to assist her and, upon request, will supply their names for the record.

Neither Ms. Dreifuss nor any of the assigned personnel will participate in or provide advice on any Commission decision in this proceeding.

Ordering Paragraphs

It is ordered:

1. Statements of genuine issues of material fact as discussed in the body of this order are due no later than April 27, 2006. Replies may be filed on or before May 4, 2006.

2. The deadline for filing notices of intervention is April 27, 2006.

3. Shelley S. Dreifuss, director of the Commission's Office of the Consumer Advocate, is designated to represent the interests of the general public.

4. The Secretary shall arrange for publication of this notice and order in the **Federal Register**.

Dated: April 13, 2006.

Steven W. Williams,
Secretary.

[FR Doc. E6-5774 Filed 4-17-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-27287; 812-13068]

Special Value Opportunities Fund, LLC, et al.; Notice of Application

April 11, 2006.

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

ACTION: Notice of application for an order under rule 17d-1 under the Investment Company Act of 1940 ("Act") to permit certain joint transactions.

APPLICANTS: Special Value Opportunities Fund, LLC ("SVOF"); Special Value Expansion Fund, LLC ("SVEF"); Tennenbaum Capital Partners, LLC ("TCP"), on behalf of itself and its successors; Babson Capital Management LLC ("Babson"), on behalf of itself and its successors; Special Value Bond Fund II, LLC ("SVBF II"); Special Value Absolute Return Fund, LLC ("SVARF"); Tennenbaum Multi-Strategy Master Fund ("MSMF"); Tennenbaum Multi-Strategy Fund I LLC ("MSFT"); and Tennenbaum Multi-Strategy Fund (Offshore) ("MSFO").¹

SUMMARY OF APPLICATION: Applicants request an order to permit certain

registered investment companies to coinvest with certain affiliated entities.²

FILING DATES: The application was filed on February 19, 2004, and amended on April 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 May 8, 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, Commission, 100 F Street, NE., Washington, DC 20549. Applicants: c/o Tennenbaum Capital Partners, LLC, 2951 28th Street, Suite 1000, Santa Monica, CA 90405.

FOR FURTHER INFORMATION CONTACT: Courtney S. Thornton, Senior Counsel, at (202) 551-6812, or Nadya B. Roytblat, Assistant Director, at (202) 942-6821 (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 SEC's Public Reference Branch, 100 F Street, NE., Washington, DC 20549-0102 (tel. 202-551-5850).

Applicants' Representations

1. TCP, a limited liability company organized under the laws of Delaware, is an investment adviser registered under the Investment Advisers Act of 1940 ("Advisers Act"). Babson, an indirect, wholly owned subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual Life"), is registered as an investment adviser under the Advisers Act.

2. SVOF, a Delaware limited liability company, is registered under the Act as a nondiversified closed-end management investment company. SVOF has \$1.422 billion in total available capital ("Total Available

¹ The term "successor," as applied to TCP and Babson, means an entity that results from a reorganization into another jurisdiction or a change in the type of business organization.

² All existing entities that currently intend to rely on the requested order have been named as applicants. Any other existing or future entity that subsequently relies on the order will comply with the terms and conditions of the application.

Capital”), consisting of common equity capital, amounts available under a senior secured revolving credit facility, and preferred stock. SVOF’s approximate target investment allocations are equity securities (generally with a view to influencing the governance of the issuers) (20%), distressed debt (generally with a view to acquiring equity ownership in restructuring transactions) (20%), mezzanine investments (20%), and high yielding debt (40%). TCP serves as SVOF’s investment adviser and manages the day-to-day operations of SVOF. TCP and Babson co-manage SVOF’s investments through their joint participation on SVOF’s investment committee.

3. SVEF, a Delaware limited liability company, is registered under the Act as a nondiversified closed-end management investment company. SVEF has \$600 million in Total Available Capital, consisting of common equity capital commitments, amounts available under a revolving credit facility, and preferred stock. SVEF has the same investment objective and target investment allocations as SVOF. TCP acts as SVEF’s investment adviser and manages the day-to-day operations of SVEF. From time to time, TCP may form other registered closed-end management investment companies (together with SVOF and SVEF, the “Registered Funds”) to engage in investment activities similar to those engaged in by SVOF and SVEF.

4. TCP currently manages, or co-manages with Babson, five accounts that are not registered investment companies and that expect to be actively investing. Two of these, SVBF II and SVARF, are investment pools that are excepted from the definition of investment company under section 3(c)(7) of the Act and have investment strategies that are similar to those of SVOF and SVEF. SVBF II has \$450 million in Total Available Capital, consisting of drawn common equity, notes, and a revolving credit facility, and SVARF has Total Available Capital of \$884.5 million, consisting of drawn common equity, notes, and a revolving credit facility. The other three unregistered accounts, MSMF, MSFI, and MSFO (collectively, the “Hedge Fund”), are a set of private investment funds, organized as a master fund with separate domestic and offshore feeders, that are excepted from the definition of investment company under section 3(c)(7) of the Act. The Hedge Fund, which had net assets of \$82 million as of September 30, 2005, invests primarily in publicly traded securities and related hedges and probably will not coinvest in private

securities on more than an occasional basis. From time to time, TCP or another Adviser may manage other accounts that are not registered investment companies in reliance on section 3(c)(1) or 3(c)(7) of the Act (such accounts, together with SVBF II, SVARF, MSMF, MSFI, and MSFO, the “Unregistered Accounts”).

5. Applicants seek an order under rule 17d–1 under the Act to permit SVOF, SVEF, and any other Registered Fund that is managed by TCP or an entity controlling, controlled by, or under common control with TCP (collectively with TCP, the “Adviser”) and the Unregistered Accounts to coinvest in private placement securities, make follow-on investments in the issuers of private placement securities (“Follow-On Investments”), and exercise warrants, conversion privileges, and other rights associated with private placement securities.

Applicants’ Legal Analysis

1. Section 17(d) of the Act and rule 17d–1 under the Act generally prohibit any affiliated person of a registered investment company, or affiliated person of an affiliated person, when acting as principal, from effecting any joint transaction in which the company participates unless the transaction is approved by the Commission. Rule 17d–1 under the Act provides that in passing upon applications under section 17(d), the Commission will consider whether the participation of a registered investment company in a joint enterprise on the basis proposed is consistent with the provisions, policies, and purposes of the Act and the extent to which the company’s participation is on a basis different from or less advantageous than that of other participants.

2. SVOF, SVEF, and the Unregistered Accounts have been sponsored and managed by TCP and, accordingly, may be deemed to be affiliated persons of each other and of TCP because TCP may be deemed to control each of them. TCP may be deemed to be an affiliated person of SVOF and SVEF because it acts as their investment adviser and may be deemed to control them. TCP also may be deemed to be an affiliated person of the Unregistered Accounts because it may control them. Babson may be deemed to be an affiliated person of SVOF because it acts as an investment adviser to SVOF. Babson may also be a second-tier affiliated person of SVOF because MassMutual Life owns 5% or more of the voting securities of SVOF. In addition, Babson may in certain circumstances be deemed to be an affiliated person of SVBF II and SVARF.

3. Applicants state that the ability to participate in proposed coinvestments will benefit the Registered Funds and their shareholders by increasing the favorable investment opportunities available to them. Applicants represent that the Registered Funds will be able to (i) have a larger pool of capital available for investment, thereby obtaining access to a greater number and variety of potential investments than any Registered Fund could obtain on its own, and (ii) increase their bargaining power to negotiate more favorable terms.

4. Applicants believe that the terms and conditions contained in the application ensure that the proposed coinvestments are consistent with the protection of each Registered Fund’s investors and with the purposes intended by the policy and provisions of the Act. Specifically, all participants will invest at the same time for the same price and with the same terms, conditions, class, registration rights, and any other rights, so that no participant receives terms more favorable than any other participant. In addition, the decision to participate in a proposed coinvestment must be approved by the Independent Directors of each Registered Fund to ensure that the terms of the proposed coinvestment are fair and reasonable, do not involve overreaching, and are consistent with the investment objectives and policies of the Registered Fund.

Applicants’ Conditions

Applicants agree that any order granting the requested relief shall be subject to the following conditions:

1. Each time that an Unregistered Account or a Registered Fund proposes to acquire private placement securities, the acquisition of which would be consistent with the investment objectives and policies of another Registered Fund, the Adviser will offer the other Registered Fund the opportunity to acquire a *pro rata* amount (based on the amounts available for investment by such Registered Fund and the applicable Unregistered Account or Registered Fund) of such private placement securities up to the entire amount being offered to it. If one Registered Fund declines the offer or accepts a portion of the private placement securities offered to it, but one or more other Registered Funds accepts the private placement securities offered, that portion of the private placement securities declined by the Registered Fund may be allocated to the other Registered Fund or Unregistered Account, based on their amounts available for investment. For purposes

of the foregoing, the phrase “amounts available for investment” means the Total Available Capital, which includes available leverage so long as such leverage is able to be drawn.

2. (a) Prior to any coinvestment by a Registered Fund, the Adviser will make an initial determination of whether the acquisition of the private placement security is consistent with the investment objectives and policies of the Registered Fund. If the Adviser determines that the acquisition of the private placement securities would be consistent with the investment objectives and policies of the Registered Fund, the Adviser will then determine whether participation in the investment opportunity is appropriate for the Registered Fund and, if so, the appropriate amount that the Registered Fund should invest. If the aggregate of the amount to be invested by the Registered Fund in such proposed coinvestment and the amount proposed to be invested by any other Registered Fund and any Unregistered Accounts in the same transaction exceeds the amount of the investment opportunity, the amount invested by each such party will be allocated among them *pro rata* based on the amount available for investment by the Registered Funds and the Unregistered Accounts participating in the transaction. The Adviser will provide the Independent Directors of the Registered Fund’s Board (“Joint Transactions Committee”) with information concerning the amount of capital the Registered Funds and the Unregistered Accounts have available for investment in order to assist the Joint Transactions Committee with its review of the Registered Fund’s investments for compliance with these allocation features.

(b) After making the determinations required in (a) above, the Adviser will submit written information concerning the proposed coinvestment, including the amount proposed to be acquired by the Registered Fund, any other Registered Funds, and any Unregistered Account, to the members of the Joint Transactions Committee. A Registered Fund may coinvest in a private placement security only if a majority of the members of the Joint Transactions Committee who have no direct or indirect financial interest in the transaction (“Required Majority”) determine that:

i. The terms of the transaction, including the consideration to be paid, are reasonable and fair to the Registered Fund and its shareholders and do not involve overreaching of the Registered Fund or its shareholders on the part of any person concerned;

ii. the transaction is consistent with the Registered Fund’s investment objectives and policies as recited in its registration statement and its reports to shareholders; and

iii. the coinvestment by another Registered Fund or an Unregistered Account would not disadvantage the Registered Fund, and participation by the Registered Fund would not be on a basis different from or less advantageous than that of the other participants.

3. If the Adviser determines that a Registered Fund should not acquire any private placement securities offered to it pursuant to condition 1 above, the Adviser will submit its determination to the Joint Transactions Committee for approval.

4. The Registered Funds and any Unregistered Account shall acquire private placement securities in reliance on the order only if the terms, conditions, price, class of securities being purchased, registration rights, if any, and other rights are the same for each Registered Fund and any Unregistered Account participating in the coinvestment. When more than one Registered Fund proposes to coinvest in the same private placement securities, the Joint Transactions Committee of each Registered Fund shall review the transaction and make the determinations set forth in condition 2 above, on or about the same time.

5. Except as described below, no Registered Fund may make a Follow-On Investment or exercise warrants, conversion privileges, or other rights unless each Unregistered Account and any other Registered Fund make such Follow-On Investments or exercise such warrants, conversion rights, or other rights at the same time and in amounts proportionate to their respective holdings of such private placement securities. If an Unregistered Account or another Registered Fund anticipates participating in a Follow-On Investment or exercising warrants, conversion rights, or other rights in an amount disproportionate to its holding, the Adviser will formulate a recommendation as to the proposed Follow-On Investment or exercise of rights by each Registered Fund and submit the recommendation to each Registered Fund’s Joint Transactions Committee. That recommendation will include an explanation why an Unregistered Account is not participating to the extent of, or exercising, its proportionate amount. Prior to any such disproportionate Follow-On Investment or exercise, a Registered Fund must obtain approval for the transaction as set forth in condition 2 above. Transactions

pursuant to this condition 5 will be subject to the other conditions set forth in the application.

6. No Unregistered Account or Registered Fund will sell, exchange, or otherwise dispose of any interest in any private placement securities acquired pursuant to the order unless each Registered Fund has the opportunity to dispose of the interests at the same time, for the same unit consideration, on the same terms and conditions, and in amounts proportionate to their holdings of the private placement securities. With respect to any such transaction, the Adviser will formulate a recommendation as to the proposed participation by a Registered Fund and submit the recommendation to such Registered Fund’s Joint Transactions Committee. The Registered Fund will dispose of such private placement securities to the extent the Joint Transactions Committee, upon the affirmative vote of the Required Majority, determines that the disposition is in the best interests of the Registered Fund, is fair and reasonable, and does not involve overreaching of the Registered Fund or its shareholders by any person concerned.

7. The expenses, if any, associated with acquiring, holding, or disposing of any private placement securities (including, without limitation, the expenses of the distribution of any private placement securities registered for sale under the Securities Act of 1933) shall, to the extent not payable solely by the Adviser under its investment management agreements with the Registered Funds and the Unregistered Accounts, be shared by the Registered Funds and the Unregistered Accounts in proportion to the relative amounts of such private placement securities held or being acquired or disposed of, as the case may be, by the Registered Funds and the Unregistered Accounts.

8. The Joint Transactions Committee of each Registered Fund will be provided quarterly for its review all information concerning coinvestments made by the Registered Fund and the Unregistered Accounts and other Registered Funds, including investments made by the Unregistered Accounts in which the Registered Fund declined to participate, so that the Joint Transactions Committee may determine whether all investments made during the preceding quarter, including those investments in which the Registered Fund declined to participate, comply with the conditions of the order. In addition, the Joint Transactions Committee will consider at least annually the continued appropriateness

of the standards established for coinvestment by the Registered Fund, including whether the use of the standards continues to be in the best interests of the Registered Fund and its shareholders and does not involve overreaching on the part of any person concerned.

9. Except for a Follow-On Investment made pursuant to condition 5 above, no investment will be made by a Registered Fund in reliance on the order in private placement securities of any entity if the Adviser knows or reasonably should know that another Registered Fund or Unregistered Account or any affiliated person of such Registered Fund or Unregistered Account then currently holds a security issued by that entity.

10. Any transaction fee (including break-up or commitment fees but excluding brokerage fees contemplated by section 17(e)(2) of the Act) received by the applicants in connection with a transaction entered into in reliance on the requested order will be distributed to the participants on a *pro rata* basis based on the amounts they invested or committed, as the case may be, in such transaction. If any transaction fee is to be held by the Adviser pending consummation of the transaction, the fee will be deposited into an account maintained by the Adviser at a bank or banks having the qualifications prescribed in section 26(a) of the Act, and the account will earn a competitive rate of interest that also will be divided *pro rata* among the participants based on the amounts they invested or committed, as the case may be, in such transaction. The Adviser will receive no additional compensation or remuneration of any kind as a result of or in connection with a coinvestment, or compensation for its services in sponsoring, structuring, or providing managerial assistance to an issuer of

private placement securities that is not shared *pro rata* with the coinvesting Registered Funds and Unregistered Accounts.

11. Each Registered Fund will comply with the fund governance standards as defined in Rule 0-1(a)(7) under the Act. The Registered Funds will not have common Independent Directors.

12. Each applicant will maintain and preserve all records required by section 31 of the Act and any other provisions of the Act and the rules and regulations under the Act applicable to such applicant. The Registered Funds will maintain records required by section 57(f)(3) of the Act as if each of the Registered Funds were a business development company and the coinvestments and any Follow-On Investments (or exercise of warrants, conversion rights or other rights) were approved under section 57(f).

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

Nancy M. Morris,
Secretary.

[FR Doc. E6-5709 Filed 4-17-06; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53630; File No. SR-ISE-2006-18]

Self-Regulatory Organizations; International Securities Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fees for Non-ISE Market Maker Orders

April 11, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder,²

notice is hereby given that on April 3, 2006, the International Securities Exchange, Inc. (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the ISE. The ISE has designated this proposal as one changing a fee imposed by the ISE under section 19(b)(3)(A)(ii) of the Act,³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The ISE proposes to amend its Schedule of Fees to adopt a fee for non-ISE market maker orders. The text of the proposed rule change is available on the Exchange's Web site (http://www.iseoptions.com/legal/proposed_rule_changes.asp) and at the Commission's Public Reference Room. Below is the text of the proposed rule change. Proposed new language is *italicized*.

Electronic market place	Amount	Billable unit	Frequency	Notes
Execution Fees				
*	*	*	*	*
• ISE Market Maker				For Complex Orders, fee charged only for the leg of the trade consisting of the most contracts. For a pilot period ending November 30, 2006 in transactions in QQQQ, this fee (i) is reduced by \$.10 per Member for monthly A.D.V. above 8,000 contracts/sides and (ii) is waived entirely per Member for monthly A.D.V. above 10,000 contracts/sides.
A.D.V. Less Than 300,000	\$0.21	Contract/side	Transaction	Based on Exchange A.D.V.
A.D.V. From 300,001 to 500,000 ..	\$0.17	Contract/side	Transaction	Based on Exchange A.D.V.
A.D.V. From 500,001 to 1,000,000	\$0.14	Contract/side	Transaction	Based on Exchange A.D.V.
A.D.V. Over 1,000,000	\$0.12	Contract/side	Transaction	Based on Exchange A.D.V.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).